

**Rhinefield Time Share
Management Limited**

Directors' report and financial statements

31st October 1994

Registered Number 1992395



Rhinefield Time Share Management Limited

Directors' report and financial statements

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Rhinefield Time Share Management Limited

Directors' report

The directors have pleasure in presenting their annual report and the audited financial statements for the ten months ended 31st October 1994

Principal Activity and review of results

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

Dividends

The directors do not recommend the payment of a dividend (1993: £Nil).

Accounting reference date

During the period the company's accounting reference date was changed to 31st October to conform with the company's ultimate holding company.

Ultimate holding company

On 31st July 1994 the company's parent company Woodhouse Securities Limited was acquired by Virgin Hotels Group Limited which the company considers its ultimate holding company.

Directors

The director who served during the period was as follows:

W M F Herriot

The director has no interest in the share capital of the company..

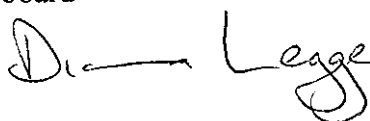
Auditors

On 6th February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed the audit report in their new name.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment 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



Rhinefield Time Share Management 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 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.

Rhinefield Time Share Management Limited

Report of the auditors, KPMG, to the members of Rhinefield Time Share Management Limited

We have audited the financial statements on page 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 31st October 1994 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

13 October 1995

Chartered Accountants
Registered Auditors
Crawley

Rhinefield Time Share Management Limited

Profit and loss account

For the ten months ended 31st October 1994

	<i>Note</i>	Period ended 31st October 1994 £	Year ended 31st December 1993 £
Turnover	1	90,734	98,753
Cost of sales		(47,647)	(56,854)
Gross Profit		<u>43,087</u>	<u>41,899</u>
Administrative expenses		(64,866)	(67,085)
Operating loss		<u>(21,779)</u>	<u>(25,186)</u>
Other interest receivable and similar income	2	3,489	1,880
Loss on ordinary activities before taxation	3	<u>(18,290)</u>	<u>(23,306)</u>
Tax on loss on ordinary activities	6	(7,232)	7,308
Retained loss for the financial period		<u>(25,522)</u>	<u>(15,988)</u>
Profit and loss account brought forward		(185,720)	(169,722)
Profit and loss account carried forward		<u><u>(211,242)</u></u>	<u><u>(185,720)</u></u>

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

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

Rhinefield Time Share Management Limited

Balance sheet
at 31st October 1994

	<i>Note</i>	31st October 1994 £	31st December 1993 £
Fixed assets			
Tangible assets	7	756	864
Current assets			
Debtors	8	41,324	46,801
Cash at bank		296,037	88,300
		337,361	135,101
Creditors: amounts falling due within one year	9	(497,278)	(273,817)
Net current liabilities		(159,917)	(138,716)
Total assets less current liabilities		(159,161)	(137,852)
Provision for liabilities and charges	10	(52,079)	(47,866)
Net liabilities		(211,240)	(185,718)
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		(211,242)	(185,720)
Shareholders' funds		(211,240)	(185,718)

The financial statements were approved by the board of directors on
and signed on their behalf by:

02 OCT 1995

W M F Herriot
Director

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

Rhinefield Time Share Management Limited

Notes

(Forming part of the financial statements)

1. Accounting policies

Basis of accounting

These 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 company's ultimate holding company, which undertakes to provide or procure such support as is necessary to maintain the company as a going concern for the foreseeable future.

Under Financial Reporting Standard 1, 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 of amounts receivable for the sale of timeshare units, excluding value added tax.

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 purpose of calculating depreciation, the effective annual rates for the classes of assets currently held are as follows:

Plant and machinery - 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.

2. Other interest receivable and similar income

	1994 £	1993 £
Bank interest	3,489	1,880

Rhinefield Time Share Management Limited

3. Loss on ordinary activities before taxation

<i>Loss on ordinary activities is arrived at after charging</i>	1994	1993
	£	£
Auditors' remuneration and expenses	1,500	1,850
Depreciation of tangible fixed assets	108	129
	<hr/>	<hr/>

All Turnover and loss before taxation is derived in the UK from the management of timeshare apartments.

4. Directors' emoluments

The director has not received any remuneration from the company during the period. (1993:£nil).

5. Employees

The average number of persons employed during the period was:

	1994	1993
Administration	2	2
	<hr/>	<hr/>

The costs incurred in respect of these employees were:

	1994	1993
	£	£
Wages and salaries	30,667	34,358
Social security costs	--	2,988
	<hr/>	<hr/>
	30,667	37,346
	<hr/>	<hr/>

Rhinefield Time Share Management Limited

6. Taxation

Taxation on the loss on ordinary activities comprises:	1994 £	1993 £
Group relief receivable at 33%	2,490	4,012
(Under)/over provision in respect of prior years	(9,722)	3,296
	<u>(7,232)</u>	<u>7,308</u>

It is assumed full payment will be made for group relief surrendered to other group companies.

7. Fixed assets

	Plant and equipment £
<i>Cost</i>	
At 1st January 1994 and 31st October 1994	1,132
<i>Depreciation</i>	
At 1st January 1994	268
Charge for the period	108
At 31st October 1994	376
<i>Net book value</i>	
At 31st October 1994	756
At 31st December 1993	864

Rhinefield Time Share Management Limited

8. Debtors

	1994	1993
	£	£
Amounts		
Trade debtors	8,510	4,533
Amounts owed by parent and fellow subsidiary undertakings	25,460	25,460
Other debtors	--	647
Group relief receivable	7,354	14,586
Prepayments and accrued income	--	1,575
	<u>41,324</u>	<u>46,801</u>

9. Creditors : amounts falling due within one year

	1994	1993
	£	£
Bank overdraft	--	7,001
Amounts owed to parent and fellow subsidiary undertakings	481,296	265,718
Other creditors	--	748
Accruals and deferred income	15,982	350
	<u>497,278</u>	<u>273,817</u>

10. Provision for liabilities and charges

	1994
	£
<i>Provision for repairs and maintenance</i>	
At 1st January 1994	47,866
Charge for the period	10,000
Utilisation in period	(5,787)
At 31st October 1994	<u>52,079</u>

Rhinefield Time Share Management Limited

11. Share capital

	1994	1993
	£	£
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Issued, called up and fully paid :</i>	2	2
2 ordinary shares of £1 each		

12. Holding company

The company is ultimately 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.