

Junopart Limited

Directors' report and financial statements

30 April 2001

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 2001.

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 (2000: £nil).

Directors

The directors who served during the year were as follows:

I S Burroughs	(resigned 15 November 2001)
P G Gram	(resigned 30 November 2000)
N E Primrose	(resigned 30 November 2000)
S B Ridgway	(appointed 28 June 2000)

The following director has been appointed since the year end:

P D Griffiths	(appointed 7 June 2001 and resigned 29 November 2001)
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.

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 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:



S B Ridgway
Director

120 Campden Hill Road
London W8 7AR

26 February 2002

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.



PQ 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 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 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

28 February 2002

KPMG
*Chartered Accountants
Registered Auditors*

Junopart Limited

Profit and loss account

for the year ended 30 April 2001

	Note	Year ended 30 April 2001 £	Year ended 30 April 2000 £
Turnover	2	768,091	700,484
Gross profit		<u>768,091</u>	<u>700,484</u>
Administrative expenses		(99,744)	(89,573)
Operating profit		<u>668,347</u>	<u>610,911</u>
Interest payable and similar charges	3	(54,737)	(74,850)
Profit on ordinary activities before taxation	6	<u>613,610</u>	<u>536,061</u>
Tax on profit on ordinary activities	7	(173,000)	(180,000)
Retained profit for the financial year	13	<u><u>440,610</u></u>	<u><u>356,061</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 2001*

	Year ended 30 April 2001 £	Year ended 30 April 2000 £
Retained profit for the financial year	440,610	356,061
Net foreign exchange gains	115,645	36,564
Total recognised gains and losses for the year	<u>556,255</u>	<u>392,625</u>

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

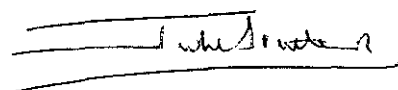
Junopart Limited

Balance sheet

at 30 April 2001

	Note	30 April 2001 £	30 April 2000 £
Fixed assets			
Tangible assets	8	3,759,357	3,506,837
Current assets			
Debtors	9	4,388	3,838
Creditors: amounts falling due within one year	10	(1,440,005)	(1,843,826)
Net current liabilities		<u>(1,435,617)</u>	<u>(1,839,988)</u>
Total assets less current liabilities		<u>2,323,740</u>	<u>1,666,849</u>
Provisions for liabilities and charges	11	-	-
Net assets		<u>2,323,740</u>	<u>1,666,849</u>
Capital and reserves			
Called up share capital	12	2	2
Revaluation reserve	13	1,175,188	1,074,552
Profit and loss reserve	13	1,148,550	592,295
Equity shareholders' funds		<u>2,323,740</u>	<u>1,666,849</u>

These financial statements were approved by the Board of Directors on 26th February 2002 and were signed on its behalf by:



J H Southern
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.

Depreciation

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

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. 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. Interest payable and similar charges

	Year ended 30 April 2001 £	Year ended 30 April 2000 £
Interest payable to group undertakings	54,737	74,850

4. Staff numbers

The Company had no employees during the year (2000: nil).

Junopart Limited

Notes (continued)

5. Emoluments of the directors

The directors received no emoluments for the year (2000: £nil).

6. Profit on ordinary activities before taxation

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

	Year ended 30 April 2001 £	Year ended 30 April 2000 £
Depreciation of freehold land and buildings	76,259	71,894
Auditors' remuneration: Audit	3,200	2,900
	<u> </u>	<u> </u>

7. Tax on profit on ordinary activities

	Year ended 30 April 2001 £	Year ended 30 April 2000 £
UK corporation tax at 30% (2000: 30%): Group relief payable	173,000	180,000
	<u> </u>	<u> </u>

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

Junopart Limited

Notes (continued)

8. Tangible fixed assets

Freehold land and buildings	Year ended 30 April 2001 £
<i>Cost</i>	
At 1 May 2000	3,578,731
Exchange rate adjustments	328,779
At 30 April 2001	3,907,510
<i>Depreciation</i>	
At 1 May 2000	71,894
Charge for the year	76,259
At 30 April 2001	148,153
<i>Net book value</i>	
At 30 April 2001	3,759,357
At 30 April 2000	3,506,837

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 the comparative year.

9. Debtors: amounts falling due within one year

	30 April 2001 £	30 April 2000 £
Prepayments and accrued income	4,388	3,838

10. Creditors: amounts falling due within one year

	30 April 2001 £	30 April 2000 £
Amounts owed to parent undertaking	9,344	9,344
Amounts owed to parent group undertakings	635,164	1,211,985
Group relief payable	792,997	619,997
Accruals and deferred income	2,500	2,500
	1,440,005	1,843,826

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Notes (continued)

11. Provision for liabilities and charges

	Year ended 30 April 2001 £	Year ended 30 April 2000 £
At 30 April 1999	-	236,010
Exchange rate adjustments	-	6,833
Utilisation of provision	-	(242,843)
At 30 April 2000	<u>-</u>	<u>-</u>

12. Share Capital

	30 April 2001 £	30 April 2000 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Issued and called up:</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. Reconciliation of movements in reserves

	Year ended 30 April 2001		Total
	Revaluation £	Profit and loss £	£
Balance at 30 April 2000	1,074,552	592,295	1,666,847
Retained profit for the financial year	-	440,610	440,610
Translation differences	100,636	115,645	216,281
Balance at 30 April 2001	<u>1,175,188</u>	<u>1,148,550</u>	<u>2,323,738</u>

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Notes *(continued)*

14. Related party transactions

At 30 April 2001, 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 30 April 2001, 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, and for Virgin Atlantic Limited, may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.