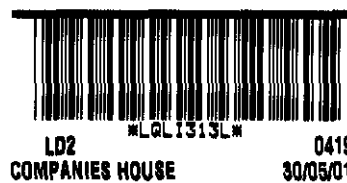


Junopart Limited

Directors' report and financial statements

30 April 2000

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 2000.

Principal activity

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

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. 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 (1999:£nil).

Directors

The directors who served during the year were as follows:

Sir R C N Branson	(resigned 14 December 1999)
I S Burroughs	
P G Gram	(appointed 10 March 2000, resigned 30 November 2000)
D P Legge	(resigned 10 March 2000)

The following directors have been appointed since the year end:

N E Primrose	(appointed 28 June 2000, resigned 30 November 2000)
S B Ridgway	(appointed 28 June 2000)

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.

European Currency 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 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.

By order of the Board



I M J de Sousa
Company Secretary

120 Campden Hill Road
London W8 7AR

25 May 2001

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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Junopart Limited

We have audited the financial statements on pages 5 to 12.

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. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

25 May 2001

KPMG
Chartered Accountants
Registered Auditors

Junopart Limited

Profit and loss account for the year ended 30 April 2000

	<i>Note</i>	Year ended 30 April 2000 £	Year ended 30 April 1999 £
Turnover	3	700,484	680,981
Gross profit		<u>700,484</u>	<u>680,981</u>
Administrative expenses		(89,573)	1,036
Operating profit		<u>610,911</u>	<u>682,017</u>
Interest payable and similar charges	4	(74,850)	(96,578)
Profit on ordinary activities before taxation	7	<u>536,061</u>	<u>585,439</u>
Tax on profit on ordinary activities	8	(180,000)	(185,755)
Retained profit for the financial year	14	<u><u>356,061</u></u>	<u><u>399,684</u></u>

The profit for the year arises from continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

Junopart Limited

Statement of total recognised gains and losses for the year ended 30 April 2000

		Year ended 30 April 2000 £	Year ended 30 April 1999 £
	Note		
Retained profit for the financial year		356,061	399,684
Unrealised gain on revaluation of property	9	-	1,044,320
Foreign exchange gains		36,564	-
Total recognised gains and losses for the year		392,625	1,444,004
Prior year adjustment	2	-	(530,300)
Total gains and losses recognised since the last annual report		392,625	913,704

The notes on pages 8 to 12 form part of these financial statements.

Junopart Limited

Balance sheet

at 30 April 2000

	Note	30 April 2000 £	30 April 1999 £
Fixed assets			
Tangible assets	9	3,506,837	3,478,045
Current assets			
Debtors	10	3,838	3,836
Creditors: amounts falling due within one year	11	(1,843,826)	(2,001,879)
Net current liabilities		(1,839,988)	(1,998,043)
Total assets less current liabilities		<u>1,666,849</u>	<u>1,480,002</u>
Provisions for liabilities and charges	12	-	(236,010)
Net assets		<u>1,666,849</u>	<u>1,243,992</u>
Capital and reserves			
Called up share capital	13	2	2
Revaluation reserve	14	1,074,552	1,044,320
Profit and loss reserve	14	592,295	199,670
Equity shareholders' funds		<u>1,666,849</u>	<u>1,243,992</u>

These financial statements were approved by the Board of Directors on 25 May 2001 and were signed on its behalf by:



S B Ridgway
Director

The notes on pages 8 to 12 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:

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.

Under Financial Reporting Standard 1 (Revised), the Company is exempt, as a small company, from preparing a cash flow statement.

Implementation of FRS 15

(i) Depreciation:

The directors have adopted the requirements of FRS15 and are depreciating the freehold land and buildings over a period of 50 years, on a straight-line basis.

(ii) Valuation of freehold land and buildings:

The directors have decided to adopt the transitional arrangements permitted under the standard, under which the previous revaluation (carried out in 1998) is retained as the book value and under which no future revaluations are to be made.

Translation of foreign currencies

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.

2. Prior year adjustment

The Company adopted Financial Reporting Standard 12 (Provisions, Contingent Liabilities and Contingent Assets) during the previous year. This led to the recognition of a provision for outstanding lease obligations, the balance of which at 30 April 2000 is £nil (1999: £236,010), see note 12 for further analysis.

3. 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)

4. Interest payable and similar charges

	Year ended 30 April 2000 £	Year ended 30 April 1999 £
Interest payable to group undertakings	74,850	96,578

5. Staff numbers

The Company had no employees during the year (1999:nil).

6. Emoluments of the directors

The directors received no emoluments for the year (1999:£nil).

7. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging / (crediting) the following:

	Year ended 30 April 2000 £	Year ended 30 April 1999 £
Depreciation of freehold land and buildings	71,894	-
Auditors' remuneration: Audit	2,900	2,700
Exchange gains	-	(19,405)

8. Tax on profit on ordinary activities

	Year ended 30 April 2000 £	Year ended 30 April 1999 £
UK corporation tax at 30% (1999: 31%): Group relief payable	180,000	185,755

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

Junopart Limited

Notes (continued)

9. Tangible fixed assets

Freehold land and buildings	Year ended 30 April 2000
<i>Cost</i>	£
At 1 May 1999	3,478,045
Exchange rate adjustments	100,686
At 30 April 2000	3,578,731
<i>Depreciation</i>	
At 1 May 1999	-
Charge for the year	71,894
At 30 April 2000	71,894
<i>Net book value</i>	
At 30 April 2000	3,506,837
At 30 April 1999	3,478,045

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. As stated in the accounting policies this now represents the book value of the tangible fixed asset.

10. Debtors: amounts falling due within one year

	30 April 2000	30 April 1999
	£	£
Prepayments and accrued income	3,838	3,836

11. Creditors: amounts falling due within one year

	30 April 2000	30 April 1999
	£	£
Amounts owed to parent undertaking	9,344	9,344
Amounts owed to parent group undertakings	1,211,985	1,547,538
Group relief payable	619,997	439,997
Accruals and deferred income	2,500	5,000
	1,843,826	2,001,879

Junopart Limited

Notes (continued)

12. Provision for liabilities and charges

	Year ended 30 April 2000 £	Year ended 30 April 1999 £
At 30 April 1999	236,010	454,545
Exchange rate adjustments	6,833	17,475
Utilisation of provision	(242,843)	(236,010)
At 30 April 2000	-	236,010

13. Share capital

	30 April 2000 £	30 April 1999 £
<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

14. Reconciliation of movements in reserves

	Year ended 30 April 2000		
	Revaluation £	Profit and loss £	Total £
Balance at 30 April 1999	1,044,320	199,670	1,243,990
Retained profit for the financial year	-	356,061	356,061
Translation differences	30,232	36,564	66,796
Balance at 30 April 2000	1,074,552	592,295	1,666,847

Junopart Limited

Notes *(continued)*

15. Related party transactions

At 30 April 2000, 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 Sir 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 Atlantic Limited (formerly Barford Services 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 2000, the ultimate holding company is Virgin Travel Limited, a company registered in the British Virgin Islands. This company changed its name to Virgin Group Investments Limited after 30 April 2000.

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 (formerly Barford Services 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.