

**G.S.A. Worldwide Limited**

**Directors' report and financial statements**

30 April 1997

Registered number 2772032



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

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1997.

### Principal activities

The Company acts as an airline cargo General Sales Agent.

### Change of accounting reference date

The Company changed its accounting reference date for administrative reasons to 30 April on 15 August 1996. Comparative amounts are stated for the six month period ended 30 April 1996.

### Business review

The loss on ordinary activities after taxation for the year of £46,230 (1996: profit of £24,656) was transferred to reserves. Both the level of business and the year end financial position remain satisfactory.

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

### Directors and directors' interests

The directors who held office during the year were:

AJ Chambers	
GP Howard	
NE Primrose	
RCN Branson	(appointed 3 March 1997)
TM Abbott	(appointed 3 March 1997)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company other than as a result of an interest in the shares of the intermediate holding company, Virgin Aviation Services Limited. The interests of the relevant directors are disclosed in the directors' report of that company.

### Auditors

The members of the Company intend to pass elective resolutions in accordance with Sections 366A, 252 and 386 of the Companies Act 1985 dispensing with the previous statutory requirement to holding annual general meetings, laying accounts before the Company in general meetings and reappointing auditors annually. This last resolution will lead to the continuing appointment of KPMG as auditors of the Company until further notice.

By order of the Board



AR Avann  
Company Secretary

120 Campden Hill Road  
London  
W8 7AR

8<sup>th</sup> September, 1997

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

The directors, having prepared the financial statements, note that the auditors are required by the Companies Act 1985 to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.



1 Forest Gate  
Brighton Road  
Crawley  
West Sussex RH11 9PT

## **Report of the auditors to the members of G.S.A. Worldwide Limited**

We have audited the financial statements on pages 4 to 11.

### **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 30 April 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KMG

(6 September 1997)

*Chartered Accountants  
Registered Auditors*

**Profit and loss account**  
*for the year ended 30 April 1997*

	<i>Note</i>	<b>Year ended 30 April 1997 £</b>	<b>6 month period ended 30 April 1996 £</b>
<b>Turnover</b>	<b>2</b>	<b>543,457</b>	<b>801,665</b>
<b>Cost of sales</b>		<b>(458,274)</b>	<b>(613,830)</b>
<b>Gross profit</b>		<b>85,183</b>	<b>187,835</b>
<b>Administrative expenses</b>		<b>(130,534)</b>	<b>(147,881)</b>
<b>Operating (loss)/profit</b>		<b>(45,351)</b>	<b>39,954</b>
Other interest receivable and similar income	5	168	-
Interest payable and similar charges	6	(1,047)	(1,695)
<b>(Loss)/ profit on ordinary activities before taxation</b>	<b>3</b>	<b>(46,230)</b>	<b>38,259</b>
Tax on (loss)/profit on ordinary activities	7	-	(13,603)
<b>Retained (loss)/profit for the financial period</b>		<b>(46,230)</b>	<b>24,656</b>
<b>Profit and loss account brought forward</b>		<b>53,871</b>	<b>29,215</b>
<b>Profit and loss account carried forward</b>		<b>7,641</b>	<b>53,871</b>

The Company has no recognised gains or losses other than the loss for the year. The loss for the year arises from continuing operations.

The notes on pages 6 to 11 form part of these financial statements.

## Balance sheet

at 30 April 1997

	Note	1997	1996
		£	£
<b>Fixed assets</b>			
Tangible assets	8	23,079	35,748
<b>Current assets</b>			
Debtors	9	27,406	364,619
Cash at bank and in hand		72,045	203,291
		<hr/>	<hr/>
Creditors: amounts falling due within one year	10	99,451 (90,889)	567,910 (515,785)
		<hr/>	<hr/>
<b>Net current assets</b>		8,562	52,125
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		31,641	87,873
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	11	-	(10,000)
		<hr/>	<hr/>
<b>Net assets</b>		31,641	77,871
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	24,000	24,000
Profit and loss account		7,641	53,871
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		31,641	77,871
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 3<sup>rd</sup> Sept 97 and were signed on its behalf by:



**GP Howard**  
 Director

The notes on pages 6 to 11 form part of these financial statements.

## 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.

#### *Basis of preparation*

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

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 of Air Cargo Partners Limited which in turn is a wholly owned subsidiary undertaking of Virgin Aviation Services Limited and its cash flows are included within the consolidated cash flow statement of Virgin Aviation Services Limited.

#### *Depreciation*

Depreciation is calculated using the reducing balance method by the Company to write off the cost less the estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Furniture and fittings	25% per annum
Motor vehicles	25% per annum
Office equipment	25% per annum

#### *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.

#### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### *Leases*

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the asset is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed assets and depreciated over its estimated useful life or the term of the lease, whichever is the shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance elements which is charged to the profit and loss account and capital element which reduces the obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.



## Notes (continued)

### 2 Turnover

Turnover represents the amounts, excluding value added tax, attributable to the principal activity of the Company.

### 3 (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging:

	Year ended 30 April 1997 £	6 month period ended 30 April 1996 £
Depreciation - owned assets	5,791	1,567
Depreciation - assets on hire purchase or finance leases	6,878	3,539
Auditors' remuneration - audit	3,320	4,060
	<hr/>	<hr/>

### 4 Staff costs

The average number of persons employed by the company, in administration and sales (including directors) during the year was 2 (1996: 2). The aggregate payroll costs of these persons (including directors) were as follows:

	Year ended 30 April 1997 £	6 month period ended 30 April 1996 £
Wages and salaries	39,304	46,668
Social security costs	3,834	5,329
Other pension costs	5,672	794
	<hr/>	<hr/>
	48,810	52,791
	<hr/>	<hr/>

The emoluments of the highest paid director were £nil (1996: £9,055) including Company pension contributions of £nil (1996: 347). No other director received any remuneration.

### 5 Other interest receivable and similar income

	Year ended 30 April 1997 £	6 month period ended 30 April 1996 £
Other	168	-
	<hr/>	<hr/>

**Notes (continued)**

**6 Interest payable and similar charges**

	Year ended 30 April 1997 £	6 month period ended 30 April 1996 £
On bank loans and overdrafts wholly repayable within five years	-	159
Finance charges payable in respect of finance leases and hire purchase contracts	1,047	1,526
	<u>1,047</u>	<u>1,695</u>

**7 Taxation**

The tax charge on the (loss)/profit on ordinary activities for the year was as follows:

	Year ended 30 April 1997 £	6 month period ended 30 April 1996 £
UK corporation tax at 33% (1996: 33%) on the profit for the year	-	5,115
Group relief payable at 33%	-	8,488
	<u>-</u>	<u>13,603</u>

Group relief payments will be received or paid where losses are surrendered to or from other group companies

## Notes (continued)

### 8 Tangible fixed assets

	Furniture and fittings £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>				
At 30 April 1996 and 30 April 1997	5,474	34,750	15,917	56,141
<b>Depreciation</b>				
At 30 April 1996	2,714	9,976	7,703	20,393
Charge for the year	1,837	6,878	3,954	12,669
At 30 April 1997	4,551	16,854	11,657	33,062
<b>Net book value</b>				
At 30 April 1997	923	17,896	4,260	23,079
At 30 April 1996	2,760	28,774	8,214	35,748

Included in the total net book value of motor vehicles is £17,896 (1996: £28,774) in respect of assets held under finance leases. Depreciation for the year on these assets was £6,878 (1996: £3,539).

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

	1997 £	1996 £
Trade debtors	6,961	244,486
Amounts owed by group undertakings	173	22,149
Other debtors	20,272	18,621
Prepayments	-	79,363
	<b>27,406</b>	<b>364,619</b>

## Notes (continued)

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

	1997 £	1996 £
Bank loans and overdrafts	552	552
Obligations under finance leases and hire purchase contracts	9,414	11,305
Trade creditors	5,070	147,014
Amounts owed to parent and fellow subsidiary undertakings	45,567	270,762
Group relief	-	8,488
Corporation tax	28,127	12,329
Other creditors including taxation and social security	2,159	-
Accruals and deferred income	-	65,335
	<hr/> 90,889 <hr/>	<hr/> 515,785 <hr/>

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

	1997 £	1996 £
Obligations under finance leases and hire purchase contracts - falling due between two and five years	-	10,002
	<hr/> - <hr/>	<hr/> 10,002 <hr/>

### 12 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	100,000	100,000
	<hr/> 100,000 <hr/>	<hr/> 100,000 <hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	24,000	24,000
	<hr/> 24,000 <hr/>	<hr/> 24,000 <hr/>

## Notes (continued)

### 13 Related party transactions

At 30 April 1997, 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 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 8.

The Company, being a wholly owned subsidiary undertaking of Virgin Travel Limited, has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the group or investees of the group qualifying as related parties. These transactions have been disclosed in the consolidated financial statements of the intermediate holding company, Virgin Travel Investments Limited, which are publicly available (see note 14).

### 14 Ultimate holding company

As at 30 April 1997 the ultimate holding company is Virgin Travel Limited, a company registered in British Virgin Islands.

Virgin Travel Investments Limited, a company registered in England and Wales, is the parent undertaking of the largest group of which the Company is a member and for which consolidated financial statements are drawn up.

The smallest group of which the Company is a member and for which consolidated financial statements are drawn up is Virgin Aviation Services Limited, a company registered in England and Wales.

Copies of the financial statements for both companies may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.