

**Ablegrand Limited**

**Directors' report and financial  
statements**

**Registered number 4272226  
52 weeks ended 31 March 2007**

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## Directors' report

The directors present their directors' report and the financial statements for the 52 week period ended 31 March 2007

### Principal activities

The company has not traded during the financial year

### Results and business review

The company's only transaction during the financial period was interest expense of £9.5 million (2006 £9.5 million)

### Dividends

The directors are unable to recommend the payment of an equity dividend (2006 £nil)

### Post balance sheet events

At 31 March 2007, the company was a subsidiary of Virgin Retail Group Limited ('VRGL'). On 14 September 2007, VRGL was disposed by Virgin Group Holdings Limited to Broomco (4094) Limited, a company incorporated in England and Wales

### Directors

The directors who held office during the financial period and to the date of this report were as follows

S Peckham  
JE Jackson (resigned 31 August 2007)  
ST Douglas

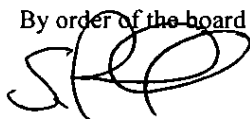
### Disclosure of information to auditors

The director who held office at the date of approval of this directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the company auditors are unaware, and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board



S Peckham  
Director

14 September 2007

120 Camden Hill Road  
London  
W8 7AR

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



## KPMG LLP

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of Ablegrand Limited**

We have audited the financial statements of Ablegrand Limited for the 52 week period ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

## **Independent auditors' report to the members of Ablegrand Ltd (*continued*)**

### **Opinion**

#### **In our opinion**

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the 52 week period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

**14** September 2007

## Profit and loss account

for the 52 week period ended 31 March 2007

	Note	52 weeks ended 31 March 2007 £000	53 weeks ended 1 April 2006 £000
Interest payable and similar charges	5	(9,519)	(9,517)
<b>Loss on ordinary activities before taxation</b>	2	(9 519)	(9,517)
Tax on loss on ordinary activities	6	-	-
<b>Retained loss for the financial period</b>	11,12	(9,519)	(9,517)

All results relate to the continuing operations of the company

There are no differences between the reported result in the profit and loss account and that on a historical basis

There are no recognised gains or losses in the current and prior financial periods other than as stated above

The accompanying notes form an integral part of the financial statements

## Balance sheet

At 31 March 2007

	Note	31 March 2007 £000	1 April 2006 £000
<b>Fixed assets</b>			
Investments	7	-	-
<b>Current assets</b>			
Debtors	8	497	497
<b>Net current assets</b>		497	497
<b>Creditors: amounts falling due after more than one year</b>	9	(90,210)	(80,691)
<b>Net liabilities</b>		(89,713)	(80,194)
<b>Capital and reserves</b>			
Called up share capital	10	15,000	15,000
Profit and loss account	11	(104,713)	(95,194)
<b>Total equity shareholders' deficit</b>	12	(89,713)	(80,194)

These financial statements were approved by the board of directors on 14 September 2007 and were signed on its behalf by



**S Peckham**  
Director



## Notes

### 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 the Companies Act 1985 and in accordance with applicable accounting standards. They are prepared under the historical cost convention.

As the company is a wholly owned subsidiary of Virgin Entertainment Asia Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Virgin Entertainment Asia Limited, within which this company is included, can be obtained from the address given in note 14.

The company is exempt from the obligation to prepare and deliver group accounts under s228 of the Companies Act 1985, as it is a wholly owned subsidiary of Virgin Retail Group Limited and is included in the consolidated accounts of Virgin Entertainment Asia Limited. The financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Going concern*

On 14 September 2007, Virgin Retail Group Limited ('VRGL') and its subsidiaries, which include the company, was acquired by Broomco (4094) Limited. Prior to the change in ownership, the company's inter-company debtor balances and inter-company payable balances were eliminated by settlement in shares or capitalisation. These transactions resulted in the company having net assets at the point of disposal.

The financial statements of the company have been prepared on a going concern basis in view of the fact that Virgin Retail Limited has formally indicated that it will provide sufficient funding to the company, to enable it to meet its liabilities as they fall due, for at least the next twelve months.

The directors have no reason to believe that Virgin Retail Limited will not be in a position to provide the support referred to above and, accordingly they have prepared the financial statements on a going concern basis.

## Notes (continued)

### 2 Notes to the profit and loss account

	52 weeks ended 31 March 2007 £000	53 weeks ended 1 April 2006 £000
Auditors remuneration		
Audit of these financial statements	4	4

Audit fees were borne by Virgin Retail Limited, a related party, in the current and prior year

### 3 Directors' remuneration

The directors did not receive any remuneration for their services to the company (2006 £nil)

### 4 Staff numbers and costs

There were no employees of the company during the period (2006 nil)

### 5 Interest payable and similar charges

	52 weeks ended 31 March 2007 £000	53 weeks ended 1 April 2006 £000
All other loans	9,519	9,517

### 6 Taxation

There is no tax charge in the period (2006 £nil)

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%, 2006 30%) The differences are explained below

	52 weeks ended 31 March 2007 £000	53 weeks ended 1 April 2006 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(9,519)	(9,517)
Current tax credit at 30% (2006 30%)	(2,856)	(2,855)
<i>Effects of</i>		
Expenses not deductible for tax purposes	2,856	2,855
Total current tax charge	-	-

There are no factors that affect the current and total tax charges for the current or any future periods

## Notes (continued)

### 7 Investments

The principal subsidiaries of the company, which are held at £nil carrying value (2006 £nil), were as follows

Company	Activity	Class of shares	Holding	Country of incorporation
Ablegrand (2) Limited	Dormant	Ordinary	100%	England and Wales
VShop Retail Services Ltd	Dormant	Ordinary	100%	England and Wales

### 8 Debtors

	31 March 2007 £000	1 April 2006 £000
Amounts owed by group undertakings	497	497

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

	31 March 2007 £000	1 April 2006 £000
Amounts owed to group undertakings	90,210	80,691

### 10 Called up share capital

	31 March 2007 £000	1 April 2006 £000
<b>Authorised</b>		
30,000,000 ordinary shares of £1	30,000	30,000
<b>Allotted, called up and fully paid</b>		
15,000,000 ordinary shares of £1	15,000	15,000

### 11 Profit and loss reserves

	31 March 2007 £000	1 April 2006 £000
At beginning of the period	(95,194)	(85,677)
Retained loss for the period	(9,519)	(9,517)
<b>At end of period</b>	<b>(104,713)</b>	<b>(95,194)</b>

## Notes (continued)

### 12 Reconciliation of movements in shareholders' deficit

	31 March 2007 £000	1 April 2006 £000
Opening shareholder's deficit	(80,194)	(70,677)
Retained loss for the period	(9,519)	(9,517)
<b>Closing shareholder's deficit</b>	<b>(89,713)</b>	<b>(80,194)</b>

### 13 Related party transactions

The company is controlled by its immediate parent undertaking, Virgin Retail Group Limited. At 31 March 2007, the ultimate controlling party was Virgin Group Holdings limited, whose principle shareholders are certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principle beneficiaries of those trusts are Sir Richard Branson and/or his immediate family.

### 14 Ultimate parent company and parent company of larger group of which the company is a member

At 31 March 2007, the company was a subsidiary undertaking of Virgin Group Holdings Limited, registered in the British Virgin Islands, which was the ultimate parent company.

The largest group in which the results of the company are consolidated is that headed by Virgin Group Holdings Limited. The smallest group in which they are consolidated is that headed up by Virgin Entertainment Asia Limited. The consolidated financial statements of Virgin Group Holding Limited are not available to the public. The consolidated final statements of Virgin Entertainment Asia Limited may be obtained for the Register of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

### 15 Post balance sheet events

The company was a subsidiary of Virgin Retail Group Limited at 31 March 2007. On 14 September 2007, Broomco (4094) Limited, a company incorporated in England and Wales, acquired 100% of the share capital of Virgin Retail Group Limited ('VRGL'). As part of this transaction, the company's gross inter-company balances receivable (7.3 million) were fully settled by ordinary share issues by the debtor company. Inter-company creditors (£94.6 million) were capitalised into shareholders' funds through the issue of ordinary shares.