

Junopart Limited

Directors' report and financial statements

30 April 1997

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 1997.

Principal activity

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

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 eight month period ended 30 April 1996.

Review of business and future developments

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.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (1996: £nil). The profit for the year transferred to the Company's reserves is £166,555 (1996: £183,105).

Fixed assets

Movements in fixed assets are disclosed in note 8 to the financial statements.

Directors

The directors who served throughout the year were as follows;

R C N Branson	(Chairman)
T M Abbott	
S T M Murphy	

It is with regret that the Company learned of Mr T M Abbott's death on 9 December 1997.

None of the directors had an interest in the shares of the Company during the year, other than as a result of an interest in the shares of the ultimate holding company at 30 April 1997, Virgin Travel Limited. The interests of the relevant directors are disclosed in the directors' report of the intermediate holding company, Virgin Travel Investments Limited.

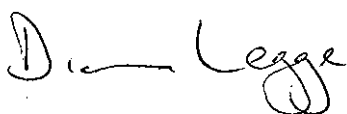
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Directors' report *(continued)*

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 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.

By order of the Board



D P Legge
Company Secretary

120 Campden Hill Road
London W8 7AR

28 May 1998

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 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.

Report of the auditors to the members of Junopart Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the 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.

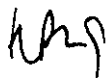
Basis of opinion

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



28 Aug 1998

Chartered Accountants
Registered Auditors

Junopart Limited

Profit and loss account

for the year ended 30 April 1997

	<i>Note</i>	Year ended 30 April 1997 £	8 months ended 30 April 1996 £
Turnover	2	701,192	488,718
Cost of sales		(236,205)	(164,630)
Gross profit		464,987	324,088
Administrative expenses		(85,110)	(20,418)
Operating profit		379,877	303,670
Interest payable and similar charges	3	(143,044)	(118,122)
Profit on ordinary activities before taxation	7	236,833	185,548
Tax on profit on ordinary activities	6	(70,278)	(2,443)
Retained profit for the financial period		166,555	183,105
Retained profit/(loss) brought forward		4,246	(178,859)
Retained profit carried forward		170,801	4,246

There are no recognised gains or losses other than the profit for the year. The profit for the year arises from continuing operations.

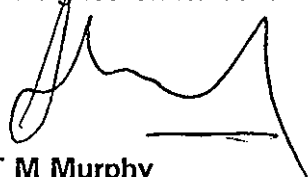
The notes on pages 7 to 11 form part of these financial statements.

Junopart Limited

Balance sheet at 30 April 1997

	Note	30 April 1997 £	30 April 1996 £
Fixed assets			
Tangible assets	8	2,414,977	2,611,316
Debtors	9	78,064	84,411
Creditors: amounts falling due within one year	10	(2,322,238)	(2,691,479)
Net current liabilities		(2,244,174)	(2,607,068)
Total assets less current liabilities		<u>170,803</u>	<u>4,248</u>
Net assets		<u>170,803</u>	<u>4,248</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		170,801	4,246
Equity shareholders' funds		<u>170,803</u>	<u>4,248</u>

These financial statements were approved by the Board of Directors on 28 May 1998 and were signed on its behalf by:



S T M Murphy
Director

The notes on pages 7 to 11 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 consistently applied in dealing with items which are considered material in relation to the Company's financial statements:

a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention, and on a going concern basis in accordance with applicable accounting standards. This policy has been applied consistently for the period under review.

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 Travel Investments Limited and its cash flows are included within the consolidated cash flow statement of that company.

b) *Depreciation*

No depreciation is provided on freehold land and buildings as it is the Company's policy to maintain its properties in a sound state of repair and accordingly the directors consider that the lives of the properties are so long and residual values at such a level that depreciation is immaterial.

c) *Translation of foreign currencies*

Assets and liabilities denominated in foreign currency are 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.

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.

Junopart Limited

Notes (continued)

3. Interest payable and similar charges

	Year ended 30 April 1997 £	8 months ended 30 April 1996 £
Interest payable to other group undertakings	143,044	118,122

4. Staff numbers

The average number of persons employed by the Company, excluding directors, analysed by category was as follows:

	Year ended 30 April 1997	8 months ended 31 April 1996
Management and administration	Nil	Nil

5. Emoluments of the directors

The directors received no emoluments for the year (1996: £ Nil)

6. Tax on profit on ordinary activities

	Year ended 30 April 1997 £	8 months ended 30 April 1996 £
<i>UK corporation tax at 33% (1996: 33%):</i>		
Amounts payable in respect of current period	79,308	2,443
Overseas taxation	(9,030)	-
	<u>70,278</u>	<u>2,443</u>

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

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Notes (continued)

7. Profit on ordinary activities before taxation

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

	Year ended 30 April 1997 £	8 months ended 31 April 1996 £
Auditors' remuneration:		
Audit	1,500	2,500
Exchange differences	3,493	713
	<hr/>	<hr/>

8. Tangible fixed assets Freehold land and buildings

	£
<u>Cost</u>	
At 1 May 1996	2,611,316
Exchange rate adjustments	(196,339)
At 30 April 1996	<hr/> 2,414,977 <hr/>
<u>Depreciation</u>	
At 1 May 1996	-
Exchange rate adjustments	-
Charge for the period	-
At 30 April 1997	<hr/> - <hr/>
<u>Net book value</u>	
At 30 April 1997	<hr/> 2,414,977 <hr/>
At 30 April 1996	<hr/> 2,611,316 <hr/>

Junopart Limited

Notes (continued)

9. Debtors

Amounts falling due within one year

	30 April 1997 £	30 April 1996 £
Prepayments and accrued income	78,064	84,411

10. Creditors: amounts falling due within one year

	30 April 1997 £	30 April 1996 £
Amounts owed to parent undertaking	(9,344)	(6,844)
Amounts owed to other group undertakings	(2,215,305)	(2,677,692)
Group relief payable	(81,751)	(2,443)
Accruals and deferred income	(15,838)	(4,500)
	<u>(2,322,238)</u>	<u>(2,691,479)</u>

11. Share capital

	30 April 1997 £	30 April 1996 £
<i>Authorised:</i>		
Ordinary shares of £1 each	1,000	1,000
<i>Issued and called up:</i>		
Ordinary shares of £1 each	2	2

12. Financial commitments

The Company is committed to pay an amount not exceeding \$380,000 per annum for the period which commenced on 15 January 1996 and ends on 15 January 2000 in respect of the early termination of a property lease.

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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 R C N 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

The ultimate holding company is Virgin Travel Limited, a company registered in the British Virgin Islands.

Of the group of which Junopart Limited is a member, Virgin Travel Investments Limited, a company registered in England and Wales, is the largest and smallest undertaking which prepares consolidated financial statements.

Copies of the financial statements for this company can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.