

# **Virgin Voyager Limited**

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

**31 January 1998**

Registered number 2857673



# Virgin Voyager Limited

## Directors' report and financial statements

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# Virgin Voyager Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 January 1998.

### Principal activities

The principal activity of the Company is that of an investment holding company.

The loss on ordinary activities after tax of the company for the period transferred to reserves was £ 3,263,000 (1997: £1,475,000 ), as shown on page 4.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Significant changes in fixed assets

The movements in fixed assets during the period are set out in note 8 to the financial statements.

### Directors and directors' interests

The directors who held office during the period were as follows:

RCN Branson (Chairman)  
TM Abbott (Deceased 9 December 1997)  
STM Murphy

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company or other group companies.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**Diana Legge**  
Company Secretary

120 Campden Hill Road  
London  
W8 7AR

Date

# Virgin Voyager Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## Report of the auditors, KPMG, to the members of Virgin Voyager Limited

We have audited the financial statements on pages 4 to 12.

### *Respective responsibilities of directors and auditors*

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of affairs of the company as at 31 January 1998 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



31 July 1998

Chartered Accountants  
Registered Auditors  
8 Salisbury Square  
London  
EC4Y 8BB

# Virgin Voyager Limited

## Profit and loss account for the year ended 31 January 1998

	<i>Note</i>	1998 £'000	1997 £'000
Administrative expenses		(65)	(26)
<b>Operating loss</b>		<b>(65)</b>	<b>(26)</b>
Other interest receivable and similar income	5	3,887	3,189
Interest payable and similar charges	6	(8,069)	(6,801)
<b>Loss on ordinary activities before taxation</b>	2-6	<b>(4,247)</b>	<b>(3,638)</b>
Tax on loss on ordinary activities	7	984	2,163
<b>Retained loss for the financial year</b>		<b>(3,263)</b>	<b>(1,475)</b>

The company has no recognised gains or losses for the year other than the losses shown above, all of which were derived from continuing operations.

There is no difference between the historic cost loss and that shown above.

The notes on pages 7 to 12 form part of these financial statements.

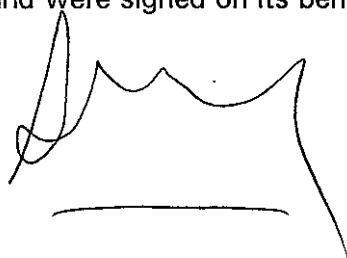
# Virgin Voyager Limited

## Balance sheet at 31 January 1998

		1998		1997	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	8		90,805		90,805
<b>Current assets</b>					
Debtors	9	52,358		45,337	
Cash at bank and in hand		236		1,253	
		<u>52,594</u>		<u>46,590</u>	
<b>Creditors:</b>					
amounts falling due within one year	10	<u>(97,279)</u>		<u>(88,012)</u>	
<b>Net current liabilities</b>			<u>(44,685)</u>		<u>(41,422)</u>
<b>Net assets</b>			<u>46,120</u>		<u>49,383</u>
<b>Capital and reserves</b>					
Called up share capital	11		32,860		32,860
Other reserves	12		26,062		26,062
Profit and loss account	12		<u>(12,802)</u>		<u>(9,539)</u>
<b>Equity shareholders' funds</b>			<u>46,120</u>		<u>49,383</u>

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

31 July 1998



**STM Murphy**  
Director

# Virgin Voyager Limited

## Reconciliations of movements in shareholders' funds *for the year ended 31 January 1998*

	1998 £'000	1997 £'000
Opening shareholders' funds	49,383	50,858
Retained loss for the financial year	(3,263)	(1,475)
<b>Closing shareholders' funds</b>	<u>46,120</u>	<u>49,383</u>



# Virgin Voyager Limited

## Notes

*(forming part of 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. These financial statements have been prepared in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) to prepare a cashflow statement as it is a small company under section 248 of the Companies Act 1985.

The company is exempt from the requirement to prepare group accounts as it is a medium sized group under section 248 of the Companies Act 1985.

These financial statements present information about the company as an individual undertaking, and not about its group.

#### **Investments**

Investments in subsidiaries are stated at cost less amounts provided for permanent diminution of value.

#### **Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

### 2 Loss on ordinary activities before taxation

	1998	1997
<i><b>Loss on ordinary activities before taxation is stated</b></i>	£'000	£'000
<i><b>after charging</b></i>		
Auditors' remuneration:		
Audit	51	4
Other Services	-	8

### 3 Remuneration of directors

No directors received emoluments or remuneration as executives during the year.

### 4 Staff numbers and costs

The company had no employees other than the directors during the year.

# Virgin Voyager Limited

## Notes (continued)

### 5 Other interest receivable and similar income

	1998 £'000	1997 £'000
Group undertakings	3,788	3,120
Affiliated undertakings	21	13
Bank	78	56
	<u>3,887</u>	<u>3,189</u>

### 6 Interest payable and similar charges

	1998 £'000	1997 £'000
On bank loans, overdrafts and other loans wholly repayable within five years	-	1
Payable to group undertakings	4,150	3,511
Payable to affiliated undertakings	3,914	3,281
On other loans	5	8
	<u>8,069</u>	<u>6,801</u>

### 7 Taxation

	1998 £'000	1997 £'000
UK corporation tax at 31% (1997: 33%) on loss for year on ordinary activities:		
Group relief receivable	984	1,199
Adjustment in respect of previous period	-	964
	<u>984</u>	<u>2,163</u>

# Virgin Voyager Limited

## Notes (continued)

### 8 Fixed asset investments

	Subsidiary undertakings 1998 £'000
Cost and net book value as at 31 January 1997 and 1998	90,805

The principal subsidiaries in which the company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held (ordinary shares unless otherwise stated)
<b>Subsidiary undertakings</b>			
Virgin Group Limited	England and Wales	Investment holding company	100
Voyager Group Limited	England and Wales	Investment holding company	100*
Virgin Management Limited	England and Wales	Investment holding company and management services	100**
Virgin Enterprises Limited	England and Wales	Investment holding company	100*/**
Route Builders Limited	England and Wales	Investment company	100**
Necker Island (BVI) Limited	British Virgin Islands	Hotels	100**
Phoenix Fire Inhibitor Limited	England and Wales	Fire protection	100** prefs 51 ** ords
Heaven Limited	England and Wales	Night-club	100**
<b>Associated undertakings</b>			
Storm Model Management Limited	England and Wales	Model Agency	50**
Rodney Fitch & Co Limited	England and Wales	Design Consultancy	50**

\* Represents holdings in both ordinary shares and preference shares.

\*\* Represents indirect shareholding.

# Virgin Voyager Limited

## Notes (continued)

### 9 Debtors: amounts falling due within one year

	1998 £'000	1997 £'000
Amounts owed by parent undertaking	134	119
Amounts owed by subsidiary undertakings	48,445	44,605
Amounts owed by related undertakings	234	214
Other debtors	3,545	399
	<u>52,358</u>	<u>45,337</u>

Amounts owed by parent fellow subsidiary and related companies are repayable on demand, although there is no present intention to call for repayment of such amounts.

### 10 Creditors: amounts falling due within one year

	1998 £'000	1997 £'000
Amounts owed to subsidiary undertakings	52,219	46,859
Amounts owed to related undertakings	44,986	41,066
Other creditors including taxation and social security:	44	44
Accruals and deferred income	30	43
	<u>97,279</u>	<u>88,012</u>

### 11 Called up share capital

	1998 £'000	1997 £'000
<b>Authorised</b>		
25,000,000 "A" Ordinary shares of 10p each	2,500	2,500
5,022,122,880 ordinary shares of US\$ 0.01 each	32,609	32,609
	<u>35,109</u>	<u>35,109</u>
<b>Allotted, called up and fully paid</b>		
22,122,880 "A" Ordinary shares of 10p	2,212	2,212
4,720,037,880 ordinary shares of US\$ 0.01 each	30,648	30,648
	<u>32,860</u>	<u>32,860</u>

The directors held no options to subscribe for shares in the company.

# Virgin Voyager Limited

## Notes (continued)

### 12 Other reserves

	Merger Reserve £'000	Profit and loss account £'000
At 1 February 1997	26,062	(9,539)
Retained loss for year	-	(3,263)
<b>At 31 January 1998</b>	<b>26,062</b>	<b>(12,802)</b>

### 13 Commitments

The company is party to a group overdraft facility of £6 million, of which £500,000 is repayable on demand.

### 14 Ultimate parent undertaking

At 31 January 1998 the ultimate parent undertaking was Voyager Investments (BVI) Limited, a company incorporated in the British Virgin Islands.

No group financial statements include the results of the company.

### 15 Related party transactions

At 31 January 1998, the company's ultimate parent company was Voyager Investments (BVI) Limited, whose principal shareholders are certain trusts, none of which individually has a controlling interest in Voyager Investments (BVI) Limited. The principal beneficiaries of those trusts are RCN Branson and his immediate family. The shareholders of Voyager Investments (BVI) 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.

The following is a summary of those transactions and balances between the company and related parties which are required to be disclosed under Financial Reporting Standard No. 8:

	Parent undertaking £'000	Subsidiary undertakings £'000	Related undertakings £'000
Interest Receivable	-	3,788	20
Interest payable	-	4,152	3,918
Debtors	134	48,445	234
Creditors	-	52,219	44,986

# Virgin Voyager Limited

## Notes *(continued)*

### **15 Related party transactions *(continued)***

The parent undertaking with whom the company had an inter-company balance with at the year end was Voyager Investments (BVI) Limited.

The subsidiary undertakings with whom the company transacted during the year were Virgin Management Limited and Voyager Group Limited.

The related undertakings with whom the company transacted during the year were Virgin Hotels Group Limited and Virgin Travel investments Limited.

Inter-company balances due from the parent undertaking did not attract interest. Inter-company balances due to and from subsidiary undertakings attracted interest at a rate of 1.5% above the base rate of Lloyds Bank Plc. Inter-company balances due to and from related undertakings attracted interest at a rate of 2.5% above the base rate of Lloyds Bank Plc.