Crawley Business Quarter Limited

Directors' report and financial statements

Registered number 3145531

31 March 2005

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2005. The comparatives are for 14 months.

Principal activities

The principal activity of the Company is that of an investment holding company.

Review

The results for the period are set out on page 4 of the financial statements and the retained loss for the period of £1,727,188 (14 month period ended 31 March 2004 £4,346) has been transferred to reserves.

Proposed dividend

The directors have recommended a final dividend of £951,193 per share, which was paid in January 2005. (2004: £nil).

Directors and their interests

The directors of the Company during the year and their interests in the shares of the Company as recorded in the register of directors' interests were as follows:

S M L Hall (nee Parden)
J E M Phillips (nee Bullock)

None of the directors who held office at the end of the financial period have any disclosable interest in the shares of the Company.

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.

The last resolution will lead to the continuing appointment of KPMG LLP as auditors of the company until further notice.

By order of the board

Peter Gram
Company Secretary

120 Campden Hill Road
London
W8 7AR
6 January 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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; and
- 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.

Report of the independent auditors, KPMG LLP, to the members of Crawley Business Quarter Limited

We have audited the financial statements on pages 4 to 11.

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

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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 31 March 2005 and of the loss 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

8 Salisbury Square
London
EC4Y 8BB
10 January 2006

Profit and loss account
for the year ended 31 March 2005

	Note	**Year ended 31 March 2005**	14 month period ended 31 March 2004
		£	£
Administrative expenses		-	(4,346)
Other operating income	2	**175,198**	-
Operating profit/(loss) on ordinary activities before taxation	*2*	**175,198**	(4,346)
Tax on loss on ordinary activities	*5*	-	-
Profit/(loss) for the financial year		**175,198**	(4,346)
Dividends on equity and non-equity shares	*6*	**(1,902,386)**	-
Retained loss for the period		**(1,727,188)**	(4,346)

There were no recognised gains or losses in the period other than those shown above, which were derived from continuing operations.

The notes on pages 6 to 11 form part of these financial statements.

Balance sheet
At 31 March 2005

	Note	**31 March 2005 £**	31 March 2004 £
Fixed Assets			
Investments	*7*	**2**	2
Current assets			
Debtors	*8*	**858,358**	2,585,546
		858,358	2,585,546
Creditors: amounts falling due within one year	*9*	**(858,358)**	(858,358)
Net current assets		**-**	1,727,188
Net assets		**2**	1,727,190
Capital and reserves			
Called up share capital	*10*	**2**	2
Profit and loss account	*11*	**-**	1,727,188
Equity shareholders' funds	*12*	**2**	1,727,190

The notes on pages 6 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 6 January 2006 and were signed on its behalf by:

J Phillips

J E M Phillips (nee Bullock)
Director

Notes

1 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.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules in accordance with applicable accounting standards, and on a going concern basis.

Basis of preparation

The Company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Investments

Investments in subsidiaries are shown at cost less amounts written off.

Taxation

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

Notes *(continued)*

2 Loss on ordinary activities before taxation

Audit fees for the current and previous period are to be borne by another group company.

3 Remuneration of directors'

The directors did not receive any remuneration during the period for services to the Company (2004:£nil).

4 Staff costs

The Company did not have any employees other than the directors of the Company for the current or previous period.

Notes *(continued)*

5 Taxation

Analysis of charge in period

	Year ended 31 March 2005	14 month period ended 31 March 2004
	£	£
UK Corporation tax		
Tax on profit/(loss) on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2004: lower) than the standard rate of corporation tax in the UK (30%: 2004: 30%). The differences are explained below.

	Year ended 31 March 2005	14 month period ended 31 March 2004
	£	£
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	175,198	(4,346)
Current tax at 30% (2004: 30%)	52,559	(1,304)
Effects of:		
Income not taxable	(52,559)	-
Expenses not deductible for tax purposes	-	83
Losses not utilised or recognised	-	1,221
Total current tax charge (see above)	-	-

Factors that may affect future tax charges

Details of the Company's total provided and unprovided deferred tax at the period end (and prior period end) are shown in the table in the balance sheet note below.

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

	Year ended 31 March 2005 Provided	Year ended 31 March 2005 Unprovided	14 month period ended 31 March 2004 Provided	14 month period ended 31 March 2004 Unprovided
	£	£	£	£
The deferred tax figures above compromise:				
UK tax losses	-	-	-	(2,084)
	-	-	-	(2,084)

Notes *(continued)*

6 Dividends and other appropriations

	Year ended 31 March 2005	14 month period ended 31 March 2004
	£	£
Equity shares:		
Final dividend paid	**1,902,386**	-

7 Fixed asset investments

	Investment in subsidiaries
	£
Cost and net book value	
At beginning and end of period	2

The company in which the company's interest at the period end is more than 20% is as follows:

	Country of Registration	Principal Activity	Holding %	No. of Shares	Type of share
Subsidiary undertakings					
Mowbury Limited	England & Wales	Property development	100	2	ordinary £1 shares

8 Debtors

	31 March 2005	31 March 2004
	£	£
Amounts owed by group undertakings	**780,053**	2,507,241
Group relief receivable	**78,305**	78,305
	858,358	2,585,546

Notes *(continued)*

9 Creditors: amounts falling due within one year

	31 March 2005 £	31 March 2004 £
Group relief payable	**256,789**	256,789
Corporation tax	**601,569**	601,569
	858,358	858,358

10 Called up share capital

	31 March 2005 £	31 March 2004 £
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	2

11 Reserves

	Profit and loss account £
At beginning of period	**1,727,188**
Retained loss for the period	**(1,727,188)**
At end of period	**-**

12 Reconciliation of equity shareholders' funds

	31 March 2005 £	31 March 2004 £
Loss for the financial period	**(1,727,188)**	(4,346)
Opening equity shareholders' funds	**1,727,190**	1,731,536
Closing equity shareholders' funds	**2**	1,727,190

Notes *(continued)*

13 Related party disclosures

As a 100% owned subsidiary of Barfair Limited, the Company has taken advantage of the exemption under FRS8: Related Party Disclosures, which enables it to exclude disclosure of transactions with Barfair Limited and its subsidiaries.

At 31 March 2005 the Company's ultimate parent undertaking 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 Richard Branson and/or 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 No. 8.

14 Ultimate parent company

At 31 March 2005, the Company's ultimate parent undertaking was Virgin Group Investments Limited, a company incorporated in the British Virgin Islands.

The largest group in which the Company's results are consolidated are those of Barfair Limited, a company registered in England and Wales. The consolidated accounts of that group can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.