

Exitium Limited

Directors' report and financial
statements

Registered number 3939354

31 March 2007

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Exitium Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2007

Principal activities

The company presently incurs fees relating to the administration of inter-group loans. The company is likely to be made dormant in the future.

Review

The results for the year are set out on page 4 of the financial statements and the loss for the year of £139,911 (2006 £134,859) has been transferred to reserves.

Proposed dividend

The directors do not recommend the payment of a dividend (2006 £nil).

Directors

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

G D McCallum

P C K McCall

W E Whitehorn (resigned 1 October 2007)

J Bayliss (appointed 1 October 2007)

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

The members of the Company have passed elective resolutions in accordance with Sections 366A, 252 and 386 of the Companies Act 1985 dispensing with the previous statutory requirement of holding annual general meetings, laying accounts before the Company in general meetings and reappointing auditors annually.

The last resolution will lead to the continuing appointment of KPMG LLP as auditors of the company until further notice.

By order of the board

B A R Gerrard
Company Secretary



120 Campden Hill Road
London
W8 7AR
2007

10 December

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 the directors 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 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 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 Exitium Limited

We have audited the financial statements of Exitium Limited for the year ended 31st March 2007 which comprise the Profit and Loss Account, Company 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 31st March 2007 and of the company's loss 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

13 December 2007
EC4Y 3BB

Profit and loss account
for the year ended 31 March 2007

	<i>Note</i>	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Administrative expenses		(13,661)	(12,905)
Operating loss	2	<u>(13,661)</u>	<u>(12,905)</u>
Interest payable and similar charges	5	(126,253)	(121,957)
Other interest receivable and similar income	6	3	3
Loss on ordinary activities before taxation	2	<u>(139,911)</u>	<u>(134,859)</u>
Tax on loss on ordinary activities	7	-	-
Loss for the year	11	<u><u>(139,911)</u></u>	<u><u>(134,859)</u></u>

There were no recognised gains or losses in the year other than those shown above, which were derived from continuing operations

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

Balance sheet

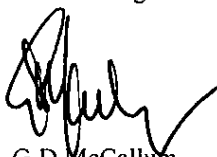
At 31 March 2007

	<i>Note</i>	31 March 2007 £	31 March 2006 £
Fixed assets			
Investments	8	-	-
Current assets			
Cash at bank and in hand		62	71
		<u>62</u>	<u>71</u>
Creditors amounts falling due within one year	9	(2,471,671)	(2,331,769)
Net current liabilities		<u>(2,471,609)</u>	<u>(2,331,698)</u>
Net liabilities		<u>(2,471,609)</u>	<u>(2,331,698)</u>
Capital and reserves			
Called up share capital	10	1,083,144	1,083,144
Profit and loss account	11	(3,554,753)	(3 414 842)
Equity shareholders' deficit	12	<u>(2,471,609)</u>	<u>(2,331,698)</u>

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

These financial statements were approved by the board of directors on 10 December and were signed on its behalf by

2007



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

The financial statements have been prepared on a going concern basis in view of the fact that the 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 the support referred to above and, accordingly, they have prepared the financial statements on the 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 that a parent undertaking includes the company in its own published consolidated financial statements

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 FRS 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

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit	3,662	3,556

3 Remuneration of directors

The directors did not receive any remuneration during the year for services to the Company (2006 £nil)

4 Staff costs

The Company did not have any employees other than the directors of the Company for the current year or previous year

5 Interest payable and similar charges

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
On group loans	126,253	83,649
On loans from related parties	-	38 308
	<u>126,253</u>	<u>121 957</u>

6 Other interest receivable and similar income

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Bank interest	3	3
	<u>3</u>	<u>3</u>

Notes (continued)

7 Taxation

There was no tax charge in the current or prior period

Factors affecting the tax charge for the current period

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 30% (2006 30%)
The differences are explained below

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(139,911)	(134,859)
	<hr/>	<hr/>
Current tax at 30% (2006 30%)	(41,973)	(40,458)
<i>Effects of</i>		
Expenses not deductible for tax purposes	35,042	25,095
Short term timing differences	-	11,492
Other timing differences	2,834	
Tax losses not utilised or recognised	4,097	3,871
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Factors that may affect future tax charges

Details of the Company's total provided and unprovided deferred tax assets at the year end (and prior year end) are shown 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 likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

	Year ended 31 March 2007 Provided £	Year ended 31 March 2007 Unprovided £	Year ended 31 March 2006 Provided £	Year ended 31 March 2006 Unprovided £
<i>The deferred tax figures comprise</i>				
Other timing differences	-	(70,404)	-	(67,571)
UK tax losses	-	(62,300)	-	(40,624)
Capital losses	-	-	-	(17,579)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(132,704)	-	(125,774)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Fixed asset investments

	Investment in subsidiaries £
Cost	
At 31 March 2006	844,106
Disposal during the year	(844,106)
	<hr/>
At 31 March 2007	-
	<hr/>
Provision	
At 31 March 2006	(844,106)
Disposal during the year	844,106
	<hr/>
At 31 March 2007	-
	<hr/>
Net book value	
At 31 March 2006 and 31 March 2007	-
	<hr/> <hr/>

Exitium had a 2% holding in Convergent Networks Inc with 222,709 Ordinary shares. On 28 March 2003 it was agreed that Convergent Networks Inc would go into creditors' voluntary liquidation and has now been dissolved.

Notes (continued)

9 Creditors amounts falling due within one year

	31 March 2007 £	31 March 2006 £
Amounts owed to related group undertakings	2,399,363	1,614,118
Amounts owed to related party undertakings	68,646	714,095
Accruals	3,662	3,556
	<u>2,471,671</u>	<u>2,331,769</u>

10 Called up share capital

	31 March 2007 £	31 March 2006 £
<i>Authorised</i>		
112,500,000 Ordinary shares of £0.01 each	<u>1,125,000</u>	<u>1,125,000</u>
<i>Allotted, called up and fully paid</i>		
108,314,397 Ordinary shares of £0.01 each	<u>1,083,144</u>	<u>1,083,144</u>

11 Reserves

	Profit and loss account £
At beginning of period	(3,414,842)
Retained loss for the period	(139,911)
	<u>(3,554,753)</u>
At end of period	<u>(3,554,753)</u>

Notes (continued)

12 Reconciliation of equity shareholders' deficit

	31 March 2007 £	31 March 2006 £
Loss for the financial period	(139,911)	(134,859)
Opening equity shareholders' deficit	(2,331,698)	(2,196,839)
	<hr/>	<hr/>
Closing equity shareholders' deficit	(2,471,609)	(2,331,698)
	<hr/>	<hr/>

13 Related party disclosures

At 31 March 2007 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 party transactions entered into during the year

	Related undertakings		Related Group undertaking	
	31 March 2007 £	31 March 2006 £	31 March 2007 £	31 March 2006 £
Creditors	68,646	714,095	2,399,363	1,614,118
Interest payable	-	38,308	126,253	83,649
Purchases	9,988	-	-	7,500

The related undertakings with which the Company transacted with last year were the shareholders of the Company. Interest accrues on the loan note at 3.25% above base rate.

The related group undertakings with which the Company transacted were Virgin Management Limited, Corvina Holdings Limited and Barfair Limited. Interest accrues on the loan note at 3.25% above base rate.

14 Ultimate parent company

The ultimate parent undertaking as at 31 March 2007 was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.