

# Virgin Voyager Limited

Directors' report and financial statements

31 January 1999

Registered number 2857673



# Virgin Voyager Limited

## **Directors' report and financial statements**

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# Virgin Voyager Limited

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 January 1999.

## **Principal activities**

The principal activity of the Company is that of an investment holding company.

The loss on ordinary activities after tax of the Company for the period transferred to reserves was £28,559,000 (1998: £3,263,000), as shown on page 5.

## **Proposed dividend**

The directors do not recommend the payment of a dividend. (1998:nil)

## **Significant changes in fixed assets**

The movements in fixed assets during the period are set out in note 8 to the financial statements.

## **Directors and directors' interests**

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

RCN Branson (Chairman)  
STM Murphy (Resigned 27/01/99)  
GD McCallum (Appointed 04/11/98)

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

## **Year 2000 compliance**

The Year 2000 issue may create business disruption through non-compliance of the Company's own business systems and from interaction with suppliers and customers.

Virgin Management Limited has carried out an assessment of the potential risks which face the Company and actions are being taken accordingly. No specific budget has been allocated to the Company for rectification of non-compliance issues.

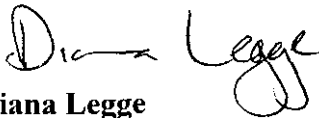
Whilst there can be no assurances that Year 2000 projects will be fully successful, we are confident that our ability to continue operations will not be materially affected.

# Virgin Voyager Limited

## Auditors

The members of the Company have passed elective resolutions in accordance with sections 366A, 252 and 368 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 as auditors of the Company until further notice.

By order of the board



**Diana Legge**  
*Company Secretary*

Date 25 November 1999

120 Campden Hill Road  
London  
W8 7AR

# Virgin Voyager Limited

## **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 maintaining 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Virgin Voyager Limited

## Report of the auditors, KPMG, to the members of Virgin Voyager Limited

We have audited the financial statements on pages 5 to 13.

### *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 affairs of the Company as at 31 January 1999 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



28 November 1999

*Chartered Accountants  
Registered Auditors  
8 Salisbury Square  
London  
EC4Y 8BB*

# Virgin Voyager Limited

## Profit and loss account for the year ended 31 January 1999

	1999	1998
Note	£'000	£'000
Administrative expenses	(24,080)	(65)
<b>Operating Loss</b>	<u>(24,080)</u>	<u>(65)</u>
Other interest receivable and similar income	5 4,255	3,887
Interest payable and similar charges	6 <u>(8,734)</u>	<u>(8,069)</u>
<b>Loss on ordinary activities before taxation</b>	2-6 (28,559)	(4,247)
Tax on loss on ordinary activities	7 -	984
<b>Retained loss for the financial year</b>	<u><u>(28,559)</u></u>	<u><u>(3,263)</u></u>

The company has no recognised gains or losses for the year other than the losses shown above, all of which were derived from continuing operations.

There is no difference between the historic cost loss and that shown above.

The notes on pages 8 to 13 form part of these financial statements.

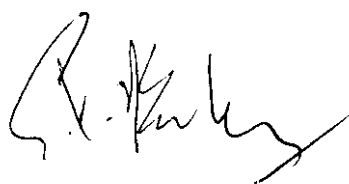
# Virgin Voyager Limited

## Balance sheet

		31 January 1999		31 January 1998	
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Investments	8		65,737		90,805
<b>Current Assets</b>					
Debtors	9	54,606		52,358	
Cash at bank and in hand		140		236	
		<u>54,746</u>		<u>52,594</u>	
<b>Creditors</b>					
Amounts falling due within one year	10	<u>(102,922)</u>		<u>(97,279)</u>	
<b>Net current liabilities</b>			<u>(48,176)</u>		<u>(44,685)</u>
<b>Net Assets</b>			<u>17,561</u>		<u>46,120</u>
<b>Capital and reserves</b>					
Called up share capital	11		32,860		32,860
Other reserves	12		26,062		26,062
Profit and loss account	12		<u>(41,361)</u>		<u>(12,802)</u>
<b>Equity shareholders' funds</b>			<u>17,561</u>		<u>46,120</u>

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

25 November 1999



**GD McCallum**

Director



# Virgin Voyager Limited

Reconciliations of movements in shareholders' funds  
*for the year ended 31 January 1999*

	1999 £'000	1998 £'000
Opening shareholders' funds	46,120	49,383
Retained loss for the financial year	(28,559)	(3,263)
<b>Closing shareholders' funds</b>	<u>17,561</u>	<u>46,120</u>

# Virgin Voyager Limited

## 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. These financial statements have been prepared in accordance with applicable accounting standards.

The Company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) to prepare a cashflow statement and the requirement to prepare group accounts as it is a subsidiary of, and is wholly owned by Barfair 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 provided for permanent diminution of value.

#### *Taxation*

The charge for taxation is based on the profit for the period 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.

### 2 Loss on ordinary activities before taxation

	1999	1998
<i>Loss on ordinary activities before taxation is stated</i>	£'000	£'000
<i>after charging (crediting)</i>		
Auditors' remuneration for audit work	12	51
Balance waived by creditor during the year	(3,000)	-
Provision against investments in subsidiaries	25,068	-
Intercompany debt written off	2,000	-

### 3 Remuneration of directors

No directors received emoluments or remuneration as executives during the year.

# Virgin Voyager Limited

## Notes (continued)

### 4 Staff numbers and costs

The company had no employees other than the directors during the year.

### 5 Other interest receivable and similar income

	1999 £'000	1998 £'000
Group undertakings	4,217	3,788
Affiliated undertakings	22	21
Bank	16	78
	<u>4,255</u>	<u>3,887</u>

### 6 Interest payable and similar charges

	1999 £'000	1998 £'000
Payable to group undertakings	4,343	4,150
Payable to affiliated undertakings	4,391	3,914
On other loans	-	5
	<u>8,734</u>	<u>8,069</u>

### 7 Taxation

	1999 £'000	1998 £'000
UK corporation tax at 31% (1998: 31%) on loss for year on ordinary activities:		
Group relief receivable	-	984
	<u>-</u>	<u>984</u>

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

# Virgin Voyager Limited

## Notes (continued)

### 8 Fixed asset investments

	Subsidiary undertakings 1999 £'000
<b>Cost:</b>	
At 31 January 1998 and at 31 January 1999	90,805
<b>Provisions:</b>	
At 1 February 1998	-
Additions during the year	25,068
At 31 January 1999	25,068
<b>Net book value:</b>	
At 31 January 1998	65,737
At 31 January 1999	90,805

The principal subsidiaries in which the Company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held (ordinary shares unless otherwise stated)
<i>Subsidiary undertakings</i>			
Virgin Group Limited	England and Wales	Investment holding company	100
Voyager Group Limited	England and Wales	Investment holding company	100*
Virgin Management Limited	England and Wales	Investment holding company and management services	100**
Virgin Enterprises Limited	England and Wales	Investment holding company	100*/**
Route Builders Limited	England and Wales	Investment company	100**
Necker Island (BVI) Limited	British Virgin Islands	Hotels	100**
Phoenix Fire Inhibitor Limited	England and Wales	Fire protection	100** prefs 51 ** ords

# Virgin Voyager Limited

## Notes (continued)

### Associated undertakings

Rodney Fitch & Co Limited England and Wales	Design Consultancy	50**
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\* Represents holdings in both ordinary shares and preference shares.

\*\* Represents indirect shareholding.

### 9 Debtors: amounts falling due within one year

	1999 £'000	1998 £'000
Amounts owed by parent undertaking	134	134
Amounts owed by subsidiary undertakings	51,874	48,445
Amounts owed by related undertakings	258	234
Other debtors	2,340	3,545
	<u>54,606</u>	<u>52,358</u>

Amounts owed by parent fellow subsidiary and related companies are repayable on demand, although there is no present intention to call for repayment of such amounts.

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

	1999 £'000	1998 £'000
Amounts owed to subsidiary undertakings	56,562	52,219
Amounts owed to related undertakings	46,274	44,986
Other creditors including taxation and social security:	44	44
Accruals and deferred income	42	30
	<u>102,922</u>	<u>97,279</u>

# Virgin Voyager Limited

## Notes (continued)

### 11 Called up share capital

	1999 £'000	1998 £'000
<i>Authorised</i>		
25,000,000 "A" Ordinary shares of 10p each	2,500	2,500
5,022,122,880 ordinary shares of US\$ 0.01 each	32,609	32,609
	<u>35,109</u>	<u>35,109</u>
<i>Allotted, called up and fully paid</i>		
22,122,880 "A" Ordinary shares of 10p	2,212	2,212
4,720,037,880 ordinary shares of US\$ 0.01 each	30,648	30,648
	<u>32,860</u>	<u>32,860</u>

The directors held no options to subscribe for shares in the Company.

### 12 Other reserves

	Merger Reserve £'000	Profit and loss account £'000
At 1 February 1998	26,062	(12,802)
Retained loss for year	-	(28,559)
<b>At 31 January 1999</b>	<u>26,062</u>	<u>(41,361)</u>

### 13 Commitments

The company is party to a group overdraft facility of £6 million, of which £500,000 is repayable on demand.

### 14 Ultimate parent undertaking

At 31 January 1999 the ultimate parent undertaking was Virgin Travel Limited, a company incorporated in the British Virgin Islands.

The only consolidated accounts in which the Company's results are consolidated are those of Barfair Limited. Barfair Limited is registered in England and Wales and its accounts can be obtained from Companies House.

### 15 Related party transactions

At 31 January 1999, the Company's ultimate parent company was Virgin Travel Limited, whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Travel Limited. The principal beneficiaries of those trusts are RCN Branson and his immediate family. The shareholders of Virgin

# Virgin Voyager Limited

## Notes (continued)

Travel 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.

The following is a summary of those transactions and balances between the Company and related parties which are required to be disclosed under Financial Reporting Standard No. 8:

	Parent undertaking £'000	Subsidiary undertakings £'000	Related undertakings £'000
Interest Receivable	-	4,217	22
Interest payable	4,391	4,343	-
Debtors	134	51,874	258
Creditors	46,274	56,562	-

The parent undertakings with whom the Company had an inter-company balance with at the year end was Voyager Investments (BVI) Limited and Barfair Limited.

The subsidiary undertakings with whom the Company transacted during the year were Virgin Management Limited and Voyager Group Limited.

The related undertakings with whom the Company transacted during the year were Virgin Hotels Group Limited.

Intercompany balances due from Voyager Investments (BVI) Limited did not attract interest. Intercompany balances with Barfair Limited attracted interest at a rate of 1.5% above the base rate of Lloyds Bank Plc. From 11 January 1999 the balances did not attract interest. Inter-company balances due to and from subsidiary undertakings attracted interest at a rate of 1.5% above the base rate of Lloyds Bank Plc. From 11 January 1999 the balances did not attract interest. Inter-company balances due to and from related undertakings attracted interest at a rate of 2.5% above the base rate of Lloyds Bank Plc.

**VOYAGER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
(Continued)**

2. STAFF NUMBERS AND COSTS (contd.)

All personnel costs are borne by a separate Group company.

3. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
Interest receivable		
- bank	-	2,194
- group	10,448,664	8,231,542
- affiliated companies	1,187,001	1,015,734
- other	-	441
	11,635,665	9,249,911
Less interest payable:-		
On bank overdraft and other loans repayable within five years	(2,148,390)	(1,038,841)
On loans from affiliated companies	(4,569,444)	(2,902,639)
	(6,717,834)	(3,941,480)
	4,917,831	5,308,431

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting) the following :

	1999 £	1998 £
Depreciation of tangible fixed assets	6,891	7,749
Rent receivable	(244,006)	-
Rent payable	271,904	-
Auditors' remuneration - Audit work	5,500	24,851
Profit on the disposal of fixed assets	(98,097)	-
Waiver of intercompany debt	(2,000,000)	-
Provision for investments	6,420	-

No directors received emoluments or remuneration as executives during the year.