

Virgin Limobike Limited

Directors' report and financial statements

31 January 1999

Registered number 3349884



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors to the members of Virgin Limobike Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their 9 month report and the audited financial statements for the 9 month period ended 31 January 1999 (1997: 13 months ended 30 April 1998).

Principal activity

The principal activity of the company is the provision of taxi bike services.

Results and review of business

The company's trading results are as stated on page 4 of the financial statements. The directors do not recommend the payment of a dividend. During the year the company changed its year end to 31 January in order to have a consistent year end with the parent company.

Directors and directors' interests

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

MH Berrisford	(Director)	(resigned 21 July 1999)
JR Kydd	(Director)	(resigned 21 July 1999)
STM Murphy	(Director)	(resigned 4 November 1998)
IS Burroughs	(Director)	(appointed 4 November 1998)
AP Dormandy	(Director)	(appointed 21 July 1999)
DP Legge	(Director)	(appointed 4 November 1998, resigned 21 July 1999)
W Whitehorn	(Director)	(appointed 21 July 1999)

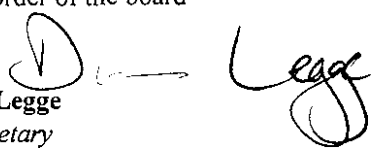
On 4 November 1998 IS Burroughs and DP Legge were appointed as directors of the company. None of the directors who held office at the end of the financial period had any disclosable interest in the shares of group companies.

On 21 July 1999 100% of the share capital was transferred from The Virgin Trading Company Limited to Virgin Management Limited.

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 reappointment auditors annually. The last resolution will lead to the continuing appointment of KPMG as auditors of the Company until further notice.

By order of the board


DP Legge
Secretary

120 Campden Hill Road
London
W8 7AR

1999

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 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;
- 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 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Virgin Limobike Limited

We have audited the financial statements on pages 5 to 10.

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.

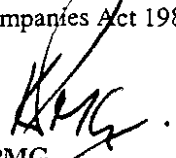
Basis of opinion

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 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors

30 November 1999

Profit and loss account

for the period ended 31 January 1999

	<i>Note</i>	Nine month period ended 31 January 1999 £	Thirteen month period ended 30 April 1998 £
Turnover		108,126	139,042
Cost of sales		(135,951)	(148,082)
		<hr/>	<hr/>
Gross loss		(27,825)	(9,040)
Miscellaneous income		1,250	-
		<hr/>	<hr/>
Operating loss		(26,575)	(9,040)
Administrative expenses		(13,037)	(6,942)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(39,612)	(15,982)
Tax on loss on ordinary activities		-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(39,612)	(15,982)
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses other than those reported in the profit and loss account. Accordingly, a statement of total recognised gains and losses has not been prepared.

All the company's transactions during the period ended 31 January 1999 related to continuing activities.

The notes on pages 6 to 10 form part of these financial statements.

Balance sheet

as at 31 January 1999

	Note	£	1999	£	1998	£
Fixed assets						
Intangible assets	4		1,450		1,785	
Tangible assets	5		717		883	
			<u>2,167</u>		<u>2,668</u>	
Current assets						
Debtors	6	57,510		32,205		
Cash at bank and in hand		105,426		182,194		
		<u>162,936</u>		<u>214,399</u>		
Creditors: amounts falling due within one year	7	(220,695)		(233,047)		
Net current liabilities			<u>(57,759)</u>		<u>(18,648)</u>	
Net liabilities			<u>(55,592)</u>		<u>(15,980)</u>	
Capital and reserves						
Called up share capital	8		2		2	
Profit and loss account			(55,594)		(15,982)	
Equity shareholders' funds			<u>(55,592)</u>		<u>(15,980)</u>	

These financial statements were approved by the board of directors on 30.11.99 1999 and were signed on its behalf by:



Alexis Dormandy
Director

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.

Basis of preparation

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

The financial statements were prepared under the going concern principle based on an expression of support from the current holding company, Virgin Management Limited to enable the company to meet its obligations as they fall due.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives of 4 years.

Intangible fixed assets are subject to amortisation over 4 years.

Taxation

The charge for taxation is based on the loss for the period and takes into account deferred taxation 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 an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers.

2 Loss on ordinary activities before taxation

	1999 £	1998 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit services	4,988	4,750
	<u> </u>	<u> </u>

None of the directors received remuneration in respect of their services during the period.

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	1999	1998
Directors	2	2
Limobike riders	5	5
	<hr/>	<hr/>

The aggregate payroll costs were as follows:

	1999	1998
	£	£
Wages and salaries	66,066	109,447
Social security costs	44,027	8,234
	<hr/>	<hr/>
	110,093	117,681
	<hr/>	<hr/>

4 Intangible fixed assets

	£
<i>Cost/valuation</i>	
At beginning of year	1,785
Additions	-
	<hr/>
At end of year	1,785
	<hr/>
<i>Amortisation</i>	
At beginning of year	-
Charge for year	335
	<hr/>
At end of year	335
	<hr/>
<i>Net book value</i>	
At 31 January 1999	1,450
	<hr/>
At 30 April 1998	1,785
	<hr/>

Notes (continued)

5 Tangible fixed assets

	£
<i>Cost/valuation</i>	
At beginning of year	883
Additions	-
	<hr/>
At end of year	883
	<hr/>
<i>Amortisation</i>	
At beginning of year	-
Charge for year	166
	<hr/>
At end of year	166
	<hr/>
<i>Net book value</i>	
At 31 January 1999	717
	<hr/>
At 30 April 1998	883
	<hr/>

6 Debtors

	1999	1998
	£	£
Trade debtors	56,470	25,633
Other debtors	1,040	6,572
	<hr/>	<hr/>
	57,510	32,205
	<hr/>	<hr/>

Notes (continued)

7 Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	13,722	-
Amounts owed to related undertakings	184,609	227,241
Other creditors including taxation and social security	7,098	-
Accruals and deferred income	15,266	5,806
	<u>220,695</u>	<u>233,047</u>

8 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

The company issued two £1 ordinary shares on incorporation, at par.

9 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Loss for the period	(39,612)	(15,982)
New share capital subscribed	-	2
	<u> </u>	<u> </u>
Net reduction in shareholders' funds	(39,612)	(15,980)
Opening shareholders' funds	(15,980)	-
	<u> </u>	<u> </u>
Closing shareholders' funds	(55,592)	(15,980)
	<u> </u>	<u> </u>

Notes (continued)

10 Related party transactions

At 1 January 1999, the company's ultimate parent undertaking was Virgin Retail (BVI) Limited, whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Retail (BVI) Limited. The principal beneficiaries of those trusts are RCN Branson and his immediate family. The shareholders of Virgin Retail (BVI) Limited have interests directly or indirectly in certain other companies which are considered to give rise to related disclosures under Financial Reporting Standard No.8.

In the period the following expenses were recharged to Virgin Limobike Limited by The Virgin Trading Company Limited stated below:

	£
The Virgin Trading Company Limited	2,514
	<hr/>

Intercompany balances

	Creditor £
Amounts owed to The Virgin Trading Company Limited (immediate parent company)	184,609
	<hr/>

11 Ultimate holding company

As at 31 January 1999, the immediate holding company of Virgin Limobike Limited during the period was The Virgin Trading Company Limited and the ultimate holding company was The Virgin Trading Group Limited, a company incorporated in the United Kingdom.

Following the year end, the entire issued share capital of the company was transferred to Virgin Management Limited, and the ultimate holding company became Virgin Travel Limited, a company incorporated in the British Virgin Islands.