120 Campden Hill Road Limited

Directors' report and financial statements

Registered number 3892404

31 March 2007

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2007

Principal activities

The principal activity of the company is that of a property holding company

Business review

The results for the year are set out on page 4 of the financial statements and the loss for the year of £10,663 (2006 £15,893) has been transferred to reserves

Proposed dividend

The directors do not recommend the payment of a dividend (2006 £Nil)

Directors

The directors of the Company during the year were as follows

S M L Hall	(resigned 29 June 2007)
B A R Gerrard	(appointed 29 June 2007)
J E M Phillips	
G D McCallum	(alternate to J E M Phillips, appointed 22 September 2006)

Disclosure of information to auditors

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 she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

CDrake

C A Drake
Secretary

120 Campden Hill Road
London
W8 7AR

12 November 2007

Statement of directors' responsibilities in respect of the Director's Report and the financial statements

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The 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 for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a 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

Independent auditors' report to the members of 120 Campden Hill Road Limited

We have audited the financial statements of 120 Campden Hill Road Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, Company 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 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 2

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 other transactions 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 judgments 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 31 March 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

8 Salisbury Square
London
EC4Y 8BB

13 November 2007

Profit and loss account
for the year ended 31 March 2007

	Note	**Year ended 31 March 2007 £**	Year ended 31 March 2006 £
Turnover	*1*	**377,000**	377,000
Administrative expenses		**(117,040)**	(116,234)
Operating profit		**259,960**	260,766
Interest payable and similar charges	*5*	**(232,335)**	(240,613)
Profit on ordinary activities before taxation	*2*	**27,625**	20,153
Tax on profit on ordinary activities	*6*	**(38,288)**	(36,046)
Loss on ordinary activities after taxation		**(10,663)**	(15 893)
Loss for the year	*11*	**(10,663)**	(15,893)

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

The notes on pages 6 to 10 form part of these financial statements

Balance sheet
as at 31 March 2007

	Note	31 March 2007 £	31 March 2006 £
Fixed assets			
Tangible assets	7	**4,424,703**	4,524,703
Current assets			
Cash at bank and in hand		**37,174**	29,723
Creditors amounts falling due within one year	8	**(1,633,150)**	(1,581,472)
Net current liabilities		**(1,595,976)**	(1,551,749)
Creditors due after more than one year	9	**(3,009,467)**	(3,143,031)
Net liabilities		**(180,740)**	(170,077)
Capital and reserves			
Called up share capital	10	**1**	1
Profit and loss account	11	**(180,741)**	(170,078)
Equity shareholders' deficit	12	**(180,740)**	(170,077)

The notes on pages 6 to 10 form part of these financial statements

These financial statements were approved by the board of directors on 12 November 2007 and were signed on its behalf by

B A R Gerrard
Director

Notes

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis in view of the fact that the parent undertaking Virgin Group Holdings Limited has formally indicated that it is its present intention to provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least the next twelve months

The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on the going concern basis

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

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

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings - 2% per annum

Leases

Operating lease rental income is charged to the profit and loss account on a straight line basis with any rental increases recognised during the year to which they relate

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 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

Turnover

Turnover represents the amounts receivable for property rental to related undertakings in the United Kingdom

Notes *(continued)*

2 Profit on ordinary activities before taxation

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
Audit of these financial statements	**2,082**	2,100
Depreciation and other amounts written off tangible fixed assets	**100,000**	100,000

3 Remuneration of directors

The directors did not receive any remuneration during the year for services to the Company (2006 £Nil)

4 Staff numbers and costs

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

5 Interest payable and similar charges

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
On bank loans and overdrafts	**232,335**	240 613

Notes *(continued)*

6 Taxation

Analysis of charge in year

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
UK corporation tax		
Current tax on income for the year	**38,288**	36,046

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%, 2006 30%) The differences are explained below

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Current tax reconciliation		
Profit on ordinary activities before tax	**27,625**	20,153
Current tax at 30% (2006 30%)	**8,288**	6,046
Effects of		
Expenses not deductible for tax purposes (primarily depreciation on assets not qualifying for capital allowances)	**30,000**	30,000
Total current tax charge	**38,288**	36,046

7 Tangible fixed assets

	Freehold buildings £
Cost	
At 31 March 2006 and 31 March 2007	5,000,000
Depreciation	
At 31 March 2006	475,297
Charge for year	100,000
At 31 March 2007	575,297
Net book value	
At 31 March 2007	**4,424,703**
At 31 March 2006	4,524,703

The above amounts relate wholly to assets used by the company to fulfil its obligations as lessors under operating leases None of the original purchase price was allocated to freehold land

Notes *(continued)*

8 Creditors: amounts falling due within one year

	31 March 2007 £	31 March 2006 £
Bank loans	133,563	124,698
Amounts owed to group undertakings	1,307,916	1,303 703
Corporation tax	183,484	145 196
Accruals and deferred income	8,187	7,875
	1,633,150	1,581,472

9 Creditors: amounts falling due after more than one year

	31 March 2007 £	31 March 2006 £
Bank loans	3,009,467	3,143,031

Analysis of debt:

	31 March 2007 £	31 March 2006 £
Debt can be analysed as falling due		
Between one and two years	143,060	133,564
Between two and five years	493,153	460,417
In five years or more	2,373,254	2,549,050
	3,009,467	3,143,031

Bank loans relate to a mortgage secured on the property at 120 Campden Hill Road Terms are 20 years at a fixed rate of 7 11% per annum payable monthly

10 Called up share capital

	31 March 2007 £	31 March 2006 £
Authorised		
Equity 100 Ordinary shares of £1 00 each	100	100
Allotted, called up and fully paid		
Equity 1 Ordinary shares of £1 00 each	1	1

Notes *(continued)*

11 Reserves

	Profit and loss Account 2007 £	Profit and Loss Account 2006 £
Balance at beginning of year	**(170,078)**	(154,185)
Retained loss for the year	**(10,663)**	(15,893)
Balance at end of year	**(180,741)**	(170,078)

12 Reconciliation of equity shareholders' deficit

	31 March 2007 £	31 March 2006 £
Loss for the financial year	**(10,663)**	(15,893)
Opening equity shareholders' deficit	**(170,077)**	(154,184)
Closing equity shareholders' deficit	**(180,740)**	(170,077)

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 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 Richard Branson and/or 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 disclosure under Financial Reporting Standard No 8

14 Ultimate parent company

At 31 March 2007 the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands

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