

Virgin Insight Limited

**Directors' Report and Financial
Statements**

Registered Number 2756659

31 March 2010

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Directors' Report

The directors present the report and the audited financial statements for the year ended 31 March 2010

Principal activities

The principal activity of the Company is to develop insight for Virgin clients and manage the relationships between these clients. The Company commenced trading on the 1 May 2009 and prior to this date the Company filed dormant accounts.

Business review

The results for the year are set out on page 4 of the financial statements and the loss for the year of £732,934 (2009 £nil) which has been transferred to reserves.

The company has net liabilities. However, as detailed in note 1 to the financial statements a parent undertaking, Virgin Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. The directors have no reason to believe that the parent company will not be in a position to provide this support.

Furthermore, the Company operates with a fixed income level and therefore manages its costs accordingly, no significant changes are expected in relation to the Company's income streams or cost base at this present time. The contracts currently in place conclude on 30 November 2010, however the Company's directors believe these will be renewed at this time. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend (2009 £nil).

Directors

The directors of the Company during the year and since were as follows:

M W Kelly
G D McCallum
C J Salway

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



B A R Gerrard
Company Secretary

The School House
50 Brook Green
London
W6 7RR
22 October 2010

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Virgin Insight Limited

We have audited the financial statements of Virgin Insight Limited for the year ended 31 March 2010 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



H Green (Senior Statutory Auditor),
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

26 October 2010

Profit and Loss Account
for the year ended 31 March 2010

	<i>Note</i>	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Turnover		1,666,668	-
Cost of sales		(1,847,813)	-
		<hr/>	<hr/>
Gross loss		(181,145)	-
Administrative expenses		(551,789)	-
		<hr/>	<hr/>
Operating loss		(732,934)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(732,934)	-
Taxation	3	-	-
		<hr/>	<hr/>
Loss for the year		(732,934)	-
		<hr/>	<hr/>

There were no recognised gains or losses in the current or preceding years other than those shown above, which were derived from continuing operations, consequently a statement of total recognised gains and losses has not been presented

The notes on pages 6 to 9 form part of these financial statements

Balance Sheet
at 31 March 2010

	<i>Note</i>	2010 £	2009 £
Current assets			
Debtors	4	412,985	2
Cash at bank and in hand		666,623	-
		<u>1,079,608</u>	<u>2</u>
Creditors amounts falling due within one year	5	(1,812,540)	-
Net (liabilities) / assets		<u>(732,932)</u>	<u>2</u>
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7	(732,934)	-
Shareholders' (deficit) / funds	8	<u>(732,932)</u>	<u>2</u>

The notes on pages 6 to 9 form part of these financial statements

These financial statements were approved by the board of directors on 22 October 2010 and were signed on its behalf by


M W Kelly
 Director

Notes

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The amendment to FRS 8 Related Parties Disclosure has been adopted in these financial statements for the first time. The amendment has the effect that only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions and there is no longer a disclosure exemption available in parent company's own financial statements.

Basis of preparation

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Virgin Wings Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The financial statements have been prepared on a going concern basis in view of the fact that the parent undertaking, Virgin Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least the next twelve months.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers. Turnover is invoiced quarterly or annually in line with the Services Agreements. Turnover is recognised on a straight line basis over the service period of the agreements.

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration - audit of these financial statements	7,000	-

3 Taxation

There is no tax charge in the profit and loss account in this or the previous year

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2009 same) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(732,934)	-
Current tax at 28% (2009 28%)	(205,222)	-
<i>Effects of</i>		
Expenses not deductible for tax purposes	735	-
UK tax losses not utilised or not recognised	188,234	-
Other timing differences	16,253	-
Total current tax charge (see above)	-	-

Factors that may affect future tax charges

Details of the Company's total recognised and unrecognised deferred tax at the year end (and prior year end) are shown in the table below

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

	2010 Recognised £	2010 Unrecognised £	2009 Recognised £	2009 Unrecognised £
<i>The deferred tax figures comprise</i>				
Other timing differences	-	(16,253)	-	-
UK tax losses	-	(188,234)	-	-
	-	(204,487)	-	-

Notes (continued)

4 Debtors

	2010 £	2009 £
Amounts owed by related undertakings	375,295	2
Prepayments and accrued income	37,690	-
	<u>412,985</u>	<u>2</u>

5 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	4,506	-
Amounts owed to related undertakings	1,699,960	-
Other creditors	33,691	-
Accruals and deferred income	74,383	-
	<u>1,812,540</u>	<u>-</u>

6 Called up share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

7 Reserves

	Profit and loss account £
At beginning of year	-
Loss for the year	(732,934)
At end of year	<u>(732,934)</u>

Notes (continued)

8 Reconciliation of shareholders' (deficit) / funds

	2010 £	2009 £
Opening shareholders' funds	2	2
Loss for the financial year	(732,934)	-
Closing shareholders' (deficit)/funds	(732,932)	2

9 Related party disclosures

At 31 March 2010 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard No. 8.

As the Company is a wholly owned subsidiary of Virgin Wings Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

	Related undertakings	
	2010 £	2009 £
Revenue	1,200,000	-
Debtors	291,959	-
Creditors	(93,333)	-

The related undertakings with which the Company transacted during the year were Virgin Active Limited, Virgin Atlantic Airways Limited, Virgin Holidays Limited, Virgin Money Holdings (UK) Limited and Virgin Rail Group Limited.

10 Ultimate parent company

The ultimate parent undertaking at 31 March 2010 was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group in which the Company and group results are consolidated are those for Virgin Wings Limited and Virgin Holdings Limited respectively, companies both registered in England and Wales. Copies of the group accounts of Virgin Holdings Limited and Virgin Wings Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.