

Speed 5024 Limited

Directors' report and financial statements

28 February 2005

Registered number: 3066292



Speed 5024 Limited

Directors' report and financial statements

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Speed 5024 Limited

Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 28 February 2005. Comparative amounts are stated for the 10 months ended 29 February 2004.

Principal activity

The principal activity of the Company is that of a holding company.

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

Review of business and results

The directors consider the result for the financial year to be within acceptable limits, however the directors are continuing to take measures to improve the profitability of the Company's investments. The results of the Company for the year are set out on page 5.

Dividends

The directors do not recommend the payment of a dividend (2004: £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 re-appointing 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

21 December 2005

Speed 5024 Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which gives 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 Speed 5024 Limited

We have audited the financial statements on pages 5 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 auditors' 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 28 February 2005 and of its 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

23 December 2005

Speed 5024 Limited

Profit and loss account

for the year ended 28 February 2005

	Note	Year ended 28 February 2005 £	10 months ended 29 February 2004 £
Other income		2,891	-
Write down of investments	6	(5,100,000)	(12,320,002)
Operating loss and loss for the financial year	9	(5,097,109)	(12,320,002)
Retained loss brought forward		(19,708,544)	(7,388,542)
Retained loss carried forward	9	(24,805,653)	(19,708,544)

There are no recognised gains or losses other than the loss for the year.

The notes on pages 7 to 11 form part of these financial statements.

Speed 5024 Limited

Balance sheet at 28 February 2005

	Note	28 February 2005		29 February 2004	
		£	£	£	£
Fixed assets					
Investments	6		-		-
Creditors: amounts falling due within one year	7	(24,805,651)		(19,708,542)	
Net current liabilities			(24,805,651)		(19,708,542)
Net liabilities			(24,805,651)		(19,708,542)
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account	9		(24,805,653)		(19,708,544)
Equity shareholders' deficit			(24,805,651)		(19,708,542)

These financial statements were approved by the Board of Directors on 21 December 2005 and were signed on its behalf by:


J H Southern
Director

The notes on pages 7 to 11 form part of these financial statements.

Speed 5024 Limited

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 for the period under review:

Basis of preparation

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

Virgin Travel Group Limited has undertaken to provide such support as is necessary to maintain the Company as a going concern for the foreseeable future whilst the Company remains a subsidiary of Virgin Travel Group Limited.

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 statement of that company.

Under Section 228(1) of the Companies Act 1985, the Company is exempt from the requirement to prepare and deliver consolidated accounts on the grounds that it is a wholly owned subsidiary of Virgin Atlantic Limited, a company registered in England and Wales (see note 11). Accordingly these accounts present information about the Company as an individual undertaking.

Deferred 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.

2. Staff numbers and costs

The Company had no employees during the year (2004: *nil*).

3. Emoluments of the directors

The directors received no emoluments for the year (2004: *£nil*).

Speed 5024 Limited

Notes (continued)

4. Tax on profit on ordinary activities

The standard rate of UK corporation tax for the year is 30% (2004: 30%). The actual tax charge for the current year and previous period differs from the standard rate for the reasons in the following reconciliation:

	Year ended 28 February 2005 £	10 months ended 29 February 2004 £
Loss on ordinary activities before taxation	(5,097,109)	(12,320,002)
Tax at the standard rate of 30% (2004: 30%)	(1,529,133)	(3,696,000)
<i>Factors affecting the charge for the year:</i>		
Expenses not deductible for tax purposes	1,529,133	3,696,000
Total current tax charge	-	-

5. Loss on ordinary activities before taxation

Auditors' remuneration for audit services of £2,000 (2004: £2,500) is to be paid by the immediate holding company, Virgin Travel Group Limited.

Speed 5024 Limited

Notes (continued)

6. Fixed asset investments

	Shares in subsidiary undertakings £
Cost:	
At 1 March 2004	19,783,894
Additions	5,100,000
	<hr/>
At 28 February 2005	24,883,894
	<hr/>
Provision for permanent diminution in value:	
At 1 March 2004	(19,783,894)
Charge for the year	(5,100,000)
	<hr/>
At 28 February 2005	(24,883,894)
	<hr/>
Net book value:	
At 28 February 2005	-
	<hr/> <hr/>
At 29 February 2004	-
	<hr/> <hr/>

As at 28 February 2005, the Company held 92.4% (2004: 92.4%) of the ordinary share capital and 96.5% (2004: 96.5%) of the preference share capital issued by Reynard Aviation Limited. The principal activity of Reynard Aviation Limited, a company registered in England and Wales, is the manufacture of aircraft seating products.

As at 28 February 2005 the Company held 100% (2004: 100%) of the ordinary share capital issued by Worldwide Travel of East Anglia Limited, a company registered in England and Wales. The principal activity of Worldwide Travel of East Anglia Limited is that of a travel agency.

Additions in the period relate to further ordinary shares purchased in Worldwide Travel of East Anglia Limited, to provide additional working capital for the company.

During the period the directors performed a review of the carrying value of the investment in Worldwide Travel of East Anglia Limited and concluded that the investment should be fully provided against.

Speed 5024 Limited

Notes (continued)

7. Creditors: amounts falling due within one year

	28 February 2005 £	29 February 2004 £
Amounts owed to parent undertaking	24,763,700	19,666,591
Amounts owed to subsidiary undertakings	4	4
Group relief	41,947	41,947
	<hr/>	<hr/>
	24,805,651	19,708,542
	<hr/>	<hr/>

8. Share capital

	28 February 2005 £	29 February 2004 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Issued and called up:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9. Reconciliation of movements in reserves

	Profit and loss £
Balance at 1 March 2004	(19,708,544)
Retained loss for the financial year	(5,097,109)
Balance at 28 February 2005	(24,805,653)
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Speed 5024 Limited

Notes *(continued)*

10. Related party transactions

At 28 February 2005, 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 11).

There are no other material transactions or balances with related entities which are required to be disclosed under Financial Reporting Standard 8.

11. Ultimate holding company

As at 28 February 2005, the ultimate holding company is Virgin Group Investments Limited, a company registered in the British Virgin Islands.

As at 28 February 2005 the largest group in which the result of the Company are consolidated is that headed by Virgin Holdings Limited, formerly Ivenco (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 Virgin Holdings Limited and Virgin Atlantic Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.