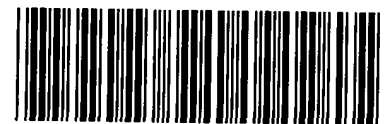


**Virgair Limited**

## Directors' report and financial statements

31 December 2015

Registered number: 02871331



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

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## Directors' report

**Registered number: 02871331**

The directors present their annual report and the audited financial statements of Virgair Limited ("the Company") for the year ended 31 December 2015.

### Directors and directors' interests

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

Craig Kreeger	Appointed 31 May 2016
Shai Weiss	Appointed 31 May 2016
Keith Roberts	Resigned 27 January 2016
Charles Everitt	Resigned 29 August 2015
Matthew Bridge	Resigned 31 May 2016
Perry Cantarutti	Resigned 15 August 2015
Glen Hauenstein	Resigned 31 May 2016
Wayne Aaron	Resigned 1 January 2016
Nathaniel Pieper	Appointed 15 August 2015 (Resigned 31 May 2016)
Dwight James	Appointed 1 January 2016 (Resigned 31 May 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. Following the return of the aircraft leased by the Company to their lessor during the year ended 29 February 2012 the Company has not been active. The directors are seeking alternative leasing options.

From 1 March 2011 the Company was granted a royalty-free sub-licence from Virgin Atlantic Airways Limited. Virgin Atlantic Airways Limited has to pay royalties to a company under the common control of its parent company based on its Group revenue, which includes that of the Company.

The loss before taxation amounted to £10,297 during the year (*prior year loss: £100,458*).

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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 Virgair Limited**

We have audited the financial statements of Virgair Limited for the year ended 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 the Company's loss 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 year 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
- 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

for the year ended 31 December 2015

	Note	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		<b>-</b>	<b>-</b>
Administrative expenses		(10,297)	(100,458)
<b>Operating loss</b>		<b>(10,297)</b>	<b>(100,458)</b>
<b>Loss before taxation</b>	6	<b>(10,297)</b>	<b>(100,458)</b>
Tax charge on loss	7	(8,520,853)	(51,112)
<b>Loss for the financial year</b>		<b>(8,531,150)</b>	<b>(151,570)</b>

There are no recognised gains or losses other than the loss for the current or prior financial year. The loss for the year 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

	Note	As at 31 December 2015 £	As at 31 December 2014 £
<b>Current assets</b>			
Trade and other receivables	8	3,343,293	11,815,367
		<u>3,343,293</u>	<u>11,815,367</u>
<b>Current liabilities</b>			
Trade and other payables	9	(456,681)	(397,605)
		<u>2,886,612</u>	<u>11,417,762</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Retained earnings		2,886,611	11,417,761
		<u>2,886,612</u>	<u>11,417,762</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

*As at 31 December 2015*

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2014	1	11,569,331	11,569,332
Loss for the year	-	(151,570)	(151,570)
<b>Balance at 31 December 2014</b>	<b>1</b>	<b>11,417,761</b>	<b>11,417,762</b>
Balance at 1 January 2015	1	11,417,761	11,417,762
Loss for the year	-	(8,531,150)	(8,531,150)
<b>Balance at 31 December 2015</b>	<b>1</b>	<b>2,886,611</b>	<b>2,886,612</b>

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



## Notes to the financial statements

### 1 General information

Virgair Limited principally acts as an aircraft lessor and there have been no changes in business in the current year.

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 102 Section 1A small entities 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*.

This is the first year that the Company has presented its results under FRS 102 Section 1A small entities. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 Section 1A small entities was 1 January 2015.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is provided in note 13.

### 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 Virgair 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.

#### (b) 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) Leases and lease incentives**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term, even if the payments are not made on such a basis. Where operating lease charges are variable based on prevailing interest rates, costs are recognised prospectively over the remaining term of the lease.

Lease incentives received to enter into operating leases are credited to the income statement on a straight line basis over the term of the lease.

#### **(f) Aircraft maintenance costs**

Routine maintenance costs are charged to the income statement as incurred. Maintenance costs for overhauls relating to aircraft held under operating leases for which there is a contractual obligation are provided for by making appropriate charges to the income statement. Such charges are based on the lease period and engineering assessments of when maintenance is required to meet such obligations.

### 4 Employees

The Company had no employees during the year ended 31 December 2015 (*prior year: nil*).

### 5 Emoluments of directors

The directors did not receive any emoluments for the year ended 31 December 2015 (*prior year: £nil*).

### 6 Loss before taxation

	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
<b>Loss before taxation is stated after charging:</b>		
Auditor's remuneration for audit services	5,501	5,460

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

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

### 7 Income tax

#### Tax expense included in profit or loss

	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
<b>Current tax</b>		
Amounts payable in respect of group relief	8,388,854	-
Adjustments in respect of prior periods	134,084	122
Non-UK current tax	(2,085)	50,990
<b>Total current tax charge</b>	<b>8,520,853</b>	<b>51,112</b>

Group relief payments will be received or paid where losses are surrendered to or from other Group Companies.

#### Reconciliation of tax charge

The standard rate of UK corporation tax for the year is 20.25% (*prior year: 21.5%*). The actual current tax (charge)/credit for the year differs from that computed by applying the standard tax rate to the loss before tax as reconciled below:

	For the year ended 31 December 2015 £	For the year ended 31 December 2014 £
Loss before taxation	(10,297)	(100,458)
Tax at the standard rate at 20.25% ( <i>prior year: 21.5 %</i> )	(2,085)	(21,599)
<b>Factors affecting the charge for the year:</b>		
Foreign tax paid	-	50,990
Non-UK tax losses not utilised or recognised	-	21,599
Adjustments in respect of prior periods	8,522,938	122
<b>Total current tax charge</b>	<b>8,520,853</b>	<b>51,112</b>

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.

The company has trade losses carried forward of £212,829. No deferred tax asset has been recognised for these losses as it is not considered likely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

### 8 Current assets: Trade and other receivables

	As at 31 December 2015 £	As at 31 December 2014 £
Amounts owed by parent undertaking	1,982,910	10,457,069
Group relief receivable	1,360,383	1,358,298
	<u>3,343,293</u>	<u>11,815,367</u>

### 9 Current liabilities: Trade and other payables

	As at 31 December 2015 £	As at 31 December 2014 £
Corporation tax	76,362	18,070
Accruals and deferred income	380,319	379,535
	<u>456,681</u>	<u>397,605</u>

### 10 Share capital

	As at 31 December 2015 £	As at 31 December 2014 £
<b><i>Allotted and fully paid</i></b>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 11 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.

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

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

### **12 Controlling parties**

The immediate parent undertaking is Virgin Atlantic Airways 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.

### **13 Transition to FRS 102 Section 1A – small entities**

As disclosed in note 2, this is the first year that the Company has presented its results under FRS 102 Section 1A small entities.

There were no adjustments to the Company's balance sheet for the current or prior year on transition.