

Rhinefield Time Share Management Limited

Directors' report and financial statements

31 October 1997
Registered number 1992395



Directors' report and financial statements

Contents

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

Directors' report

The directors have pleasure in presenting their annual report and the audited financial statements of the company for the year ended 31 October 1997.

Principal activity

The principal activity of the company is the management of timeshare apartments. The results for the year are presented on page 4 of the financial statements.

Directors

The directors who served throughout the year were as follows:

WMF Herriot
STM Murphy

The directors had no disclosable interest in the shares of the company or any other group companies.

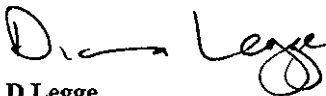
Dividends

The directors do not recommend the payment of a dividend (1996: *£nil*).

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



D Legge
Secretary

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 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;
- 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 Rhinefield Time Share Management Limited

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

Respective responsibilities of directors and auditors

As described on page 2 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 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

17 April 1998

Profit and loss account

for the year ended 31 October 1997

	<i>Note</i>	1997 £	1996 £
Turnover	<i>1</i>	154,225	143,641
Cost of sales		(65,164)	(60,168)
		89,061	83,473
Gross profit		89,061	83,473
Administrative expenses		(86,258)	(90,517)
		2,803	(7,044)
Operating profit/(loss)		2,803	(7,044)
Interest receivable and similar income		11,356	7,044
		14,159	-
Profit on ordinary activities before taxation	<i>5</i>	14,159	-
Tax on profit on ordinary activities	<i>6</i>	9,665	(1,960)
		23,824	(1,960)
Profit retained for the year		23,824	(1,960)
Accumulated losses brought forward		(219,657)	(217,697)
		(195,833)	(219,657)
Accumulated losses carried forward		(195,833)	(219,657)

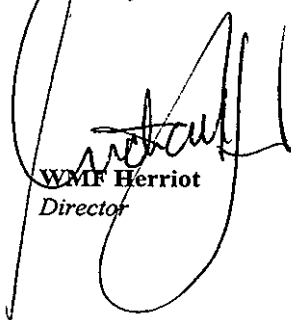
The profit before taxation of the company arose solely from continuing activities. There were no recognised gains or losses in the year other than those disclosed in the profit and loss account above, and there were no movements in shareholders' funds other than the profit for the year.

Balance sheet

at 31 October 1997

	Note	£	1997	£	1996	£
Fixed assets						
Tangible assets	7		388			508
Current assets						
Debtors	8	571,925		458,462		
Cash at bank and in hand		200		18,621		
			<u>572,125</u>			<u>477,083</u>
Creditors: amounts falling due within one year	9	<u>763,529</u>		<u>(670,557)</u>		
Net current liabilities			<u>191,404</u>			<u>(193,474)</u>
Total assets less current liabilities			<u>191,016</u>			<u>(192,966)</u>
Provisions for liabilities and charges	10		<u>(4,815)</u>			<u>(26,687)</u>
Net liabilities			<u>(195,831)</u>			<u>(219,653)</u>
Capital and reserves						
Called up share capital	11		2			2
Profit and loss account			<u>(195,833)</u>			<u>(219,657)</u>
Shareholders' funds			<u>(195,831)</u>			<u>(219,655)</u>

These financial statements were approved by the board of directors on 17 April 1998 and were signed on its behalf by:


 WMF Herriot
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following significant accounting policies have been consistently applied 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 under the historical cost convention, in accordance with applicable accounting standards, and on a going concern basis in view of a letter of support from Virgin Hotels Group Limited, the ultimate holding company, which undertakes to provide or procure such support as is necessary to enable the Company to continue to trade for the foreseeable future.

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

Turnover

Turnover represents the aggregate amount of service charges receivable, net of value added tax.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred 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 it is probable that an actual liability will crystallise.

Fixed assets

Depreciation of fixed assets is provided for on a straight line basis applied to original cost at rates estimated to write off each asset over its remaining useful life. For the purposes of calculating depreciation, the effective annual rates for the classes of assets currently held are as follows:

Plant and equipment	-	10%-25%
---------------------	---	---------

Pension costs

The company is a member of a defined contribution pension scheme operated by Virgin Management Limited, a related company. The assets of the scheme are held separately in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

2 Interest receivable

	1997	1996
	£	£
Bank interest	11,356	7,044
	<u> </u>	<u> </u>

3 Profit on ordinary activities before taxation

	1997	1996
	£	£
<i>Profit on ordinary activities is arrived at after charging:</i>		
Auditors remuneration and expenses	2,000	1,950
Depreciation of tangible fixed assets	120	120
	<u> </u>	<u> </u>

4 Directors' emoluments

The directors did not receive any remuneration from the company during the year (1996: £nil).

5 Employee

The average number of staff employed during the period was:

	1997	1996
	£	£
Administration	2	2
	<u> </u>	<u> </u>

The costs incurred in respect of these employees were:

	1997	1996
	£	£
Wages and salaries	41,820	39,759
	<u> </u>	<u> </u>

Notes *(continued)*

6 Taxation

	1997 £	1996 £
Group relief receivable at 33%	(1,150)	-
Under provision in respect of prior years	-	1,960
Over provision in respect of prior years	(8,515)	-
	(9,665)	1,960
	(9,665)	1,960

7 Fixed assets

	Plant and equipment £
<i>Cost</i>	
At 1 November 1996 and 31 October 1997	963
	963
<i>Depreciation</i>	
At 1 November 1996	455
Charge for the year	120
	575
At 31 October 1997	575
	575
<i>Net book value</i>	
At 31 October 1997	388
	388
At 31 October 1996	508
	508

Notes (continued)

8 Debtors

	1997	1996
	£	£
Amounts due from fellow subsidiary undertakings	282,193	275,389
Amounts due from parent undertakings	252,859	152,952
Trade debtors	-	5,678
Group relief receivable	31,738	22,073
Prepayment and other debtors	5,135	2,370
	571,925	458,462
	571,925	458,462

9 Creditors: amounts falling due within one year

	1997	1996
	£	£
Bank loans and overdraft	18,784	3,506
Amounts owed to group undertakings	676,342	637,961
Other creditors	7,655	8,531
Accruals and deferred income	60,750	20,559
	763,531	679,557
	763,531	679,557

Notes (continued)

10 Provision for liabilities and charges

	£
<i>Provision for repairs and maintenance</i>	
At 1 November 1996	26,687
Charge for the year	-
Utilised during the year	(21,872)
	4,815
At 31 October 1997	4,815

11 Share capital

	1997 £	1996 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Issued, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2

12 Holding company

The company is a wholly owned subsidiary undertaking of Virgin Hotels Group Limited, a company registered in England and Wales, in whose financial statements the results of the company are consolidated.

These consolidated accounts are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3HZ.