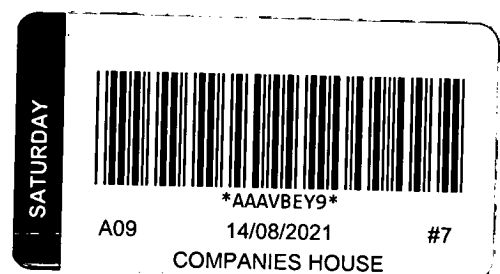


VA Cargo Limited

Annual report and financial statements

31 December 2020

Registered number: 02645535



Annual report and financial statements

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Strategic report

Registered number: 02645535

The directors present their annual report and the audited financial statements of VA Cargo Limited ("the Company") for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is the management of air freight operations (and all matters relating thereto, including selling and ground handling) on behalf of third parties.

Business review and key performance indicators

The Company's trading results are stated on page 8 of the financial statements. In early March 2020, the Company confirmed the termination of its 10 year cargo partnership with Virgin Australia, with operations expected to continue for six months until 4th September 2020, at which point the contract would end. Shortly after this, COVID-19 severely impacted Virgin Australia's operations, the result of which was a scaling back of Virgin Australia's sector frequencies, before a complete cessation of scheduled activities at the end of March.

Services resumed on 8th April 2020, primarily as government repatriation flights, which the Company continued to operate from a cargo perspective. Virgin Australia then went in to administration on 21st April 2020, though the Company continued to support cargo operations on repatriation services, the last of which operated on 7th June 2020.

Revenue for the year was £6,991,437 (*prior year: £33,478,118*). The profit before tax was £825,662 (*prior year: £278,490*) and the profit after tax was £634,319 (*prior year, profit £270,056*).

With sectors terminating in early June, year on year comparisons are largely redundant. In January, sectors were roughly flat, down 1% compared to the previous year, but, with key destination Hong Kong one of the first countries to be hit by COVID-19, sectors were down 6% in February, then 55% in March, equating to a 21% decrease across the whole of Q1. With Q2 services limited to repatriation flights, sectors were down 96% year on year, resulting in full year sectors being down 79% on a comparable basis.

Tonnage fell roughly in line with sectors, with Q1 and Q2 down 25% and 93% respectively. Revenue followed a similar pattern in Q1 (down 30%), however strong prices were able to offset market cargo capacity constraints in Q2 2020, with revenues declining 83%.

Risk review

Principal risks and uncertainties

The highly regulated and commercially competitive environment, together with operational complexity, leaves the Company exposed to a number of significant risks. The focus remains on mitigating these risks at all levels in the business, although many remain outside the Company's control such as government regulation, taxes, terrorism, adverse weather, pandemics and availability of funding from the financial markets.

Given the business ceased activity on 4 September 2020, long-term risks and uncertainties were not considered in the year. Instead, the following outlines the principal risks and uncertainties considered during the year.

Business and operational risks

Brand reputation

The strong reputation and loyalty created by the Virgin Atlantic brands is a core part of the value of our business. Any damage to the brands caused by any single event, or series of events, could materially impact customer loyalty propensity of customers to travel and so adversely affect our business. We track brand health monthly and monitor customer satisfaction via monthly customer surveys too, alongside ongoing research and development of our product and services to mitigate this risk. We allocate substantial resources to safety, operational integrity, on-board products and new aircraft to maintain our strong brand position.

Economic conditions

A global or UK economic slowdown may adversely affect the demand for cargo services. This could result in a material adverse impact on our financial performance. Our operations are sensitive to economic conditions in the markets in which we operate, as evidenced by the onset of COVID-19, which caused significant market capacity constraints and altered the supply-demand balance for air cargo capacity at short notice. We monitor this balance carefully, ensuring we were best able to react to the constantly changing situation.

Strategic report (continued)

Registered number: 02645535

Risk review (continued)

Business and operational risks (continued)

Government intervention

Regulation of the aviation industries is increasing and covers many of our activities, including safety, security, route flying rights, airport slot access, data protection, environmental controls, government taxes and levies. The ability both to comply with and influence any changes in these regulations is critical to maintaining our operational and financial performance.

We continue to engage the UK Government to understand how its objectives are expected to impact the Company and to constructively drive debate and effective policy formulation.

We regularly assess the impacts of UK Government policy and objectives on our business and take action as is required and appropriate.

We have liaised closely with the Government and CAA ever since the EU referendum result to influence policy and inform our contingency planning.

Globally, we continue to assess political risk and work with governments across the world to limit any potential regulatory impact on our operations.

Safety, terrorism and security incidents

The threat of terrorism on the aviation and tour operating industries has an impact on us. As a result, we ensure that the safety of customers, crew and staff is at the heart of our business. Failure to respond to terrorism or security incidents may adversely impact our operations and financial performance. Safety is our number one priority. It is the cornerstone of our corporate strategy and underpins everything that we do. An independently chaired Safety and Security Review Board, comprising of Executives and Senior Managers from across the business, reports directly and regularly to our Board of Directors on our safety and security position. We adopt a holistic approach to security, with the Corporate Security team having overall responsibility for security matters linked to aviation, border security, cargo, facilities, IT, personnel and asset protection. To ensure the robustness of our security regime, we operate a self-inspection and test programme. Joint audits and inspections are also conducted with regulators.

Regulated compliance performance is monitored by way of a dedicated scorecard which is reviewed at the Safety and Security Review Board. In view of the ongoing terrorist targeting of civil aviation and the potential impacts of global geopolitical events, much focus is placed on threat monitoring and assessment to ensure that we have the most current and accurate data to make informed judgements about the security of our human and physical assets.

Failure of a critical IT system

We are dependent on IT systems for most of our principal business processes. The failure of a key system through an internal or external threat (including a cyber attack) or event may cause significant disruption to operations or result in lost revenue. We have an Organisational Resilience Board with oversight of this risk. They meet regularly to assess the events, controls and actions linked to this risk. System controls, disaster recovery and business continuity arrangements exist to mitigate the risk of a critical system failure. We deploy a wide range of preventative and detective controls, including technical solutions, to minimise the threat to our systems from cyber-attacks. Ongoing investment and efforts are directed to this risk to reflect the evolving nature of the threat landscape. In addition, our technology team work closely and diligently with our key system suppliers to ensure that we are operating our critical systems in a risk appropriate manner.

Key supplier risk

The Company is dependent on suppliers for some principal business processes. The failure of a key supplier to deliver contractual obligations may cause significant disruption to operations. A close relationship is maintained with key suppliers in order to ensure awareness of any potential supply chain disruption.

Strategic report (continued)

Registered number: 02645535

Business and operational risks (continued)

Financial risk management

The directors are responsible for setting financial risk management policies and objectives, and for approving the parameters within which the various aspects of financial risk management are operated. The directors have delegated powers to the Financial Risk Committee to ensure that the policies and objectives are fully implemented in line with the Board approved policy. The financial risk management policies outline our approach to market risk (including foreign currency risk, interest rate risk and fuel price risk), counterparty credit risk and liquidity risk. Group Treasury carries out financial risk management within the parameters of the Board approved policies and controls are in place to maintain operational compliance with key reporting requirements in respect of the Group's financing arrangements.

Compliance and regulatory

Compliance with competition, anti-bribery and corruption law

We are exposed to the risk of unethical behaviour by individual employees or groups of employees resulting in fines or losses to VAA. To mitigate this risk we have comprehensive training schemes and controls in place to both prevent and detect non-compliance.

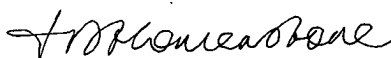
Compliance with regulatory authorities

We are exposed to regulation across our network, including the Civil Aviation Authority (CAA). The CAA authorises VAA to continue its activities following assessments of safety, ownership and control, and financial fitness criteria, the broad framework of which is available via the CAA website (www.caa.co.uk).

Compliance with data protection regulations

The Data Protection Act 2018, commonly referred to as General Data Protection Regulations (GDPR), became law in May 2018. The legislation allows for potentially significant fines to be levied for cases of serious breach or non-compliance. We have a Data Privacy Team in place, reporting to the Company Secretary, who is also the Data Protection Officer. The Data Protection Officer has oversight and the remit of ensuring compliance with data protection regulations. Key deliverables have been achieved for high risk processing activities during the year, and there is an ongoing programme for the 2020 financial year.

The strategic report was approved by the Board of Directors on 28 June 2021 and signed on its behalf by



Julian Homerstone
Company Secretary

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

Directors' report

Registered number: 02645535

Directors and directors' interests

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

| | |
|-----------------|--------------------------------------|
| Juha Jarvinen | |
| Cornelis Koster | |
| Shai Weiss | |
| Tom Mackay | <i>(Resigned 20 September 2020)</i> |
| Oliver Byers | <i>(Appointed 21 September 2020)</i> |

Dividends

No dividend was declared during the year (*prior year: £8,000,000*).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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 they ought to have taken as a director in order to make themselves 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

Registered office:
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.



Independent auditor's report to the members of VA Cargo Limited

Opinion

We have audited the financial statements of VA Cargo 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 profit 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.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 3 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note.

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.

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 5, 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.

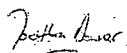
Auditor's responsibilities

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 (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 total comprehensive income

For the year ended 31 December 2020

| | Note | For the year ended 31 December 2020 £ | For the year ended 31 December 2019 £ |
|---|------|---|---|
| Revenue | | 6,991,437 | 33,478,118 |
| Cost of sales | | (6,163,213) | (33,199,628) |
| Gross profit | | 828,224 | 278,490 |
| Administrative Expenses | | (2,562) | - |
| Profit before taxation | 6 | 825,662 | 278,490 |
| Tax on profit | 7 | (191,343) | (8,434) |
| Profit/(loss) for the financial year | | 634,319 | 270,056 |

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

The notes on pages 11 to 16 form part of these financial statements.

Statement of financial position

As at 31 December 2020

Registered number: 02645535

| | Note | As at 31 December 2020 £ | As at 31 December 2019 £ |
|-----------------------------|------|-----------------------------------|-----------------------------------|
| Current assets | | | |
| Trade and other receivables | 8 | 2,682,217 | 1,905,709 |
| | | <u>2,682,417</u> | <u>1,905,709</u> |
| Current liabilities | | | |
| Trade and other payables | 9 | (1,448,404) | (1,306,215) |
| Net assets | | <u>1,233,813</u> | <u>599,494</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 2 | 2 |
| Retained earnings | | 1,233,811 | 599,492 |
| | | <u>1,233,813</u> | <u>599,494</u> |

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 11 to 16 form part of these financial statements.

Statement of changes in equity

As at 31 December 2020

| | Share capital | Retained earnings | Total |
|------------------------------------|---------------|-------------------|--------------------|
| | £ | £ | £ |
| Balance at 1 January 2019 | 2 | 8,329,436 | 8,329,436 |
| Profit for the year | - | 270,056 | 270,056 |
| Dividend paid | - | (8,000,000) | (8,000,000) |
| Balance at 31 December 2019 | 2 | 599,492 | 599,494 |
| Balance at 1 January 2020 | 2 | 599,492 | 599,494 |
| Profit for the year | - | 634,319 | 634,319 |
| Balance at 31 December 2020 | 2 | 1,233,811 | 1,233,813 |

The notes on pages 11 to 16 form part of these financial statements.

Notes to the financial statements

1 General information

VA Cargo Limited principally acted in managing air freight operations on behalf of third parties, however has ceased trading in the 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.

The principal accounting policies adopted by the Group and the company are set out in note 3.

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 a break up basis.

The VA Cargo Limited board of directors having regard to the principle risks and uncertainties which could impact the business consider that the preparation of the financial statements on a break up basis is appropriate.

Under Financial Reporting Standard 102 (paragraph 1.12), the Company has taken the exemption from the requirement to prepare a cash flow statement. The Company's cash flows are included within the consolidated cash flow statement on page 19 of its parent company's (Virgin Atlantic Airways Limited) financial statements.

(b) Revenue recognition

Revenue arises entirely from the provision of cargo services in respect of flights operated in the accounting period.

(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)*

(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.

4 Employees

The Company did not employ any staff during the year ended 31 December 2020 (*prior year: nil*).

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 | For the year ended 31 December 2019 |
|--|---|---|
| | £ | £ |
| Total emoluments | | |
| Aggregate emoluments | 2,747,214 | 3,933,649 |
| Company contributions to money purchase pension schemes | 111,315 | 107,250 |
| Aggregate amounts receivable under Long Term Incentive Schemes | - | 693,500 |
| | <u>2,858,559</u> | <u>4,733,399</u> |
| Highest paid Director | | |
| Aggregate emoluments and other benefits | 1,498,250 | 2,655,000 |
| Company contributions to money purchase pension schemes | 59,500 | 60,000 |
| Aggregate amounts receivable under Long Term Incentive Schemes | - | 450,000 |
| | <u>1,557,750</u> | <u>3,165,000</u> |

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

Notes to the financial statements (continued)

6 Profit before taxation

| | For the Year ended 31 December 2020 £ | For the Year ended 31 December 2019 £ |
|--|---|---|
| <i>Profit before taxation is stated after charging:</i> | | |
| Management charge | 489,401 | 2,343,468 |

Fees payable to the Company's auditor (£8,000, 2019: £6,000) 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 VA Cargo 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.

7 Income tax

Tax expense included in profit/(loss)

| | For the year ended 31 December 2020 £ | For the year ended 31 December 2019 £ |
|--|---|---|
| <i>Current tax</i> | | |
| Amounts payable in respect of group relief | 97,582 | 42,749 |
| Adjustments in relation to prior years | 0 | (50,363) |
| Overseas tax paid | 93,761 | 16,048 |
| <i>Current tax(credit)/charge</i> | 191,343 | 8,434 |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | - | - |
| <i>Deferred tax(credit)/charge</i> | - | - |
| <i>Total tax (credit)/charge</i> | 191,343 | 8,434 |

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

Notes to the financial statements *(continued)*

7 Income tax *(continued)*

Reconciliation of tax (credit)/charge

The standard rate of UK corporation tax for the year is 19.00% (2019: 19.00%). The actual current tax charge for the period differs from the computed by applying the standard tax rate to the profit on ordinary activities before tax as reconciled below:

| | For the year ended 31 December 2020 £ | For the year ended 31 December 2019 £ |
|--|---|---|
| Profit before taxation | 825,661 | 278,490 |
| Tax at the standard rate at 19.00 % <i>(prior year: 19.00 %)</i> | 156,876 | 52,913 |
| Factors affecting the charge for the year: | | |
| Effect of overseas tax rates | 34,379 | 5,884 |
| Adjustments in relation to prior years | - | (50,363) |
| Deferred tax recognised on overseas losses | - | - |
| Expenses not deductible for tax purposes | 88 | - |
| Total tax (credit)/charge | 191,343 | 8,434 |

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.

8 Current assets: Trade and other receivables

| | As at 31 December 2020 £ | As at 31 December 2019 £ |
|------------------------------------|-----------------------------------|-----------------------------------|
| Amounts owed by group undertakings | 2,682,217 | 1,900,176 |
| Corporation tax | - | 5,533 |
| | 2,682,217 | 1,905,709 |

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

Notes to the financial statements *(continued)*

9 Current liabilities: Trade and other payables

| | As at 31 December 2020 £ | As at 31 December 2019 £ |
|----------------------|-----------------------------------|-----------------------------------|
| Group relief payable | 1,306,215 | 1,306,215 |
| Corporation tax | 142,189 | - |
| | <u>1,448,404</u> | <u>1,306,215</u> |

10 Share capital

| | As at 31 December 2020 £ | As at 31 December 2019 £ |
|--------------------------------|-----------------------------------|-----------------------------------|
| Allotted and fully paid | | |
| 2 ordinary shares of £1 each | 2 | 2 |
| | <u>2</u> | <u>2</u> |

11 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 during the year ended 31 December 2020 and 31 December 2019 with related parties, as follows:

| | As at 31 December 2020 £ | As at 31 December 2019 £ |
|--|--------------------------------|--------------------------------|
| Purchases from entities under common control | (6,163,213) | (33,199,628) |
| Sales to entities under common control | 6,991,437 | 33,478,118 |
| Amounts due to parent | (1,306,215) | (1,306,215) |
| Amounts due from parent | 2,682,217 | 1,905,709 |

Notes to the financial statements *(continued)*

12 Ultimate holding

The immediate parent undertaking is Virgin Atlantic Airways 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

13 Subsequent events

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