

## **Woodhouse Securities Limited**

### **Directors' report and financial statements**

31 March 2007

Registered number 2133343

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## Directors' report

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2007

### Principal activity

The principal activity of the company was that of hotel proprietor until the sale of the hotels in July 1999. It now acts as an investment holding company.

### Profit for the period and transfer to reserves

The result for the year is presented on page 5 of the financial statements. The profit retained for the year is £nil (2006 £nil).

### Review of the business

The Company ceased trading on 30 July 1999 after the disposal of the hotels.

The directors consider the state of affairs at the balance sheet date to be satisfactory.

### Directors

The directors who served during the period were as follows:

J D R Brown	
S M L Hall	(resigned 29 June 2007)
G J Powell	(resigned 23 June 2006)
E J Broadfoot	(appointed 23 June 2006) alternate S P W Clift (appointed 26 March 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.

### Dividends

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

**Directors' report (*continued*)**

**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 appointments of KPMG LLP as auditors of the Company until further notice

By order of the board

**S P W Clift**  
*Director*

  
6/12/7

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 they 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 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 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 Woodhouse Securities Limited**

We have audited the financial statements of Woodhouse Securities 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**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 its result for the year then ended, and
- 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  
London

*10 Dec 2007*  
2007  
8 Salisbury Square  
London  
EC4Y 8BB

## **Profit and loss account**

*For the year ended 31 March 2007*

	<i>Note</i>	<b>Year Ended 31 March 2007</b>	<b>Year Ended 31 March 2006</b>
		<b>£</b>	<b>£</b>
Administrative expenses		-	-
<b>Operating profit</b>		-	-
<b>Profit on ordinary activities before taxation</b>	<i>2-4</i>		
Tax on profit on ordinary activities	<i>5</i>	-	-
<b>Profit for the financial year</b>	<i>11</i>	-	-

The notes on pages 7 to 11 form part of these financial statements

There is no difference between the reported results and the results based on historical cost for either current or prior periods

There were no recognised gains or losses in the period other than those disclosed in the profit and loss account above, and there are no movements in shareholders' funds other than the results retained for the period

## Balance sheet

*As at 31 March 2007*

	<i>Note</i>	<b>31 March 2007 £</b>	<b>31 March 2006 £</b>
<b>Fixed assets</b>			
Investments	6	29,757,988	29,757,988
<b>Current assets</b>			
Debtors	7	11,297,841	11,297,841
<b>Creditors: amounts falling due within one year</b>	8	<u>(4,184,161)</u>	<u>(4,184,161)</u>
<b>Net current assets</b>		7,113,680	7,113,680
<b>Net assets</b>		<u><u>36,871,668</u></u>	<u><u>36,871,668</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	14,181,170	14,181,170
Share premium account	11	29,756,988	29,756,988
Profit and loss account	11	<u>(7,066,490)</u>	<u>(7,066,490)</u>
<b>Equity shareholders' funds</b>	10	<u><u>36,871,668</u></u>	<u><u>36,871,668</u></u>

The notes on pages 7 to 11 form part of these financial statements

These financial statements were approved by the board of directors on *6<sup>th</sup> Dec* 2007 and signed on its behalf by

**S P W Clift**  
*Director*





## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

#### a) *Basis of preparation*

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirements to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1(Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

As the company is a wholly owned subsidiary of Virgin Hotels Group Limited, the company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Virgin Hotels Group Limited, within which this company is included, can be obtained from the address given in note 13.

#### b) *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.

#### c) *Investments*

Fixed assets investments are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised in the profit and loss account.

### 2 Profit on ordinary activities before taxation

The audit fee for the current and prior periods has been borne by the parent company Virgin Hotels Group Limited.

### 3 Staff numbers and costs

The Company did not employ any staff during the period (2006 nil)

### 4 Directors' emoluments

None of the directors received any remuneration from the Company during the financial period (2006 nil)

## Notes (continued)

### 5 Taxation

There is no current tax charge for the year (2006 £Nil)

#### Factors that may affect the future tax charge

A deferred tax asset totalling £109,445 (2006 £109,445) in respect of carried forward losses has not been recognised, as based on current forecasts it is not expected that this asset can be utilised to offset taxable profits in the foreseeable future

### 6 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At beginning and end of year	29,757,988
	<hr/>
<b>Amounts written off/provided against</b>	
At beginning and end of year	-
	<hr/>
<b>Net Book Value</b>	
At 31 March 2007 and 31 March 2006	29,757,988
	<hr/>

The principal companies in which the Company's interest at the year end is more than 20%, all of which are included in the consolidated financial statements of Virgin Hotels Group Limited are as follows

	Country of incorporation	Principal activity	Description of share held	Percentage of shares held
Subsidiary undertakings				
VHGL2 Limited	British Virgin Islands	Investment holding Company	Ordinary \$ shares	100

**Notes (continued)**

**7 Debtors**

	<b>31 March 2007 £</b>	<b>31 March 2006 £</b>
Amounts due from group undertakings	<b>11,297,841</b>	<b>11,297,841</b>

**8 Creditors**

	<b>31 March 2007 £</b>	<b>31 March 2006 £</b>
Amounts due to group undertakings	<b>4,184,161</b>	<b>4,184,161</b>

**9 Share capital**

	<b>31 March 2007 £</b>	<b>31 March 2006 £</b>
<i>Authorised</i> Ordinary shares of £1 each	<b>20,000,000</b>	<b>20,000,000</b>
<i>Issued, called up and fully paid</i> Ordinary shares of £1 each	<b>14,181,170</b>	<b>14,181,170</b>

**Notes (continued)**

**10 Reconciliation of movements in equity shareholders' funds**

	<b>31 March 2007 £</b>	<b>31 March 2006 £</b>
Profit for the financial year	-	
Shareholders' funds at the beginning of the period	<b>36,871,668</b>	36,871,668
	<hr/>	<hr/>
Shareholders' funds at the end of period	<b>36,871,668</b>	36,871,668
	<hr/> <hr/>	<hr/> <hr/>

**11 Share premium and reserves**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At the beginning of the year	29,756,988	(7,066,490)
Profit for the financial year	-	-
	<hr/>	<hr/>
At end of year	<b>29,756,988</b>	(7,066,490)
	<hr/> <hr/>	<hr/> <hr/>

**12 Related party disclosure**

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 Virgin Hotels Group Limited, the Company has taken advantage of the exemption under FRS 8 Related Party Disclosures, which enables it to exclude disclosure of transactions with Virgin Hotels Group Limited and its subsidiaries.

**Notes (continued)**

**13 Ultimate parent company and parent undertaking of larger group of which the company is a member**

As at 31 March 2007 the Company is a subsidiary undertaking of Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands

The only group in which the results of the Company are consolidated are those of Virgin Hotels Group Limited. Virgin Hotels Group Limited is registered in England and Wales and its financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.