Virgin.com Limited

Directors' report and financial statements

Registered number 3735629

31 March 2013

Contents

Directors' report

The dırectors present theır report and the financıal statements for the year ended 31 March 2013

Prıncipal activities

The prıncıpal actıvıty of the Company ıs the development and management of the Vırgın Group websıte to cross sell the servıces of the companıes usıng the Vırgın name and offer a common e-commerce platform for Vırgın ınternet companıes

Busıness review

The Company has net lıabılıtıes However, as detaıled ın note 1 to the financıal statements the ultımate parent undertakıng, Vırgın Group Holdıngs Lımıted, has formally ındıcated that ıt ıs ıts present ıntentıon to provıde suffıcıent fundıng to the Company to enable ıt to meet ıts lıabılıtıes as they fall due, for at least the next twelve months The dırectors have no reason to belıeve that the parent company wıll not be ın a posıtıon to provıde thıs support Thus they contınue to adopt the goıng concern basıs of accountıng ın preparıng the annual financıal statements

Results and dividends

The loss for the financıal year amounted to £1,912,000 (2012 - loss £1,963,000)

The dırectors do not recommend the payment of a dıvıdend (2012 - £nıl)

Dırectors

The dırectors who served durıng the year were

I P Woods
N A R Fox (appoınted 21 June 2013)
C R Stent (resıgned 21 June 2013)

Provısion of information to auditor

Each of the persons who are dırectors at the tıme when thıs Dırectors' report ıs approved has confirmed that

- so far as that dırector ıs aware, there ıs no relevant audıt ınformatıon of whıch the Company's audıtor ıs unaware, and
- that dırector has taken all the steps that ought to have been taken as a dırector ın order to be aware of any ınformatıon needed by the Company's audıtor ın connectıon wıth preparıng ıts report and to establısh that the Company's audıtor ıs aware of that ınformatıon

Auditor

Pursuant to Sectıon 487 of the Companıes Act 2006 the audıtors wıll be deemed to be reappoınted and KPMG LLP wıll therefore contınue ın office

Thıs report was approved by the board on 15 November 2013 and sıgned on ıts behalf

B A R Gerrard
Company Secretary
The Battleshıp Buıldıng
179 Harrow Road
London
W2 6NB

Directors' responsibilities statement
for the year ended 31 March 2013

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 accounting 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,
- 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report to the members of Virgin.com Limited

We have audited the financial statements of Virgin com Limited for the year ended 31 March 2013, set out on pages 4 to 11 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 auditor

As explained more fully in the Statement of directors' responsibilities 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 and express an opinion on 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 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 Financial Reporting Council's website at www frc org uk/auditscopeukprivate

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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 returns adequate for our audit have not been received from branches not visited by us, 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

Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

15 November 2013

Profit and loss account
for the year ended 31 March 2013

	Note	2013 £000	2012 £000
Turnover	1	**1,202**	1,216
Administrative expenses		**(1,036)**	(1,086)
Operating profit	2	**166**	130
Interest payable and similar charges	5	**(2,078)**	(2,112)
Loss on ordinary activities before taxation		**(1,912)**	(1,982)
Tax on loss on ordinary activities	6	**-**	19
Loss for the financial year	11	**(1,912)**	(1,963)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 6 to 11 form part of these financial statements

Registered number 3735629

Balance sheet
as at 31 March 2013

	Note	**£000**	**2013 £000**	£000	2012 £000
Fixed assets					
Tangible assets	7		**25**		16
Investments			**-**		-
			25		16
Current assets					
Debtors	8	**1,649**		2,183	
Cash at bank		**139**		5	
		1,788		2,188	
Creditors: amounts falling due within one year	9	**(65,042)**		(63,521)	
Net current liabilities			**(63,254)**		(61,333)
Net liabilities			**(63,229)**		(61,317)
Capital and reserves					
Called up share capital	10		**-**		-
Profit and loss account	11		**(63,229)**		(61,317)
Shareholders' deficit	12		**(63,229)**		(61,317)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2013

I P Woods
Director

The notes on pages 6 to 11 form part of these financial statements

Notes to the financial statements

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The Company has net liabilities, however, the ultimate parent undertaking, Virgin Group 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 Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

The Company is exempt from the requirement to prepare group financial statements by virtue of being subject to the small companies regime of the Companies Act 2006 These financial statements present information about the Company as an individual undertaking and not about its group

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

As the Company is a wholly owned subsidiary of Virgin Group Holdings 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

1.2 Turnover

Turnover comprises revenue recognised by the Company in respect of its management of the Virgin Group website for other companies using the Virgin name

Turnover in respect of sponsorship is recognised on a straight line basis over the life of the contract

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Website design	-	2 years
Computer equipment	-	3 - 5 years

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Notes to the financial statements

1. Accounting policies (continued)

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

2. Loss on ordinary activities before taxation

The operating profit is stated after charging

	2013	2012
	£000	£000
Depreciation of tangible fixed assets		
- owned by the company	**18**	89

3. Auditors' remuneration

	2013	2012
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**6**	6

4. Directors' remuneration

The directors did not receive any emoluments during the year for services to the Company (2012 - £nil)

5. Interest payable and similar charges

	2013	2012
	£000	£000
On loans from group undertakings	**2,078**	2,112

6. Taxation

	2013	2012
	£000	£000
Adjustments in respect of prior periods	**-**	(19)
Tax on loss on ordinary activities	**-**	(19)

Notes to the financial statements

6. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013	2012
	£000	£000
Loss on ordinary activities before tax	**(1,912)**	(1,982)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	**(459)**	(515)
Effects of:		
Expenses not deductible for tax purposes	**499**	550
Depreciation for year in excess of capital allowances	**3**	23
Utilisation of tax losses	**(43)**	(58)
Adjustments to tax charge in respect of prior periods	**-**	(19)
Current tax charge/(credit) for the year	**-**	(19)

Factors that may affect future tax charges

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

A 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 difference can be deducted

A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 A rate of 23% has been used within the deferred tax calculations within these financial statements

Further reductions to the main rate are proposed to reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015 Neither of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

	2013 Recognised £000	**2013 Unrecognised £000**	2012 Recognised £000	2012 Unrecognised £000
Excess of capital allowances over depreciation	**-**	**(831)**	-	(863)
UK tax losses	**-**	**(3,680)**	-	(3,885)
Total	**-**	**(4,511)**	-	(4,748)

Notes to the financial statements

7. Tangible fixed assets

	Website Design £000	*Computer equipment* £000	*Total* £000
Cost			
At 1 April 2012	513	-	513
Additions	20	7	27
At 31 March 2013	533	7	540
Depreciation			
At 1 April 2012	497	-	497
Charge for the year	16	2	18
At 31 March 2013	513	2	515
Net book value			
At 31 March 2013	20	5	25
At 31 March 2012	16	-	16

8. Debtors

	2013 £000	2012 £000
Trade debtors	20	247
Amounts owed by group undertakings	1,514	1,927
Other debtors	-	3
Other tax & social security	25	-
Prepayments and accrued income	90	6
	1,649	2,183

9. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	12	65
Amounts owed to group undertakings	64,731	63,213
Other tax & social security	-	8
Other creditors	1	-
Accruals and deferred income	298	235
	65,042	63,521

Notes to the financial statements

10. Share capital

	2013	2012
	£000	£000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

11. Reserves

	Profit and loss account
	£000
At 1 April 2012	**(61,317)**
Loss for the year	**(1,912)**
At 31 March 2013	**(63,229)**

12. Reconciliation of movement in shareholders' deficit

	2013	2012
	£000	£000
Opening shareholders' deficit	**(61,317)**	(59,354)
Loss for the year	**(1,912)**	(1,963)
Closing shareholders' deficit	**(63,229)**	(61,317)

13. Contingent liabilities

The Company is party to a group overdraft facility of £50 million (2012 - £240 million) of which £nil (2012 - £nil) was drawn down, all of which is repayable on demand

Notes to the financial statements

14. Related party transactions

At 31 March 2013, the company's ultımate parent company was Vırgın Group Holdıngs Lımıted, whose prıncıpal shareholders are Sır Rıchard Branson and certaın trusts, none of whıch ındıvıdually has a controllıng ınterest ın Vırgın Group Holdıngs Lımıted The prıncıpal beneficıarıes of those trusts are Sır Rıchard Branson and/or hıs ımmedıate famıly The shareholders of Vırgın Group Holdıngs Lımıted have ınterests dırectly or ındırectly ın certaın other companıes whıch are consıdered to gıve rıse to related party dısclosures under Fınancıal Reportıng Standard 8

As a 100% owned subsıdıary of Vırgın Group Holdıngs Lımıted, the Company has taken advantage of the exemptıon under Fınancıal Reportıng Standard 8 Related Party Dısclosures, whıch enables ıt to exclude dısclosure of transactıons wıth Vırgın Group Holdıngs Lımıted and ıts wholly owned subsıdıarıes

At the year end, the Company had the followıng amounts outstandıng and transactıons ın the year wıth related partıes

	Turnover £000	Debtors £000
Companies related by virtue of common control or ownership		
Vırgın Atlantıc Aırways Lımıted	5	5
Vırgın Australıa Holdıngs Lımıted	6	-
Vırgın Holıdays Lımıted	10	6
Vırgın Money (Australıa) Pty Lımıted	7	2

15. Ultımate parent undertaking and controlling party

At 31 March 2013, the Company's ultımate parent undertakıng was Vırgın Group Holdıngs Lımıted, a Company ıncorporated ın the Brıtısh Vırgın Islands