

**Ivanco (No.3) Limited**

**Directors' report and financial  
statements**

**Registered number 3685046**

**31 March 2004**



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## Directors' report

The directors present their report and the audited financial statements for the 14 month period ended 31 March 2004. The comparative figures are for a year.

During the period the Company changed its year end from 31 January to 31 March.

## Principal activities

The principal activity of the Company during the period was that of an investment holding company.

## Business review and results

The results for the period are set out on page 4 of the financial statements and the loss for the period of £50,915 (year ended 31 January 2003: £15,767) has been transferred to reserves.

## Proposed dividend

The directors do not recommend the payment of a dividend (2003: £Nil).

## Directors and directors' interests

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

A J Renouf

N M Ritchie

F Dearie (alternate to N M Ritchie)

S O'Callaghan (alternate to A J Renouf)

G Basham (alternate to A J Renouf)

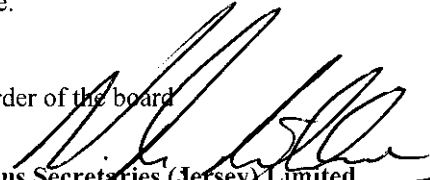
None of the directors who held office at the end of the financial period have any disclosable interest in the shares of the Company.

## Auditor

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 appointment of KPMG LLP as auditors of the company until further notice.

By order of the board

  
Abacus Secretaries (Jersey) Limited  
Joint Secretary

La Motte Chambers  
St Helier  
Jersey  
JE1 1BJ

18 October 2004

## **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 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 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.

## **Report of the independent auditors, KPMG LLP, to the members of Ivanco (No.3) Limited**

We have audited the financial statements on pages 4 to 11.

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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

### **Basis of audit 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 March 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

*21 October* 2004

**Profit and loss account**  
*for the period ended 31 March 2004*

	<i>Note</i>	<b>14 month period ended 31 March 2004 £</b>	<b>Year ended 31 January 2003 £</b>
Administrative expenses		<b>(50,915)</b>	<b>(15,768)</b>
<b>Operating loss</b>		<b>(50,915)</b>	<b>(15,768)</b>
Profit on sale of fixed asset investment		-	1
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	<b>(50,915)</b>	<b>(15,767)</b>
Tax on loss on ordinary activities	<b>5</b>	-	-
<b>Retained loss for the year</b>	<b>10</b>	<b>(50,915)</b>	<b>(15,767)</b>

There were no recognised gains or losses during the period other than those shown above, which were derived from continuing operations.

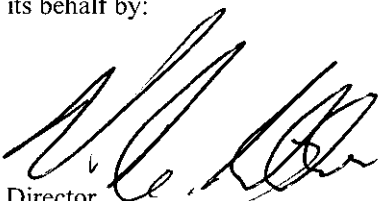
The notes on pages 6 to 11 form part of these financial statements.

**Balance sheet**  
*At 31 March 2004*

	<i>Note</i>	<b>31 March 2004 £</b>	<b>31 January 2003 £</b>
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Debtors	7	1	1
Cash at bank and in hand		8	8
		<hr/>	<hr/>
		9	9
<b>Creditors: amounts falling due within one year</b>	8	<b>(75,453)</b>	<b>(24,538)</b>
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(75,444)</b>	<b>(24,529)</b>
		<hr/>	<hr/>
<b>Net liabilities</b>		<b>(75,444)</b>	<b>(24,529)</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	100,000	100,000
Profit and loss account	10	<b>(175,444)</b>	<b>(124,529)</b>
		<hr/>	<hr/>
<b>Equity shareholders' deficit</b>	11	<b>(75,444)</b>	<b>(24,529)</b>
		<hr/>	<hr/>

The notes on pages 6 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 18<sup>th</sup> October 2004 and were signed on its behalf by:

  
 Director

## Notes

### 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 accounting*

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

The financial statements have been prepared on a going concern basis in view of the fact that the ultimate parent undertaking Virgin Group Investments Limited has formally indicated that it will provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least the next twelve months.

The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on the going concern basis.

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

#### *Investments*

Fixed asset investments are stated at cost less amounts written off.

#### *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 Financial Reporting Standard 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.



**Notes (continued)**

**2 Loss on ordinary activities before taxation**

	14 month period ended 31 March 2004 £	Year ended 31 January 2003 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	2,585	5,350

**3 Remuneration of directors**

The directors did not receive any remuneration for the period for services to the Company (2003: £Nil).

**4 Staff costs**

The Company did not have any employees other than the directors of the Company (2003: £Nil ).

**Notes (continued)**

**5 Taxation**

The Company has no charge for corporation tax due to the losses incurred in the period (2003: £Nil).

*Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2003: lower) than the standard rate of corporation tax of 30% (2003: 30%). The differences are explained below.

	14 month period ended 31 March 2004 £	Year ended 31 January 2003 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(50,915)	(15,767)
	<hr/>	<hr/>
Current tax at 30% (2003: 30%)	(15,275)	(4,730)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(420)	-
Losses not utilised or recognised	15,695	4,730
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

*Factors that may affect future tax charges*

As at 31 March 2004, the company had tax losses available to carry forward of £82,376 (year ended 31 January 2003: £30,061) against which no deferred tax asset has been recognised. A 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 differences can be deducted.

**Notes (continued)**

**6 Fixed asset investments**

	<b>Shares in group undertakings £</b>
<b>Shares</b>	
<b>Cost</b>	
At beginning of year	99,907
Disposals	(99,907)
	<hr/>
At end of the year	-
	<hr/>
<b>Provisions</b>	
At beginning of year	(99,907)
Disposals	99,907
	<hr/>
At end of the year	-
	<hr/>
<b>Net book value</b>	
At 31 March 2004	-
	<hr/>
At 31 January 2003	-
	<hr/>

**7 Debtors**

	<b>31 March 2004</b>	<b>31 January 2003</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	1	1
	<hr/>	<hr/>

*Notes (continued)*

**8 Creditors: amounts falling due within one year**

	<b>31 March 2004 £</b>	<b>31 January 2003 £</b>
Amounts owed to group undertakings	72,368	17,271
Accruals	3,085	7,267
	<hr/> 75,453 <hr/>	<hr/> 24,538 <hr/>

**9 Called up share capital**

	<b>31 March 2004 £</b>	<b>31 January 2003 £</b>
<i>Authorised</i>		
Equity: 100,000 ordinary shares of £1 each	<hr/> 100,000 <hr/>	<hr/> 100,000 <hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 100,000 ordinary shares of £1 each	<hr/> 100,000 <hr/>	<hr/> 100,000 <hr/>

**10 Reserves**

	<b>Profit and loss account £</b>
At beginning of period	(124,529)
Retained loss for the period	<hr/> (50,915) <hr/>
At end of period	<hr/> (175,444) <hr/>

*Notes (continued)*

**11 Reconciliation of movements in equity shareholders' deficit**

	<b>31 March 2004 £</b>	<b>31 January 2003 £</b>
Opening equity shareholders' deficit	<b>(24,529)</b>	(8,762)
Loss for the financial year	<b>(50,915)</b>	(15,767)
Closing equity shareholders' deficit	<b>(75,444)</b>	(24,529)

**12 Cash flow statement**

There were no cash transactions during the year and no material non cash transactions.

**13 Related party disclosures**

At 31 March 2004 the Company's ultimate parent company was Virgin Group Investments Limited, whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Group Investments Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or his immediate family. The shareholders of Virgin Group Investments 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.

At the period end, the Company had the following amounts outstanding and transactions in the period with related parties:

	<b>Related undertaking</b>		<b>Parent undertaking</b>	
	<b>31 March 2004 £</b>	<b>31 January 2003 £</b>	<b>31 March 2004 £</b>	<b>31 January 2003 £</b>
Creditors	-	-	<b>72,368</b>	17,271
Debtors	<b>1</b>	1	-	-
Purchases	<b>40,549</b>	-	-	10,516

None of the above balances attract interest.

The parent undertakings with which the Company transacted during the period were Virgin Retail Holdings Limited and Newstart Investments Limited.

The related undertaking with which the Company transacted during the period was Virgin Entertainment Asia Limited.

**14 Ultimate parent company**

The company is a subsidiary undertaking of Virgin Group Investments Limited incorporated in the British Virgin Islands.