

# **Junopart Limited**

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

**30 April 2003**

Registered number: 2975806



## 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 2003.

### Principal activity

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

### Directors

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 year had any disclosable interest in the shares of the Company or other group companies.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### Review of business and results

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 (2002: £nil).

### Change of accounting reference date

The Company changed its accounting reference date for administrative reasons to 28 February on 12 February 2004. Accordingly, the next set of financial statements for the Company will be prepared for the 10 month period ending 29 February 2004.

### 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

18 February 2004

# **Junopart Limited**

## **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 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.

The directors having prepared the financial statements, note that the independent 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

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

We have audited the financial statements on pages 5 to 13.

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 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 affairs of the Company as at 30 April 2003 and of its profit 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

*20 February* 2004

# Junopart Limited

## Profit and loss account

for the year ended 30 April 2003

		Year ended 30 April 2003	Year ended 30 April 2002
	Note	£	£
<b>Turnover</b>	2	<b>724,625</b>	786,340
<b>Gross profit</b>		<u><b>724,625</b></u>	<u>786,340</u>
Administrative expenses		(148,417)	(101,284)
<b>Operating profit</b>		<u><b>576,208</b></u>	<u>685,056</u>
Other interest receivable and similar income	4	<b>16,614</b>	1,214
Interest payable and similar charges	5	-	(4,752)
<b>Profit on ordinary activities before taxation</b>	3	<u><b>592,822</b></u>	<u>681,518</u>
Tax on profit on ordinary activities	8	<b>145,264</b>	(227,293)
<b>Retained profit for the financial year</b>	14	<u><u><b>738,086</b></u></u>	<u><u>454,225</u></u>

## Note of historical cost profits and losses

for the year ended 30 April 2003

	Year ended 30 April 2003	Year ended 30 April 2002
	£	£
Reported profit on ordinary activities before taxation	<b>592,822</b>	681,518
Additional depreciation on revalued assets	<b>23,078</b>	23,442
<b>Historical cost profit on ordinary activities before taxation</b>	<u><u><b>615,900</b></u></u>	<u><u>704,960</u></u>

The profit for the year arises from continuing operations.

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

# Junopart Limited

## Statement of total recognised gains and losses

*for the year ended 30 April 2003*

	Year ended 30 April 2003	Year ended 30 April 2002
	£	£
<b>Retained profit for the financial year</b>	<b>738,086</b>	454,225
Foreign exchange losses	-	(30,263)
<b>Total recognised gains and losses for the year</b>	<b>738,086</b>	423,962
 Prior year adjustment	 -	 (352,556)
<b>Total gains and losses recognised since last annual report</b>	<b>738,086</b>	71,406

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

The 2002 prior year adjustment relates to the adoption of Financial Reporting Standard 19 "Deferred Tax".

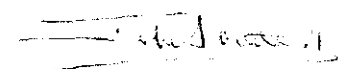
# Junopart Limited

## Balance sheet

at 30 April 2003

		30 April 2003		30 April 2002	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		3,535,548		3,612,408
<b>Current assets</b>					
Debtors	10	847,973		161,121	
<b>Creditors:</b> amounts falling due within one year	11	(1,271,580)		(1,053,505)	
<b>Net current liabilities</b>			(423,607)		(892,384)
<b>Total assets less current liabilities</b>			3,111,941		2,720,024
Provisions for liabilities and charges	12		-		(346,169)
<b>Net assets</b>			3,111,941		2,373,855
<b>Capital and reserves</b>					
Called up share capital	13		2		2
Revaluation reserve	14		1,153,897		1,153,897
Profit and loss reserve	14		1,958,042		1,219,956
<b>Equity shareholders' funds</b>			3,111,941		2,373,855

These financial statements were approved by the Board of Directors on 12 February 2004 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. 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*

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 year 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 FRS 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 30 April 2003 £	Year ended 30 April 2002 £
Depreciation of freehold land and buildings	76,860	78,072
Foreign exchange	32,802	-
Auditors' remuneration:		
Audit	3,500	3,400
	<u>          </u>	<u>          </u>

### 4. Other interest receivable and similar income

	Year ended 30 April 2003 £	Year ended 30 April 2002 £
Interest receivable from group undertakings	16,614	1,214
	<u>          </u>	<u>          </u>

### 5. Interest payable and similar charges

	Year ended 30 April 2003 £	Year ended 30 April 2002 £
Interest payable to group undertakings	-	4,752
	<u>          </u>	<u>          </u>

### 6. Staff numbers and costs

The Company had no employees during the year (2002: nil).

# Junopart Limited

## Notes (continued)

### 7. Emoluments of the directors

The directors received no emoluments for the year (2002: £nil).

### 8. Tax on profit on ordinary activities

	Year ended 30 April 2003	Year ended 30 April 2002 as restated
<i>UK corporation tax at 30% (2002: 30%) :</i>	£	£
Group relief payable	200,905	233,468
Adjustments in respect of prior years	-	212
Total current tax	<u>200,905</u>	<u>233,680</u>
<i>Deferred taxation :</i>		
Origination and reversal of timing differences	(346,169)	(6,387)
	<u>(145,264)</u>	<u>227,293</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% (2002: 30%). The actual tax charge for the current and previous year differs from the standard rate for the reasons in the following reconciliation:

	Year ended 30 April 2003	Year ended 30 April 2002
	£	£
Profit on ordinary activities before taxation	<u>592,822</u>	<u>681,518</u>
Tax at the standard rate of 30% (2002: 30%)	177,847	204,455
<b>Factors affecting the charge for the year:</b>		
Capital allowances for period in excess of depreciation	-	6,387
Expenses not deductible for tax purposes	23,058	22,626
Adjustments to tax charge in respect of prior years	-	212
Total current tax charge	<u>200,905</u>	<u>233,680</u>

# Junopart Limited

## Notes (continued)

### 9. Tangible fixed assets

Freehold land and buildings	Year ended 30 April 2003 £
<b>Valuation</b>	
At 1 May 2002 and 30 April 2003	<b><u>3,837,421</u></b>
<b>Depreciation</b>	
At 1 May 2002	225,013
Charge for the year	76,860
<b>At 30 April 2003</b>	<b><u>301,873</u></b>
<b>Net book value</b>	
At 30 April 2003	<b><u>3,535,548</u></b>
At 30 April 2002	<b><u>3,612,408</u></b>

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. The building was revalued prior to the adoption of FRS 15 and its original cost was US\$3,918,541.

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

	30 April 2003 £	30 April 2002 £
Amounts owed by group companies	841,543	156,373
Prepayments and accrued income	6,430	4,748
	<b><u>847,973</u></b>	<b><u>161,121</u></b>

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

	30 April 2003 £	30 April 2002 £
Amounts owed to parent undertaking	20,277	9,344
Group relief payable	1,227,582	1,026,677
Accruals and deferred income	23,721	17,484
	<b><u>1,271,580</u></b>	<b><u>1,053,505</u></b>

# Junopart Limited

## Notes (continued)

### 12. Provision for liabilities and charges

	Deferred tax £
At 30 April 2002	346,169
Amounts released during the year	(346,169)
<b>At 30 April 2003</b>	<u><u>-</u></u>

The elements for deferred taxation are as follows:

	30 April 2003	30 April 2002
	£	£
Accelerated capital allowances	-	346,169
	<u><u>-</u></u>	<u><u>346,169</u></u>

### 13. Share capital

	30 April 2003	30 April 2002
	£	£
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u><u>1,000</u></u>	<u><u>1,000</u></u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	<u><u>2</u></u>	<u><u>2</u></u>

### 14. Reconciliation of movements in reserves

	Year ended 30 April 2003		
	Revaluation £	Profit and loss £	Total £
Balance at 1 May 2002	1,153,897	1,219,956	2,373,853
Retained profit for the financial year	-	738,086	738,086
	<u><u>1,153,897</u></u>	<u><u>1,958,042</u></u>	<u><u>3,111,939</u></u>
<b>Balance at 30 April 2003</b>	<u><u>1,153,897</u></u>	<u><u>1,958,042</u></u>	<u><u>3,111,939</u></u>

# Junopart Limited

## Notes *(continued)*

### 15. Related party transactions

At 30 April 2003, 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 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 2003, 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 may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.