

Communic8 International Limited

**Directors' report and financial
statements**

Registered number 4176269

31 March 2007

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Directors' report

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

Principal activities and results for the year

The principal activity of the company is that of a holding company

Business review

The Company made a profit for the year of £49 (2006 loss £33,355) The retained profit has been transferred to reserves

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

Directors

The directors who held office during the year under review were as follows

S M L Hall	(resigned 29 June 2007)
J E M Phillips	
G D McCallum	(alternate to J E M Phillips, appointed 22 September 2006)
B A R Gerrard	(appointed 29 June 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 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

The members of the Company have passed elective resolutions in accordance with Section 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



C A Drake
Company secretary

120 Campden Hill Road
London
W8 7AR

 2007

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 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 Communic8 International Limited

We have audited the company financial statements of Communic8 International Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the 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 2007 and of the company's 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

KPMG LLP
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB
2007

27 November

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		(16)	(33,581)
Other operating income		-	323
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(16)	(33,258)
Tax on loss on ordinary activities	4	65	(97)
		<hr/>	<hr/>
Profit / (loss) for the year		49	(33,355)
		<hr/>	<hr/>

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 9 form part of these financial statements

Balance sheet
at 31 March 2007

	<i>Note</i>	31 March 2007 £	31 March 2006 £
Current assets			
Cash at bank		49,099	47,863
Debtors	5	-	1,252
		<u>49,099</u>	<u>49,115</u>
Creditors	6	(1,255,423)	(1,255,488)
Net current liabilities		<u>(1,206,324)</u>	<u>(1,206,373)</u>
Net liabilities		<u>(1,206,324)</u>	<u>(1,206,373)</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	(1,206,326)	(1,206,375)
Equity shareholders' deficit	9	<u>(1,206,324)</u>	<u>(1,206,373)</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 21 November 2007
 and were signed on its behalf by


B A R Gerard
 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 in accordance with applicable accounting standards and under the historical cost accounting rules

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

Going concern

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

Taxation

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain capital items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

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 points from which the future reversal of the underlying timing differences can be deducted

2 Profit / (loss) on ordinary activities before taxation

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
<i>Profit / (loss) on ordinary activities before taxation is stated after charging:</i>		
Provision for bad debt	-	31,948

The audit fee for the company is borne by another group company

3 Remuneration of directors

The total emoluments of the directors paid by the company were nil (2006 £nil)

Notes (continued)

4 Taxation

Analysis of charge in year

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
<i>UK Corporation tax</i>		
Current tax on income for the year	(65)	97
	<hr/>	<hr/>
Total Tax	(65)	97
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2006 higher) than the standard rate of corporation tax in the UK 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 taxation	(16)	(33,258)
	<hr/>	<hr/>
Current tax at 30% (2006 30%)	(5)	(9,977)
	<hr/>	<hr/>
<i>Effects of</i>		
Income not taxable	-	(208)
Tax losses not utilised	5	10,282
Adjustments in respect of prior years	(65)	-
	<hr/>	<hr/>
Total current tax charge	(65)	97
	<hr/>	<hr/>

Deferred Tax

Details of the Company's total provided and unprovided deferred tax 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 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

	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>				
UK tax losses	-	(20,618)	-	(20,679)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(20,618)	-	(20,679)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

5 Debtors

	31 March 2007 £	31 March 2006 £
Other debtors	-	1,252
	<u> </u>	<u> </u>

6 Creditors

	31 March 2007 £	31 March 2006 £
Amounts owed to group undertakings	1,255,391	1,255,391
Corporation tax	32	97
	<u> </u>	<u> </u>
	<u>1,255,423</u>	<u>1,255,488</u>

7 Called up share capital

	31 March 2007 £	31 March 2006 £
<i>Authorised:</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

8 Reserves

	Profit and loss account £
At the beginning of the year	(1,206,375)
Profit for the year	49
	<u> </u>
At the end of the year	<u>(1,206,326)</u>

Notes (continued)

9 Reconciliation of movement in equity shareholders' deficit

	31 March 2007 £	31 March 2006 £
Opening equity shareholders' deficit	(1,206,373)	(1,173,018)
Profit /(loss) for the year	49	(33,355)
	<hr/>	<hr/>
Closing equity shareholders' deficit	<u>(1,206,324)</u>	<u>(1,206,373)</u>

10 Related party disclosures

At 31 March 2007 the company's ultimate parent company 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 a 100% owned subsidiary of Barfair Limited, the Company has taken advantage of the exemption under Financial Reporting Standard No. 8 Related Party Disclosures, which enables it to exclude disclosure of transactions with Barfair Limited and its subsidiaries.

11 Ultimate holding company

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

The largest and smallest group in which the Company's results are consolidated are those for Barfair Limited, a company in England and Wales. Copies of the groups' accounts can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.