

Virgin Voyager Limited

Directors' report and financial statements

31 January 1995

Registered number 2857673



Virgin Voyager Limited

Directors' report and consolidated financial statements

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Virgin Voyager Limited

Directors' report

The directors present their first annual report and the audited financial statements for the 16 month period ended 31 January 1995.

Incorporation

The company was incorporated on 28 September 1993 under the name VVG Limited. On 8 December 1993 the company changed its name to Virgin Voyager Limited.

Principal activities

The principal group activities during the period involved property development, magnetic media production and distribution, the operation of clubs and hotels and the provision of management services.

Results and review of operations

On 29 October 1993 the company issued shares in order to acquire Virgin Group Limited and Voyager Group Limited from Voyager Investments Limited as part of a reorganisation of the Virgin interests. Subsequently the company disposed of its interests involved in commercial property development, the operation of airships and balloons and magnetic media production and distribution to its holding company, Voyager Investments (BVI) Limited and of certain hotel interests to Virgin Hotels Group Limited. At the end of the period the principal remaining activities of the group related to the provision of management services, the holding and managing of investments and the licensing of the Virgin brand name. It also retained a nightclub and an overseas hotel together with an interest in a model agency.

The loss on ordinary activities after tax of the company for the period transferred to reserves was £5,095,000, as shown on page 6.

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.

Virgin Voyager Limited

Directors' report *(continued)*

Directors and directors' interests

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

RCN Branson (Chairman)	(appointed 28 September 1993)
TM Abbott	(appointed 28 September 1993)
STM Murphy	(appointed 25 October 1994)
Hallmark Registrars Limited	(appointed and resigned 28 September 1993)

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.

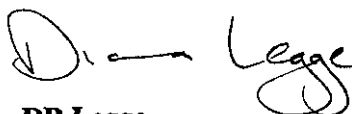
Auditors

In accordance with Section 385(3) of the Companies Act 1985, KPMG Peat Marwick were appointed the first auditors of the company.

On 6 February 1995 our auditors changed the name under which they practise to KPMG, and accordingly have signed their report in their new name.

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



DP Legge
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 period 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.

AUDITORS' REPORT
TO THE DIRECTORS OF
VIRGIN VOYAGER LIMITED

PURSUANT TO SECTION 248 OF THE COMPANIES ACT 1985

We have examined the relevant accounts of Virgin Voyager Limited and of its subsidiary undertakings. The scope of work for the purpose of this report was limited to ascertaining whether Virgin Voyager Limited is entitled to the exemption from the requirement to prepare group accounts for the year ended 31 January 1995.

In our opinion, the group consisting of Virgin Group Limited and its subsidiary undertakings is a medium group in respect of the year ended 31 January 1995, and Virgin Voyager Limited is therefore entitled to the exemption from the requirement to prepare group accounts under section 248 of the Companies Act 1985.

KMP

4 July 1996

KPMG
Chartered Accountants
Registered Auditors

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT



1 Forest Gate
Brighton Road
Crawley
West Sussex RH11 9PT

Auditors' report to the members of Virgin Voyager Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

As described on page 3 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 1995 and its loss for the 16 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

4 July 1996

Chartered Accountants
Registered Auditors

Virgin Voyager Limited

Profit and loss account *for the period ended 31 January 1995*

		1995 £000
Administrative expenses		(123)
Operating loss		(123)
Other interest receivable and similar income	5	1,108
Interest payable and similar charges	6	(6,080)
Loss on ordinary activities before taxation	2-6	(5,095)
Tax on loss on ordinary activities	7	-
Retained loss for the financial period		(5,095)

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

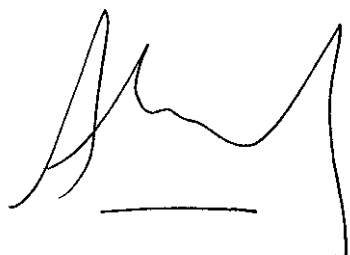
There is no difference between the historic cost loss and that shown above.

Virgin Voyager Limited

Balance sheet at 31 January 1995

	<i>Note</i>	1995 £'000	£'000
Fixed assets			
Investments	8		90,805
Current assets			
Debtors	9	31,880	
Creditors: amounts falling due within one year	10	(68,858)	
		<hr/>	
Net current liabilities			(36,978)
			<hr/>
Net assets			53,827
			<hr/>
Capital and reserves			
Called up share capital	11		32,860
Other reserves	12		26,062
Profit and loss account	12		(5,095)
			<hr/>
Shareholders' funds			53,827
			<hr/>

These financial statements were approved by the board of directors on 4/3/96 and were signed on its behalf by:



STM Murphy
Director

Virgin Voyager Limited

Reconciliations of movements in shareholders' funds *for the period ended 31 January 1995*

	1995 £'000
Retained (loss) for the financial period	(5,095)
New share capital subscribed	32,860
Merger reserve arising on acquisition	26,062
	<hr/>
Closing shareholders' funds	53,827
	<hr/>

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 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

<i>Loss on ordinary activities before taxation is stated</i>	1995 £'000
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after charging

Auditors' remuneration:	
Audit	3,900
Other Services	85,255

3 Remuneration of directors

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

4 Staff numbers and costs

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

Virgin Voyager Limited

Notes (continued)

5 Other interest receivable and similar income

1995
£'000

Fellow subsidiaries and related companies

1,108

6 Interest payable and similar charges

1995
£'000

On bank loans, overdrafts and other loans
wholly repayable within five years

2,301

On other loans

3,777

Bank

2

6,080

7 Taxation

No charge for corporation tax arose for the period.

Virgin Voyager Limited

Notes (continued)

8	Fixed asset investments	Subsidiary undertakings
		1995
		£'000
		90,805
	Additions	<u>90,805</u>
	Net book value as at 31 January 1995	<u>90,805</u>

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)
<i>Subsidiary undertakings</i>			
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*/**
Routebuilders 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**
Virglease Limited	England and Wales	Leasing	100**
<i>Associated undertakings</i>			
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.

On 29 October 1993 the company acquired the total share capital of Virgin Group Limited and Voyager Group Limited and assumed debts of their former holding company of £62,384,000. The fair value of the net assets acquired was considered to be in line with their book value.

Virgin Voyager Limited

Notes (continued)

9 Debtors: amounts falling due within one year

	1995 £'000
Amounts owed by parent undertaking	86
Amounts owed by subsidiary undertakings	31,792
Other debtors	2
	<hr/>
	31,880
	<hr/>

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

	1995 £'000
Bank loans and overdrafts	222
Shareholders' loans	13,019
Amounts owed to subsidiary undertakings	44,833
Amounts owed to related undertakings	10,314
Other creditors including taxation and social security:	
Corporation tax and social security	44
Accruals and deferred income	426
	<hr/>
	68,858
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Included in shareholder loans is an amount owed to Mr RCN Branson of £3,019,278, on which interest is payable at 2.25% above LIBOR.

Virgin Voyager Limited

Notes (continued)

11 Called up share capital

	1995 £'000
<i>Authorised</i>	
25,000,000 "A" Ordinary shares of 10p each	2,500
5,022,122,880 ordinary shares of US\$ 0.01 each	32,609
	<hr/>
	35,109
	<hr/>
<i>Allotted, called up and fully paid</i>	
22,122,880 "A" Ordinary shares of 10p	2,212
4,720,037,880 ordinary shares of US\$ 0.01 each	30,648
	<hr/>
	32,860
	<hr/>

On 28 September 1993 the company issued two ordinary shares of 10p each, on incorporation.

On 29 October 1993 the company issued 22,122,878 ordinary shares of 10p each at a premium of £26,209,000 in consideration for the acquisition of Virgin Group Limited and Voyager Group Limited. The premium following this share issue was taken to merger reserve.

On 31 January 1994 the 22,122,880 ordinary shares of 10p each were converted to 22,122,880 "A" ordinary shares of 10p each. Also on 31 January 1994, the company created 22,122,880 US\$ 0.01 ordinary shares by way of a bonus issue.

On 6 September 1994 the authorised share capital of the company was increased by £32 million (US\$ 50,221,288) by the creation of 5,000 million US\$ 0.01 ordinary shares.

On 6 September 1994 4,697,915,000 of these shares were issued at par to finance the expansion of the company.

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

Virgin Voyager Limited

Notes (continued)

12 Other reserves

	Merger Reserve	Profit and loss account
	£'000	£'000
Retained loss for period	-	(5,095)
Merger reserve arising on acquisition	26,209	-
Bonus issue of ordinary shares	(147)	-
	<hr/>	<hr/>
At 31 January 1995	26,062	(5,095)
	<hr/>	<hr/>

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

The ultimate parent undertaking is Voyager Investments (BVI) Limited, a company incorporated in the British Virgin Islands.

No other group financial statements include the results of the company.