

**Virgin Atlantic International Limited**

**Directors' report and financial statements**

31 December 2015

Registered number: 09539561

THURSDAY



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

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## Directors' report

**Registered number: 09539561**

The directors present their annual report and the audited financial statements of Virgin Atlantic International Limited ("the Company") for the period from 13 April 2015 to 31 December 2015.

### Incorporation

The company was incorporated on 13 April 2015 and commenced trading on 25 November 2015.

### Directors and directors' interests

The directors who held office during the period and to date of this report were as follows:

Robert Moore	Appointed 13 April 2015 (Resigned 27 May 2015)
Peregrine Secretarial Services Limited	Appointed 13 April 2015 (Resigned 27 May 2015)
Sir Richard Branson	Appointed 27 May 2015
Craig Kreeger	Appointed 27 May 2015
Shai Weiss	Appointed 27 May 2015
Edward Bastian	Appointed 27 May 2015
Glen Hauenstein	Appointed 27 May 2015
Gordon McCallum	Appointed 27 May 2015
Peter Norris	Appointed 27 May 2015
Ian Woods	Appointed 27 May 2015
Perry Cantarutti	Appointed 27 May 2015 (Resigned 15 August 2015)
Wayne Aaron	Appointed 27 May 2015 (Resigned 1 January 2016)
Nathaniel Pieper	Appointed 15 August 2015
Dwight James	Appointed 1 January 2016

### Strategic report

The Company is defined as small as per the requirements of the Companies Act 2006 and therefore has claimed the exemption from preparing a strategic report.

The profit before taxation amounted to £634,678 during the period.

### Dividends

The directors do not recommend the payment of a dividend.

### Auditors

KPMG LLP was appointed as the Company's external auditor commencing with the period from 13 April 2015 to 31 December 2015.

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 auditor is 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 auditor is aware of that information.

The directors report was approved by the Board of Directors on 28 June 2016 and signed on its behalf by



Ian de Sousa  
Company Secretary

Company Secretariat  
The Office, Manor Royal  
Crawley, West Sussex  
RH10 9NU

## **Directors' responsibilities statement**

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 applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their 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 judgements and estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.



## Independent auditor's report to the members of Virgin Atlantic International Limited

We have audited the financial statements of Virgin Atlantic International Limited for the period from 13 April 2015 to 31 December 2015 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report

Jonathan Downer (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

15 Canada Square

London

E14 5GL

United Kingdom

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..... June 2016

## Income statement

Period from 13 April 2015 to 31 December 2015

	Note	Period from 13 April 2015 to 31 December 2015 £
Revenue		638,011
Gross profit		<u>638,011</u>
Administrative expenses		(3,333)
Profit before interest and taxation	6	<u>634,678</u>
Interest receivable and similar income		1,206,260
Interest payable and similar expenses		<u>(1,206,260)</u>
Net interest income/(expense)	7	-
Profit before taxation		<u>634,678</u>
Tax on profit	8	(128,501)
Profit for the financial period		<u><u>506,177</u></u>

There are no recognised gains or losses other than the profit for the current financial period. The profit for the period arises from continuing activities.

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

**Statement of financial position**

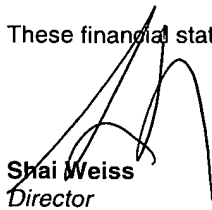
As at 31 December 2015

Registered number: 09539561

	Note	As at 31 December 2015 £
<b>Current assets</b>		
Trade and other receivables	9	425,244,272
Cash and cash equivalents	10	20,815,649
		<u>446,059,921</u>
<b>Current liabilities</b>		
Trade and other payables	11	(1,338,097)
		<u>444,721,824</u>
<b>Net current assets</b>		
<b>Non-current liabilities</b>		
Other payables	12	(444,215,646)
		<u>506,178</u>
<b>Net assets</b>		
<b>Capital and reserves</b>		
Called up share capital	13	1
Retained earnings		506,177
		<u>506,178</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

These financial statements were approved by the Board of Directors on 28 June 2016 and were signed on its behalf by:



**Shai Weiss**  
 Director

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

## Statement of changes in equity

Period from 13 April 2015 to 31 December 2015

	Share capital	Retained earnings	Total
	£	£	£
Balance as at 13 April 2015	-	-	-
Issue of ordinary shares	1	-	1
Profit for the period	-	506,177	506,177
<b>Balance at 31 December 2015</b>	<b>1</b>	<b>506,177</b>	<b>506,178</b>

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



## Notes to the financial statements

### 1 General information

Virgin Atlantic International Limited principally acts as an operator of scheduled air services for the carriage of passengers and freight.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Office, Manor Royal, Crawley, West Sussex, RH10 9NU.

### 2 Statement of compliance

The financial statements have been prepared in compliance with the provisions of FRS (Financial Reporting Standard) 102 Section 1A small entities (United Kingdom Accounting Standards) and the Companies Act 2006. There were no material departures from that standard.

The company has elected to early adopt (from 1 January 2015) Statutory Instrument 2015 No. 980 (SI 2015/980) *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015*.

### 3 Principal accounting policies

The following accounting policies have been applied consistently in dealing with matters which are considered material in relation to the financial statements of the Company.

#### (a) Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention.

The Virgin Atlantic International Limited board, having regard for the principle risks and uncertainties which could impact the business, considers that the preparation of the financial statements on a going concern basis remains appropriate.

Under Financial Reporting Standard 102 Section 1A small entities, the Company is exempt from the requirement to prepare a cash flow statement. The Company's cash flows are included within the consolidated cash flow statement on page 16 of its parent company's (Virgin Atlantic Airways Limited) financial statements.

The Company has taken the exemption for financial instruments disclosures, required under FRS 102, as the information is provided in the consolidated financial statements of its parent company.

#### (b) Revenue and revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business during the accounting period. Revenue is recognised net of discounts, air passenger duty, VAT and other sales-related taxes.

#### (c) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the statement of financial position date. All exchange differences are included in the income statement.

## Notes to the financial statements *(continued)*

### 3 Principal accounting policies *(continued)*

#### **(d) Taxation including deferred tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

#### **(e) Operating leases and lease incentives**

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the life of the respective asset.

#### **(f) Borrowing costs**

Borrowing costs are recognised in the income statement in the period in which they are incurred.

### 4 Employees

The Company had no employees during the period from 13 April 2015 to 31 December 2015.

### 5 Emoluments of directors

The directors did not receive any emoluments period from 13 April 2015 to 31 December 2015.

### 6 Profit before interest and taxation

	Period from 13 April 2015 to 31 December 2015 £
<b><i>Profit before interest and taxation is stated after charging:</i></b>	
Auditor's remuneration for audit services	3,333

There were no fees payable to the Company's auditor and its associates for services other than the statutory audit of the Company.

Notes to the financial statements (continued)

7 Net interest income / (expense)

	Period from 13 April 2015 to 31 December 2015 £
<b>a) Interest receivable and similar income</b>	
Interest on loans to group undertakings	1,206,260
<b>b) Interest payable and similar expenses</b>	
Interest on loans from group undertakings	(1,206,260)
<b>c) Net interest income / (expense)</b>	
Interest receivable and similar income	1,206,260
Interest payable and similar expenses	(1,206,260)
	<u>                    </u> <u>                    </u>

8 Income tax

Tax expense included in profit or loss

	Period from 13 April 2015 to 31 December 2015 £
<b>Current tax</b>	
UK Corporation tax on profits for the period	128,501
	<u>                    </u> <u>                    </u>

Reconciliation of tax charge

The standard rate of UK corporation tax for the period is 20%. The actual current tax charge for the period differs from that computed by applying the standard tax rate to the profit before tax as reconciled below:

	Period from 13 April 2015 to 31 December 2015 £
Profit before taxation	634,678
Tax at the standard rate at 20%	<u>126,936</u>
<b>Factors affecting the charge for the period:</b>	
Effects of group relief	1,565
Total current tax charge	<u>128,501</u> <u>                    </u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

**Notes to the financial statements** *(continued)*

**9 Current assets: Trade and other receivables**

	As at 31 December 2015 £
Amounts owed by group undertakings	425,244,272
	<u>425,244,272</u>

**10 Cash and cash equivalents**

	As at 31 December 2015 £
Restricted cash	20,815,649
	<u>20,815,649</u>

Restricted cash includes liquidity reserves relating to collateralised borrowing agreements entered into by the Company and subsidiaries of the parent company.

The assets of the Company, including restricted cash, are pledged as security for liabilities of certain fellow subsidiaries under common control of the parent company.

**11 Current liabilities: Trade and other payables**

	As at 31 December 2015 £
Group relief payable	128,501
Accruals and deferred income	3,333
Amounts owed to group undertakings	1,206,263
	<u>1,338,097</u>

**12 Non-current liabilities: Other payables**

	As at 31 December 2015 £
Amounts owed to group undertakings	444,215,646
	<u>444,215,646</u>

Loans from certain fellow subsidiaries, under common control of the parent company, are secured against the assets of the Company by way of fixed and floating charges.

**Notes to the financial statements** *(continued)*

**13 Share capital**

	As at 31 December 2015 £
<i>Allotted and fully paid</i>	
1 ordinary share of £1	1

**14 Related party transactions**

As at 31 December 2015, the directors consider the Company's ultimate holding company is Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands. The sole shareholder of Virgin Group Holdings Limited is Sir Richard Branson. Sir Richard Branson has interests directly or indirectly in certain other companies, which may give rise to related party disclosures.

The company, being a wholly owned subsidiary of Virgin Atlantic Limited, is exempt from disclosing related party transactions with wholly owned members of the Group.

The Company had transactions in the ordinary course of business during the period from 13 April to 2015 to 31 December 2015 with related parties.

	As at 31 December 2015 £
<b>Subsidiary undertakings of the parent (not wholly owned)</b>	
Interest payable to subsidiary undertakings of the parent	(1,206,260)
Amounts owed to subsidiary undertakings of the parent	(445,421,906)

There are no other material transactions with related parties which are required to be disclosed.

**15 Controlling parties**

The immediate parent undertaking is VAA Holdings Jersey Limited.

As at 31 December 2015, the smallest group in which the results of the Company are consolidated is that headed by Virgin Atlantic Airways Limited, a company registered in England and Wales.

As at 31 December 2015, the largest 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 Atlantic Airways Limited and Virgin Atlantic Limited may be obtained from The Office, Manor Royal, Crawley, West Sussex, RH10 9NU.

As at 31 December 2015, the directors consider the Company's ultimate holding company is Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The directors consider Sir Richard Branson to be the ultimate controlling party of the Company.