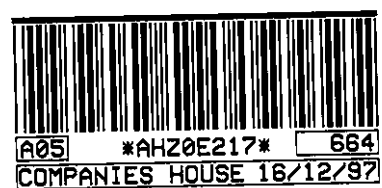


# **Virgin Vouchers Limited**

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

**31 January 1997**

Registered number 2999861



# Virgin Vouchers Limited

## Directors' report and financial statements

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# Virgin Vouchers Limited

## Company Information

*for the year to 31 January 1997*

<b>Directors:</b>	T M Abbott R C N Branson G L Brooks
<b>Secretary:</b>	D P Legge
<b>Registered office:</b>	120 Campden Hill Road London W8 7AR
<b>Registered number:</b>	2999861 (England and Wales)
<b>Auditors:</b>	KPMG 1 Forest Gate Brighton Road Crawley West Sussex RH11 9PT

# Virgin Vouchers Limited

## Directors' report

The directors present their report with the audited financial statements of the Company for the year to 31 January 1997.

### Principal activity

The principal activity of the Company in the period under review was that of a vendor of discount vouchers, for redemption with other Virgin companies.

### Results

During the year the Company made a loss of £79,909 (1996: loss £119,448). The directors are confident the Company will generate profits as it becomes established. The directors do not recommend the payment of a dividend.

### Directors and directors' interests

The directors during the period under review were:

T M Abbott  
R C N Branson  
G L Brooks

None of the directors who held office at the end of the period had any disclosable interests 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 reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

  
**Diana Legge**  
Secretary

120 Campden Hill Road  
LONDON  
W8 7AR

# Virgin Vouchers 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;
- state whether applicable 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 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 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.



1 Forest Gate  
Brighton Road  
Crawley  
West Sussex RH11 9PT

## Auditors' report to the members of Virgin Vouchers Limited

We have audited the financial statements on pages 5 to 11.

### *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 the Company's affairs as at 31 January 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
Registered Auditors

# Virgin Vouchers Limited

## Profit and loss account for the year to 31 January 1997

	Note	1997 £	1996 £
<b>Turnover</b>	2	<b>219,538</b>	63,443
Cost of sales		<b>(35,648)</b>	(45,587)
<b>Gross profit</b>		<b>183,890</b>	17,856
Administrative expenses		<b>(256,765)</b>	(182,260)
Distribution costs		<b>(17,432)</b>	-
<b>Operating loss</b>		<b>(90,307)</b>	(164,404)
Interest receivable and similar income	4	<b>14,728</b>	1,591
Interest payable and similar charges	5	<b>(8,491)</b>	(5,886)
<b>Loss on ordinary activities before taxation</b>	3	<b>(84,070)</b>	(168,699)
Tax on loss on ordinary activities	6	<b>4,161</b>	49,251
<b>Retained loss for the year</b>		<b>(79,909)</b>	(119,448)
Retained loss brought forward		<b>(119,448)</b>	-
<b>Retained loss carried forward</b>		<b>(199,357)</b>	(119,448)

The Company has no recognised gains or losses other than the loss for the current period.

The loss for the period arises solely from continuing operations.

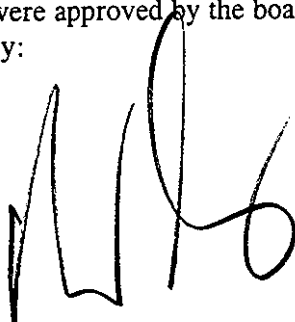
# Virgin Vouchers Limited

Balance sheet  
at 31 January 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	8	20,058	22,908
<b>Current assets</b>			
Stock	9	16,919	17,113
Debtors	10	241,856	241,572
Cash at bank and in hand		656,436	229,732
		<u>915,211</u>	<u>488,417</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,134,624)</u>	<u>(630,771)</u>
<b>Net current liabilities</b>		<u>(219,413)</u>	<u>(142,354)</u>
<b>Net liabilities</b>		<u>(199,355)</u>	<u>(119,446)</u>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account		<u>(199,357)</u>	<u>(119,448)</u>
<b>Equity shareholders' funds</b>	13	<u>(199,355)</u>	<u>(119,446)</u>

The financial statements were approved by the board of directors on 10<sup>th</sup> November 1997, and signed on its behalf by:

R C N Branson  
Director





# Virgin Vouchers Limited

## Notes

(forming part of the financial statements)

### 1 Accounting policies

#### *Accounting convention*

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

#### *Going concern*

The accounts have been prepared on a going concern basis on the grounds that Voyager Group Limited, the intermediate parent Company, has confirmed that it will continue to provide support in order that the Company is able to meet its commitments as they fall due.

#### *Fixed assets and depreciation*

Depreciation is provided by the Company, to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic life as follows:

Office equipment - 25% per annum.

#### *Stocks*

Stock is stated at the lower of cost and net realisable value.

#### *Cash flow statement*

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

### 2 Turnover

The turnover and loss before taxation are attributable to the principal activity of the Company.

### 3 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	1997	1996
	£	£
Depreciation - owned assets	7,627	5,963
Auditors' remuneration - audit services	4,800	4,500
	<u>          </u>	<u>          </u>

### 4 Other interest receivable and similar income

	1997	1996
	£	£
Other interest	14,728	1,591
	<u>          </u>	<u>          </u>

# Virgin Vouchers Limited

## Notes (continued)

### 5 Interest payable and similar charges

	1997 £	1996 £
Payable to group undertakings	8,266	5,714
Other interest payable	225	172
	<u>8,491</u>	<u>5,886</u>

### 6 Taxation

	1997 £	1996 £
Group relief receivable at 33%	-	49,251
Adjustment in respect of prior period	4,161	-
	<u>4,161</u>	<u>49,251</u>

The Company has tax losses carried forward to be utilised against future trading profits.

### 7 Staff numbers and costs

The average number of persons employed by the Company (excluding directors) during the year, analysed by category, were as follows:

	1997	1996
Selling and distribution	6	2
Administration	1	1
	<u>7</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	98,525	59,239
Social security costs	10,122	5,151
Other pension costs	558	-
	<u>109,205</u>	<u>64,390</u>

The directors were paid no fees or emoluments by the Company during the year (1996:£nil).

# Virgin Vouchers Limited

## Notes (continued)

### 8 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
At beginning of year	28,871
Additions	4,778
	<hr/>
At end of year	33,648
	<hr/>
<i>Depreciation</i>	
At beginning of year	5,963
Charge for the year	7,627
	<hr/>
At end of year	13,590
	<hr/>
<i>Net book value</i>	
At 31 January 1997	20,058
	<hr/>
At 31 January 1996	22,908
	<hr/>

### 9 Stocks

	1997 £	1996 £
Finished goods for resale	16,919	17,113
	<hr/>	<hr/>

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

	1997 £	1996 £
Trade debtors	216,124	235,367
Amounts owed by parent and fellow subsidiaries	16,872	473
Amounts owed by related undertakings	467	-
Other debtors	8,392	58
Prepayments	-	5,674
	<hr/>	<hr/>
	241,856	241,572
	<hr/>	<hr/>

# Virgin Vouchers Limited

## Notes (continued)

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

	1997 £	1996 £
Trade creditors	112,844	23,884
Amounts owed to parent and fellow subsidiaries	144,497	66,214
Accruals	877,283	540,673
	<u>1,134,624</u>	<u>630,771</u>

### 12 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13 Reconciliation of movement in shareholders' funds

	1997 £	1996 £
Loss for the period	(79,909)	(119,448)
New share capital subscribed	<u>-</u>	<u>2</u>
Net reduction to shareholders' funds	(79,909)	(119,446)
Opening shareholders' funds	<u>(119,446)</u>	<u>-</u>
Closing shareholders' funds	<u>(199,355)</u>	<u>(119,446)</u>

# Virgin Vouchers Limited

## Notes (continued)

### 14 Related party disclosure

At 31 January 1997, 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 8.

The following is a summary of those transactions and balances between the Company and the related parties which are required to be disclosed under Financial Reporting Standard 8:

Notes		Parent and fellow subsidiary undertakings £	Related undertakings £
Turnover	a	120	16,617
Interest payable	b	8,226	-
Debtors	b	16,872	467
Creditors	b	144,497	-

The parent and fellow subsidiary undertakings with whom the Company transacted during the year were Voyager Group Limited, Euromagnetics Products Limited, Necker Island (BVI) Limited, Virgin Bride Limited, Virgin Ultimate Limited and Virgin Airship and Balloon Company Limited.

The related undertakings with whom the Company transacted during the year were Virgin Clubs Limited, Virgin Freeway Limited, Virgin Atlantic Airways Limited, Virgin Hotels Group Limited, Virgin Direct Limited, Storm Model Management Limited, Virgin Cola Limited, Virgin Net Limited, Virgin Publishing Limited, West One Television Limited, Virgin Retail Group Limited, Virgin Radio Limited.

- (a) Turnover comprises sales undertaken on normal commercial terms.
- (b) Inter-Company balances due to the fellow subsidiary undertakings attract interest at a rate of 1.5% above the base rate of Lloyds Bank Plc. Trading balances do not attract interest.

### 15 Ultimate parent Company

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