

Virgin.com Limited

Directors' report and financial statements

Registered number 3735629

31 December 2013



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Directors' report

The directors present their report and the financial statements for the 9 month period ended 31 December 2013. The previous financial statements were for the 12 month period ended 31 March 2013.

Principal activities

The principal activity of the Company is the development and management of the Virgin Group website to cross sell the services of the companies using the Virgin name and offer a common e-commerce platform for Virgin internet companies.

Business review

The Company has net liabilities. However, as detailed in note 1 to the financial statements 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.

Results and dividends

The loss for the financial period amounted to £1,677,000 (Year ended 31 March 2013 - £1,912,000).

The directors do not recommend the payment of a dividend (Year ended 31 March 2013 - £nil).

Directors

The directors who served during the period were:

I P Woods

N A R Fox (appointed 21 June 2013)

C R Stent (resigned 21 June 2013)

Provision of information to auditor

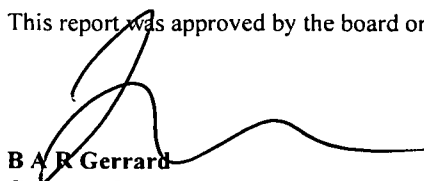
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

Auditor

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.

This report was approved by the board on 19 August 2014 and signed on its behalf.



B A R Gerrard
Company Secretary
The Battleship Building
179 Harrow Road
London
W2 6NB

Directors' responsibilities statement
for the period ended 31 December 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 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 period ended 31 December 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 December 2013 and of its loss for the period 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 period 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

19 August 2014

Profit and loss account
for the period ended 31 December 2013

		9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
	<i>Note</i>		
Turnover	1	795	1,202
Administrative expenses		(996)	(1,036)
		<hr/>	<hr/>
Operating (loss)/profit	2	(201)	166
Interest payable and similar charges	5	(1,476)	(2,078)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,677)	(1,912)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss for the financial period	11	(1,677)	(1,912)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for the current period or prior year other than those included in the profit and loss account.

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

Balance sheet
as at 31 December 2013

			31 December 2013		31 March 2013
	<i>Note</i>	£000	£000	£000	£000
Fixed assets					
Tangible assets	7		373		25
Investments			-		-
			<u>373</u>		<u>25</u>
Current assets					
Debtors	8	1,469		1,649	
Cash at bank		140		139	
		<u>1,609</u>		<u>1,788</u>	
Creditors: amounts falling due within one year	9	<u>(66,888)</u>		<u>(65,042)</u>	
Net current liabilities			<u>(65,279)</u>		<u>(63,254)</u>
Net liabilities			<u>(64,906)</u>		<u>(63,229)</u>
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		<u>(64,906)</u>		<u>(63,229)</u>
Shareholders' deficit	12		<u>(64,906)</u>		<u>(63,229)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 August 2014.



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.

Management fees are recognised on a straight line basis over the period in which the services are provided. Turnover in respect of sponsorship is recognised on a straight line basis over the life of the contract.

1.3 Tangible fixed assets and depreciatio

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	-	3 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 (loss)/profit is stated after charging:

	<i>9 months ended 31 December 2013 £000</i>	12 months ended 31 March 2013 £000
Depreciation of tangible fixed assets: - owned by the company	39	18
	<u>39</u>	<u>18</u>

3. Auditors' remuneration

	<i>9 months ended 31 December 2013 £000</i>	12 months ended 31 March 2013 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	6	6
	<u>6</u>	<u>6</u>

4. Directors' remuneration

The directors did not receive any emoluments during the year for services to the Company (Year end 31 March 2013 - £nil).

5. Interest payable and similar charges

	<i>9 months ended 31 December 2013 £000</i>	12 months ended 31 March 2013 £000
On loans from group undertakings	1,476	2,078
	<u>1,476</u>	<u>2,078</u>

Notes to the financial statements

6. Taxation

Factors affecting tax credit for the year

The tax assessed for the period/year is higher than (Year ended 31 March 2013 - higher than) the standard rate of corporation tax in the UK of 23% (Year end 31 March 2013 - 24%). The differences are explained below:

	9 months ended 31 December 2013 £000	12 months ended 31 March 2013 £000
Loss on ordinary activities before tax	(1,677)	(1,912)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (Year end 31 March 2013 - 24%)	(390)	(459)
Effects of:		
Expenses not deductible for tax purposes	340	499
Capital allowances in excess of depreciation	(96)	3
Utilisation of tax losses	-	(43)
UK tax losses not utilised or not recognised	174	-
Non-taxable income	(28)	-
Current tax charge for the period/year	-	-

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.

Reductions in the rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. A rate of 20% has been used within the deferred tax calculations within these financial statements.

	9 months ended December 2013 Recognised £000	9 months ended December 2013 Unrecognised £000	12 months ended March 2013 Recognised £000	12 months ended March 2013 Unrecognised £000
Excess of capital allowances over depreciation	-	(508)	-	(831)
UK tax losses	-	(3,483)	-	(3,680)
Total	-	(3,991)	-	(4,511)

Notes to the financial statements

7. Tangible fixed assets

	<i>Website Design £000</i>	<i>Computer Equipment £000</i>	<i>Total £000</i>
Cost			
At 1 April 2013	533	7	540
Additions	387	-	387
At 31 December 2013	920	7	927
Depreciation			
At 1 April 2013	513	2	515
Charge for the period	38	1	39
At 31 December 2013	551	3	554
Net book value			
At 31 December 2013	369	4	373
At 31 March 2013	20	5	25

8. Debtors

	<i>31 December 2013 £000</i>	<i>31 March 2013 £000</i>
Trade debtors	13	20
Amounts owed by group undertakings	1,331	1,514
Other debtors	-	-
Other tax & social security	64	25
Prepayments and accrued income	61	90
	1,469	1,649

9. Creditors: Amounts falling due within one year

	<i>31 December 2013 £000</i>	<i>31 March 2013 £000</i>
Trade creditors	9	12
Amounts owed to group undertakings	66,492	64,731
Other creditors	1	1
Accruals and deferred income	386	298
	66,888	65,042

Notes to the financial statements

10. Share capital

	31 December 2013 £000	31 March 2013 £000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

11. Reserves

	Profit and loss account £000
At 1 April 2013	(63,229)
Loss for the financial period	(1,677)
At 31 December 2013	(64,906)

12. Reconciliation of movement in shareholders' deficit

	31 December 2013 £000	31 March 2013 £000
Opening shareholders' deficit	(63,229)	(61,317)
Loss for the financial period/year	(1,677)	(1,912)
Closing shareholders' deficit	(64,906)	(63,229)

13. Contingent liabilities

The Company is party to a group overdraft facility of £50 million (Year ended 31 March 2013 - £50 million) of which £nil (Year ended 31 March 2013 - £nil) was drawn down, all of which is repayable on demand.

14. Related party transactions

At 31 December 2013, the company's ultimate parent company was Virgin Group Holdings Limited, whose principal shareholders are Sir Richard Branson and 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 8.

As a 100% owned subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 8: Related Party Disclosures, which enables it to exclude disclosure of transactions with Virgin Group Holdings Limited and its wholly owned subsidiaries.

At the year end, the Company had the following amounts outstanding and transactions in the year with related parties:

Notes to the financial statements

14. Related party transactions (continued)

	Turnover £000	Debtors £000
Companies related by virtue of common control or ownership		
Virgin Atlantic Airways Limited	38	-
Virgin Holidays Limited	14	3
Virgin Money (Australia) Pty Limited	4	-
Virgin Active Group Limited	34	21
Virgin Money Plc	16	5
Virgin Rail Group Holdings Limited	6	-
Virgin America Inc	20	8
Virgin Care Limited	2	1
West Coast Trains Limited	6	-
	<hr/>	<hr/>

15. Ultimate parent undertaking and controlling party

At 31 December 2013, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a Company incorporated in the British Virgin Islands.