

Junopart Limited

Directors' report and financial statements

30 April 2002

Registered number: 2975806



Junopart Limited

Directors' report and financial statements

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Junopart Limited

Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2002.

Principal activity

The principal activity of the Company is that of owning and leasing property.

Directors

The directors who served during the year were as follows:

I S Burroughs	(resigned 15 November 2001)
P D Griffiths	(appointed 7 June 2001; resigned 29 November 2001)
S B Ridgway	
J H Southern	(appointed 29 November 2001)

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

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Review of business and results

Both the level of business and the year end financial position are 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 (2001: £nil).

European Monetary Union

Management have reviewed and continue to monitor the impact of the Euro to ensure the business responds to the risks and opportunities that this presents.

Auditors

The auditors for the year ended 30 April 2001, KPMG, have transferred their audit practice to a limited liability partnership, KPMG LLP. Accordingly KPMG have resigned as auditors of the Company on 30 May 2002 and the directors thereupon appointed KPMG LLP to replace them.

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 requirement 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 LLP as auditors of the Company until further notice.

By order of the Board



I M J de Sousa
Company Secretary

120 Campden Hill Road
London W8 7AR

29 May 2003

Junopart Limited

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 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 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 independent 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Junopart Limited

We have audited the financial statements on pages 5 to 13.

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 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 responsibility to anyone other than the Company's members as a body, for our audit work, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you on 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

Basis of audit 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 May 2003

Junopart Limited

Profit and loss account for the year ended 30 April 2002

		Year ended 30 April 2002	Year ended 30 April 2001 as restated
	Note	£	£
Turnover	2	786,340	768,091
Gross profit		<u>786,340</u>	<u>768,091</u>
Administrative expenses		(101,284)	(99,744)
Operating profit	3	<u>685,056</u>	<u>668,347</u>
Interest receivable and similar income	4	1,214	-
Interest payable and similar charges	5	(4,752)	(54,737)
Profit on ordinary activities before taxation		<u>681,518</u>	<u>613,610</u>
Tax on profit on ordinary activities	8	(227,293)	(203,190)
Retained profit for the financial year	14	<u><u>454,225</u></u>	<u><u>410,420</u></u>

The profit for the year arises from continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

Junopart Limited

Statement of total recognised gains and losses

for the year ended 30 April 2002

	Year ended 30 April 2002 £	Year ended 30 April 2001 as restated £
Retained profit for the financial year	454,225	410,420
Net foreign exchange (losses) / gains	(30,263)	115,645
Total recognised gains and losses for the year	423,962	526,065
Prior year adjustment (relating to pre 1 May 2000)	(322,366)	-
Prior year adjustment (relating to 2001)	(30,190)	-
Total gains and losses recognised since last annual report	71,406	-

The notes on pages 8 to 13 form part of these financial statements.

The prior year adjustment relates to the adoption of Financial Reporting Standard 19 "Deferred Tax" (see note 1).

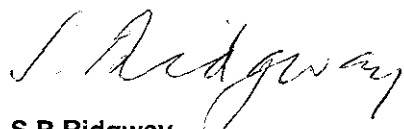
Junopart Limited

Balance sheet

at 30 April 2002

		30 April 2002		30 April 2001
	Note	£	£	as restated £
Fixed assets				
Tangible assets	9	3,612,408		3,759,357
Current assets				
Debtors	10	161,121		4,388
Creditors: amounts falling due within one year	11	(1,053,505)		(1,440,005)
Net current liabilities			(892,384)	(1,435,617)
Total assets less current liabilities			2,720,024	2,323,740
Provisions for liabilities and charges	12	(346,169)		(352,556)
Net assets			2,373,855	1,971,184
Capital and reserves				
Called up share capital	13		2	2
Revaluation reserve	14		1,153,897	1,175,188
Profit and loss reserve	14		1,219,956	795,994
Equity shareholders' funds			2,373,855	1,971,184

These financial statements were approved by the Board of Directors on 29 May 2003 and were signed on its behalf by:



S B Ridgway
Director

The notes on pages 8 to 13 form part of these financial statements.

Junopart Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below :

a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain assets and on a going concern basis in accordance with applicable accounting standards.

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 Virgin Atlantic Limited and its cash flows are included within the consolidated cash flow statements of that company.

b) *Changes in accounting policy and presentation*

During the year the Company implemented the following Financial Reporting Standards:

- Financial Reporting Standard 18 "Accounting Policies" has been complied with in the preparation of these accounts but has not led to any changes in accounting policy.
- Financial Reporting Standard 19 "Deferred Tax" has been adopted in the preparation of these accounts and the comparatives have been restated as a result. The accounting policy has been changed from partial provision to full provision in order to comply with the Financial Reporting Standard. This has resulted in a prior year adjustment of £352,556 for deferred tax including an increase in the tax charge reported in the year ended 30 April 2001 of £30,190. The effect of the adoption of the Financial Reporting Standard in the current year has been an increase in the current year deferred tax credit of £6,387 and a corresponding reduction in the deferred tax provision.

c) *Administrative expenses*

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

d) *Depreciation*

The freehold land and buildings are being depreciated over a period of 50 years, on a straight-line basis.

e) *Translation of foreign currencies*

Certain assets and liabilities denominated in foreign currencies are designated as foreign branches and translated into sterling at the rates of exchange ruling at the end of the accounting period. Revenues and costs are translated into sterling at the average rate of exchange for the period.

Junopart Limited

Notes (continued)

f) Deferred taxation

Full provision is made for all timing differences which have arisen but not reversed at the balance sheet date at the rates of corporation tax which are expected to apply when the additional tax is estimated to be payable.

2. Analysis of turnover and profit on ordinary activities before taxation

The profit on ordinary activities before taxation is attributable to the Company's principal activity. All turnover originates from within the United States of America.

3. Operating profit

The profit on ordinary activities before taxation is stated after charging the following:

	Year ended 30 April 2002 £	Year ended 30 April 2001 £
Depreciation of freehold land and buildings	78,072	76,259
Auditors' remuneration: Audit	3,400	3,200
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	Year ended 30 April 2002 £	Year ended 30 April 2001 £
Interest receivable from group undertakings	1,214	-
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	Year ended 30 April 2002 £	Year ended 30 April 2001 £
Interest payable to group undertakings	4,752	54,737
	<u> </u>	<u> </u>

6. Staff numbers and costs

The Company had no employees during the year (2001: nil).

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Notes (continued)

7. Emoluments of the directors

The directors received no emoluments for the year (2001: £nil).

8. Tax on profit on ordinary activities

	Year ended 30 April 2002	Year ended 30 April 2001 as restated
<i>UK corporation tax at 30% (2001: 30%) :</i>	£	£
Group relief payable	233,468	173,000
Adjustments in respect of prior years	212	-
Total current tax	<u>233,680</u>	<u>173,000</u>
<i>Deferred taxation :</i>		
Origination and reversal of timing differences	(6,387)	30,190
	<u>227,293</u>	<u>203,190</u>

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

Adoption of Financial Reporting Standard 19 has required a change in the method of accounting for deferred tax. As a result the profit and loss reserve has been restated from the previously reported amount of £1,148,550 to £795,994.

The standard rate of UK corporation tax for the year is 30% (2001: 30%). The actual tax charge for the current and previous year differs from the standard rate for the reasons in the following reconciliation:

	Year ended 30 April 2002	Year ended 30 April 2001
	£	£
Profit on ordinary activities before taxation	<u>681,518</u>	<u>613,610</u>
Tax at the standard rate of 30% (2001: 30%)	204,455	184,083
Factors affecting the charge for the year:		
Capital allowances for period in excess of depreciation	6,387	(29,000)
Expenses not deductible for tax purposes	22,626	17,917
Adjustments to tax charge in respect of prior years	212	-
Total current tax charge	<u>233,680</u>	<u>173,000</u>

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Notes (continued)

9. Tangible fixed assets

Freehold land and buildings	Year ended 30 April 2002
Cost	£
At 1 May 2001	3,907,510
Exchange rate adjustments	(70,089)
At 30 April 2002	3,837,421
Depreciation	
At 1 May 2001	148,153
Exchange rate adjustment	(1,212)
Charge for the year	78,072
At 30 April 2002	225,013
Net book value	
At 30 April 2002	3,612,408
At 30 April 2001	3,759,357

The freehold land and building was independently revalued at US\$5,600,000, representing open market value at 30 April 1998. The valuation was undertaken by Michael B Gold Associates, Inc. real estate appraisers. This represents the book value of the tangible fixed asset due to the transitional arrangements of FRS15 having been adopted in previous year.

10. Debtors: amounts falling due within one year

	30 April 2002	30 April 2001
	£	£
Amounts owed by group companies	156,373	-
Prepayments and accrued income	4,748	4,388
	161,121	4,388

11. Creditors: amounts falling due within one year

	30 April 2002	30 April 2001
	£	£
Amounts owed to parent undertaking	9,344	9,344
Amounts owed to fellow subsidiary undertakings	-	635,164
Group relief payable	1,026,677	792,997
Accruals and deferred income	17,484	2,500
	1,053,505	1,440,005

Junopart Limited

Notes (continued)

12. Provision for liabilities and charges

	Deferred tax £
At 30 April 2001	-
Prior year adjustment	352,556
At 30 April 2001 as restated	<u>352,556</u>
Amounts utilised in the year	(6,387)
At 30 April 2002	<u><u>346,169</u></u>

The elements for deferred taxation are as follows:

	30 April 2002 £	30 April 2001 as restated £
Accelerated capital allowances	<u><u>346,169</u></u>	<u><u>352,556</u></u>
13. Share capital		
	30 April 2002 £	30 April 2001 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u><u>1,000</u></u>	<u><u>1,000</u></u>
 <i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u><u>2</u></u>	<u><u>2</u></u>
14. Reconciliation of movements in reserves		

	Year ended 30 April 2002		
	Revaluation £	Profit and loss £	Total £
Balance at 30 April 2001	1,175,188	1,148,550	2,323,738
Prior year adjustment	-	(352,556)	(352,556)
Balance at 30 April 2001 as restated	<u>1,175,188</u>	<u>795,994</u>	<u>1,971,182</u>
Retained profit for the financial year	-	454,225	454,225
Translation differences	(21,291)	(30,263)	(51,554)
Balance at 30 April 2002	<u><u>1,153,897</u></u>	<u><u>1,219,956</u></u>	<u><u>2,373,853</u></u>

Junopart Limited

Notes (continued)

15. Related party transactions

At 30 April 2002, the Company's ultimate parent company was Virgin Group Investments Limited whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Group Investments Limited. The principal beneficiaries of those trusts are Sir R C N Branson and his immediate family. The shareholders of Virgin Group Investments 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 Atlantic 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 Virgin Atlantic Limited, which are publicly available (see note 16).

There are no other material transactions or balances with related entities which are required to be disclosed under Financial Reporting Standard 8.

16. Ultimate holding company

At 30 April 2002, the ultimate holding company is Virgin Group Investments Limited, a company registered in the British Virgin Islands.

The largest group in which the results of the Company are consolidated is that headed by Ivanco (No.1) Limited, a company registered in England and Wales. The smallest group in which the results of the Company are consolidated is that headed by Virgin Atlantic 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.