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Virgin Atlantic International Limited

Annual report and financial statements

31 December 2020

Registered number: 09539561

Annual report and financial statements

Contents

Strategic report

Management and financial review

The principal activity of the Company is to partake in a joint business agreement with another Virgin Atlantic Group company which provides scheduled air passenger transport.

The loss before taxation amounted to £55,815,451 during the year (2019: profit of £6,077,000). The profit for the year is driven by the performance of the joint business agreement (JBA) with another Virgin Atlantic Limited Group company. The JBA is dependent on revenue performance in the other Group Company against its budget.

The directors expect that the present level of activity will be sustained for the foreseeable future.

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 on pages 38-48 of 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 28 June 2021 and signed on its behalf by

J Homerstone

Julian Homerstone
Company Secretary

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 year from 1 January 2020 to 31 December 2020.

Directors and directors' interests

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

Sir Richard Branson	
Shai Weiss	
Edward Bastian	
Glen Hauenstein	
Gordon McCallum	
Peter Norris	
Dwight James	
Cornelis Koster	
Juha Jarvinen	
Steve Sear	Appointed 1 February 2020
Tom Mackay	Resigned 20 September 2020
Oliver Byers	Appointed 21 September 2020
Ian Woods	Resigned 20 January 2021
Luigi Brambilla	Appointed 20 January 2021
Alain Bellemare	Appointed 11 February 2021

Dividends

Ordinary dividends of £2,750k were declared and paid in the reporting period (2019: £10,250k).

Auditors

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 2021 and signed on its behalf by

Julian Homerstone
Company Secretary

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL 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.

KPMG

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 2020 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 2020 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.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 that report 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.

KPMG

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; or
- we have not received all the information and explanations we require for our audit.

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.

Jonathan Downer

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom
28 June 2021

Profit and loss and other comprehensive income

Year ended 31 December 2020

	Note	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Revenue		**4,990**	7,013
Cost of sales		**(59,875)**	-
Gross profit		**(54,885)**	7,013
Operating costs		**(69)**	(190)
Profit before interest and taxation	6	**(54,954)**	6,823
Interest receivable and similar income		**20,455**	17,778
Interest payable and similar charges		**(21,316)**	(18,524)
Net interest income/(expense)	7	**(861)**	(746)
(Loss)/profit before tax		**(55,815)**	6,077
Tax on profit on ordinary activities	8	**-**	(1,155)
(Loss)/profit on ordinary activities after tax		**(55,815)**	4,922

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

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

Statement of financial position

As at 31 December 2020

Registered number: 09539561

	Note	As at 31 December 2020 £000	As at 31 December 2019 £000
Current assets			
Trade and other receivables	9	**487,891**	442,730
Cash and cash equivalents	10	**37,610**	26,525
		525,501	469,255
Current liabilities			
Trade and other payables	11	**(135,539)**	(20,728)
Net current assets		**389,962**	448,527
Non-current liabilities			
Other payables	12	**(444,216)**	(444,216)
Net (liabilities)/assets		**(54,254)**	4,311
Capital and reserves			
Called up share capital	13	**0**	0
Retained earnings		**(54,254)**	4,311
		(54,254)	4,311

These financial statements were approved by the Board of Directors on 28 June 2021 and were signed on its behalf by:

Oliver Byers
Director

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

Statement of changes in equity

For the year ended 31 December 2020

	Share capital £000	Retained earnings £000	Total £000
Balance at 1 January 2019	-	9,639	9,639
Profit for the year	-	4,922	4,922
Dividends paid		(10,250)	(10,250)
Balance at 31 December 2019	-	**4,311**	**4,311**
Balance at 1 January 2020	-	4,311	4,311
Loss for the year	-	(55,815)	(55,815)
Dividends paid	-	(2,750)	(2,750)
Balance at 31 December 2020	-	(54,254)	(54,254)

The notes on pages 9 to 15 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 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

The financial statements have been prepared on the going concern basis under the historical cost convention, which the directors consider to be appropriate on the basis of the following wording, included in the Virgin Atlantic Annual Report and Financial Statements:

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, 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.

Since March 2020 the Coronavirus pandemic has had a severe and unprecedented impact on the whole aviation and travel sector. For Virgin Atlantic, this impact has included a reduction of 80% in passenger revenue.

The Directors secured a privately funded, solvent recapitalisation in September 2020 which delivered a refinancing package worth c. £1.2bn over the following 18 months:

- *Our shareholders are providing c. £600m in support over the life of the plan, including a £200m investment from Virgin Group and the deferral of c. £400m of shareholder payments such as brand fees and JV related costs.*
- *Davidson Kempner provided £170m of secured financing and our largest suppliers contributed an additional £450m by way of deferrals.*

In addition, the Directors acted at pace to reduce the cost base and simplify the fleet and network, as well as delivering £335m in cost savings in 2020 (with over £200m of recurring cost reductions).

At 31 December 2020, the Group's financing consisted of total cash balances of £191m (including unrestricted cash of £115m). At 31 May 2021, the Group had total cash balances of £214m (including unrestricted cash of £135m).

To assess Going Concern, the Directors have prepared a series of dynamic downside scenarios that cover rolling 12-month financial forecasts for the Group, comprising profit and loss, balance sheets and projected cash flows through to 31 March 2022. All scenarios also considered the impact of movements in the US dollar exchange rate and the price of jet fuel. Two scenarios are key for the assessment of going concern – the 'Plan of Record' and 'Severe but plausible' scenarios.

As there is still significant uncertainty around the resumption of material levels of flying, the Directors have taken a prudent approach to assessing the expected scenario. The sensitivities within this scenario (the 'Plan of Record') are more severe than the announcements made by the UK Government on 22 February 2021. The Plan of Record scenario includes the following assumptions:

Notes to the financial statements *(continued)*

(a) ***Basis of preparation*** *(continued)*

- *Travel bans in place in all key markets until at least June, with the US border remaining closed until July 2021;*
- *A further extension of travel restrictions and enhanced enforcement of the UK non-essential travel ban;*
- *Full restrictions on overseas holidays until July 2021;*
- *Subdued passenger demand into Q3 2021, reflecting uncertainty around border re-openings and broader confidence in air travel;*
- *Border restrictions start to be lifted in Q3 2021, with a slow ramp up in passenger revenue from Q3 2021 onwards;*
- *Some level of travel restrictions in place in all operated markets throughout 2021 with a phased return to mild restrictions from Q3 2021; and*
- *A cautious approach to increasing passenger capacity in Q3.*

This scenario results in H1 2021 passenger revenue at 6% of 2019 and total 2021 revenues at 27% of 2019 levels.

This scenario indicated that the unrestricted cash would be insufficient to ensure the survival of the business for at least the 12-month period from March 2021. However, post the additional mitigating actions set out below, the cash low point under such a scenario would be £115m and the Group would meet liquidity and slot covenant requirements, and continue to operate for the foreseeable future.

Mitigating actions already taken by the Group after the balance sheet date to secure this outcome include:

- *The sale and leaseback of two 787 aircraft which generated a net increase in cash of £40m (with $110m of the proceeds being used to reduce our external debt with Davidson Kempner Capital Management). This will support future liquidity through a reduction in interest payable;*
- *On 15 March 2021 we completed a further solvent recapitalisation finance package worth £160m. This package comprised:*
    - *A further £97m shareholder funding from Virgin Group; and*
    - *Further support from creditor groups, including operating lease lessors, totalling £63m.*
- *Other mitigations include:*
    - *Further utilisation of the Government Coronavirus Job Retention Scheme, with over 40% of our staff furloughed between January and May 2021;*
    - *Proactively focusing on customer incentives to achieve at least a c.50% rebook rate;*
    - *Continued 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.*

Due to the high level of uncertainty as to how the global aviation industry will emerge from the Covid-19 pandemic, the Directors have also modelled a more severe, but plausible downside scenario (the 'Severe but plausible' scenario). This includes assumptions relating to the estimates of the impact of factors, including:

- *The potential for further UK lockdowns over the summer and winter months, resulting in the grounding of our fleet;*
- *Phased return to mild travel restrictions across operated markets delayed until March 2022; and*
- *Significant relaxation of travel restrictions not coming into effect until herd immunity is reached in the relevant regions. Assumptions include some regions not reaching herd immunity until Q2 2022 or beyond.*

In this 'Severe but plausible' scenario, our free cash levels would breach current liquidity and slot covenant levels in July 2021. The Group would also be exposed to further working capital outflows through refunds because of the return of customer advance payments on cancelled departures. However, in this scenario, 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. At 31 May 2021, the value of forward sales across both the Airline and Holidays businesses was £384m, of which around £187m related to departures from June 2021 to the end of the year, and a further £50m related to departures in 2022.

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

Notes to the financial statements *(continued)*

(a) ***Basis of preparation*** *(continued)*

- *Review and rationalisation of our network;*
- *Increased focus on our Cargo business and new route opportunities;*
- *Further significant restructuring and cost reduction activities;*
- *Deferral of expenditure; and*
- *Securing additional shareholder support.*

However, there is no guarantee that the Directors will be able to mitigate all potential eventualities; therefore the Directors consider the 'severe but plausible' scenario represents a material uncertainty and could cast significant doubt upon the Group's ability to continue as a going concern. Notwithstanding this material uncertainty caused by the current Coronavirus pandemic, the Directors do not consider this additional 'severe but plausible' 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.

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 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.

(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) Borrowing costs

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

(f) Dry and wet lease arrangements

Virgin Atlantic International Limited has dry and wet lease agreements with Virgin Atlantic Airways Limited for aircrafts which are leased in both directions. These are treated as an agency relationship in the financial statements and the amounts are settled on a net basis.

Notes to the financial statements *(continued)*

4 Employees

The Company had no employees during the year ended 31 December 2020.

5 Emoluments of directors

The directors did not receive any emoluments for their services to the Company in the year ended 31 December 2020 *(2019: £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 2020 £000	For the year ended 31 December 2019 £000
Total emoluments		
Aggregate emoluments	**2,748**	3,934
Company contributions to money purchase pension schemes	**111**	107
Aggregate amounts receivable under Long Term Incentive Schemes	**-**	693
	2,859	4,734
Highest paid Director		
Aggregate emoluments and other benefits	**1,498**	2,655
Company contributions to money purchase pension schemes	**60**	60
Aggregate amounts receivable under Long Term Incentive Schemes	**-**	450
	1,558	3,165

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

6 Profit before interest and taxation

Fees payable to the Company's auditor (£8,000, 2019: £5,000) 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 International 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

Notes to the financial statements *(continued)*

7 Net interest income/(expense)

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Interest receivable and similar income		
Bank interest receivable	**79**	171
Interest on loans to group undertakings	**20,376**	17,607
Interest payable and similar expenses		
Interest on loans from group undertakings	**21,316**	18,524
Net interest income/(expense)		
Interest receivable and similar income	**20,455**	17,778
Interest payable and similar charges	**(21,316)**	(18,524)
	(861)	(746)

8 Taxation

Tax expense included in profit or loss

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Current tax		
Amounts payable in respect of group relief	-	1,155

Group relief payments are accounted for where losses will be surrendered to or from other Group companies.

Reconciliation of tax charge

The standard rate of UK corporation tax for the period is 19% *(2019: 19%)*. The actual tax charge for the period differs from that computed by applying the standard tax rate to the profit before tax as reconciled below:

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Profit before taxation	**(55,815)**	6,077
Tax charge at the standard rate at 19% *(2019: 19%)*	**(10,605)**	1,155
Factors affecting the charge for the year		
Effects of Group relief	**10,605**	-
Total tax charge	**-**	1,155

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015.

In addition, the Company continues to be directly and indirectly affected by new tax legislation. Changes in such legislation, regulation or interpretation could have an effect on the Company's operating results and financial position.

Notes to the financial statements *(continued)*

9 Current assets: Trade and other receivables

	As at 31 December 2020 £000	As at 31 December 2019 £000
Amounts owed by group undertakings	**487,891**	432,480
Group relief receivable	**-**	-
	487,891	432,480

Amounts owed by group undertakings include loans of £542,821,394 owed by another Virgin Atlantic Group company, offset by £59,874,989 of balances relating to intercompany trading agreements with the same counterparty. The loan is secured, accrues interest annually and is repayable in December 2030, or upon default by the counterparty.

10 Cash and cash equivalents

	As at 31 December 2020 £000	As at 31 December 2019 £000
Restricted cash	**37,610**	26,525
	37,610	26,525

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 2020 £000	As at 31 December 2019 £000
Group relief payable	**3,255**	3,255
Amounts owed to group undertakings	**132,284**	17,473
	135,539	20,728

Amounts owed to group undertakings include loans owed to another Virgin Atlantic Group company of £129,211,646. The loan accrues interest annually and is repayable in December 2030.

12 Non-current liabilities: Other payables

	As at 31 December 2020 £000	As at 31 December 2019 £000
Amounts owed to group undertakings	**444,216**	444,216
	444,216	444,216

Amounts owed to group undertakings relate to a loan owed to another Virgin Atlantic Group company of £444,216,000. The loan accrues interest annually and is repayable in December 2030.

Notes to the financial statements *(continued)*

13 Share capital

	As at 31 December 2020 £000	As at 31 December 2019 £000
Allotted and fully paid		
1 ordinary share of £1	0	0

14 Related party transactions

As at 31 December 2020, the Directors consider the ultimate holding company to be Virgin Group Holdings Limited, a company registered in the British Virgin Islands. The sole shareholder of Virgin Group Holdings 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 with related parties, as follows:

	As at 31 December 2020 £000	As at 31 December 2019 £000
Parent company		
Sales to parent company	**4,990**	7,012
Subsidiary undertakings of the parent (not wholly owned)		
Interest payable to subsidiary undertakings of the parent	**(20,376)**	(17,604)
Interest receivable from subsidiary undertakings of the parent	**21,316**	18,524
Amounts owed to subsidiary undertakings of the parent	**(576,500)**	(451,438)
Amounts due from subsidiary undertakings of the parent	**487,891**	432,480

Related party transactions include interest on loans to Barbados Enterprises PLC and interest receivable from subsidiary undertakings of the parent company.

During the year, dividends of £2,750,000 were paid to the Company's subsidiary VAA Holdings Jersey Limited. This dividend was then passed on to the Company's parent Virgin Atlantic Airways limited through VAA Holdings UK Limited, and therefore a receivable of £2,750,000 was also recognised for Virgin Atlantic International Limited paying the dividend on VAA Holding's UK Limited's behalf.

15 Ultimate holding company

The immediate parent undertaking is VAA Holdings Jersey Limited.

As at 31 December 2020, the Directors consider that the Group's ultimate parent company and its controlling party is Virgin Group Holdings 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 2020, Virgin Atlantic Limited, a company registered in England & Wales, is the parent undertaking of the largest group of which the Company is a member and for which consolidated financial statements are drawn up.

As at 31 December 2020, Virgin Atlantic Airways Limited, a company registered in England & Wales, is the parent undertaking of 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 both Virgin Atlantic Limited and Virgin Atlantic Airways Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

16 Subsequent events

There were no subsequent events as at the date of this report.