

Junopart Limited

Directors' report and financial statements

28 February 2007

Registered number 2975806



Junopart Limited

Directors' report and financial statements
28 February 2007

Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 28 February 2007

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 (2006 £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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



I M J de Sousa
Company Secretary

120 Campden Hill Road
London W8 7AR

20 December 2007

Junopart Limited

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Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The Company financial statements are required by law to 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, 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



8 Salisbury Square
London
EC4Y 8BB
United Kingdom

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 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 the Company's affairs as at 28 February 2007 and of the Company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 December

2007

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Profit and loss account

for the year ended 28 February 2007

		2007	2006
	Note	£	£
Turnover	2	232,527	355,992
Gross profit		<u>232,527</u>	<u>355,992</u>
Administrative expenses		(397,170)	100,371
Operating (loss)/profit		<u>(164,643)</u>	<u>456,363</u>
Loss on disposal of fixed assets		(263,565)	-
Other interest receivable and similar income	4	228,006	108,874
(Loss)/profit on ordinary activities before taxation	3	<u>(200,202)</u>	<u>565,237</u>
Tax on (loss)/profit on ordinary activities	7	3,419	(348,002)
Retained (loss)/profit for the financial year	13	<u>(196,783)</u>	<u>217,235</u>

The (loss)/profit for the year arises from leasing out the Company's freehold land and building, which was discontinued when this property was sold during the year

Statement of total recognised gains and losses

for the year ended 28 February 2007

	2007	2006
	£	£
(Loss)/profit for the financial year	(196,783)	217,235
Impairment adjustment (Note 8)	-	(197,627)
Total gains and losses recognised since last report	<u>(196,783)</u>	<u>19,608</u>

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

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Note of historical cost profits and losses

for the year ended 28 February 2007

	2007 £	2006 £
Reported (loss)/profit on ordinary activities before taxation	(200,202)	565,237
Difference between depreciation based on historical costs and on revalued amounts	15,385	23,078
Difference between profit on disposal based on historical costs and loss based on revalued amounts	1,403,722	-
Historical cost profit on ordinary activities before taxation	<u>1,218,905</u>	<u>588,315</u>

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

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Balance sheet

at 28 February 2007

	Note	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	8		-		3,120,151
Current assets					
Debtors	9	5,067,461		2,474,082	
Creditors amounts falling due within one year	10	(1,620,431)		(1,531,034)	
Net current assets			3,447,030		943,048
Total assets less current liabilities			3,447,030		4,063,199
Provisions for liabilities and charges	11		-		(419,386)
Net assets			3,447,030		3,643,813
Capital and reserves					
Called up share capital	12		2		2
Revaluation reserve	13		-		910,114
Profit and loss account	13		3,447,028		2,733,697
Equity shareholders' funds			3,447,030		3,643,813

These financial statements were approved by the Board of Directors on 20 December 2007 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

Directors' report and financial statements
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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 United Kingdom 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. Marketing and promotional costs are expensed to the profit and loss account as incurred

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*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the end of the accounting period or where applicable at a hedged rate

e) *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

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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 (Loss)/profit on ordinary activities before taxation

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

	2007	2006
	£	£
Depreciation of freehold land and buildings	51,240	76,860
Foreign exchange loss/(gain)	335,114	(201,289)
Auditors' remuneration for audit services	3,100	3,100

Fees payable to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed in Junopart Limited's accounts since the consolidated accounts of Junopart Limited's parent, Virgin Wings Limited, are required to disclose non-audit fees on a consolidated basis

4 Other interest receivable and similar income

	2007	2006
	£	£
Interest receivable from group undertakings	228,006	108,874

5 Staff numbers and costs

The Company had no employees during the year (2006 nil)

6 Emoluments of the directors

The directors received no emoluments for the year (2006 £nil)

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Notes (continued)

7 Tax on (loss)/profit on ordinary activities

	2007 £	2006 £
UK corporation tax at 30% (2006 30%)		
Group relief payable	47,478	192,629
Adjustments in respect of prior periods	(50,897)	(264,013)
Total current tax	(3,419)	(71,384)
Deferred taxation:		
Overseas taxation	-	419,386
	(3,419)	348,002

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% (2006 30%) The actual tax charge for the current year and previous period differs from the standard rate for the reasons in the following reconciliation

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	(200,202)	565,237
Tax at the standard rate of 30% (2006 30%)	(60,061)	169,571
Factors affecting the charge for the year		
Expenses not deductible for tax purposes	107,539	23,058
Adjustments in respect of prior periods	(50,897)	(264,013)
Total current tax credit	(3,419)	(71,384)

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Notes (continued)

8. Tangible fixed assets

Freehold land and buildings

Valuation

At 1 March 2006	£	3,639,794
Disposal		(3,639,794)

At 28 February 2007

Depreciation

At 1 March 2006	519,643
Charge for the year	51,240
Disposal	(570,883)

At 28 February 2007

Net book value

At 28 February 2007

At 28 February 2006 3,120,151

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

9 Debtors amounts falling due within one year

	2007 £	2006 £
Amounts owed by group companies	5,067,461	2,474,082
	<u>5,067,461</u>	<u>2,474,082</u>

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Notes (continued)

10 Creditors amounts falling due within one year

	2007 £	2006 £
Overseas taxation	31,103	-
Amounts owed to group companies	1,292,367	48,807
Group relief payable	240,107	1,436,129
Accruals and deferred income	56,854	46,098
	<u>1,620,431</u>	<u>1,531,034</u>

11. Provision for deferred taxation

	Deferred tax £
Balance at 1 March 2006	419,386
Foreign exchange translation	(33,578)
Amounts utilised in the year	(334,911)
Amounts released in the year	(50,897)
Balance at 28 February 2007	<u>-</u>

12. Share capital

	2007 £	2006 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
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 2006	910,114	2,733,697	3,643,811
Retained loss for the financial period	-	(196,783)	(196,783)
Transfer of difference between depreciation based on historical cost and on revalued amounts	(15,385)	15,385	-
Transfer from revaluation reserve on disposal of revalued asset	(894,729)	894,729	-
Balance at 28 February 2007	<u>-</u>	<u>3,447,028</u>	<u>3,447,028</u>

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Notes (continued)

14. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Retained (loss)/profit for the financial period	(196,783)	217,235
Impairment adjustment (note 8)	-	(197,627)
Movement in shareholders' funds	(196,783)	19,608
Opening shareholders' funds	3,643,813	3,624,205
Closing shareholders' funds	3,447,030	3,643,813

15. Related party transactions

At 28 February 2007, the Company's ultimate parent company was Virgin Group Holdings Limited whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir R C N Branson and his immediate family. The shareholders of Virgin Group Holdings 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 28 February 2007, the ultimate holding company is Virgin Group Holdings Limited, a company registered in the British Virgin Islands.

As at 28 February 2007 the largest group in which the results of the Company are consolidated is that headed by Virgin Wings 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 Wings Limited and Virgin Atlantic Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.