Firstart Limited

Directors' Report and Financial Statements

Registered Number 3222219

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 was the development of software and hardware solutions for the post-production industry. It now receives royalties in respect of one of those products.

On 6 November 2008 the Company's ownership changed from Firmar Limited to Virgin Digital Studios Limited.

On 3 April 2009, the Company's top UK parent undertaking changed from Virgin Hotels Group Limited to Virgin Wings Limited.

Review

The results for the year are set out on page 4 of the financial statements and the loss for the year of £37,585 (2008: £50,245) 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:

G D McCallum

P C K McCall

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 Firstart Limited

We have audited the financial statements of Firstart Limited for the year ended 31st 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 31st March 2009 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 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

	Note	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Turnover		**6,236**	7,653
Administrative expenses		**(90)**	(4,372)
Operating profit		**6,146**	3,281
Interest receivable and similar charges	*4*	**785**	1,224
Interest payable and similar charges	*5*	**(44,516)**	(54,750)
Loss on ordinary activities before taxation	*2*	**(37,585)**	(50,245)
Tax on loss on ordinary activities	*6*	**-**	-
Loss for the year		**(37,585)**	(50,245)

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 11 form part of these financial statements.

Balance Sheet
At 31 March 2009

	Note	2009	2008
		£	£
Current assets			
Debtors	7	47	102
Cash at bank and in hand		47,657	40,671
		47,704	40,773
Creditors: amounts falling due within one year	8	(821,013)	(776,497)
Net liabilities		(773,309)	(735,724)
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	(773,409)	(735,824)
Shareholders' deficit	11	(773,309)	(735,724)

The notes on pages 6 to 11 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 convention 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 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 Virgin Holdings Limited will not be in a position to provide support referred to above and accordingly, they have prepared the financial statements on the going concern basis.

The company is exempt by virtue of s228 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.

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 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.

Notes *(continued)*

2 Loss on ordinary activities before taxation

Audit fees are borne by another group company.

3 Remuneration of directors

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

4 Interest receivable and similar charges

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Bank interest receivable	**785**	1,224

5 Interest payable and similar charges

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Payable to group undertakings	**44,516**	54,750

Notes *(continued)*

6 Taxation

There is no tax charge in the profit and loss account in this or the previous year.

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2008: higher) 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 £
Current tax reconciliation		
Loss on ordinary activities before tax	**(37,585)**	(50,245)
Current tax at 28% (2008: 30%)	**(10,524)**	(15,073)
Effects of:		
Expenses not deductible for tax purposes	**12,464**	16,425
Utilisation of UK tax losses brought forward	**(1,940)**	(1,352)
Total current tax charge (see above)	**-**	-

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 has only been recognised to the extent that there is a reasonable expectation that these losses can be utilised in the foreseeable future.

	2009 Recognised £	**2009 Unrecognised £**	2008 Recognised £	2008 Unrecognised £
The deferred tax figures above comprise:				
Capital allowances in excess of depreciation	**-**	**(16,310)**	-	(16,310)
UK tax losses	**-**	**(148,625)**	-	(150,565)
	-	**(164,935)**	-	(166,875)

Notes *(continued)*

7 Debtors

	2009 £	2008 £
Trade debtors	**47**	102

8 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	**821,013**	776,497

Notes *(continued)*

9 Called up share capital

	2009 £	2008 £
Authorised		
1,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

10 Reserves

	Profit and Loss Account £
At beginning of year	(735,824)
Retained loss for the year	(37,585)
At end of year	**(773,409)**

11 Reconciliation of shareholders' deficit

	2009 £	2008 £
Opening shareholders' deficit	**(735,724)**	(685,479)
Loss for the financial year	**(37,585)**	(50,245)
Closing shareholders' deficit	**(773,309)**	(735,724)

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.

At 31 March 2009, the Company was a 100% owned subsidiary of Virgin Hotels Group Limited, and has therefore taken advantage of the exemption under Financial Reporting Standard 8: Related Party Disclosures, which enables it to exclude disclosure of transactions with Virgin Hotels Group Limited and its subsidiaries.

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

	Related Undertakings 2009 £	Related Undertakings 2008 £
Creditors	-	3,296
Administration expenses	-	3,936

The related undertaking in the prior year was Virgin Management Limited.

13 Ultimate parent company

At 31 March 2009, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a Company incorporated in the British Virgin Islands.

As at 31 March 2009 the largest and smallest group in which the Company's results are consolidated are those for Virgin Hotels Group Limited, a company registered in England and Wales. The consolidated accounts of this group can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.