

Virgin Atlantic Two Limited

Annual report and financial statements

31 December 2019

Registered number: 03552500

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Virgin Atlantic Two Limited
Annual report and financial statements
31 December 2019

Annual report and financial statements

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Strategic report

Management and financial review

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

In the year ended 31 December 2019 the Company had no profits (2018: £nil).

Risk review

From the perspective of the Company, the principal risks and uncertainties are integral to the principal risks of the group headed by Virgin Atlantic Limited and are not managed separately. Accordingly, the principal risks and uncertainties of the Virgin Atlantic Limited Group, which include those of the Company, are discussed in Virgin Atlantic Limited's annual report which does not form part of this report.

The strategic report was approved by the Board of Directors on 17 August 2020 and signed on its behalf by



Ian de Sousa

Company Secretary

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Directors' report

Registered number: 03552500

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

Directors and directors' interests

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

Sir Richard Branson	(President)
Peter Norris	(Chairman)
Gordon McCallum	
Edward Bastian	
Glen Hauenstein	
Ian Woods	
Shai Weiss	
Cornelis Koster	
Dwight James	
Tom Mackay	
Mark Anderson	(appointed 1 January 2019) (resigned 1 July 2019)
Juha Jarvinen	(appointed 1 July 2019)
Steve Sear	(appointed 1 February 2020)

Dividends

Interim Ordinary dividends of £nil were declared and paid in the current year (2018: £nil).

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 17 August 2020 and signed on its behalf by:



Ian de Sousa
Company Secretary

Registered Office:
Company Secretariat
The VHQ, Fleming Way
Crawley, West Sussex
RH10 9DF

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 the profit or loss of the company 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Two Limited

Opinion

We have audited the financial statements of Virgin Atlantic Two Limited ("the company") for the year ended 31 December 2019 which comprise the Profit or loss and total comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on the continued financial support from its ultimate parent company, Virgin Atlantic Limited. The financial statements of Virgin Atlantic Limited include material uncertainties related to going concern and therefore the availability of support may be in doubt if required. These events and conditions, along with the other matters explained in note 3, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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
- we have not received all the information and explanations we require for our audit; or



Independent auditor's report to the members of Virgin Atlantic Two Limited (*continued*)

- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in black ink, reading 'Jonathan Downer', with a horizontal line underneath.

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom
17 August 2020

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Profit and loss and total comprehensive income

for the year ended 31 December 2019

The profit for the year for the Company is £nil (2018: £nil)

There are no recognised gains or losses other than the (loss)/profit for the year. The (loss)/profit for the year arises from continuing operations.

The notes on pages 9 to 15 form part of these financial statements.

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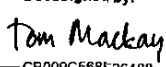
Statement of financial position

at 31 December 2019

Registered number: 03552500

	Note	As at 31 December 2019 £000	As at 31 December 2018 £000
Non-current assets			
Investments	7	257,927	257,927
		<u>257,927</u>	<u>257,927</u>
Current assets			
Trade and other receivables	8	1,139	16,940
		<u>1,139</u>	<u>16,940</u>
Total assets		<u>259,066</u>	<u>274,867</u>
Current liabilities			
Trade and other payables	9	(115,656)	(131,457)
		<u>(115,656)</u>	<u>(131,457)</u>
Net current liabilities		<u>(114,517)</u>	<u>(114,517)</u>
Net assets		<u>143,410</u>	<u>143,410</u>
Capital and reserves			
Called up share capital	10	319	319
Share premium account		139,989	139,989
Other reserves		2,380	2,380
Retained earnings		722	722
		<u>143,410</u>	<u>143,410</u>

These financial statements were approved by the Board of Directors on 17 August 2020 and were signed on its behalf by:

DocuSigned by:

 CB009C568F26488...
Tom Mackay
 Director

The notes on pages 9 to 15 form part of these financial statements.

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Statement of changes in equity

As at 31 December 2019

	Share capital	Share premium	Other Reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2018 and 31 December 2018	<u>319</u>	<u>139,989</u>	<u>2,380</u>	<u>722</u>	<u>143,410</u>
Balance at 1 January 2019 and 31 December 2019	<u>319</u>	<u>139,989</u>	<u>2,380</u>	<u>722</u>	<u>143,410</u>

The notes on pages 9 to 15 form part of these financial statements.

Virgin Atlantic Two Limited
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Notes to the financial statements

1 General information

Virgin Atlantic Two Limited principally acts as a holding company. 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 VHQ, Fleming Way, Crawley, West Sussex, RH10 9DF.

2 Statement of compliance

The financial statements have been prepared in compliance with the provisions of FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) and the Companies Act 2006. There were no material departures from that standard.

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

Under Financial Reporting Standard 102, 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 of its parent company's (Virgin Atlantic Limited) financial statements.

Under Section 400 of the Companies Act 2006, 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 12). Accordingly, these accounts present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through the successful completion of its ultimate parent's, Virgin Atlantic Limited, court sanctioned restructuring plan, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Virgin Atlantic Limited's successful completion of its court sanctioned restructuring plan. The restructuring plan will need to go through a court-sanctioned process under Part 26A of the Companies Act 2006 before it can be implemented. This is expected in September 2020. Virgin Atlantic Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Virgin Atlantic Limited group financial statements indicate that material uncertainties exist over its ability to continue as a going concern as the current court sanctioned recapitalisation process could fail, the potential additional mitigations identified could fail and the inability to obtain additional funding. The following basis of preparation wording has been included in the group accounts:

"In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2019, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken an assessment of the financial forecasts with specific consideration to the trading position of the Group and Company in the context of the current Coronavirus pandemic ('Covid-19'), for the reasons set out below.

At 31 December 2019, the Group's financing consisted of total cash balances of £449.1m (including unrestricted cash of £352.6m) and a revolving credit facility of \$280m ('secured bank loans') which had been drawn down by £51.3m. The revolving credit facility was subsequently fully drawn down in March 2020. At 30 June 2020, the

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Notes to the financial statements *(continued)*

Basis of preparation *(continued)*

Group had total cash balances of £477.3m (including unrestricted cash of £380.2m).

Since March 2020 the impact of the Coronavirus pandemic has been severe on the whole aviation and travel sector and for Virgin Atlantic has included the cessation of our passenger operations since March 2020, and with only an average of 117 flights a week in operation for our Cargo business.

The timing of resumption of flying is uncertain so the Directors have modelled a series of dynamic downside scenarios that cover rolling 12- and 24-month periods. These downside scenarios represent increasingly severe but plausible scenarios and include assumptions relating to the estimates of the impact of factors including:

- Resumptions of passenger flying from September, as well as from December 2020 (expected case); and
- Varying rates of passenger revenue recovery from pre- Covid-19 levels, with the September 2020 case assuming that passenger revenue will be at a maximum of 79% of 2019 levels through 2021 and with this, and the December 2020 scenario assuming a 50% overall reduction in passenger revenue throughout the whole period of 2021 when compared with 2019. Both scenarios assume a gradual ramp up in passenger demand.

The Directors consider the December case to be the most likely. This scenario includes the following assumptions:

- Passenger flying resumes in December with passenger revenue throughout the year in 2021 at 50% of 2019 levels overall (and similar levels of reduction in Virgin Holidays revenue), with 4% of Q4 FY19 capacity being forecast in Q4 FY20, increasing to 62% of FY'19 capacity by the end of FY'21. This is due to factors such as the potential for:
 - o Extended restriction of travel to the US until December 2020 and partial restrictions remaining through 2021;
 - o A second wave of Covid-19 in the UK causing further groundings of aircraft; and
 - o Onboard social distancing requirements beyond Q1 2021.
- Airline and holidays forward sales re-booking and refund trends will continue in line with those experienced through the first three months of the pandemic; and
- The requirement for further adjustments to the cost base.

The Directors have sought to recapitalise the Group and Company based on the December case. This scenario indicates that the unrestricted cash and RCF facilities would be insufficient to ensure the 12 and 24-month survival of the business for at least the 12 month period from August 2020. However, the same scenario indicates that, post mitigating actions, the cash low point under such a scenario would be £150m and we would meet liquidity and slot covenant requirements, and continue to operate for the foreseeable future.

Mitigating actions already taken by the Group to secure this outcome include:

- Reducing headcount by 3,450 roles;
- CEO and Leadership Team reduced salaries by 20% and 15% respectively (Apr-Dec 2020);
- Utilisation of the Government Coronavirus Job Retention programme, with up to 80% of our staff furloughed between April and July 2020;
- Rightsizing our fleet – including grounding all 7 of our 747-400s and exiting our 346 fleet, and the deferral of several new aircraft orders. 4xA332s will be retired by Q1 2022;
- Proactively focusing on customer incentives to achieve a c.50% rebook rate;
- Suspension of discretionary overhead and capex spend; and
- Proactive management of the supplier cost base resulting in reductions in cash liability and future cost rates.

In addition, on 14 July 2020 we announced our court sanctioned Restructuring Plan. This will:

- Secure £200m additional funding from Virgin Group;
- Defer the majority of aircraft lessor payments for 18 months from April 2020, with repayment due between January 2022 and December 2025, as well as support from other creditors. resulting in a £450m reduction in cash liabilities over the combined deferral period (April 2020 to February 2022); and
- Secure new debt financing from Davidson Kempner Capital Management, a Global Institutional Investment Management Firm, of £170m.
- Provide card acquirer support (from Lloyds Cardnet and First Data); and
- Confirm additional shareholder support of in excess of £400m.

The Restructuring Plan will need to go through a court sanctioned process under Part 26A of the Companies Act 2006 before it can be implemented. This is expected in September 2020.

Due to the high level of uncertainty of how the operations of the business may emerge from the current Covid-19 pandemic the Directors also modelled a further severe, but plausible, scenario assuming limited resumptions of passenger flying

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Notes to the financial statements *(continued)*

Basis of preparation *(continued)*

through to 1 August 2021, with a gradual ramp up from this time, to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report. In addition to the assumptions in the expected case scenario, the August 2021 scenario also considered the impact of movements in the US dollar exchange rate and the price of jet fuel.

In this scenario our free cash levels would breach current liquidity and slot covenant levels in February 2021 all other things being equal. The Group would also be exposed to further working capital outflows through refunds as a result of the return of customer advance payments on cancelled departures. At 30 June 2020 the value of forward sales across both the Airline and Holidays businesses was £727million of which around £669million related to departures from July to the end of the year and a further £58million related to departures in 2021. In this scenario,

Notes to the financial statements (continued)

Basis of preparation (continued)

and based on experience to date, the Directors expect a significant portion of sales in advance will be retained, in return for discount vouchers and offers on future departures.

In the unlikely event that this scenario transpires the Directors considered additional potential mitigating actions. These included:

- Review and rationalisation of our network;
- Asset disposals;
- Further significant restructuring and cost reduction activities;
- Deferral of expenditure; and
- Securing additional funding.

The directors consider there are scenarios which could represent a material uncertainty and could cast significant doubt upon the Group's ability to continue as a going concern. These scenarios include the failure of the current court sanctioned recapitalisation process, the failure of potential additional mitigations in the more severe August 2021 scenario (for example the lack of alternative sources of finance, such as sale and leasebacks on aircraft), or the inability to obtain additional funding.

Notwithstanding this material uncertainty caused by the current Coronavirus pandemic, the Directors do not consider this additional severe August 2021 downside scenario to be likely.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate."

Based on their enquiries the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Financial Reporting Standard 102, 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 of its parent company's (Virgin Atlantic Limited) financial statements.

Under Section 400 of the Companies Act 2006, 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 12). Accordingly, these accounts present information about the Company as an individual undertaking and not about its group.

(b) Administrative expenses

Administrative expenses comprise overhead expenses together with marketing and promotional costs. Marketing and promotional costs are expensed to the income statement as incurred.

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Notes to the financial statements (continued)

3 Principal accounting policies (continued)

(b) 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 balance sheet 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 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.

(d) Investments

Investments are held at cost, less any provision for impairment.

4 Employees

The Company had no employees during the year ended 31 December 2019 (2018: nil).

5 Profit before taxation

Fees payable to the Company's auditor (£5,000, 2018: £4,000) for the audit of the Company's annual accounts are borne by the parent company.

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

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Notes to the financial statements *(continued)*

6 Emoluments of directors

The directors did not receive any emoluments for their services to the Company in the year ended 31 December 2019 (2018: *£nil*). The following emoluments were received by the directors for their services for another Virgin Atlantic Limited Group company, which bore the costs of these emoluments.

	For the year ended 31 December 2019 £000	For the year ended 31 December 2018 Restated* £000
Total emoluments		
Aggregate emoluments	3,934	2,250
Company contributions to money purchase pension schemes	107	140
Aggregate amounts receivable under Long Term Incentive Schemes	693	3,760
	<u>4,734</u>	<u>6,150</u>
Highest paid Director		
Aggregate emoluments and other benefits	2,655	1,122
Company contributions to money purchase pension schemes	60	64
Aggregate amounts receivable under Long Term Incentive Schemes	450	1,869
	<u>3,165</u>	<u>3,055</u>

The Directors are considered to be the key management personnel of the Group.

*The 2018 comparatives have been restated to include amounts for services rendered in 2018

7 Non-current assets: Investments

	Shares in group undertakings £000	Total £000
Cost and Net book value:		
At 1 January 2019 and at 31 December 2019	257,927	257,927
Investments relate to shares in wholly owned subsidiary Virgin Travel Group Limited.		

8 Current assets: Trade and other receivables

	As at 31 December 2019 £000	As at 31 December 2018 £000
Amounts owed by group undertakings	742	16,543
Group relief receivable	397	397
	<u>1,139</u>	<u>16,940</u>

Amounts owed by group undertakings include intercompany trading balances owed by other Virgin Atlantic Limited group companies.

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Notes to the financial statements *(continued)*

9 Current liabilities: Trade and other payables

	As at 31 December 2019 £000	As at 31 December 2018 £000
Amounts due to group undertakings	(115,656)	(131,457)
	<u>(115,656)</u>	<u>(131,457)</u>

Amounts owed to group undertakings include loans held with other Virgin Atlantic Limited group companies and are repayable on demand.

10 Share capital

	As at 31 December 2019 £	As at 31 December 2018 £
<i>Allotted and fully paid</i>		
2,802,300 Ordinary shares of 10p each	280,230	280,230
38,420 A1 shares of £1 each	38,420	38,420
70,141 A2 shares of 1p each	701	701
	<u>319,351</u>	<u>319,351</u>

Notes to the financial statements *(continued)*

11 Related party transactions

As at 31 December 2019, the Directors consider the ultimate holding company to be Virgin Investments Limited, a company registered in the British Virgin Islands. The sole shareholder of Virgin Investments Limited is Sir Richard Branson. Sir Richard Branson has interests directly or indirectly in certain other companies, which are considered to give rise to related party disclosures under IAS 24.

The Company had transactions in the ordinary course of business during the year ended 31 December 2019 and 31 December 2018 with related parties.

	As at 31 December 2019 £000	As at 31 December 2018 £000
Amounts due from subsidiaries	742	16,543
Amounts due to subsidiaries	(115,656)	(131,457)

12 Controlling parties

The immediate parent undertaking is Virgin Atlantic Limited.

As at 31 December 2019, the Directors consider that the Group's ultimate parent company and its controlling party is Virgin Investments Limited, a company incorporated in the British Virgin Islands, the accounts of which are neither consolidated nor publicly available. The Directors consider that Sir Richard Branson is the ultimate controlling party of the Company.

As at 31 December 2019, Virgin Atlantic Limited, a company registered in England & Wales, is the parent undertaking of the largest and the smallest group of which the Company is a member and for which consolidated financial statements are drawn up.

Copies of the financial statements for Virgin Atlantic Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

13 Subsequent events

In March 2020, the World Health Organisation categorised the spread of COVID-19 as a pandemic, following the origination of the disease in China in December 2019 and its spread across Europe and other regions in the following months. The pandemic has had a severe impact on the airline and travel industries, as measures put in place by governments across the globe to contain the spread of the disease have placed restrictions on international travel. The impact of COVID-19 is considered to be a non-adjusting post balance sheet event as it relates to conditions that arose after the reporting period, particularly following the categorisation of the disease as a pandemic. An accurate estimate of the financial effect caused by COVID-19 cannot be made as at the date of this report, since the impact of the pandemic is ongoing.