

**120 Campden Hill Road Limited**

**Directors' report and financial  
statements**

**Registered number 3892404**

**31 January 2003**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2003.

### Principal activities

The principal activity of the company is that of a property holding company.

### Business review

The results for the year are set out on page 4 of the financial statements and the loss for the year of £26,449 (2002: £79,351 loss) has been transferred to reserves.

### Proposed dividend

The directors do not recommend the payment of a dividend (2002: £Nil).

### Directors and their interests

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

S Parden	
M Hill	(resigned 31 October 2002)
J Bullock	(appointed 31 October 2002)

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

### Auditors

In accordance with Section 366A, 252 and 386 of the Companies Act 1985, a resolution has been passed dispensing with the statutory requirements 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

PG Gram  
Secretary



120 Campden Hill Road  
London  
W8 7AR

15<sup>th</sup> March 2003

## **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.

## **Independent auditors' report to the members of 120 Campden Hill Road Limited**

We have audited the financial statements on pages 4 to 10.

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 auditor**

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 auditor, 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 January 2003 and of its profit for the year 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

*2 May* 2003

**Profit and loss account**  
*for the year ended 31 January 2003*

	<i>Note</i>	<b>Year ended 31 January 2003 £</b>	<b>Year ended 31 January 2002 £</b>
<b>Turnover</b>	<i>1</i>	<b>377,000</b>	217,421
Administrative expenses		<b>(108,508)</b>	(135,462)
<b>Operating profit</b>		<b>268,492</b>	81,959
Interest payable and similar charges	<i>5</i>	<b>(263,419)</b>	(155,806)
<b>Profit/(loss) on ordinary activities before taxation</b>	<i>2</i>	<b>5,073</b>	(73,847)
Tax on profit/(loss) on ordinary activities	<i>6</i>	<b>(31,522)</b>	(5,504)
<b>Loss on ordinary activities after taxation</b>		<b>(26,449)</b>	(79,351)
<b>Retained loss for the year</b>	<i>11</i>	<b>(26,449)</b>	(79,351)

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

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

**Balance sheet**  
*as at 31 January 2003*

	<i>Note</i>	<b>2003</b> £	<b>2002</b> £
<b>Fixed assets</b>			
Tangible assets	7	<u>4,841,370</u>	<u>4,941,370</u>
<b>Current assets</b>			
Cash at bank and in hand		<u>7,727</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,444,256)</u>	<u>(1,409,785)</u>
<b>Net current liabilities</b>		<u>(1,436,529)</u>	<u>(1,409,785)</u>
Creditors due after more than one year	9	<u>(3,510,640)</u>	<u>(3,610,935)</u>
<b>Net liabilities</b>		<u>(105,799)</u>	<u>(79,350)</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	<u>(105,800)</u>	<u>(79,351)</u>
<b>Equity shareholders' deficit</b>	12	<u>(105,799)</u>	<u>(79,350)</u>

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

These financial statements were approved by the board of directors on its behalf by: **1 MAY 2003** and were signed on



**S Parden**  
 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 except as noted below.

#### *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 preparation*

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

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings                      -              2% per annum

#### *Leases*

Operating lease rental income is charged to the profit and loss account on a straight line basis with any rental increases recognised during the period to which they relate.

#### *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 FRS 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.

#### *Turnover*

Turnover represents the amounts receivable for property rental to related undertakings in the United Kingdom.



## Notes (continued)

### 2 Profit/(loss) on ordinary activities before taxation

	Year ended 31 January 2003 £	Year ended 31 January 2002 £
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:	4,000	1,500
Depreciation and other amounts written off tangible fixed assets:	100,000	58,630

### 3 Remuneration of directors

The directors did not receive any remuneration during the year for services to the Company (2002: £Nil).

### 4 Staff numbers and costs

The Company did not have any employees other than the directors of the Company for the current or previous period.

### 5 Interest payable and similar charges

	Year ended 31 January 2003 £	Year ended 31 January 2002 £
On bank loans and overdrafts	263,419	155,806

## Notes (continued)

### 6 Taxation

Analysis of charge in period

	Year ended 31 January 2003 £	Year ended 31 January 2002 £
<i>UK corporation tax</i>		
Current tax on income for the period	31,522	5,504

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	Year ended 31 January 2003 £	Year ended 31 January 2002 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	5,073	(73,847)
Current tax at 30% (2002:30%)	1,522	(22,154)
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily depreciation on assets not qualifying for capital allowances)	30,000	27,658
Total current tax charge	31,522	5,504

### 7 Tangible fixed assets

	Freehold Land and buildings £
<i>Cost</i>	
At 31 January 2002 and 31 January 2003	5,000,000
<i>Depreciation</i>	
At 31 January 2002	58,630
Charge for year	100,000
At 31 January 2003	158,630
<i>Net book value</i>	
At 31 January 2003	4,841,370
At 31 January 2002	4,941,370

The above amounts relate wholly to assets held for the use in operating leases.

## Notes (continued)

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

	2003 £	2002 £
Bank loans	100,296	96,078
Amounts owed to group undertakings	1,302,934	1,308,203
Corporation tax	37,026	5,504
Other creditors	4,000	-
	<u>1,444,256</u>	<u>1,409,785</u>

### 9 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loans	3,510,640	3,610,935
	<u>3,510,640</u>	<u>3,610,935</u>

#### Analysis of debt:

	2003 £	2002 £
Debt can be analysed as falling due:		
Between one and two years	107,427	100,295
Between two and five years	370,319	345,737
In five years or more	3,032,894	3,164,903
	<u>3,510,640</u>	<u>3,610,935</u>

Bank loans relate to a mortgage secured on the property at 120 Campden Hill Road. Terms are 20 years at a fixed rate of 7.11% payable monthly.

### 10 Called up share capital

	2003 £	2002 £
<b>Authorised</b>		
Equity: 100 Ordinary shares of £1.00 each	100	100
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
Equity: 1 Ordinary shares of £1.00 each	1	1
	<u>1</u>	<u>1</u>

## Notes (continued)

### 11 Reserves

	Profit and loss account £
Balance at beginning of year	(79,351)
Retained loss for the period	(26,449)
	<hr/>
Balance at end of year	(105,800)
	<hr/>

### 12 Reconciliation of equity shareholders' deficit

	2003 £	2002 £
Loss for the financial year	(26,449)	(79,351)
Opening equity shareholders' deficit	(79,350)	1
	<hr/>	<hr/>
Closing equity shareholders' deficit	(105,799)	(79,350)
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### 13 Related party disclosures

As a 100 % owned subsidiary of Barfair Limited, the Company has taken advantage of the exemption under FRS8: Related Party Disclosures, which enables it to exclude disclosure of transactions with Barfair Limited and its subsidiaries.

At 31 January 2003 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 disclosure under Financial Reporting Standard No 8.

### 14 Ultimate parent company

At 31 January 2003 the Company's ultimate parent undertaking was Virgin Group Investments Limited, a company incorporated in the British Virgin Islands.

The largest group in which the Company's results are consolidated are those for Barfair Limited, a company registered in England. The smallest group in which the Company's results are consolidated are those of Virgin Voyager Limited, a company registered in England. Copies of these group accounts can be obtained from the Registrar of Companies, Companies House, Cardiff, CF4 3QZ.