



Fit Leasing Limited

Directors' report and financial statements

31 December 2015

Incorporated in Jersey

Registered number: 93497

Registered number in England and Wales: FC 026799

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Directors' report and financial statements

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Directors' report

Registered number: 93497

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

Directors and directors' interests

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

Craig Kreeger
Shai Weiss

Results

The results for the year are set out on page 4 of the financial statements. The profit before taxation amounted to \$1,435,463 for the year ended 31 December 2015 (*prior year profit: \$1,681,088*).

Dividends

The directors do not recommend the payment of a dividend (*prior year: \$nil*).

Subsequent events

On 28 June 2016 the directors of a fellow subsidiary, Bug Leasing Limited, resolved to transfer its trade and net assets to Fit Leasing Limited for consideration equal to the net assets of Bug Leasing Limited.

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 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 2016 and signed on its behalf by



Ian de Sousa
Company Secretary

Company Secretariat
47 Esplanade
St Helier
Jersey
JE1 0BD

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and generally accepted accounting principles.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

In preparing these financial statements, the directors are required under UK Generally Accepted Accounting Practice to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Fit Leasing Limited

We have audited the financial statements of Fit Leasing Limited for the year ended 31 December 2015 which comprise the Company Income Statement, the Company Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Accounting Standards, of the state of the Company's affairs as at 31 December 2015 and its profit for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to not prepare a strategic report, in accordance with the small companies regime.

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

... 1 July 2016

Income statement

for the year ended 31 December 2015

	Note	For the year ended 31 December 2015 \$	For the year ended 31 December 2014 \$
Revenue		13	11
Gross profit		13	11
Administrative expense		(10,779)	(8,552)
Foreign exchange gain		1,446,229	1,689,629
Profit before taxation	6	1,435,463	1,681,088
Tax (credit)/charge on profit	7	1,273,763	(1,988,108)
Profit/(loss) for the financial year		2,709,226	(307,019)

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

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

Statement of financial position

As at 31 December 2015

Registered number: 93497

	Note	As at 31 December 2015 \$	As at 31 December 2014 \$
Current assets			
Trade and other receivables	8	33,592,232	32,318,470
		<u>33,592,232</u>	<u>32,318,470</u>
Current liabilities			
Trade and other payables	9	(24,608,217)	(26,043,681)
Net assets		<u>8,984,015</u>	<u>6,274,789</u>
Capital and reserves			
Called up share capital	10	90	90
Share premium	11	49,910	49,910
Retained earnings		8,934,015	6,224,789
		<u>8,984,015</u>	<u>6,274,789</u>

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

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



Shai Weiss
Director

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

Statement of changes in equity

As at 31 December 2015

	Share capital	Share premium	Retained earnings	Total
	\$	\$	\$	\$
Balance at 1 January 2014	90	49,910	6,531,808	6,581,808
Loss for the year	-	-	(307,019)	(307,019)
Balance at 31 December 2014	90	49,910	6,224,789	6,274,789
Balance at 1 January 2015	90	49,910	6,224,789	6,274,789
Profit for the year	-	-	2,709,226	2,709,226
Balance at 31 December 2015	90	49,910	8,934,015	8,984,015

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

Notes to the financial statements

1 General information

Fit Leasing Limited principally acts as a lessor of aircraft and aircraft spare engines.

The Company is a private company limited by shares and is incorporated and domiciled in Jersey. The address of its registered office is 47 Esplanade, St Helier, Jersey, JE1 0BD.

2 Statement of compliance

The financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A small entities and the Companies (Jersey) Law 1991. There were no material departures from that standard.

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

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

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is provided in note 14.

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 and in accordance with the Companies (Jersey) Law 1991 and applicable United Kingdom accounting standards.

The Fit Leasing 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 going concern basis remains appropriate.

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

(b) Revenue recognition

Revenue represents amounts (excluding value added tax) derived from the rental of aircraft to other group companies. Revenue is recognised on the date that the right to consideration occurs.

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in United States Dollars (\$), which is the Company's functional and presentation currency.

(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 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.

Notes to the financial statements *(continued)*

(e) Leases

Leases are classified as operating or finance leases. Under a finance lease a lessor retains legal title to an asset but passes substantially all the risks and rewards of ownership to the lessee in return for a stream of rentals. In substance, under a finance lease, the lessor provides finance and expects a return thereon.

In the case of an operating lease the lessor retains both the legal title and the risks and rewards of ownership of the asset. It may not be possible to predict with certainty the future rentals and expenses, as they may be received and incurred under successive lease agreements with one or more parties; furthermore, the equipment may become obsolete, and changes in the level of economic activity may affect demand. In substance, under an operating lease the lessor is trading with the assets he leases.

Finance leases receivable represents all amounts owed to the Company net of future gross earnings.

The amount due from the lessee under a finance lease is recorded in the statement of financial position at the amount of the net investment in the lease after making provision for items such as bad and doubtful rentals receivable.

Total gross earnings under a finance lease are allocated to give a constant periodic rate of return on the net cash investment in the lease in each period.

4 Employees

The Company did not employ any staff during the year ended 31 December 2015 (*prior year: nil*).

5 Emoluments of directors

The directors did not receive any emoluments during the year ended 31 December 2015 (prior year: \$nil).

6 Profit before taxation

The profit before taxation is stated after charging / (crediting) the following:

	For the year ended 31 December 2015 \$	For the year ended 31 December 2014 \$
Foreign exchange (gain)/loss	(1,446,229)	(1,689,629)
Auditor's remuneration for audit services	9,358	9,459
	<u> </u>	<u> </u>

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

Notes to the financial statements *(continued)*

7 Tax on profit

	For the year ended 31 December 2015 \$	For the year ended 31 December 2014 \$
Current tax		
Amounts receivable in respect of group relief	(107,085)	(127,237)
Adjustments in respect of prior years	(1,559,551)	1,660,732
Total current tax charge/(credit)	(1,666,636)	1,533,495
Deferred tax		
Origination and reversal of timing differences	392,873	454,613
Total deferred tax	392,873	454,613
Tax charge/(credit) on profit	(1,273,763)	1,988,108

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

	For the year ended 31 December 2015 \$	For the year ended 31 December 2014 \$
Profit before taxation	1,435,463	1,681,089
Tax at the standard rate 20.25% (<i>prior year: 21.5%</i>)	290,681	361,432
Factors affecting the (credit)/charge for the year:		
Capital allowances for the year in excess of depreciation	(392,873)	(488,710)
Effect of rate change	(4,893)	41
Adjustment in respect of prior years	(1,559,551)	1,660,732
Total current tax (credit)/charge	(1,666,636)	1,533,495

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

Notes to the financial statements *(continued)*

8 Current assets: Trade and other receivables

	As at 31 December 2015 \$	As at 31 December 2014 \$
Amounts owed by group companies	526,509	526,509
Corporate tax recoverable	1,512,475	1,432,432
Group relief receivable	28,191,068	26,604,478
Deferred tax	3,362,180	3,755,051
	<u>33,592,232</u>	<u>32,318,470</u>

The amounts provided for deferred taxation at current tax rates are set out below:

	As at 31 December 2015 \$	As at 31 December 2014 \$
<i>The elements of the deferred tax provision are as follows:</i>		
Excess of capital allowances over depreciation	3,073,302	3,466,173
UK tax losses	288,878	288,878
	<u>3,362,180</u>	<u>3,755,051</u>

9 Current liabilities: Trade and other payables

	As at 31 December 2015 \$	As at 31 December 2014 \$
Loan from fellow subsidiary undertakings	24,598,317	26,035,129
Accruals and deferred income	9,900	8,552
	<u>24,608,217</u>	<u>26,043,681</u>

The amounts repayable to fellow subsidiary undertakings, consists of an interest free loan repayable on demand.

10 Share capital

	As at 31 December 2015 \$	As at 31 December 2014 \$
<i>Allotted and fully paid</i>		
51 ordinary shares of £1 each (US Dollar equivalent)	90	90
	<u>90</u>	<u>90</u>

11 Share premium

	\$
At 1 January 2015 and 31 December 2015	<u>49,910</u>

Notes to the financial statements *(continued)*

12 Related party transactions

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

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

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

13 Controlling parties

The immediate parent undertaking is Virgin Atlantic Airways Limited.

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

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

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

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

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

14 Transition to FRS 102 Section 1A – small entities

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

There were no adjustments to the Company's statement of financial position for the current or prior year on transition.