

**Virgin Aviation Services Limited
and Subsidiary Companies**

**Directors' report and consolidated
financial statements**

30 April 1999

Registered number: 1927016



Virgin Aviation Services Limited and Subsidiary Companies

Directors' report and consolidated financial statements

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Virgin Aviation Services Limited and Subsidiary Companies

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1999.

Principal activities

The principal activities of the Group during the year were freight handling and cargo general sales agent.

Business review

The results for the year ended 30 April 1999 reflect another profitable year for the Group. Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

The results for the year are set out on page 5 of the financial statements.

Dividends

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

The Year 2000 problem

The Group has taken part in the Virgin Travel Group's Year 2000 programme. Senior 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 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 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.

Virgin Aviation Services Limited and Subsidiary Companies

Directors' report *(continued)*

Directors and directors' interests

The directors of the Company during the year were as follows:

RCN Branson (Chairman)
AJ Chambers
RAW Gardner
GP Howard
NE Primrose
A Pusateri

The directors who held office at the end of the year had the following interest in the ordinary shares of the Company, as recorded in the register of directors' share and debenture interests:

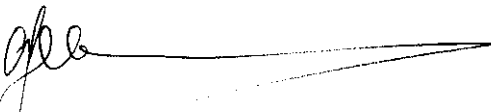
	30 April 1999 Number	30 April 1998 Number
AJ Chambers	5	5
A Pusateri	5	5

None of the other directors who held office at the end of the year had any disclosable interest in the shares of the Company or other group companies except as noted above.

Auditors

The members of the Company have passed elective resolutions in accordance with Sections 366A, 252 and 386 of the Companies Act 1985 dispensing with the previous statutory requirements of 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.

On behalf of the Board


AJ Chambers
Director

120 Campden Hill Road
London
W8 7AR

25 February 2000

Virgin Aviation Services Limited and Subsidiary Companies

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 Group 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 Group 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 Group 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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London
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Auditors' report to the members of Virgin Aviation Services Limited

We have audited the financial statements on pages 5 to 20.

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 Group'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 Group and of the Company as at 30 April 1999 and of profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

25 February 2000

Virgin Aviation Services Limited and Subsidiary Companies

Consolidated profit and loss account

for the year ended 30 April 1999

	Note	Year ended 30 April 1999		Year ended 30 April 1998	
		£	£	£	£
Turnover : group and share of joint ventures		27,158,241		24,091,793	
Less: share of joint ventures' turnover		(11,144,000)		(9,382,518)	
<hr/>					
Group turnover					
Continuing operations	2	16,014,241		14,709,275	
Cost of sales		(11,882,360)		(10,485,315)	
<hr/>					
Gross profit		4,131,881		4,223,960	
Administrative expenses		(2,527,671)		(2,149,044)	
<hr/>					
Group operating profit		1,604,210		2,074,916	
Share of operating profit in joint venture		1,703,548		1,199,433	
Interest receivable and similar income					
Group	6	1,048,511		944,717	
Joint venture		19,000		69,679	
<hr/>					
		1,067,511		1,014,396	
Interest payable and similar charges					
Joint venture		(24,000)		(22,617)	
<hr/>					
		(24,000)		(22,617)	
<hr/>					
Profit on ordinary activities before taxation	3	4,351,269		4,266,128	
Tax on profit on ordinary activities	7	(1,356,914)		(1,441,235)	
<hr/>					
Profit on ordinary activities after taxation		2,994,355		2,824,893	
<hr/>					
Retained profit for the year	13	2,994,355		2,824,893	
<hr/>					

There were no recognised gains or losses in the year other than those disclosed in the profit and loss account above.

The notes on pages 9 to 20 form part of these financial statements.

Virgin Aviation Services Limited and Subsidiary Companies

Consolidated balance sheet

at 30 April 1999

	Note	30 April 1999		30 April 1998	
		£	£	£	£
Fixed assets					
Tangible assets	8		185,723		126,917
Investments	9		3,618,911		2,447,363
			<u>3,804,634</u>		<u>2,574,280</u>
Current assets					
Debtors	10	18,801,933		16,758,900	
Cash at bank and in hand		551,670		604,812	
		<u>19,353,603</u>		<u>17,363,712</u>	
Creditors: amounts falling due within one year	11	<u>(6,324,191)</u>		<u>(6,098,301)</u>	
Net current assets			<u>13,029,412</u>		<u>11,265,411</u>
Total assets less current liabilities			<u>16,834,046</u>		<u>13,839,691</u>
Net assets			<u>16,834,046</u>		<u>13,839,691</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		16,833,946		13,839,591
Equity shareholders' funds	14		<u>16,834,046</u>		<u>13,839,691</u>

These financial statements were approved by the Board of directors on 25 February 2000 and were signed on its behalf by:


AJ Chambers
 Director

The notes on pages 9 to 20 form part of these financial statements.

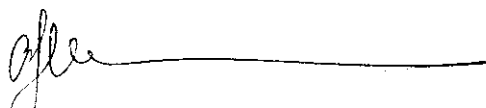
Virgin Aviation Services Limited and Subsidiary Companies

Company balance sheet

at 30 April 1999

	Note	30 April 1999		30 April 1998	
		£	£	£	£
Fixed assets					
Investments	9		1,000,002		1,000,002
Current assets					
Debtors	10	15,349,218		12,366,624	
		<u>15,349,218</u>		<u>12,366,624</u>	
Creditors: amounts falling due within one year	11	<u>(2,654,934)</u>		<u>(2,040,330)</u>	
Net current assets			12,694,284		10,326,294
Total assets less current liabilities			<u>13,694,286</u>		<u>11,326,296</u>
Net assets			<u>13,694,286</u>		<u>11,326,296</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13	13,694,186		11,326,196	
Equity shareholders' funds			<u>13,694,286</u>		<u>11,326,296</u>

These financial statements were approved by the Board of directors on 25 February 2000 and were signed on its behalf by:



AJ Chambers
Director

The notes on pages 9 to 20 form part of these financial statements.

Virgin Aviation Services Limited and Subsidiary Companies

Consolidated cash flow statement

for the year ended 30 April 1999

	Note	Year ended 30 April 1999		Year ended 30 April 1998	
		£	£	£	£
Net cash outflow from operating activities	17		(835,037)		(2,656,096)
Dividend from joint ventures			500,000		-
Return on investments and servicing of finance					
Interest received		1,048,511		944,717	
		<hr/>		<hr/>	
			1,048,511		944,717
Taxation					
Corporation tax paid		(8,454)		(186,611)	
		<hr/>		<hr/>	
			(8,454)		(186,611)
Capital expenditure and principal investment					
Purchase of tangible fixed assets		(151,313)		(99,196)	
Sale of tangible fixed assets		19,053		751,083	
		<hr/>		<hr/>	
			(132,260)		651,887
Equity dividends paid			-		(385,800)
			<hr/>		<hr/>
Cash inflow/(outflow) before use of liquid resources and financing			572,760		(1,631,903)
Financing					
Capital element of finance leases		-		(9,414)	
		<hr/>		<hr/>	
			-		(9,414)
Increase/(decrease) in cash in the year	18		572,760		(1,641,317)
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 9 to 20 form part of these financial statements.

Virgin Aviation Services Limited and Subsidiary Companies

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 accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 1999. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long-term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

In accordance with Financial Reporting Standard 10, goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against the profit and loss account on acquisition. Any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

On the subsequent disposal or termination of a business, the profit and loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to the profit and loss account or reserves.

In the Company's financial statements, investments in subsidiary and associated undertakings are stated at cost less amounts written off.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial period dealt within the financial statements of Virgin Aviation Services Limited is disclosed in note 13 of these accounts.

Turnover

Turnover represents the amounts excluding value added tax derived from the provision of services to customers during the period.

Administrative expenses

Administrative expenses comprise overhead expenses together with marketing and promotional costs.

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average rate for the year. Gains or losses on translation are included in the profit and loss account.

Fixed assets and depreciation

Depreciation is provided in order to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Motor vehicles	-	25% per annum
Office equipment	-	25% per annum

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 in the foreseeable future.

Hire purchase or leased plant and equipment

Where plant and equipment is acquired by hire purchase or leasing arrangements which give rights to ownership or approximating to ownership ("finance leases") the asset is capitalised at an amount representing the equivalent outright purchase price of such assets and included in tangible fixed assets. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the hire purchase contract or lease in proportion to the balances outstanding.

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.

Pension costs

The Company participates in a defined contribution group scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profit represents the contributions payable by the Company to the scheme in respect of the period. There were no outstanding or prepaid contributions at the end of the financial year.

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

2 Analysis of turnover

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
<i>By activity</i>		
Rentals	-	54,695
Handling management fees	1,227,315	1,564,857
Airline cargo general sales agent	13,127,242	11,649,299
Shipping and forwarding	1,659,684	1,440,424
	<hr/>	<hr/>
	16,014,241	14,709,275
	<hr/>	<hr/>
	Year ended 30 April 1999 £	Year ended 30 April 1998 £
<i>By source of geographical market</i>		
United Kingdom	11,604,335	11,591,291
United States of America	2,721,245	2,173,336
Australia	927,118	540,461
Africa	643,794	404,187
Ireland	117,749	-
	<hr/>	<hr/>
	16,014,241	14,709,275
	<hr/>	<hr/>

The geographical analysis of turnover by source is derived by allocating revenue to the area in which the sale is made.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Depreciation of tangible fixed assets	73,454	49,007
Auditors' remuneration - audit	14,700	12,100
Operating lease rentals:		
Other	121,035	43,167
	<hr/>	<hr/>

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

4 Remuneration of directors

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Directors' emoluments	431,223	358,934
Company pension contributions to money purchase schemes	22,785	16,332
	<u> </u>	<u> </u>

The aggregate emoluments of the highest paid director were £190,379 (1998: £183,800) and company pension contributions to money purchase schemes on his behalf were £11,667 (1998: £10,833).

Number of directors

	Year ended 30 April 1999	Year ended 30 April 1998
Retirement benefits are accruing to the following number of directors under:		
Money purchase scheme	3	3
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons employed by the Company and the Group (including directors) during the period, analysed by category, was as follows:

	Year ended 30 April 1999		Year ended 30 April 1998	
	Group	Company	Group	Company
Selling and distribution	37	-	33	-
Administration	34	-	31	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	71	-	64	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The aggregate Group payroll costs (including directors) of these persons were as follows:

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Wages and salaries	1,431,733	1,069,135
Social security costs	85,213	67,540
Other pension costs	29,087	21,947
	<u> </u>	<u> </u>
	1,546,033	1,158,622
	<u> </u>	<u> </u>

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

6 Interest receivable

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Foreign exchange gains	-	40,231
Interest receivable from group undertaking	1,010,627	904,486
Other interest receivable	37,884	-
	<u>1,048,511</u>	<u>944,717</u>

7 Taxation

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
UK corporation tax at 31% (1998: 31%)	614,604	724,781
Group relief payable	199,576	307,576
Overseas taxation	24,340	19,006
Share of joint ventures' tax	527,000	425,872
Deferred taxation	-	(36,000)
Tax released in respect of prior years	(8,606)	-
	<u>1,356,914</u>	<u>1,441,235</u>

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

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

8 Tangible fixed assets

Group	Office equipment £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 May 1998	77,991	65,733	143,724
Additions	91,344	59,969	151,313
Disposals	-	(26,021)	(26,021)
At 30 April 1999	169,335	99,681	269,016
<i>Depreciation</i>			
At 1 May 1998	8,060	8,747	16,807
Charge for the year	42,155	31,299	73,454
Disposals	-	(6,968)	(6,968)
At 30 April 1999	50,215	33,078	83,293
<i>Net book value</i>			
At 30 April 1999	119,120	66,603	185,723
At 30 April 1998	69,931	56,986	126,917

The Company owns no tangible fixed assets at 30 April 1999 (1998:nil).

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

9 Fixed asset investments

Group	Interest in joint ventures £
<i>Cost</i>	
At 1 May 1998 and at 30 April 1999	1,535,085
<i>Share of post acquisition reserves</i>	
At 1 May 1998	912,278
Retained profits for the year	1,171,548
At 30 April 1999	2,083,826
<i>Net book value</i>	
At 30 April 1999	3,618,911
At 30 April 1998	2,447,363

Company	Shares in group undertakings £	Participating interests £	Total £
<i>Cost and net book value</i>			
At 30 April 1999 and at 30 April 1998	2	1,000,000	1,000,002

The companies in which the Group's interest at the year end is more than 20% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held	
			Group	Company
Subsidiary undertakings				
Air Cargo Partners Limited	England and Wales	Cargo Sales Agent	100% ordinary	100% ordinary
GSA Worldwide Limited	England and Wales	Cargo Sales Agent	100% ordinary*	100% ordinary*
Joint venture (see note 20)				
Plane Handling Limited	England and Wales	Cargo Handling	50% ordinary	50% ordinary

* denotes indirect holding

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

10 Debtors

	Group		Company	
	30 April 1999	30 April 1998	30 April 1999	30 April 1998
	£	£	£	£
Trade debtors	2,043,924	2,246,449	-	-
Amounts owed by group undertakings	16,514,634	13,828,999	15,212,572	11,725,631
Amounts owed by joint ventures	-	500,000	-	500,000
Other debtors	185,389	120,770	107,450	84,925
Prepayments and accrued income	57,986	62,682	29,196	56,068
	<u>18,801,933</u>	<u>16,758,900</u>	<u>15,349,218</u>	<u>12,366,624</u>

11 Creditors: amounts falling due within one year

	Group		Company	
	30 April 1999	30 April 1998	30 April 1999	30 April 1998
	£	£	£	£
Bank loans and overdrafts	259,755	885,657	-	-
Trade creditors	1,215,487	1,327,801	-	-
Amounts owed to group undertakings	109,024	139,318	96,450	96,450
Corporation tax	1,547,011	960,534	1,547,011	932,406
Group relief payable	1,685,017	1,474,374	1,011,473	1,011,474
Overseas taxation	24,340	-	-	-
Other creditors	1,597	32,917	-	-
Accruals and deferred income	1,481,960	1,277,700	-	-
	<u>6,324,191</u>	<u>6,098,301</u>	<u>2,654,934</u>	<u>2,040,330</u>

12 Share capital

	30 April 1999	30 April 1998
	£	£
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

13 Reserves

Group	Profit and loss account £
At 1 May 1998	13,839,591
Retained profit for the year	2,994,355
	<hr/>
At 30 April 1999	16,833,946
	<hr/> <hr/>

In accordance with Financial Reporting Standard 10, goodwill of £31,085 has been written off against the profit and loss account and the comparative figure has been restated. Previously this goodwill was shown in a separate reserve. This amount represents the cumulative goodwill written off to the profit and loss account of 30 April 1999.

Company	Profit and loss account £
At 1 May 1998	11,326,196
Retained profit for the year	2,367,990
	<hr/>
At 30 April 1999	13,694,186
	<hr/> <hr/>

14 Reconciliation of movement in shareholders' funds

Group	1999 £	1998 £
Profit for the financial period	2,994,355	2,824,893
Opening shareholders' funds	13,839,691	11,014,798
	<hr/>	<hr/>
Closing shareholders' funds	16,834,046	13,839,691
	<hr/> <hr/>	<hr/> <hr/>

15 Contingent liabilities

The Company is party to a group letter of set-off covering certain of its bank accounts and is a guarantor under certain financing arrangements.

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

16 Commitments

- i) There were no capital commitments at 30 April 1999 (1998: £nil).
- ii) Annual commitments under non-cancellable operating leases are as follows:

	30 April 1999		Group 30 April 1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	53,267	27,393
2-5 years	81,570	39,465	138,493	55,489
	<u>81,570</u>	<u>39,465</u>	<u>191,760</u>	<u>82,882</u>
	<u>81,750</u>	<u>39,464</u>	<u>191,760</u>	<u>82,882</u>

The Company did not have any commitments under non-cancellable operating leases.

17 Reconciliation of operating profit to net cash outflow from operating activities

	Year ended 30 April 1999 £	Year ended 30 April 1998 £
Operating profit	1,604,210	2,074,916
Depreciation charge	73,454	49,007
Increase in debtors	(2,543,033)	(4,988,771)
Increase in creditors	30,332	208,752
Net cash outflow from operating activities	(835,037)	(2,656,096)

18 Reconciliation of net cash flow to movement in net funds/(debt)

	£
Change in cash and bank	572,760
Movement in net debt	572,760
Net debt at 1 May 1998	(280,845)
Net funds at 30 April 1999	291,915

Virgin Aviation Services Limited and Subsidiary Companies

Notes (continued)

19 Analysis of net funds/(debt)

	At beginning of year £	Cash flow £	At end of year £
Cash at bank and in hand	604,812	(53,142)	551,670
Overdrafts	(885,657)	625,902	(259,755)
Total	(280,845)	572,760	291,915

20 Joint venture

The Group's share of its Joint Venture's performance and its share of the Joint Venture's balance sheet is as follows:

	30 April 1999 £	30 April 1998 £
Turnover	11,144,000	9,382,518
Profit before tax	1,698,548	1,246,495
Taxation	(527,000)	(425,872)
Profit after tax	1,171,548	820,623
Fixed assets	2,041,133	3,231,855
Current assets	4,507,535	3,870,709
Liabilities due within one year	(2,929,757)	(4,810,286)
Liabilities due after more than one year	-	(380,000)

21 Related party transactions

As 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 22).

There are no other material transactions and balances by the Company with related entities which are required to be disclosed by Financial Reporting Standard 8.

Virgin Aviation Services Limited and Subsidiary Companies

Notes *(continued)*

22 Ultimate holding company

The ultimate holding company at 30 April 1999 was Virgin Travel Limited, a company registered in The British Virgin Islands.

The largest group of which the Company is a member and for which consolidated statements have been 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 have been drawn up is Virgin Travel Group 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.