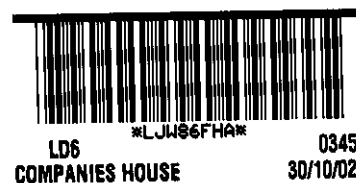


**IVANCO (NO. 3) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**14 MONTHS ENDED 31 JANUARY 2000**

**Registered Number: 3685046**



**IVANCO (NO. 3) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 JANUARY 2000**

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## IVANCO (NO. 3) LIMITED

### REPORT OF THE DIRECTORS

The Directors present their report and accounts for the fourteen month period ended 31 January 2000. The Company was incorporated on 11 December 1998. This entity acts as an investment holding company which commenced operations on 17 December 1998.

#### PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment holding company.  
The results for the period are set out on page 4. The loss for the period has been taken to reserves.

#### RESULTS

The Company made a loss of £103,835 during the period to 31 January 2000, which has been taken to reserves.

#### DIRECTORS AND THEIR INTERESTS

The directors of the Company during the period and their interests in the shares of the Company as recorded in the register of directors' interest were as follows:

B Collett (appointed 11 December 1998, resigned 14 December 1998)  
F Dearie (appointed 14 December 1998, resigned 21 September 2001)  
A J Renouf (appointed 14 December 1998)  
N M Ritchie (appointed 28 January 2000)

A L Snell as alternate to A J Renouf (appointed 28 January 2000)  
S O'Callaghan as alternate to A J Renouf (appointed 28 April 2002)  
F Dearie as alternate to N M Ritchie (appointed 21 September 2001)  
S C Stevenson as alternate to A J Renouf (appointed 10 October 2000, resigned 12 October 2000; appointed 9 April 2001, resigned 11 April 2001; appointed 14 August 2001, resigned 24 December 2001)

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

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families.

#### 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 reappointing auditors annually.

Our auditors KPMG have indicated that their audit practice was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 10 June 2002 and the directors there upon appointed KPMG LLP to fill the vacancy arising.

By order of the Board



*Authorised Signatory*

Abacus Secretaries (Jersey) Limited  
Joint Secretary

La Motte Chambers  
St Helier  
Jersey  
JE1 1BJ

**IVANCO (NO. 3) LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those accounts, 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 accounts 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 which enable them to ensure that the accounts 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF IVANCO (NO. 3) LIMITED**

We have audited the accounts on pages 4 to 9.

**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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs of the company as at 31 January 2000 and of its loss for the period from incorporation on 11 December 1998 to 31 January 2000 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

*22 October* 2002

**IVANCO (NO. 3) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD FROM 11 DECEMBER 1998 TO 31 JANUARY 2000**

	<u>Notes</u>	14 months ended 31 January 2000 £
Administrative expenses		(3,892)
<b>OPERATING LOSS</b>		(3,892)
Amounts written off investments	2/7	(99,907)
Interest payable	3	(36)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2-5	(103,835)
Taxation on loss on ordinary activities	6	-
<b>RETAINED LOSS FOR THE PERIOD</b>		(103,835)

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 9 form part of these financial statements.

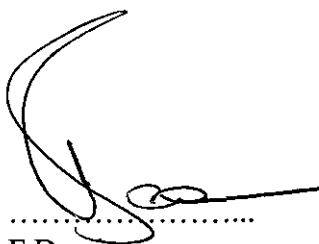
## IVANCO (NO. 3) LIMITED

**BALANCE SHEET**  
**AS AT 31 JANUARY 2000**

	<u>Notes</u>	31 January 2000 £
<b>CURRENT ASSETS</b>		
Cash at bank and in hand		23
<b>CREDITORS: Amounts falling due within one year</b>	8	(3,858)
<b>NET CURRENT LIABILITIES AND NET LIABILITIES</b>		(3,835)
<b>CAPITAL AND RESERVES</b>		
Called up share capital	9	100,000
Profit and loss account	10	(103,835)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	11	(3,835)

The notes on pages 6 to 9 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15 August 2002  
and signed on its behalf by:



.....  
F Dearie as  
Alternate Director to N M Ritchie

**IVANCO (NO. 3) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 11 DECEMBER 1998 TO 31 JANUARY 2000****1. ACCOUNTING POLICIES****Basis of Accounting**

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.

**Basis of Consolidation**

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Ivenco (No.2) Limited and is included in the consolidated accounts of Ivenco (No.2) Limited. 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 written off.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Taxation**

Corporation tax is provided on the profit on ordinary activities as adjusted for taxation purposes.

Deferred taxation, using the liability method, is provided at the rates of corporation tax which are expected to apply when the tax is estimated to be payable on all timing differences except those which it is considered will continue for the foreseeable future.

**Cash Flow Statement**

Under Financial Reporting Standard 1 (revised 1996) which the group has adopted in these financial statements, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that Ivenco (No.2) Limited, a parent undertaking, includes the Company in its own published consolidated financial statements.



**INVANCO (NO. 3) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 11 DECEMBER 1998 TO 31 JANUARY 2000**

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	14 months ended 31 January 2000 £
Auditors' remuneration – audit	1,000
Amounts written off investment (Note 7)	99,907
	<hr/>

**3. INTEREST PAYABLE**

	14 months ended 31 January 2000 £
Bank interest payable	36
	<hr/>

**4. DIRECTORS' EMOLUMENTS**

The directors did not receive any remuneration for the period for services to the Company.

**5. STAFF COSTS**

The Company did not have any employees other than the directors of the Company.

**6. TAXATION**

The Company has no charge for corporation tax due to the losses incurred in the period.

## IVANCO (NO. 3) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 11 DECEMBER 1998 31 JANUARY 2000**

**7. FIXED ASSET INVESTMENTS**

	£
<b>Cost</b>	
Acquisitions	99,907
At 31 January 2000	<u>99,907</u>
 Provision provided in period	 (99,907)
At 31 January 2000	<u>(99,907)</u>
 Net book value at 31 January 2000	 <u>-</u>

Fixed asset investments comprise the following unlisted shares:

	Country of Registration	Principal Activity	Holding %	Type of Share
Virgin Holdings S.A.	Switzerland	Holding Company	0.1	Preference

**8. CREDITORS**

	2000 £
Amounts owed to parent undertakings	2,858
Accruals	1,000
	<u>3,858</u>

**9. CALLED UP SHARE CAPITAL**

	2000 £
Authorised	
100,000 Ordinary shares of £1 each	<u>100,000</u>
 100,000 Called up, allotted and fully paid	
Ordinary shares of £1 each	<u>100,000</u>

The Company was incorporated on 11 December 1998. On incorporation one share of £1 was issued by the Company. 99,999 ordinary £1 shares were issued on 15 December 1998 for a total consideration of £99,999.

## IVANCO (NO. 3) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 11 DECEMBER 1998 TO 31 JANUARY 2000**

**10. PROFIT AND LOSS ACCOUNT**

	<b>Profit and loss account £</b>
Retained loss for the period	(103,835)
Balance at 31 January 2000	<u>(103,835)</u>

**11. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' DEFICIT**

	<b>2000 £</b>
Opening shareholders' funds	-
Issue of ordinary shares	100,000
Loss for the financial period	(103,835)
Equity shareholders' deficit	<u>(3,835)</u>

**12. RELATED PARTY TRANSACTIONS**

As a 100% owned subsidiary of Ivanco (No.2) Limited, the Company has taken advantage of the exemption under FRS8: Related Party Disclosures, which enables it to exclude disclosure of transactions with Ivanco (No. 2) Limited and its subsidiaries.

At 31 January 2000 the Company's ultimate parent company was Virgin Group Investments Limited (formerly named Virgin Travel 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 owed £1,100 to an intermediate parent undertaking, Virgin Retail Holdings Limited. This balance did not attract interest during the period.

**13. ULTIMATE PARENT COMPANY**

The ultimate parent company at 31 January 2000 was Virgin Group Investments Limited (formerly named Virgin Travel Limited), a company incorporated in the British Virgin Islands.

The only accounts into which the Company's results are consolidated are those of Ivanco (No. 2) Limited, a company registered in England and Wales. The consolidated accounts of Ivanco (No. 2) Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.