

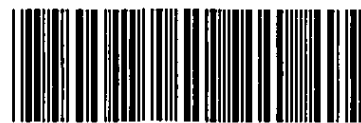
VA Cargo Limited

Directors' report and financial statements

28 February 2013

Registered number 2645535

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Directors' report and financial statements

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Directors' report

Registered number 2645535

The directors present their annual report and the audited financial statements of VA Cargo Limited ("the Company") for the year ended 28 February 2013

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

Directors and directors' interests

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

Stephen Ridgway	(resigned 31 January 2013)
Julie Southern	(resigned 10 May 2013)
Craig Kreeger	(appointed 31 January 2013)
Timothy Livett	
Stephen Griffiths	(resigned 30 June 2013)

Business review

The Company is a small company as defined by the Companies Act 2006 and as such is exempt from presenting an enhanced business review. Both the level of business and the year-end financial position are satisfactory, and there has been no change to the number or type of aircraft leased during the period. The directors expect that the present level of activity will be sustained for the foreseeable future.

From 11 March 2011 the Company was granted a royalty-free sub-licence from Virgin Atlantic Airways Limited. Virgin Atlantic Airways Limited has to pay royalties to a fellow subsidiary of Virgin Atlantic Limited based on its Group revenue, which includes that of the Company.

The profit before taxation amounted to £1,137,235, during the year (2012 £807,125)

Dividends

The directors do not recommend the payment of a dividend (2012 *£nil*)

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.

By order of the Board



I M J de Sousa
Company Secretary

Company Secretariat
The Office, Manor Royal
Crawley, West Sussex
RH10 9NU

31 October 2013

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities



KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

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

We have audited the financial statements of VA Cargo Limited for the year ended 28 February 2013 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications in the report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 28 February 2013 and of the Company's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

6 November 2013

Profit and loss account

for the year ended 28 February 2013

	<i>Note</i>	2013 £	2012 £
Turnover	1	19,653,333	17,786,539
Cost of sales		(18,500,167)	(16,965,075)
Gross profit		1,153,166	821,464
Administrative expenses		(15,931)	(14,339)
Profit on ordinary activities before taxation	4	1,137,235	807,125
Tax on profit on ordinary activities	5	(274,868)	(204,043)
Profit for the financial year	10	862,367	603,082

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

The notes on pages 6 to 10 form part of these financial statements.

Balance sheet

at 28 February 2013

	Note	2013 £	2012 £
Current assets			
Debtors amounts falling due within one year	6	2,827,952	1,690,717
		<u>2,827,952</u>	<u>1,690,717</u>
Creditors amounts falling due within one year	7	(742,258)	(467,390)
		<u></u>	<u></u>
Net current assets		2,085,694	1,223,327
		<u></u>	<u></u>
Net assets		<u>2,085,694</u>	<u>1,223,327</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	2,085,692	1,223,325
		<u></u>	<u></u>
Total shareholders' funds	10	<u>2,085,694</u>	<u>1,223,327</u>

These financial statements were approved by the Board of Directors 31 October 2013 and were signed on its behalf by



T J Livett
Director

The notes on pages 6 to 10 form part of these financial statements

Notes

(forming part of the financial statements)

1 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 Act 2006 and applicable United Kingdom accounting standards

The VA Cargo Limited board of directors having regard for 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 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Virgin Atlantic Limited. The Company's cash flows are included within the consolidated cash flow statement of this company

(b) Turnover

Turnover comprises revenue arising 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 or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account

(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 balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 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 balance sheet date

Notes *(continued)*

2 Staff numbers

The Company did not employ any staff during the year ended 28 February 2013 (2012 *nil*)

3 Emoluments of directors

The directors did not receive any emoluments for the year ended 28 February 2013 (2012 *£nil*)

4 Profit on ordinary activities before taxation

	2013 £	2012 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration for audit services	2,700	-
Cargo handling costs	420,507	402,516
Management charge	1,478,559	1,338,772
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Auditors' remuneration for previous period audit services were paid by the immediate parent company, Virgin Atlantic Airways Limited of the amount of £3,000

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

Notes (continued)

5 Tax on profit on ordinary activities

Analysis of charge in period

	2013 £	2012 £
Current tax		
Amounts payable in respect of group relief	274,868	211,289
Adjustments in respect of prior periods	-	(7,246)
Total current tax	<u>274,868</u>	<u>204,043</u>

The standard rate of UK corporation tax for the period is 24% (2012 26%). The actual current tax charge for the period differs from that computed by applying the standard tax rate to the profit on ordinary activities before tax as reconciled below

	2013 £	2012 £
Profit on ordinary activities before taxation	1,137,235	807,125
Tax at the standard rate at 24% (2012 26%)	<u>272,936</u>	<u>209,853</u>
Factors affecting the charge for the period		
Expenses not deductible for tax	-	68
Effect of rate change	1,932	1,368
Adjustments in respect of prior periods	-	(7,246)
Total current tax	<u>274,868</u>	<u>204,043</u>

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 24% (effective 1 April 2012) to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. This will reduce the Company's future current tax charge accordingly.

6 Debtors

Amounts falling due within one year

	2013 £	2012 £
Amounts owed by group undertaking	2,815,119	1,677,884
Other debtors	12,833	12,833
	<u>2,827,952</u>	<u>1,690,717</u>

Notes *(continued)*

7 Creditors amounts falling due within one year

	2013 £	2012 £
Group relief payable	742,258	467,390

8 Share capital

	2013 £	2012 £
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

9 Reserves

	Profit and loss account £
Balance at 1 March 2012	1,223,325
Profit for the financial period	862,367
Balance at 28 February 2013	2,085,692

10 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial period	862,367	603,082
Movement in shareholders' funds	862,367	603,082
Opening shareholders' funds	1,223,327	620,245
Closing shareholders' funds	2,085,694	1,223,327

Notes *(continued)*

11 Related party transactions

As at 28 February 2013, the Company's ultimate parent company was Virgin Group Holdings Limited, whose principal shareholders are Sir Richard Branson and certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies, which are considered to give rise to related party disclosures under Financial Reporting Standard 8.

The Company, being a wholly owned subsidiary undertaking of Virgin Atlantic Limited, has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the group or investees of the group qualifying as related entities. These transactions have been disclosed in the consolidated financial statements of the parent company, Virgin Atlantic Limited which are publicly available (see note 12).

There are no other material transactions and balances by the Company with related entities, which are required to be disclosed by Financial Reporting Standard 8.

12 Ultimate holding company

As at 28 February 2013 the directors consider the ultimate holding company to be Virgin Group Holdings Limited, a company registered in the British Virgin Islands.

As at 28 February 2013, the largest group in which the results of the Company are consolidated is that headed by Virgin Wings Limited, a company registered in England and Wales.

As at 28 February 2013, 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.

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