

G.S.A. Worldwide Limited

Directors' report and financial statements

30 April 1999

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 1999.

Principal activities

The Company acts as an airline cargo General Sales Agent.

Business review

The profit on ordinary activities after taxation for the year of £8,606 (1998: loss of £19,136) was transferred to reserves.

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

The Year 2000 problem

G.S.A. Worldwide Limited has taken part in Virgin Travel Group's Year 2000 programme. Management have been keenly aware of the potential impact of the Year 2000 date change on our business. We have placed the highest emphasis on the safety and security of our customers as well as the impact on the business. All of our critical systems are assessed as Year 2000 compliant.

A scheme to retain key IT staff over the critical periods has been put in place.

The Year 2000 programme was established in early 1998. We have obtained advice from outside consulting firms and have employed program managers, administrative support and additional staff to identify, implement solutions for and test Year 2000 compliance. We have followed industry best practice (as defined by Gartner Group).

We have evaluated the extent to which third-party services, products and systems that are material to our business are Year 2000 compliant and, if not, when and whether these third-party suppliers would achieve such compliance. We have categorised these suppliers as critical or non-critical and have completed verifying the status of services and materials from all critical suppliers. We will continue to monitor performance into 2000.

No company can guarantee the success of its Year 2000 programme, particularly when having to rely on third parties outside its direct control. Therefore, we have developed contingency plans to deal with a variety of possible scenarios.

Costs incurred on the Year 2000 programme were taken through the Profit and Loss account as incurred unless they related to hardware and software upgrades where the costs were capitalised in line with our normal accounting policies.

To date the Year 2000 date change has been experienced without any problems arising.

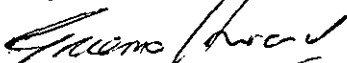
Directors and directors' interests

The directors who held office during the year were:

AJ Chambers
GP Howard
NE Primrose
RCN Branson

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.

On behalf of the Board



G Howard
Director

120 Campden Hill Road
London W8 7AR

21 February 2000

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 policies 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.



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

We have audited the financial statements on pages 4 to 9.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature of 'KPMG' in dark ink, written in a cursive, stylized font.

KPMG
Chartered Accountants
Registered Auditors

21 February 2000

Profit and loss account
for the year ended 30 April 1999

	<i>Note</i>	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Turnover	2	-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	(25,910)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	-	(25,910)
Tax on loss on ordinary activities	5	8,606	6,774
		<hr/>	<hr/>
Retained profit/(loss) for the year		8,606	(19,136)
Profit and loss account brought forward		(11,495)	7,641
		<hr/>	<hr/>
Profit and loss account carried forward		(2,889)	(11,495)
		<hr/> <hr/>	<hr/> <hr/>

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

The notes on pages 6 to 9 form part of these financial statements.

Balance sheet

at 30 April 1999

	<i>Note</i>	1999		1998	
		£	£	£	£
Current assets					
Debtors	6	34,714		40,632	
		<hr/>		<hr/>	
		34,714		40,632	
Creditors: amounts falling due within one year	7	(13,603)		(28,127)	
		<hr/>		<hr/>	
Net current assets and total assets less current liabilities			21,111		12,505
			<hr/>		<hr/>
Net assets			21,111		12,505
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	8	24,000		24,000	
Profit and loss account		(2,889)		(11,495)	
		<hr/>		<hr/>	
Equity shareholders' funds			21,111		12,505
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 27 February 2000 and were signed on its behalf by:



GP Howard
Director

The notes on pages 6 to 9 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.

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 asset 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 on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Depreciation - owned assets	-	13,592
Auditors' remuneration - audit	-	1,200
	<u> </u>	<u> </u>

4 Staff costs

The average number of persons employed by the Company, in administration and sales (including directors) during the year was nil (1998: nil). There were no directors' emoluments during the year (1998: £nil).

5 Taxation

The tax charge on the loss on ordinary activities for the year was as follows:

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Group relief receivable at 31%	-	6,774
Release in respect of prior years	8,606	-
	<u> </u>	<u> </u>

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

Notes (continued)

6 Debtors: amounts falling due within one year

	30 April 1999 £	30 April 1998 £
Amounts owed by group undertakings	13,585	13,586
Other debtors	21,129	27,046
	<hr/> 34,714 <hr/>	<hr/> 40,632 <hr/>

7 Creditors: amounts falling due within one year

	30 April 1999 £	30 April 1998 £
Group relief payable	13,603	28,127
	<hr/> 13,603 <hr/>	<hr/> 28,127 <hr/>

8 Called up share capital

	30 April 1999 £	30 April 1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	24,000	24,000
	<hr/>	<hr/>

9 Related party transactions

At 30 April 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 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 90% 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, Barford Services Limited, which are publicly available (see note 10).

Notes *(continued)*

10 Ultimate holding company

As at 30 April 1999 the ultimate holding company is Virgin Travel Limited, a company registered in British Virgin Islands.

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

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.