

# **Virgin Mobile USA Holdings Limited**

## **Directors' report and financial statements**

**Registered number 3349884**

**31 March 2009**

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## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2009.

### Principal activities

The principal activity of the Company is that of an investment holding company.

### Results for the year

The results for the year are set out on page 4 of the financial statements and the profit for the year of £10,503,153 (2008: £88,297,765) has been transferred to reserves.

### Proposed dividend

The directors do not recommend the payment of a dividend (2008: £nil).

### Directors

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

P C K McCall

G D McCallum

### 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 he ought to have taken as a director to make himself 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  
11 November 2009

## **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).

The financial statements are required by law to 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 year.

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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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 Mobile USA Holdings Limited**

We have audited the financial statements of Virgin Mobile USA Holdings Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

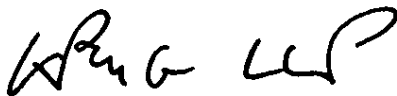
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

13 November 2009

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	<b>Year ended 31 March 2009 £</b>	<b>Year ended 31 March 2008 £</b>
Administrative expenses		(10,560,631)	(122,250,822)
<b>Operating loss</b>		<b>(10,560,631)</b>	<b>(122,250,822)</b>
Profit on sale of investment		-	196,249,461
<b>(Loss)/ profit before interest and taxation</b>		<b>(10,560,631)</b>	<b>73,998,639</b>
Interest receivable and similar income	3	25,346,927	16,382,221
<b>Profit on ordinary activities before taxation</b>	2	<b>14,786,296</b>	<b>90,380,860</b>
Tax on profit on ordinary activities	5	(4,283,143)	(2,083,095)
<b>Profit for the year</b>		<b>10,503,153</b>	<b>88,297,765</b>

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 10 form part of these financial statements.

**Balance sheet**  
*at 31 March 2009*

	<i>Note</i>	<b>2009</b> £	<b>2008</b> £
<b>Fixed assets</b>			
Investments	6	4	4
<b>Current assets</b>			
Debtors	7	221,993,918	206,693,345
Bank		1,173	759,742
		<u>221,995,091</u>	<u>207,453,087</u>
<b>Creditors: amounts falling due within one year</b>	8	(6,370,739)	(2,331,888)
<b>Net current assets</b>		<u>215,624,352</u>	<u>205,121,199</u>
<b>Net assets</b>		<u>215,624,356</u>	<u>205,121,203</u>
<b>Capital and reserves</b>			
Called up share capital	9	103	103
Share premium	10	105,639,874	105,639,874
Profit and loss account	10	109,984,379	99,481,226
<b>Shareholders' funds</b>	11	<u>215,624,356</u>	<u>205,121,203</u>

The notes on pages 6 to 10 form part of these financial statements.

These financial statements were approved by the board of directors on 11 November 2009 and were signed on its behalf by:



**G D McCallum**  
*Director*

## Notes

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost accounting rules in accordance with applicable accounting standards, and on a going concern basis.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

#### *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.

#### *Investments*

Investments in subsidiaries are shown at cost less amounts written off.

### 2 Profit on ordinary activities before taxation

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
<i>Profit on ordinary activities before taxation is stated after charging/ (crediting):</i>		
Auditors' remuneration		
- audit of these financial statements	4,500	6,150
Net operating foreign exchange (gain)/ loss	(3,322)	103,044
	<hr/>	<hr/>

### 3 Interest receivable and similar income

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Receivable from related undertakings	25,344,032	16,357,704
Bank interest	2,895	24,517
	<hr/>	<hr/>
	25,346,927	16,382,221
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### 4 Remuneration of directors

The directors did not receive any remuneration during the year for services to the Company (2008: £nil).



## Notes (continued)

### 5 Taxation

#### *Analysis of charge in year*

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
UK corporation tax at 28% (2008: 30%)	4,283,143	2,083,095
Total current tax charge	4,283,143	2,083,095

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2008: lower) than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below.

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	14,786,296	90,380,860
Current tax at 28% (2008: 30%)	4,140,163	27,114,258
<i>Effects of:</i>		
Expenses not deductible for tax	2,955,149	36,599,081
Income not taxable	(2,812,169)	(61,566,071)
Utilisation of UK tax losses brought forward	-	(64,173)
Total current tax charge	4,283,143	2,083,095

The Company has no recognised or unrecognised deferred tax at the current or prior year end.

## Notes (continued)

### 6 Fixed asset investments

	Investment in subsidiaries £
<b>Cost</b>	
At beginning and end of year	4
<b>Net book value</b>	
At 31 March 2009	4
At 31 March 2008	4

The principal company in which the company's interest at the year end is more than 20% are as follows:

	Country of Registration	Principal Activity	Holding %	No. of Shares	Type of share
<i>Subsidiary undertakings</i>					
Virgin Limobike Limited	England & Wales	Taxi bike services	100	2	£1.00 Ordinary

### 7 Debtors

	2009 £	2008 £
Amounts owed by related undertakings	221,993,918	206,693,345

### 8 Creditors

	2009 £	2008 £
Amounts owed to related undertakings	1	248,793
Corporation tax	6,366,238	2,083,095
Accruals and deferred income	4,500	-
	6,370,739	2,331,888

## Notes (continued)

### 9 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
103 Ordinary shares of £1 each	103	103
	<hr/>	<hr/>

### 10 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	105,639,874	99,481,226
Profit for the year	-	10,503,153
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At end of year	105,639,874	109,984,379
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### 11 Reconciliation of shareholders' funds

	2009 £
Opening shareholders' funds	205,121,203
Profit for the year	10,503,153
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Closing shareholders' funds	215,624,356
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## Notes (continued)

### 12 Related party disclosures

At 31 March 2009 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.

	Related Undertakings	
	2009	2008
	£	£
Debtors	221,993,918	206,693,345
Creditors	1	242,643
Purchases	5,350	4,852
Interest receivable	25,344,032	16,357,704
	<u>          </u>	<u>          </u>

The related undertakings with which the Company transacted during the year were Barfair Limited, Virgin Limobike Limited, Virgin Wings Limited, Virgin Group Investment Limited and Virgin Management Limited.

### 13 Ultimate parent company

As at 31 March 2009 the Company is a subsidiary undertaking of Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.