

# **Junopart Limited**

## **Directors' report and financial statements**

**28 February 2006**

Registered number: 2975806



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COMPANIES HOUSE 22/12/2006

## **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 28 February 2006.

### Principal activity

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

### Directors and directors' interests

The directors who served during the year were as follows:

S B Ridgway  
J H Southern

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

### Review of business and results

Both the level of business and the year end financial position are satisfactory. The results for the year are set out on page 5 of the financial statements.

Following the sale of the Company's freehold land and buildings, the directors will be seeking a suitable alternative business activity for the Company.

### Dividends

The directors do not recommend the payment of a dividend (2005: *£nil*).

### 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 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

15 December 2006

# **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 standards 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.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Report of the independent auditors to the members of Junopart Limited

We have audited the financial statements of Junopart Limited for the year ended 28 February 2006 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

As described in the Statement of Directors' Responsibilities on page 3, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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.

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.

### 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 affairs of the Company as at 28 February 2006 and of the profit of the Company 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

*21 December* 2006

# Junopart Limited

## Profit and loss account

for the year ended 28 February 2006

		Year ended 28 February 2006	Year ended 28 February 2005
	Note	£	£
Turnover	2	355,992	610,951
Gross profit		<u>355,992</u>	<u>610,951</u>
Administrative expenses		100,371	(179,427)
Operating profit		<u>456,363</u>	<u>431,524</u>
Other interest receivable and similar income	4	108,874	52,020
Profit on ordinary activities before taxation	3	<u>565,237</u>	<u>483,544</u>
Tax on profit on ordinary activities	7	(348,002)	(168,121)
Retained profit for the financial year	13	<u>217,235</u>	<u>315,423</u>

## Statement of total recognised gains and losses

for the year ended 28 February 2006

	Year ended 28 February 2006	Year ended 28 February 2005
	£	£
Profit for the financial year	217,235	315,423
Impairment adjustment (Note 8)	(197,627)	-
Total gains and losses recognised since last report	<u>19,608</u>	<u>315,423</u>

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

# Junopart Limited

## Note of historical cost profits and losses

*for the year ended 28 February 2006*

	Year ended 28 February 2006	Year ended 28 February 2005
	£	£
Reported profit on ordinary activities before taxation	565,237	483,544
Difference between depreciation based on historical costs and on revalued amounts	23,078	23,078
Historical cost profit on ordinary activities before taxation	<u>588,315</u>	<u>506,622</u>

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

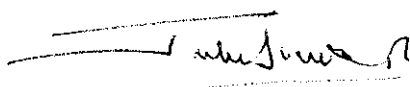
# Junopart Limited

## Balance sheet

at 28 February 2006

		28 February 2006		28 February 2005	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		3,120,151		3,394,638
<b>Current assets</b>					
Debtors	9	2,474,082		1,795,509	
<b>Creditors:</b> amounts falling due within one year	10	(1,531,034)		(1,565,942)	
<b>Net current assets</b>			943,048		229,567
<b>Total assets less current liabilities</b>			4,063,199		3,624,205
<b>Provisions for liabilities and charges</b>	11		(419,386)		-
<b>Net assets</b>			3,643,813		3,624,205
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Revaluation reserve	13		910,114		1,130,819
Profit and loss account	13		2,733,697		2,493,384
<b>Equity shareholders' funds</b>			3,643,813		3,624,205

These financial statements were approved by the Board of Directors on 15 December 2006 and were signed on its behalf by:

  
**J H Southern**  
 Director

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



# Junopart Limited

## Notes

*(forming part of the financial statements)*

### 1. Principal 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, 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) Administrative expenses*

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

*c) Depreciation*

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

*d) Translation of foreign currencies*

Monetary assets and liabilities denominated in foreign currencies 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.

*e) Deferred 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. Deferred tax is recognised, without discounting, in respect of all timing differences between treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required for Financial Reporting Standard 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# Junopart Limited

## Notes (continued)

### 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. Profit on ordinary activities before taxation

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

	Year ended 28 February 2006 £	Year ended 28 February 2005 £
Depreciation of freehold land and buildings	76,860	76,860
Foreign exchange (gain)/loss	(201,289)	68,699
Auditors' remuneration for audit services	3,100	2,500
	<u>          </u>	<u>          </u>

### 4. Other interest receivable and similar income

	Year ended 28 February 2006 £	Year ended 28 February 2005 £
Interest receivable from group undertakings	108,874	52,020
	<u>          </u>	<u>          </u>

### 5. Staff numbers and costs

The Company had no employees during the year (2005: nil).

### 6. Emoluments of the directors

The directors received no emoluments for the year (2005: £nil).

# Junopart Limited

## Notes (continued)

### 7. Tax on profit on ordinary activities

	Year ended 28 February 2006	Year ended 28 February 2005
<b>UK corporation tax at 30% (2005: 30%):</b>	£	£
Group relief payable	192,629	168,121
Adjustments in respect of prior periods	(264,013)	-
Total current tax	<u>(71,384)</u>	<u>168,121</u>
<b>Deferred taxation:</b>		
Overseas taxation	419,386	-
	<u>348,002</u>	<u>168,121</u>

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

The standard rate of UK corporation tax for the year is 30% (2005: 30%). The actual tax charge for the current year and previous period differs from the standard rate for the reasons in the following reconciliation:

	Year ended 28 February 2006	Year ended 28 February 2005
	£	£
Profit on ordinary activities before taxation	565,237	483,544
Tax at the standard rate of 30% (2005: 30%)	169,571	145,063
<b>Factors affecting the charge for the year:</b>		
Expenses not deductible for tax purposes	23,058	23,058
Adjustments in respect of prior periods	(264,013)	-
Total current tax (credit)/charge	<u>(71,384)</u>	<u>168,121</u>

# Junopart Limited

## Notes (continued)

### 8. Tangible fixed assets

#### Freehold land and buildings

<b>Valuation</b>	<b>£</b>
At 1 March 2005	3,837,421
Impairment adjustment	(197,627)
<b>At 28 February 2006</b>	<b>3,639,794</b>
<b>Depreciation</b>	
At 1 March 2005	442,783
Charge for the year	76,860
<b>At 28 February 2006</b>	<b>519,643</b>
<b>Net book value</b>	
At 28 February 2006	<b>3,120,151</b>
At 28 February 2005	3,394,638

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 valuation was adopted as the cost of the tangible fixed asset under the transitional arrangements of Financial Reporting Standard 15. The building was revalued prior to the adoption of Financial Reporting Standard 15 and its original cost was US\$3,918,541.

The freehold land and building was sold on 30 October 2006. As a consequence it has been written down to its value in use as at the balance sheet date of £3,120,151. In accordance with Financial Reporting Standard 11, the impairment adjustment has been recorded in the statement of total recognised gains and losses.

An amount of US\$150,000 has been held in escrow relating to encroachments on to land adjacent to the freehold land and building. The directors consider it likely that this money will be reimbursed to the Company and a provision has not been made.

### 9. Debtors: amounts falling due within one year

	<b>28 February 2006</b>	<b>28 February 2005</b>
	<b>£</b>	<b>£</b>
Amounts owed by group companies	2,474,082	1,783,044
Prepayments and accrued income	-	12,465
	<b>2,474,082</b>	<b>1,795,509</b>

# Junopart Limited

## Notes (continued)

### 10. Creditors: amounts falling due within one year

	28 February 2006 £	28 February 2005 £
Amounts owed to parent undertaking	48,807	20,652
Group relief payable	1,436,129	1,507,513
Accruals and deferred income	46,098	37,777
	<u>1,531,034</u>	<u>1,565,942</u>

### 11. Provision for deferred taxation

	Deferred tax £
Balance at 1 March 2005	-
Amounts provided in the year	419,386
<b>Balance at 28 February 2006</b>	<b><u>419,386</u></b>

### 12. Share capital

	28 February 2006 £	28 February 2005 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13. Reconciliation of movements in reserves

	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 March 2005	1,130,819	2,493,384	3,624,203
Retained profit for the financial period	-	217,235	217,235
Transfer of difference between depreciation based on historical cost and on revalued amounts	(23,078)	23,078	-
Impairment adjustment	(197,627)	-	(197,627)
<b>Balance at 28 February 2006</b>	<b><u>910,114</u></b>	<b><u>2,733,697</u></b>	<b><u>3,643,811</u></b>

# **Junopart Limited**

## **Notes** *(continued)*

### **14. Related party transactions**

At 28 February 2006, 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 15).

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

### **15. Ultimate holding company**

At 28 February 2006, the ultimate holding company is Virgin Group Investments Limited, a company registered in the British Virgin Islands.

As at 28 February 2006 the largest group in which the results of the Company are consolidated is that headed by Virgin Holdings 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 Virgin Holdings Limited and Virgin Atlantic Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.