Virgin Wings Limited and subsidiary companies

Directors' Report and Financial Statements

Registered number 03160887

31 March 2012

Contents

Directors' Report

The directors present their report and the financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the Company is that of an investment holding company

The principal activities of the Group are air and rail transportation, holidays and mobile telecommunications

Business review

The Group and Company have net current liabilities However, the ultimate parent undertaking, Virgin Group Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company and specific subsidiaries to enable them to meet their liabilities as they fall due, for at least the next twelve months The directors have no reason to believe that the parent company will not be in a position to provide this support

Having regard for the principal risks and uncertainties set out in this report, which could impact the Group's businesses, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements of the Group and the Company

Given the diverse nature of the Group's activities, the review focuses individually on the principal businesses consolidated in these financial statements

Air Travel

Virgin Atlantic Limited and its subsidiary companies ("Virgin Atlantic") is the principal airline and holidays business consolidated in these financial statements

The aviation and tourism industry again faced significant challenges including the imposition of adverse fiscal changes in the year, and it is likely that many of these challenges will continue in the coming year

The macro economic situation, particularly in the UK and Europe, combined with the rising cost of fuel has increased the pressure on the cost base of Virgin Atlantic These economic pressures, aligned with significant increases in competitor capacity across much of Virgin Atlantic's network, have created a very challenging environment Due to these pressures, Virgin Atlantic recorded a loss after tax of £39million (2011 profit of £14million), even though turnover increased by 3% to £2 7billion The Group's share of this is a loss of £20m (2011 profit £7m)

The financial performance of Virgin Atlantic in the year has been dominated by the cost of fuel with unit physical fuel prices (before any hedging activity) increasing by 32% year on year To respond to the higher cost of fuel, Virgin Atlantic is tackling fuel efficiencies in two different ways firstly, two Airbus A330-300 aircraft (which are significantly more fuel efficient than other aircraft types in the Airline's fleet) have been added into the operational leisure fleet during 2012, with a further seven to be added in the year ahead, secondly, Virgin Atlantic is working on a ground breaking initiative with LanzaTech on the world's first fuel production process that recycles waste carbon monoxide gases to produce ethanol which is subsequently converted into jet fuel through a second stage process Virgin Atlantic plans to use this new fuel on selected routes from 2014 which reaffirms its commitment to reducing the Airline's carbon footprint and reducing its reliance on traditional fuel

Virgin Atlantic has also launched a £56million capital investment programme in its existing leisure fleet during the year, which will complete in 2013 As part of a £100million overall product investment programme, there will be a complete interior retrofit of each of Virgin Atlantic Airways' Boeing 747-400 aircraft operating out of Gatwick and Manchester Passengers travelling to destinations such as Orlando, the Caribbean and Las Vegas will soon enjoy new seats, cutting edge in-flight entertainment technology and a vibrant feel throughout all cabins

Directors' Report

Business Review (continued)

Air Travel (continued)

The outlook for 2013 is uncertain The UK consumer is under pressure from tax rises, reduced public expenditure and continued concerns about the economic outlook The recent Brent oil price of $120 - $125/bbl presents an increasingly significant cost challenge Management, however will continue to respond through control of the addressable cost base, targeted investments to underpin future revenue growth and increasing already strong cash balances

Virgin Atlantic continued to experience severe restrictions in its ability to exercise dominant or significant influence over the operational and financial policies of Air Nigeria Development Limited (formerly Virgin Nigeria Airways Limited) during the year under review, and the Board consider that these restrictions are irreversible The results of Air Nigeria Development Limited are therefore not consolidated in the accounts, and are accounted for as an investment

The directors continue to monitor Virgin Atlantic's success, or otherwise, using a range of key performance indicators ("KPIs") A selection of these key measures is shown below

	2012	2011
Virgin Atlantic Group turnover	**£2,745million**	£2,658million
Return on sales [(1)]	**(2.9%)**	0 7%
Cash at bank and in hand [(2)]	**£487million**	£562million

[(1)] Return on sales - (Loss)/profit on ordinary activities before taxation as a percentage of turnover
[(2)] Cash at bank and in hand - Cash at bank and in hand includes both cash and liquid resources

Rail

Virgin Rail Group Holdings Limited and its subsidiary companies ("Virgin Rail") operates passenger rail services between London (Euston) and Birmingham, Wolverhampton, Holyhead, Chester, Liverpool, Manchester, Preston, Carlisle and Glasgow under the franchise operated by West Coast Trains Limited ("West Coast") Virgin Rail operates these services under the terms of an original franchise agreement dated 19 February 1997, amended by the Amended and Restated Franchise Agreement ("ARFA"), which was entered into on 9 December 2006 On 27 October 2011, Virgin Rail signed an agreement with the Department for Transport (DfT) to extend the existing West Coast franchise The franchise was due to expire at the end of March 2012, but has now been extended to 8 December 2012

Virgin Rail submitted its bid for the new West Coast franchise in May 2012 On 15 August 2012 the DfT announced that following the bidding competition, Virgin Rail would not be operating the new West Coast franchise which starts on 9 December 2012 and runs through to 31 March 2026 In response and in light of concerns over the bid process Virgin Rail commenced Court proceedings in respect of the decision, and on 3 October the Secretary of State announced that the franchise competition had been cancelled following the identification of flaws in the assessment of bids Virgin Rail management is in discussion with the DfT on a potential extension of the current franchise but no agreement has yet been reached

Virgin Rail currently manages the DfT contract for the introduction of 62 additional carriages and 4 new trains to the Pendolino fleet of the West Coast franchise Under the terms of the agreement, the DfT ordered the trains and Virgin Rail is providing support throughout the design, manufacture, delivery, testing and commissioning of the new vehicles Some 11 car Pendolinos are now in operation on the network and the remainder of the new trains and carriages are due to be in service by December 2012

Despite the current economic conditions, Virgin Rail has seen strong passenger revenue growth during the financial period, and is well placed to remain profitable during the remaining West Coast franchise period

Virgin Rail is focused on continually improving its customer service and satisfaction levels The selection, training and encouragement of staff continues to reflect this, while management is continually reviewing operations to provide the best value for money service to customers During the financial period, Virgin Rail has further improved Wi-Fi on board all Pendolino trains

Directors' Report

Business review (continued)

Rail (continued)

Virgin Rail continues to experience days of significant poor infrastructure performance by Network Rail, despite the improving trend when looking at the Public Performance Measure ("PPM" being the percentage of trains that arrive at their destination within 10 minutes of their scheduled arrival time having called at all scheduled stations) Virgin Rail continues to press for improvements from Network Rail's performance contract to ensure that the effects of the poor performance days are minimised Despite this, customer satisfaction as measured by the independent National Passenger Survey has been trending upwards and Virgin Rail now sits at the top of long distance train operators

The West Coast high frequency and faster timetable has been fully operational since 2009 The revenue and journey growth from the new timetable has ensured that Virgin Rail has grown strongly, especially compared to other long distance train operators

Virgin Rail uses a range of financial and non-financial key performance indicators ("KPIs") across its activities Financial KPIs focus on profitability and cash management Revenue is a key driver of profitability levels and the result of improved journey times and comfort has contributed to a 5% increase in passenger journeys year on year

Virgin Rail continues to explore and evaluate other rail opportunities, including joining consortia with various partners for overseas high speed rail projects

Mobile telecoms

The Group holds an interest in Omer Telecom Limited ("Omer"), a joint venture mobile operator which distributes Virgin, Tele2, Casino and Breizh mobile products and services in France Omer's principal income streams are mobile service revenues generated from its customers and revenue on the sale of mobile equipment The customer base at 31 March 2012 was 1 9million (2011 1 9million) The Group's share of turnover for the year was £215million (2011 £181million)

Principal risks and uncertainties

The Group faces a range of risks and uncertainties Detailed below are those specific risks and uncertainties that could have the most significant impact on the Group's long-term performance The risks and uncertainties described below are not intended to be exhaustive

Economic conditions

A prolonged economic downturn may result in revenue reduction and potential reduction of profit for all businesses Inflation remains high and potentially rising interest rates will put further pressure on discretionary spending, particularly for leisure activities and travel In order to minimise this risk, there is a focus across all activities of the Group on cost control and efficient operation

Brand reputation

The strong reputation and loyalty engendered by the Group's brands is a core part of the value of the businesses Any damage to the brands caused by any single event or series of events could materially impact customer loyalty and the propensity of customers to travel with Virgin, or purchase Virgin products and services, and so adversely affect our business

Directors' Report

Principal risks and uncertainties (continued)

Major incidents risk

As with any operator of public transportation, there is a risk that the Group's airline (and rail) subsidiaries are involved in a major incident which could result in injury to customers or staff The potential impact on the Group includes damage to the Group's reputation and possible claims against the Group The Group has a strong focus on its safety environment, and has procedures in place to prevent and respond to any major incident that may occur

Government intervention

The aviation, tour operating and rail industries are highly regulated and any decisions made by the government with respect to closure of airspace, slot regulation, security requirements, rail infrastructure, government taxes and other levies may result in a material adverse impact for Virgin Atlantic and Virgin Rail from both an operational and financial perspective

Franchise risk

The West Coast ARFA was negotiated using a range of assumptions with regards to revenue growth and cost base It is imperative that West Coast takes all actions outlined in its bid to ensure that these targets are met

Virgin Rail is required to comply with certain conditions as part of its rail franchise agreements If it fails to comply with these conditions, it may be liable to penalties or the potential termination of the franchise Compliance with franchise conditions are closely managed and monitored and procedures are in place to minimise the risk of noncompliance

Virgin Rail continues to explore and evaluate other rail opportunities, including joining consortia with various partners for overseas high speed rail projects

Failure of critical suppliers

Virgin Rail has a number of key suppliers supporting various areas of the business, for example infrastructure, rolling stock and IT Failure of one of these key suppliers, including Network Rail, would impact on the financial and operational performance of Virgin Rail Virgin Rail has made contingency plans for each key supplier if this eventuality occurs

Financial risk management

The Board of Directors is responsible for setting financial risk management policy and objectives, and approves the parameters within which the various aspects of financial risk management are operated

Financing and interest rate risk

The working capital of Virgin Atlantic is financed by retained profit and sales in advance of carriage The major risks to liquidity are driven by business performance and cash timing differences for Virgin Atlantic's derivative financial instruments The former is managed by taking corrective actions in the form of amendments to fleet, network and the cost base in response to changing external factors, and the latter as described in the derivative financial instruments policy

All of Virgin Atlantic's debt is asset related, reflecting the capital intensive nature of the airline industry and the attractiveness of aircraft as security to lenders and other financiers These factors are also reflected in the medium-term profile of Virgin Atlantic's loans and operating leases

Directors' Report

Financial risk management (continued)

Financing and interest rate risk (continued)

Virgin Atlantic interest rate management policy aims to provide a degree of certainty for future financing costs, this is achieved by funding the majority of loans and operating leases on a fixed interest rate basis Virgin Atlantic's loans and operating leases are principally denominated in US dollars

Virgin Rail policy is to invest cash assets safely and profitably To control credit risk, counterparty credit limits are set by reference to published credit ratings In addition, Virgin Rail seeks to maximise financial income from short term deposits via the monitoring of cash balances and working capital requirements

Foreign currency risk

Virgin Atlantic has a significant net US dollar exposure Capital, lease and a number of operational costs, most significantly aviation fuel, are denominated in US dollars In addition Virgin Atlantic is exposed to a number of other currencies Virgin Atlantic seeks to reduce its foreign exchange exposure arising in various currencies through matching, as far as possible, receipts and payments in individual currencies To the extent possible, Virgin Atlantic holds foreign currency balances in the short term to meet its future trading obligations Where there is a predicted exposure in foreign currency holdings, Virgin Atlantic uses a limited range of hedging instruments as stipulated in the Treasury and Aviation Fuel Price Exposure Management Policies

Fuel price risk

Virgin Atlantic aims to provide protection against sudden and significant increases in the jet fuel price while ensuring that Virgin Atlantic may also benefit from price reductions In order to provide protection Virgin Atlantic uses a limited range of hedging instruments, principally zero-cost collars and forwards, with approved counterparties and within approved llimits

Derivative financial instruments

Virgin Atlantic uses derivative financial instruments selectively for foreign currency and aviation fuel price risk management purposes, as described above

Virgin Atlantic's policy is not to trade in derivatives but to use these instruments to hedge anticipated future cash flows Virgin Atlantic does not permit selling currency or jet fuel options, except as part of a fully matched collar hedging structure All derivatives are used for the purpose of risk management and accordingly they do not expose Virgin Atlantic to market risk as they are matched to identify physical exposures within these businesses However, the timing difference between derivative maturity date and current mark-to-market value can give rise to cash margin exposure, this risk is managed through choice of instrument, appropriate counterparty agreements and, where required, cash deposits with counterparties Counterparty credit risk is controlled through mark-to-market based credit limits

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the Group does not significantly exceed the book values of these assets at 31 March 2012

Working capital and cash flow

Cash is managed centrally across a number of investment holding companies and therefore cash balances held will fluctuate according to immediate requirements As set out in Note 1, the directors have determined it appropriate to prepare these financial statements on a going concern basis

Directors' Report

Environmental impact ***(applicable primarily to Virgin Atlantic)***

Virgin Atlantic is committed to addressing its environmental impacts and at a minimum to complying with those rules and regulations concerning protection of the environment, which apply to its operations There are rules and regulations which apply to its operations in respect of emissions, noise, disposal of waste (including hazardous materials) and other environmental parameters

Virgin Atlantic has continued to grow and develop its "Change is in the Air" sustainability programme, which covers a range of issues in the air and on the ground and has strengthened its internal governance by establishing a new Sustainability Strategy Group

As aircraft fuel is responsible for more than 99% of measurable carbon footprint, Virgin Atlantic is primarily focused on reducing demand for fuel through various efficiency measures A big proportion of fuel and carbon savings will come from new aircraft which will reduce fuel and carbon emissions by up to 15% per seat compared to the aircraft they are replacing

For the medium to long term, finding an alternative way to power its aircraft is crucial Virgin Atlantic has continued to focus on its sustainable fuels programme, building on a demo flight in 2008, and its work as part of the Sustainable Aviation Fuel Users Group (SAFUG) Through SAFUG, Virgin Atlantic supports the Roundtable on Sustainable Biofuels (RSB) – a leading, international, independent multi-stakeholder organisation, which sets out robust sustainability standards for biofuels, making sure problems like food competition and deforestation are avoided, and ensuring true life cycle carbon reductions In October 2011 Virgin Atlantic made an exciting announcement about partnering with new fuel company, LanzaTech, to develop next generation, low-carbon aviation fuel Virgin Atlantic expects to start uplifting commercial quantities by 2014

The charity linked to the Virgin Atlantic Group, Virgin Atlantic Foundation, remained focused on its "Change is in the Air" programme, linking the social and environmental elements of sustainability and maintaining a three year partnership with Free the Children, a charity which shares the Foundation's objectives of supporting sustainable communities in Virgin Atlantic Group destinations

The Group is supporting a non-profit organisation the Carbon War Room (CWR) in their programme to accelerate the development of this early stage market and as a founding member of Aviation Global Deal (AGD), the Group continues to campaign for an effective carbon cap and trade scheme for the worldwide industry, as an environmentally effective and cost efficient method for reducing carbon emissions

Directors

The directors who served during the year were

G D McCallum (resigned 7 March 2012)
C R Stent
I P Woods
R P Blok (appointed 7 March 2012) (alternate to I P Woods)

Employees

The Group is a non-discriminatory employer operating an Equal Opportunities Policy that aims to eliminate unfair discrimination, harassment, victimisation and bullying The Group is committed to ensuring that all individuals are treated fairly, with respect, and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union

The Group uses the consultative procedures agreed with its staff and elected representatives with a view to ensuring that its employees are aware of the financial and economic factors that affect the Group's performance and prospects Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and are of interest and concern to them as employees The Group also encourages employees, where relevant, to meet on a regular basis to discuss matters affecting them

Directors' Report

Employees (continued)

In considering applications for employment from disabled people in the UK, the Group seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the jobs for which he or she has applied Employees who become temporarily or permanently disabled are given individual consideration, and where possible equal opportunities for training, career development and promotions are given to disabled persons

Political and charitable contributions

The Group made no political contributions during the year (2011 £nil) Donations to UK charities amounted to £7million (2011 £5million) of which £4million (2011 £4million) was made to Virgin Unite, a charity affiliated to the Group

Results and dividends

The Group loss for the year, after taxation and minority interests, amounted to £114million (2011 profit £102million)

The directors recommend that no ordinary dividend be paid in respect of the year ended 31 March 2012 (2011 nil)

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company and the Group's auditor in connection with preparing its report and to establish that the Company and the Group's auditor is aware of that information

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

This report was approved by the board on 15 November 2012 and signed on its behalf

B A R Gerrard
Secretary
The School House
50 Brook Green
Hammersmith
London
W6 7RR

Directors' Responsibilities Statement
For the Year Ended 31 March 2012

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 the Group and of the profit or loss of the Group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent Auditor's Report to the Members of Virgin Wings Limited and subsidiary companies

We have audited the financial statements of Virgin Wings Limited and subsidiary companies for the year ended 31 March 2012, set out on pages 10 to 58 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor

As explained more fully in the Directors' Responsibilities Statement on page 8, 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2012 and of the Group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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 parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company 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

H Green (Senior Statutory Auditor)
for and on behalf of
KPMG LLP
Chartered Accountants
Statutory Auditor
15 Canada Square
London
E14 5GL

16 November 2012

Registered number 03160887

Consolidated Profit and Loss Account
For the Year Ended 31 March 2012

	Note	2012 £M	2011 £M
Turnover			
Group and share of joint ventures' turnover		4,069	3,764
Less share of joint ventures' turnover		(235)	(194)
Group turnover	2	3,834	3,570
Cost of sales		(3,048)	(2,778)
Exceptional cost of sales	5	-	(4)
Total cost of sales		(3,048)	(2 782)
Gross profit		786	788
Administrative expenses		(741)	(511)
Exceptional administrative expenses	5	(156)	(63)
Total administrative expenses		(897)	(574)
Total other operating expense	3	(118)	(64)
Operating (loss)/profit	3	(229)	150
Share of operating profit in associates/joint ventures		6	4
Total operating (loss)/profit		(223)	154
Net profit/(loss) on sale of fixed assets	5	10	(1)
(Loss)/profit on ordinary activities before interest		(213)	153
Interest receivable and similar income	8	41	53
Interest payable and similar charges	9	(62)	(84)
Other finance income	27	4	3
(Loss)/profit on ordinary activities before taxation		(230)	125
Tax on (loss)/profit on ordinary activities	10	109	(1)
(Loss)/profit on ordinary activities after taxation		(121)	124
Minority interests	24	7	(22)
(Loss)/profit for the financial year	22	(114)	102

All amounts relate to continuing operations

These notes on pages 16 to 58 form part of these financial statements

Registered number 03160887

Consolidated Balance Sheet
As at 31 March 2012

	Note	£M	2012 £M	£M	2011 £M
Fixed assets					
Other intangible assets		**150**		48	
Goodwill		**324**		507	
Negative goodwill		**(11)**		(12)	
Net goodwill		**313**		495	
Intangible assets	11		**463**		543
Tangible assets	12		**399**		393
Investments	13		**20**		37
Investments in joint ventures					
-Share of gross assets		**113**		91	
-Share of gross liabilities		**(130)**		(112)	
Share of net liabilities	13		**(17)**		(21)
			865		952
Current assets					
Stocks	14	**45**		36	
Debtors (including £135million (2011 £113million) due after more than one year)	15	**1,071**		1,160	
Cash at bank	16	**643**		778	
		1,759		1,974	
Creditors: amounts falling due within one year	17	**(1,802)**		(1,857)	
Net current (liabilities)/assets			**(43)**		117
Total assets less current liabilities			**822**		1,069
Creditors. amounts falling due after more than one year	18		**(438)**		(606)
Provisions for liabilities					
Deferred tax	19	**(60)**		(89)	
Other provisions	20	**(196)**		(190)	
			(256)		(279)
Net assets excluding pension scheme assets/(liabilities)			**128**		184
Defined benefit pension scheme liability	27		**(1)**		(2)
Net assets/(liabilities)			**127**		182

	Note		
Capital and reserves			
Called up share capital	21	**421**	338
Profit and loss account	22	**(374)**	(277)
Shareholders' funds	23	**47**	61
Minority interests	24	**80**	121
		127	182

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2012

C R Stent
Director

The notes on pages 16 to 58 form part of these financial statements

Registered number 03160887

Company Balance Sheet
As at 31 March 2012

	Note	£M	2012 £M	£M	2011 £M
Fixed assets					
Investments	13		2,529		1,529
Current assets					
Debtors	15	112		1,014	
Creditors: amounts falling due within one year	17	(2,450)		(2,460)	
Net current liabilities			(2,338)		(1,446)
Net assets/(liabilities)			191		83
Capital and Reserves					
Called up share capital	21		421		338
Profit and loss account	22		(230)		(255)
Shareholders' funds	23		191		83

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2012

C R Stent
Director

The notes on pages 16 to 58 form part of these financial statements

Consolidated statement of total recognised gains and losses
For the Year Ended 31 March 2012

	Note	2012 £M	2011 £M
Gain/(loss) for the financial year			
Group		(117)	85
Share of joint ventures		3	17
	22	(114)	102
Currency translation differences on net foreign currency investments	22	2	3
Actuarial loss on pension scheme		(1)	(1)
Unrealised gain on sale of subsidiaries and other shareholdings	32	13	-
Unrealised gain on sale of intangible assets net of tax		3	-
		17	2
Total recognised gains/(losses) relating to the financial year		(97)	104

The notes on pages 16 to 58 form part of these financial statements

Cash Flow Statement
For the Year Ended 31 March 2012

	Note	2012 £M	2011 £M
Net cash flow from operating activities	30	122	234
Returns on investments and servicing of finance	32	(47)	(21)
Taxation	32	(18)	(14)
Capital expenditure and financial investment	32	(125)	48
Acquisitions and disposals	32	25	3
Cash (outflow)/inflow before financing		(43)	250
Financing	32	(87)	(85)
(Decrease)/Increase in cash in the year		(130)	165

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt
For the Year Ended 31 March 2012

		2012 £M	2011 £M
(Decrease)/Increase in cash in the year		(130)	165
Cash outflow from decrease in debt and lease financing		134	85
Change in net debt resulting from cash flows		4	250
Other non-cash changes		19	721
Translation differences		13	(28)
Movement in net debt in the year		36	943
Net debt at 1 April 2011		(322)	(1,265)
Net debt at 31 March 2012	31	(286)	(322)

The notes on pages 16 to 58 form part of these financial statements

Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements for the year under review, except as noted below

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The holding company has taken advantage of section 408 of the Companies Act 2006, and a separate profit and loss account of the Company has not been published The profit for the year attributable to the Company is disclosed in Note 23

1 2 Basis of consolidation

The financial statements consolidate the accounts of Virgin Wings Limited and all of its subsidiary undertakings ('subsidiaries'), referred to as the 'Group'

Except in the case of Virgin Atlantic Limited, the acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal

In the case of Virgin Atlantic Limited, merger accounting has been adopted, as if its business had been part of Virgin Wings Limited since it came under common control

Where an unrealised gain or loss arises on the dilution of the Group's interest in the net liabilities/assets of a subsidiary, associate or joint venture, the respective gain or loss is reflected directly as a movement in the Group's reserves

On 1 March 2002, Virgin Rail Group Holdings Limited acquired the entire share capital of Virgin Rail Group Limited with the consideration being satisfied by the issue of ordinary shares in Virgin Rail Group Holdings Limited In accordance with UK Accounting Standards the combination was accounted for as a Group reconstruction using the principals of merger accounting All other acquisitions made by Virgin Rail Group Holdings Limited have been accounted for using the principles of acquisition accounting Amortisation of negative goodwill is credited to the profit and loss account on a straight line basis over the relevant franchise period

A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account, and its interest in their net assets is included in investments on the balance sheet

The results of subsidiaries acquired during the year are included from the effective date of acquisition

The consolidated financial statements have been compiled using the financial statements of Virgin Wings Limited's subsidiaries, joint ventures and associates for accounting periods which are usually coterminous with Virgin Wings Limited's own accounting reference date Where such entities have different accounting reference dates, appropriate adjustments have been made to realign the figures for those entities such that they are incorporated for the period covered by this financial information In some instances it has not been practical to obtain appropriate financial information covering the year ended 31 March 2012 In these circumstances, in accordance with Financial Reporting Standard 2, "Accounting for Subsidiary Undertakings", a period ending within the three months prior to that date has been used instead The impact of transactions that have taken place in the intervening period to 31 March 2012 and the equivalent period in the prior year have only been adjusted for where the impact is considered material in these accounts

Notes to the Financial Statements

1. Accounting Policies (continued)

1.2 Basis of consolidation (continued)

The principal entities for which non-coterminous accounting reference dates, within three months of Virgin Wings Limited's accounting reference date, have been used are as follows

	Subsidiary's year end	Length of period consolidated into these accounts	Length of period consolidated into the comparatives
Virgin Atlantic Limited	29 February 2012	12 months	12 months
Virgin Rail Group Holdings Limited	31 March 2012	56 weeks	52 weeks

The results of Virgin Rail Group Holdings Limited included within these group accounts are for the 56 week period ended 31 March 2012 (2011 52 week period ended 5 March 2011) due to a change in accounting reference date to bring the company in line with the rail industry standard

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Air travel

Turnover is stated gross of commission, and comprises revenue from passenger ticket sales, cargo and ancillary goods and services in respect of flights operated in the accounting period, sales of holiday packages and travel insurance with departure dates in the accounting period, and income relating to rights over the use of the Virgin name and its intellectual property Revenue relating to flights, holidays and travel insurance commencing after the accounting period, together with any commission thereon, is carried forward as deferred income Unused tickets are recognised as turnover on a systematic basis

The Virgin Atlantic Group also receives agency commission for the sale of third party holiday products The agency commission due from the third party is recognised when earned, typically at date of booking

Rail

Turnover represents amounts receivable, excluding VAT, for services and goods supplied to external customers, primarily in respect of passenger transportation Turnover originates wholly in the UK

Passenger revenue principally represents amounts attributed to the Group by the Railway Settlement Plan (which administers the income allocation system within the UK rail industry) for each financial period Income is attributed based on models of certain aspects of passenger behaviour and, to a lesser extent, from allocations agreed for specific revenue flows The attributed share of season ticket income is deferred within creditors and released to the profit and loss account over the life of the relevant season ticket

Other trading income consists principally of the provision of station facilities to other train operators, retail commissions, car parking and the hire out of train crew and rolling stock Other trading income and catering income are recognised as the income is earned

1.4 Rail franchise income/expense

Revenue grants receivable/payable in respect of the operation of the rail franchises are taken to the profit and loss account in the financial year to which they relate

Notes to the Financial Statements

1. Accounting Policies (continued)

1.5 Compensation for service disruption

Compensation receivable/payable for service disruption under the performance regime provisions of the track access agreements with Network Rail is recognised over the period of disruption and the net amount is shown within other operating income Network change compensation receivable in respect of lost revenue and incremental costs incurred due to Network Rail's alterations of the track and infrastructure is recognised over the period of disruption and is shown within other operating income

1.6 Goodwill, negative goodwill and other intangible fixed assets

In accordance with Financial Reporting Standard 10, "Goodwill and Intangible Assets", positive goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised in the balance sheet as an intangible asset at cost and amortised to nil by equal annual instalments over its estimated useful economic life as set out in Note 11 If the goodwill is considered to have an indefinite useful life, it is not amortised but is subject to annual review for impairment Negative goodwill arising on consolidation in respect of acquisitions is included within intangible fixed assets and released to the profit and loss account in the period in which the fair value of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill) In the Group's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off

Intellectual property rights, concessions, patents, licences and trademarks purchased are capitalised and amortised through the profit and loss account over the expected useful economic life of the asset

Carbon allowances received free of charge under the EU Emissions Trading Scheme, which became effective for the aviation industry on 1 January 2012, are recognised as intangible assets at market value on the date of receipt Consistent with Statement of Standard Accounting Practice 4 'Accounting for Government Grants', the value of allowances received is deferred and recognised in income on a systematic basis over the period to which the grant relates The estimated gross cost of settling the liability for CO2 emitted in the period is recognised in the profit and loss as incurred

1.7 Development expenditure

Development expenditure, relating primarily to the setting up of new routes and introducing new aircraft to the fleet, is charged to the profit and loss account as incurred

1.8 Landing slot expenditure

The Virgin Atlantic Group has previously amortised purchased landing slots over their useful economic life which has been estimated at 20 years from the date at which they came into service The directors of Virgin Atlantic Group reassessed this economic life in view of the Open Skies agreements, which came into effect in 2008 and increased and developed a more transparent market for slots, and also in view of the legal rights for slots, which provide that the holder has 'grandfather rights' for landing slots that continue for an indefinite period As a result of those developments, purchased landing slots are considered to have an indefinite economic life and are not amortised Instead, they are subject to an annual impairment review and a provision is recognised for any identified impairment

1.9 Administrative expenses

Administrative expenses comprise overhead expenses, depreciation of assets and amortisation of goodwill, together with marketing and promotional costs Marketing and promotional costs are expensed to the profit and loss account as incurred

Notes to the Financial Statements

1. Accounting Policies (continued)

1.10 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold land	-	Not depreciated
Freehold property	-	Up to 50 years
Leasehold land and buildings	-	Term of lease up to 50 years
Aircraft, aircraft spares and rotables	-	Up to 25 years
Plant & machinery	-	3 - 10 years
Furniture & fittings	-	2 - 10 years
Computer equipment and software	-	3 - 10 years
Office equipment	-	3 - 5 years
Motor vehicles	-	3 - 4 years

Aircraft and engine maintenance costs in respect of major overhauls, which are typically carried out at intervals greater than one year, are capitalised and depreciated by reference to their units of economic consumption, typically hours or sectors flown Part of the initial cost of new or used aircraft is treated as maintenance expenditure based upon its maintenance status on acquisition and the current cost of the maintenance procedures The balance of aircraft and engine cost is depreciated on a straight line basis over periods of up to twenty five years so as to reduce the cost to estimated residual value at the end of that period The effective depreciation rate per annum in respect of new wide-bodied aircraft is approximately 4%

Rotable spares are depreciated on a straight-line basis so as to reduce the cost or valuation to estimated residual value at the end of that period The depreciation rate per annum in respect of rotable spares is 7 25% or 12 5% dependent on type

Expenditure incurred on modifications to aircraft under operating leases is depreciated on a straight-line basis to a nil residual value over a period not exceeding the lease period

Design and content development costs of websites are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred

The Group evaluates its fixed assets for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable When such evaluations indicate that the carrying value of an asset exceeds its recoverable amount an impairment in value is recorded and charged through the profit and loss account

1.11 Investments

(i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment

(ii) Joint venture undertakings
Investments in joint ventures are stated at the Company's share of net assets The Company's share of the profits or losses of the joint ventures is included in the Profit and Loss Account using the equity accounting basis

(iii) Other investments
Investments held as fixed assets are shown at cost less provision for impairment

Notes to the Financial Statements

1. Accounting Policies (continued)

1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.13 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Leasehold dilapidations and onerous lease provisions are discounted, with the unwinding of the discount being taken to the profit and loss account

1.14 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements As at 31 March 2012, there is no dividend liability (2011 £nil)

1.15 Aircraft maintenance costs

Routine maintenance costs are charged to the profit and loss account as incurred Maintenance costs for overhauls relating to aircraft and engines held under operating leases for which there is a contractual obligation are provided for by making appropriate charges to the profit and loss account For owned aircraft and engines, major overhaul expenditure is capitalised and depreciated by reference to the units of economic consumption, typically hours or sectors flown

Where the effect is material, the provision for maintenance costs is discounted to present value using a current pre-tax discount rate that reflects the risks specific to the liability

1.16 New train service arrangement costs

Under the original franchise agreements, the Virgin Rail Group was required to operate faster and more frequent services on the West Coast Main Line In order to achieve this, contracts were entered into several years ago to lease new trains under operating lease arrangements In accordance with these agreements, Virgin Rail Group incurred direct costs on behalf of the lessor associated with developing the contracted new train service arrangements These costs are an integral part of the operating lease expense, and therefore were recorded within prepayments when incurred, and are being charged to the profit and loss account on a straight-line basis from the point at which new trains came into operation, until the earlier of the end of the relevant lease agreements or the franchise terms

Notes to the Financial Statements

1. Accounting Policies (continued)

1.17 Track access costs

Track access costs are charged to the profit and loss account in the period to which they relate, based on the terms of the contract

Network Rail has undertaken a programme of infrastructure works to upgrade the West Coast Main Line to enable trains to run at higher speeds and frequencies Under a series of supplemental track access agreements, the Virgin Rail Group paid additional separately identifiable track access charges in respect of the increased track speed and capacity that these infrastructure improvement works create This increased track capacity became available to the Virgin Rail Group with the introduction of the timetable in September 2004 In order that additional track access charges can be recorded in the periods in which the Virgin Rail Group benefits from the additional track capacity, additional payments made prior to September 2004 were recorded within prepayments and are being charged to the profit and loss account on a straight-line basis from September 2004 to the end of the franchise term

1.18 Fuel costs

Fuel costs represent the commodity spot price ruling at the date of the transaction or, if appropriate, the commodity price under the related fuel hedging contract, together with the costs of delivery and duty

1.19 Frequent flyer programme

The estimated incremental cost of providing free travel and other rewards in exchange for redemption of miles earned by members of The Flying Club frequent flyer scheme is accrued at the expected redemption rate as members of these schemes accumulate mileage

Revenue from sales of miles to third parties is deferred and recognised when flown

1.20 Cash and liquid resources

Cash at bank and in hand includes both cash and liquid resources Cash includes cash in hand and deposits repayable on demand, less overdrafts payable on demand Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market Liquid resources include term deposits

Notes to the Financial Statements

1. Accounting Policies (continued)

1.21 Provisions

Provisions are recognised where the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation The amounts recognised are the best estimate of the expenditure that will be required to meet the Group's obligation Where provisions are discounted, the unwinding of the discount is taken to the profit and loss account

1.22 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1 23 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.24 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction or, if hedged, at the forward contract rate

Exchange gains and losses are recognised in the Profit and Loss Account

The assets and liabilities of overseas subsidiary undertakings, joint ventures and associated undertakings, are translated at the closing exchange rates or, where applicable, at hedged rates Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year Gains and losses arising on these translations, net of exchange differences arising on related foreign currency borrowings are taken directly to reserves and reported within the statement of total recognised gains and losses

Loans between companies within the Group are treated as quasi equity if there is a clear expectation and understanding from both parties that the loan will not be repaid All other intra-group loans are treated as debt

Notes to the Financial Statements

1. Accounting Policies (continued)

1.25 Pensions

Certain subsidiaries within the Group operate defined contribution pension schemes, and the pension charge represents the amounts payable by the Group to the funds in respect of the year

West Coast Trains Limited, a subsidiary of Virgin Rail Group Holdings Limited, participates in the Railways Pension Scheme ("RPS"), which provides benefits on a defined benefit basis The assets of the scheme are held separately from those of the Group in an independently administered fund The RPS is a shared cost scheme with costs being shared between the employer and the members on the basis of a 60 40 split

The Group has no rights or obligations in respect of the RPS following expiry of the related franchises Therefore, the liabilities recognised for the relevant sections of RPS only represent that part of the net deficit of each section that the employer is obliged to fund over the life of the franchise to which the section relates The restriction on the liabilities is presented as a "franchise adjustment" to the overall deficit

The Group's contributions to the schemes are paid in accordance with the scheme rules and the recommendation of the actuary The charge to operating profit reflects the current service costs of such obligations The expected return on scheme assets, the interest cost on scheme liabilities and the unwinding of the discount on the franchise adjustment are included within other finance income (net) in the profit and loss account

Differences between the actual and expected returns on assets and experience gains/(losses) arising on the scheme liabilities during the year, together with differences arising from changes in assumptions, are recognised in the statement of total recognised gains and losses in the year The resulting defined benefit asset/liability, net of the franchise adjustment and any deferred tax, is presented separately after other net assets on the face of the balance sheet

Pension scheme assets are measured using market values For quoted securities the current bid-price is taken as market value Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return

1 26 Long Term Incentive Plan (LTIP)

The Group accrues for any element of foreseeable future awards for employees and directors under LTIPs which have been agreed by the Board of Directors, and which are deemed to have been earned in the current year

1.27 Share based payments

The share option programme allows certain employees to acquire options over the shares of certain group companies All share based payments are treated as cash settled transactions as they either require full settlement in cash or where settlement in shares is envisaged the issuer has established the practice of buying out the option at the end of its term The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to payment The fair value is measured based on an option pricing model taking into account the terms and conditions upon which the instruments were granted The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account

Notes to the Financial Statements

1. Accounting Policies (continued)

1.28 Classification of financial instruments issued by the Group

The Group uses various derivative financial instruments to manage its exposure to interest rate movements and foreign exchange risks Gains and losses on hedges of revenue or operating payments are recognised in the profit and loss account of the period in which the hedged transaction matures or is closed out

Financial instruments issued by the Group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

(a) they include no contractual obligations upon the Company (or Group, as the case may be) to deliver cash or other financial assets, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds For the year ended 31 March 2012, preference dividends payable of £nil (2011 £nil) were recognised within the total interest payable expense, as disclosed in Note 9

Notes to the Financial Statements

2 Segmental information

The table below sets out information for each of the Group's industry segments and geographic areas of operation

By activity	Turnover Year ended 31 March 2012 £M	Turnover Year ended 31 March 2011 £M	Group operating profit/(loss) Year ended 31 March 2012 £M	Group operating profit/(loss) Year ended 31 March 2011 £M	Net operating assets/ (liabilities) 31 March 2012 £M	Net operating assets/ (liabilities) 31 March 2011 £M
Air travel	2,731	2,650	(179)	10	(231)	(107)
Rail	938	798	36	49	(24)	(15)
Health clubs	14	9	(3)	(4)	-	13
Retail	7	10	2	2	7	7
Mobile telecoms	216	181	5	5	(19)	(22)
Financial services	24	13	(5)	(6)	(5)	(1)
Hotels	27	31	(3)	(3)	45	38
Other trading	48	35	3	3	27	(28)
Management services	64	37	(79)	98	345	311
	4,069	3,764	(223)	154	145	196
Less share of joint ventures turnover/ operating loss	(235)	(194)	(6)	(4)		
Total	3,834	3,570	(229)	150		

Other trading principally includes brand licensing

By geographical market	Turnover by origin Year ended 31 March 2012 £M	Turnover by origin Year ended 31 March 2011 £M	Turnover by destination Year ended 31 March 2012 £M	Turnover by destination Year ended 31 March 2011 £M
UK	2,764	2,579	993	895
Europe	298	254	310	212
North America	463	426	1,797	1,711
Africa	162	159	323	326
Asia	228	228	485	492
Oceania	90	81	97	91
Management services	64	37	64	37
	4,069	3,764	4,069	3,764
Less share of joint ventures' turnover	(235)	(194)	(235)	(194)
Total	3,834	3,570	3,834	3,570

Notes to the Financial Statements

2. Segmental information (continued)

By geographical market	Group operating profit/(loss) Year ended 31 March 2012 £M	Group operating profit/(loss) Year ended 31 March 2011 £M	Net operating assets/ (liabilities) 31 March 2012 £M	Net operating assets/ (liabilities) 31 March 2011 £M
UK	(144)	71	(246)	(132)
Europe	10	5	30	(15)
North America	(1)	(14)	21	12
Africa	(1)	-	(2)	-
Asia	-	-	-	-
Oceania	(8)	(6)	(2)	20
Management services	(79)	98	344	311
	(223)	154	145	196
Less share of joint ventures' operating loss	(6)	(4)		
Total	(229)	150		

Due to the nature of the airline industry, any fixed assets within these segments are categorised geographically by where the holding entity is based

Notes to the Financial Statements

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting)

	2012 **£M**	2011 £M
Amortisation - intangible fixed assets	**41**	40
Depreciation of tangible fixed assets		
- owned by the group	**60**	72
- held under finance leases	**5**	1
Operating lease rentals		
- plant and machinery	**98**	91
- other operating leases	**246**	221
Difference on foreign exchange	**-**	1
Provision charged against debts owed by group and fellow subsidiary undertakings*	**9**	18
Provision writeback against debts owed by group and fellow subsidiary undertakings*	**-**	(174)

*Net provision charged against debts owed by group and fellow subsidiary undertakings has arisen mostly due to the intercompany interest charges and decline in the value of the group investments

. Other operating (expense)/income

	2012 **£M**	2011 £M
Other operating income	**13**	4
Rail franchise (expense)/income	**(170)**	(110)
Network change compensation and performance regime	**23**	32
Operating income from related parties	**16**	10
	(118)	(64)

4 Auditors' remuneration

	2012 **£M**	2011 £M
Fees payable to the Company's auditor and its associates in respect of		
The auditing of accounts of subsidiaries of the Company pursuant to legislation	**1**	1
All other services	**1**	1

Fees payable for the audit of these financial statements is £nil (2011 £nil)

Notes to the Financial Statements

5. Exceptional items

	2012 £M	2011 £M
Cost of sales	-	(4)
Administrative expenses	(156)	(63)
Net (loss)/profit on sale of fixed assets	10	(1)
Taxation	-	6
	(146)	(62)

Exceptional administration expenses in the current year relate to fixed asset impairments of £156million (notes 11 & 13) (2011 £48million)

In the prior year, exceptional cost of sales of £4m and exceptional adminstrative expenses of £14m related to the incremental costs incurred as a result of the volcanic eruption in Iceland in April 2010 The resultant closure of UK airspace for 6 days led to additional costs associated with repatriation of stranded passengers and flight path alterations

The net profit on sale of fixed assets arises from

2012	Profit/(loss) £M
Disposal of preference share capital in Virgin Active Group Investments Limited (1)	12
Sale of Omer Telecom Limited shares (2)	1
Loss on disposal of other investments	(3)
	10

(1) On 20 October 2011, the Group sold its preference share capital in Virgin Active Group Investments Limited to ActiveBidco Limited, an associate of the ultimate parent company of the Group, Virgin Group Holdings Limited Cash consideration of £25million was received which resulted in a gain on disposal of £12million

(2) On 6 October 2011, the Group sold 174,378 A shares of Omer Telecom Limited to the minority shareholder and they were redesignated B shares As a result, the Group's share of capital was reduced to 46 6%, although control over 50% of the shares' voting rights was retained

2011	Net consideration £M	Net liabilities £M	% disposal	Net liabilities disposed £M	Profit £M
Virgin Life Care (Pty) Limited & WW Science Technology Limited	2	1	100%	(1)	1
					1

Total exceptional items include £nil in respect of deferred tax (2011 £6million increase in deferred tax credit mainly a result of costs associated with the volcanic eruption of £4million)

Notes to the Financial Statements

6. Directors' remuneration

The directors did not receive any remuneration during the year for services to the Company (2011 £nil)

7. Staff costs

Staff costs were as follows

	2012 £M	2011 £M
Wages and salaries	454	408
Social security costs	47	38
Other pension costs (Note 27)	36	32
Share-based payments (Note 29)	2	7
	539	485

The average number of employees employed by the Group, including the directors, during the year was as follows

	2012	2011
Management and administration	2,227	2,129
Flight and cabin crew	4,265	4,005
Reservations and sales	2,712	2,404
Engineering, cargo and production	1,414	1,413
Operations	2,565	2,523
	13,183	12,474

The Company had no employees in the year (2011 nil)

8. Interest receivable and similar income

	2012 £M	2011 £M
Interest receivable from group and related companies	29	37
Bank interest receivable	6	7
Other interest receivable	6	9
	41	53

Notes to the Financial Statements

9. Interest payable and similar charges

	2012 £M	2011 £M
On bank loans and overdrafts	38	43
On finance leases and hire purchase contracts	1	1
On loans from group undertakings	9	20
Share of joint ventures' interest payable	1	2
Other interest payable	9	4
Net foreign exchange losses	4	14
	62	84

10. Taxation

	2012 £M	2011 £M
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	10	18
Adjustments in respect of prior periods	(94)	(2)
	(84)	16
Double taxation relief	(1)	(1)
	(85)	15
Foreign tax on income for the year	2	1
	(83)	16
Share of joint ventures' current tax	1	-
Total current tax	(82)	16
Deferred tax		
Origination and reversal of timing differences	(27)	8
Effect of rate change	(6)	(4)
Adjustments in respect of prior periods	5	(5)
	(28)	(1)
Share of joint ventures' deferred tax	1	(14)
Total deferred tax	(27)	(15)
Tax on (loss)/profit on ordinary activities	(109)	1

Notes to the Financial Statements

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	2012 £M	2011 £M
(Loss)/profit on ordinary activities before tax	(230)	125
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(60)	35
Effects of.		
Expenses not deductible for tax purposes	62	-
Capital allowances for year in excess of depreciation	(3)	12
Utilisation of tax losses	(7)	(26)
Adjustments to tax charge in respect of prior periods	(94)	(4)
Other timing differences leading to an increase (decrease) in taxation	(4)	1
Non-taxable income	(12)	(33)
Capital gains	-	2
Unrelieved tax losses carried forward	36	29
Current tax (credit)/charge for the year (see note above)	(82)	16

Notes to the Financial Statements

11. Intangible fixed assets

Group	Goodwill £M	Negative goodwill £M	Landing slots £M	Intellectual property £M	Carbon Licenses £M	Total £M
Cost						
At 1 April 2011	675	(13)	44	18	-	724
Additions	4	-	31	60	18	113
Disposals	-	-	(3)	-	-	(3)
At 31 March 2012	679	(13)	72	78	18	834
Amortisation						
At 1 April 2011	168	(1)	4	10	-	181
Charge for the year	38	(1)	-	4	-	41
Impairment charge	149	-	-	-	-	149
At 31 March 2012	355	(2)	4	14	-	371
Net book value						
At 31 March 2012	324	(11)	68	64	18	463
At 31 March 2011	507	(12)	40	8	-	543

Intellectual property

Intellectual property principally comprises of the following

Bluebottle UK Limited has intellectual property rights amounting to £1million (2011 £2million) for the development of a mobile virtual network provider These costs are amortised over approximately 7 years representing the period from when the asset was recognised by Bluebottle UK Limited to the date of expiry of the contract

Virgin Enterprises Limited holds intellectual property licences amounting to £5million (2011 £6million), assigned to it from Virgin Money Limited on 26 November 2007 These costs are amortised over approximately 10 years, being the remaining period accorded on these licences

Virgin Enterprises Limited entered into a new license agreement with ActiveIPCo Limited, an associate of the ultimate parent undertaking Virgin Group Holdings Limited, on 20 October 2011 Part of this agreement included the payment by the Group of a reverse premium of £60million, which is subsequently being amortised over 27 years, representing the period of the new head license

Carbon Licenses

Virgin Atlantic Limited obtained Carbon Licenses free of charge under the EU Emissions Trading Scheme, which became effective for the aviation industry on 1 January 2012 These were recognised as intangible assets at market value on the date of receipt, amounting to £19million Consistent with the Statement of Standard Accounting Practice 4 'Accounting for Government Grants', the value of allowances received is deferred and recognised in income on a systematic basis of the period to which the grant relates

Landing slots

Landing slots amounting to £62million (2011 £34million) relates to the capitalisation of the cost of landing slots purchased by Virgin Atlantic Limited These are considered to have an indefinite economic life and are not amortised, instead they are subject to an annual impairment review and a provision is recognised for any identified impairment

Notes to the Financial Statements

11. Intangible fixed assets (continued)

Goodwill and negative goodwill

All goodwill is amortised on a straight-line basis The following sets out the periods over which goodwill is amortised and the reasons for the periods chosen

Goodwill in relation to	Acquired by	Amortisation period	Goodwill cost £M
Virgin Care Group	ıldings Limited	5 years	(4)
Virgin Hotels Group Limited and subsidiaries	tle UK Limited	20 years	(7)
Barfair Limited and subsidiaries	tle UK Limited	20 years	99
Bluebottle UK Limited	nc (liquidated)	20 years	(67)
Virgin Atlantic Limited	3A (liquidated)	20 years	459
Virgin Rail Group Holdings Limited	ıldings Limited	91 months	23*
Virgin Healthcare Holdings Limited	ıldings Limited	20 years	4

* Goodwill fully amortised

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises

On 17 January 2012, pursuant to a rights issue, Virgin Holdings Limited subscribed for additional ordinary shares in Virgin Healthcare Holdings Limited Associated goodwill of £4m was subsequently recognised

Impairment testing

Where evidence of goodwill impairment has arisen, the impairment charge was taken to the profit and loss account as an exceptional item

During the year management conducted an impairment review of goodwill in Virgin Atlantic Limited and Barfair Limited The review indicated that the recoverable amount exceeded their carrying amounts by £79m and £70m respectively and consequently the associated goodwill has been written down by these amounts

The recoverable amount of goodwill in Virgin Atlantic Limited and Barfair Limited are based on their net realisable values determined with reference to third party valuations performed

Notes to the Financial Statements

12. Tangible fixed assets

Group	Freehold property £M	Leasehold Property £M	Aircraft, aircraft spares and rotables £M	Plant & machinery £M	Furniture & fittings £M	Assets in the course of construction £M	Total £M
Cost							
At 1 April 2011	62	21	605	22	317	19	1,046
Additions	5	1	23	1	5	57	92
Disposals	(3)	(12)	(21)	(10)	(15)	-	(61)
Transfer between classes	-	-	5	(1)	25	(30)	(1)
Foreign exchange movement	(1)	-	-	-	-	-	(1)
At 31 March 2012	63	10	612	12	332	46	1,075
Depreciation							
At 1 April 2011	-	7	397	7	242	-	653
Charge for the year	2	1	30	5	27	-	65
On disposals	(1)	(3)	(18)	(10)	(10)	-	(42)
At 31 March 2012	1	5	409	2	259	-	676
Net book value							
At 31 March 2012	62	5	203	10	73	46	399
At 31 March 2011	62	14	208	15	75	19	393

The net book value and depreciation of assets held under finance leases or hire purchase contracts, included above, are as follows

	Net book value 2012 £M	Depreciation charge 2012 £M	Net book value 2011 £M	Depreciation charge 2011 £M
Aircraft, aircraft spares and rotables	36	5	40	5
Plant and machinery	1	-	2	1
	37	5	42	6

Notes to the Financial Statements

12. Tangible fixed assets (continued)

The net book value of land and buildings comprises

	Group 31 March 2012 £M	Group 31 March 2011 £M
Freehold	62	62
Long leasehold	1	13
Short leasehold	4	1
	67	76

13. Fixed asset investments

Group	Investment in joint ventures £M	Other investments £M	Total £M
Cost or valuation			
At 1 April 2011	(21)	37	16
Additions	-	5	5
Disposals	-	(15)	(15)
Foreign exchange movement	1	-	1
Share of profit	3	-	3
At 31 March 2012	(17)	27	10
Impairment			
At 1 April 2011	-	-	-
Charge for the year	-	7	7
At 31 March 2012	-	7	7
Net book value			
At 31 March 2012	(17)	20	3
At 31 March 2011	(21)	37	16

Notes to the Financial Statements

13. Fixed asset investments (continued)

Participating interests

The Group's share of the joint venture's net liabilities at the Balance Sheet date was as follows

		2012		2011
	£M	£M	£M	£M
Share of assets				
Fixed assets	40		24	
Current assets	73		67	
		113		91
Share of liabilities				
Due within one year or less	(128)		(110)	
Due after more than one year	(2)		(2)	
		(130)		(112)
Share of net liabilities		(17)		(21)

Company	**Investments in subsidiary companies £M**
Cost or valuation	
At 1 April 2011	1,529
Additions	1,000
At 31 March 2012	2,529
Net book value	
At 31 March 2012	2,529
At 31 March 2011	1,529

In the prior year the Company transferred its entire shareholdings in Virgin Money Investment Holdings Limited, Virgin Mobile USA Holdings Limited and Virgin Holdings Limited to Classboss Limited for a market consideration of £2,529million, in exchange for an issue of 1,529,455,806 £1 00 ordinary shares by Classboss Limited and the issue of a £1,000million zero coupon convertible loan note On 31 August 2011, the £1,000million zero coupon convertible loan note was redeemed in consideration for the issue of 960,798,303 £1 00 ordinary shares by Classboss Limited to the Company

The Company's principal underlying investments at 31 March 2012 were Virgin Atlantic Limited (the holding company for the Group's airline and holiday operations) and Virgin Rail Group Holdings Limited (the holding company for passenger rail services)

Notes to the Financial Statements

13. Fıxed asset ınvestments (contınued)

The prıncıpal undertakıngs ın whıch the Group has an ınterest at the perıod end are as follows

	Country of registratıon	Prıncıpal actıvıty	Holdıng	Class of shares
Subsıdıary undertakıngs				
Vırgın Holdıngs Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Classboss Lımıted	England & Wales	Investment holdıng company	100 0	Ordınary
Charter Aır Lımıted *	England & Wales	Aırcraft charterıng	100 0	Ordınary
Vırgın Raıl Group Holdıngs Lımıted *	England & Wales	Traın operator	51 0	Ordınary
Vırgın Gym Holdıngs Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vırgın Management SA *	Swıtzerland	Management servıces	100 0	Ordınary
Vırgın Healthcare Holdıngs Lımıted *	England & Wales	Health servıce provıder	93 8	Ordınary
VML 2 Lımıted *	Brıtısh Vırgın Islands	Investment holdıng company	100 0	Ordınary
Vırgın Atlantıc Lımıted *	England & Wales	Flıght and holıday operator	51 0	Ordınary
			51 0	Preference
Barfaır Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vanson Developments Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vırgın Management Lımıted *	England & Wales	Management servıces	100 0	Ordınary
Vırgın Models Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Voyager Group Lımıted *	Engalnd & Wales	Investment holdıng company	100 0	Ordınary
			100 0	Preference
S L Insurance Lımıted *	Guernsey	Insurance and reınsurance busıness	100 0	Ordınary
Necker Island (BVI) Lımıted *	Brıtısh Vırgın Islands	Hotel operator	100 0	Ordınary
Network Dıstrıbutıng Lımıted *	England & Wales	Medıa company	99 8	Ordınary
			100 0	Preference
Vırgın Lıfe Care Investments Lımıted *	England & Wales	Health and rewards program	91 15	Ordınary
Vırgın Oceanıc Expedıtıon LLC *	USA	Submarıne operator	100 0	Partner equıty
Vırgın Management USA Inc *	USA	Management servıces	100 0	Common stock
Vırgın Sky Investments Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vexaır Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vırgın Management Asıa Pacıfic Pty Lımıted *	Australıa	Management servıces	100 0	Ordınary
Bluebottle UK Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Bluebottle Investments (UK) Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vırgın Cınemas Group Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
			100 0	Preference
VEL Holdıngs Lımıted *	England & Wales	Investment holdıng company	100 0	Ordınary
Vırgın Enterprıses Lımıted *	England & Wales	Royalty collectıon	100 0	Ordınary
			100 0	Preference
Vırgın Hotels Group Lımıted *	England & Wales	Hotel operator	100 0	Ordınary
Vırgın Insıght Lımıted *	England & Wales	Procurement servıces	100 0	Ordınary
Joınt ventures				
Omer Telecom Lımıted * ^	England & Wales	Mobıle phone operator	50 0	Ordınary
Trade ınvestments				
Aır Nıgerıa Development Lımıted * ^^	Nıgerıa	Flıght operator	49 0	Ordınary

* Indırectly held ınvestment
^ Vırgın and Carphone Warehouse each own or control 50% of the votıng rıghts but 46 6% of the economıc rıghts The remaınıng 6 8% of economıc rıghts are held by a thırd party
^^ The Group's ınterest ın Aır Nıgerıa Development Lımıted ıs classıfied as trade ınvestments as the Group ıs unable to exercıse sıgnıficant ınfluence as a result of the posıtıon of the major shareholders

Notes to the Financial Statements

14. Stocks

	Group		Company	
	2012	2011	**2012**	2011
	£M	£M	**£M**	£M
Raw materials	**4**	2	-	-
Work in progress	**3**	2	-	-
Finished goods and goods for resale	**3**	2	-	-
Aircraft consumable spares	**35**	30	-	-
	45	36	-	-

15. Debtors

	Group		Company	
	2012	2011	**2012**	2011
	£M	£M	**£M**	£M
Due after more than one year				
Amounts owed by related undertakings	**49**	-	-	-
Other debtors	**38**	56	-	-
Prepayments and accrued income	**48**	57	-	-
Due within one year				
Trade debtors	**238**	253	-	-
Amounts owed by related undertakings	**305**	327	**112**	1,000
Other taxation and social security	**25**	12	-	-
Other debtors	**269**	347	-	14
Prepayments and accrued income	**91**	100	-	-
Tax recoverable	**1**	-	-	-
Deferred tax asset	**7**	8	-	-
	1,071	1,160	**112**	1,014

Included within other debtors due within one year is an amount of £1million (2011 £24million) relating to margin calls on open derivative positions

16. Cash at bank and in hand

At 31 March 2012 the balance of cash at bank and in hand for the Group included £nil (31 March 2011 £10million) in a separate escalating rental reserve account, in relation to the leasing of the West Coast Pendolino trains under the terms of the Amended and Restated Franchise Agreement dated 12 December 2006 but effective from 10 December 2006

Notes to the Financial Statements

17 Creditors·
Amounts falling due within one year

	Group		Company	
	2012	2011	**2012**	2011
	£M	£M	**£M**	£M
Secured bank loans (note 18)	**120**	118	-	-
Other bank loans and overdrafts	**2**	5	-	-
Net obligations under finance leases and hire purchase contracts	**3**	3	-	-
Trade creditors	**143**	137	**1**	-
Amounts owed to related undertakings	**470**	458	**2,449**	2,460
Corporation tax	**9**	119	-	-
Social security and other taxes	**16**	11	-	-
Other creditors	**122**	106	-	-
Accruals and deferred income	**917**	900	-	-
	1,802	1,857	**2,450**	2,460

Included within other creditors due within one year is an amount of £38million (2011 £17million) relating to margin calls on open derivative positions

18. Creditors.
Amounts falling due after more than one year

	Group		Company	
	2012	2011	**2012**	2011
	£M	£M	**£M**	£M
Secured bank loans	**389**	526	-	-
Other bank loans and overdrafts	**8**	10	-	-
Shareholder loans	**4**	4	-	-
Net obligations under finance leases and hire purchase contracts	**11**	14	-	-
Amounts owed to group undertakings	**5**	28	-	-
Accruals and deferred income	**21**	24	-	-
	438	606	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	Group	
	2012	2011
	£M	£M
Between one and five years	**11**	14

The Company has no commitments under finance lease and hire purchase contracts (2011 £nil)

Notes to the Financial Statements

18. Creditors: Amounts falling due after more than one year (continued)

Financing

On 22 October 2012, Virgin Holdings Limited and Virgin Group Investments Limited, as borrowers and guarantors, and certain other subsidiaries of Virgin Group Holdings Limited entered into a multi-currency revolving credit facility of £430million with Lloyds TSB Bank plc ("the New Facility") This facility refinanced the £623million multi-currency revolving credit facility, which was entered into on 25 November 2008 (as amended and restated on 15 July 2010) which was outstanding as at the balance sheet date ("the Old Facility") As with the Old Facility, the New Facility has sub-facilities for drawings in AUD, EUR, GBP, USD and ZAR and both can be utilised for letters of credit and cash drawings

As at the balance sheet date, 31 March 2012, £430million was drawn down (2011 £569million) under the £623million Old Facility The Old Facility was scheduled to reduce to £380million on 31 December 2012 and to £300million on 31 December 2013 in advance of the final maturity date of 31 December 2014 In contrast the £430million New Facility will reduce to £380million on 31 December 2013, £340million on 31 December 2014 and £300million on 31 December 2015 The final maturity date is 31 December 2016, although subject to mutual agreement between lender and borrowers, there is an option to extend this to 31 December 2017

As with the Old Facility, the New Facility is guaranteed by Virgin Holdings Limited and Virgin Group Investments Limited and is secured by various of the Group's investments Should the Group dispose of any of its secured investments, part of the proceeds may be required to be used in part prepayment of amounts outstanding under the facilities, subject to the level of utilisation of the New Facility at the time

Interest is payable on amounts drawn under the New Facility by reference to the London Inter Bank Offered Rate (LIBOR) for borrowings in Sterling or UD Dollars, by reference to the Bank Bill Swap Reference Rate (BBSW) for borrowings in Australian Dollars, by reference to the Johannesburg Interbank Agreed Rate (JIBAR) for borrowings in South African Rand and by reference to the Euro Interbank Offered Rate (EURIBOR) for borrowings in Euros in each case plus a margin and mandatory costs The margin is linked to the amount outstanding under the facility (which ranged from 2 50% to 3 50% per annum under the Old Facility and as at 31 March 2012 was 2 75% per annum and which range from 3 00% to 4 75% under the New Facility)

As with the Old Facility, the New Facility contains a financial covenant in respect of the ratio of the total value of secured investments to total utilisation under the facility Compliance with this covenant is tested annually as of 31 December or on request by Lloyds TSB Bank plc As with the Old Facility, the New Facility contains certain affirmative covenants, negative pledges and events of default, which are customary for facilities of this nature The event of default provisions include payment defaults (subject to a three day grace period), breach of financial covenant, breach of other obligations, misrepresentation, cross default, insolvency, repudiation, illegality, cessation of business, appropriation of assets and material adverse change

On 24 December 2008, the Group entered into a £14million amortising term loan facility with Lloyds TSB Bank plc The loan is repayable by 24 December 2016 with principal repayment instalments of £2million due annually on 24 December Under the terms of the loan agreement, interest is payable on amounts drawn at LIBOR plus a margin of 2 00% per annum and mandatory costs

Notes to the Financial Statements

18. Creditors.
Amounts falling due after more than one year (continued)

Other secured loans

The Virgin Atlantic Group has secured bank loans totalling £40million (2011 £42million) secured by mortgages over certain aircraft £10million (2011 £nil) of these loans fall due for repayment after five years The interest rates charged for the year are in the range 0 625% to 2 75% above US$ LIBOR, and 1 125% above 3 month £ LIBOR

Necker Island (BVI) Limited has a secured bank loan to the value of £11million (2011 £11million) of which £9million (2011 £7million) is due for repayment after five years The interest rate on this loan was 2 5% (2011 2 5%) above US$ LIBOR The loan is secured on the island

Charter Air Limited has a bank loan of £11million (2011 £13million) relating to a mortgage secured over an aircraft of which none (2011 £nil) is due for repayment after five years The bank loan was fully repaid in July 2012 The interest rate charged in the year was at the 1 month US$ LIBOR

Virgin Hotels Group Limited has a secured bank loan of £9million (2011 £9million) of which £7million (2011 £7million) is due for repayment after five years The interest rates in the year were fixed interest rates ranging from 2 05% to 6 5%

Financial instruments

Under the terms of the Old Facility the Group was required to hedge the interest payable under the facility over the life of the facility Consequently the Group entered into two interest rate hedging agreements on 7 April 2009, which were effective from 31 March 2010 and were due to terminate on 25 November 2014 One hedge was for the interest on a notional $395million, and the other was for the interest on a notional £410million, amortising over 6 years The hedging instrument used in both cases was a 6 year interest rate swap, whereby the first swap ("near leg") was 2 years and the second swap ("far leg") was 4 years against 3 months LIBOR/BBSW

- The US$395million interest rate swap had a front leg fixed rate of 2 00% and a back leg fixed rate of 4 17%
- The £410million amortising interest rate swap had a front leg swap rate of 2 00% and a back leg fixed rate of 5 30%

On 31 March 2011 the above interest rate hedge agreements were terminated and new interest rate hedging agreements were entered into to reflect the currency sub-limits under the Old Facility The following new interest rate hedges were entered into against 3 months LIBOR/BBSW

- US$105million interest rate swap at a fixed rate of 4 33%
- £153million interest rate swap at a fixed rate of 4 9725%
- AUS$170million interest rate swap at a fixed rate of 7 9575%
- €135million amortising interest rate swap at a fixed rate of 4 53%

The USD, GBP and AUD hedges terminate on 31 December 2014 and the EUR hedge terminates on 23 December 2013 The notional amounts of the swaps will remain unchanged through the period to termination except for the EUR swap, which will reduce from €135million to €67million on 23 December 2012 The part of the facility nominated in ZAR is not hedged under the interest rate hedge agreements

The New Facility includes similar obligations to hedge to the Old Facility

Notes to the Financial Statements

19. Deferred taxation

	2012 £M	2011 £M
At beginning of year	89	90
(Released)/charged during the year	(30)	4
Adjustments in respect of prior year	-	(5)
Charge to statement of total recognised gains and losses	1	-
At end of year	60	89

The elements of deferred taxation are as follows

	2012 Cumulative provided £M	2012 Cumulative unprovided £M	2011 Cumulative provided £M	2011 Cumulative unprovided £M
Pension liability	-	-	(1)	-
Accelerated capital allowances	91	(6)	108	(4)
Other timing differences	(8)	(2)	(10)	(1)
Tax losses	(30)	(157)	(17)	(109)
	53	(165)	80	(114)
Deferred tax asset	(7)	(165)	(8)	(114)
Deferred tax liability	60	-	89	-
Deferred tax asset on pension liability	-	-	(1)	-
	53	(165)	80	(114)

£7million (2011 £8million) of the deferred tax asset cannot be offset against the deferred tax liability and is, therefore, included in debtors

The 2012 budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 March 2012 (which has been calculated based on the rate of 24% substantively enacted at the balance sheet date) by £2m

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly

Notes to the Financial Statements

20 Provisions

Group	Aircraft maintenance £M	Legal and other £M	Restructuring costs and onerous leases £M	Total £M
At 1 April 2011	128	46	16	190
Additions	40	10	1	51
Amounts used	(38)	-	(2)	(40)
Amounts reversed	(3)	-	(3)	(6)
Foreign exchange translation	1	-	-	1
At 31 March 2012	128	56	12	196

Aircraft maintenance

Aircraft maintenance provisions relate to overhauls on aircrafts and engines held under operating leases for which there is a contractual obligation

Legal and other

Legal and other provisions principally comprise of the following

£54million (2011 £44million) represents the estimated outstanding cost arising from both the settlement of civil actions arising from the investigations by competition authorities in a number of jurisdictions in which Virgin Atlantic Airways Limited operates into various aspects of pricing in the airline industry and an ongoing obligation to co-operate with regulatory bodies The information usually required by Financial Reporting Standard 12 for these litigation provisions is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation

Restructuring costs and onerous lease provisions

Leasehold dilapidations and onerous lease provisions are discounted with the unwinding of the discount being taken to the profit and loss account

Restructuring costs and onerous leases provisions principally comprise of the following

Virgin Atlantic Airways Limited's onerous lease provisions and potential dilapidation costs of £3million (2011 £3million)

£3million (2011 £4million) of dilapidations costs relates to costs required to be incurred by Virgin Rail Group Holdings Limited at the 17 stations managed by West Coast in accordance with the standards for station conditions required by the National Station Access Conditions (1996) (Annex 1) These costs are expected to be incurred by the end of the West Coast franchise

£2million (2011 £3million) relates to Virgin Enterprises Limited's onerous lease provision

£3million (2011 £3million) relates to Cribyn Limited's onerous lease provision

The Company has no provisions

Notes to the Financial Statements

21. Share capital

	2012 £M	2011 £M
Allotted, called up and fully paid		
421,023,986 (2011 - 337,718,560) ordinary shares of £1 each	421	338

On 5 December 2011, Bluebottle USA Mobile Inc subscribed for 83,305,426 ordinary £1 shares in the Company at par value satisfied by cash consideration

22. Reserves

Group	Profit and loss account £M
At 1 April 2011	(277)
Loss for the year	(114)
Actuarial loss on pension scheme	(1)
Unrealised gain on sale of subsidiaries and other shareholdings	13
Currency translation differences on net foreign currency investments	2
Unrealised gain on sale of intangible assets net of tax	3
At 31 March 2012	(374)

Company	Profit and loss account £M
At 1 April 2011	(255)
Profit for the year	25
At 31 March 2012	(230)

Notes to the Financial Statements

23. Reconciliation of movement in shareholders' funds

Group	2012 £M	2011 £M
Opening shareholders' funds/(deficit)	61	(381)
(Loss)/profit for the year	(114)	102
Shares issued during the year	83	338
Actuarial loss on pension scheme	(1)	(1)
Unrealised gain on sale of subsidiaries and other shareholdings	13	-
Currency translation differences on net foreign currency investments	2	3
Unrealised gain on sale of intangible assets net of tax	3	-
Closing shareholders' funds	47	61

Company	2012 £M	2011 £M
Opening shareholders' funds/(deficit)	83	(459)
Profit for the year	25	204
Shares issued during the year	83	338
Closing shareholders' funds	191	83

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

24. Minority interests

Equity	£M
At 1 April 2011	(121)
Minority interests share of loss after taxation for the year	7
Shares issued during the year	(4)
Disposal of minority interests	25
Purchase of minority interests	(4)
Dividends paid to minority interests	17
At 31 March 2012	(80)

Notes to the Financial Statements

25. Contingent liabilities

Legal

The competition authorities in a number of jurisdictions in which Virgin Atlantic Airways Limited operates are in the process of investigating various aspects of pricing and commercial issues in the airline industry Virgin Atlantic Airways Limited is cooperating in full with such investigations and has carried out certain internal investigations into its compliance with competition laws No further disclosures regarding contingent liabilities arising from these investigations are being made at this time since the directors believe that such disclosures might be expected to be seriously prejudicial to the position of Virgin Atlantic Airways Limited

Indemnities

In accordance with the Franchise Agreements, Virgin Rail Group Limited procured performance bonds in favour of the DfT for both West Coast and CrossCountry The West Coast bond has been issued by ACE Insurance S A NV up to £21million (2011 £21million)

Bluebottle UK Limited together with a third party, has given a guarantee to a supplier of Omer Telecom Limited in respect of the obligations of Omer Telecom Limited under a supply contract The total aggregate liability of the guarantors under the guarantee is capped at Euro 50million

26. Capital commitments

At 31 March 2012 the Group and Company had capital commitments as follows

	Group		Company	
	2012	2011	**2012**	2011
	£M	£M	**£M**	£M
Contracted for but not provided in these financial statements	**2,753**	3,114	-	-

Capital commitments relating to aircraft and engine purchases are stated at escalated list price less progress payments made

Notes to the Financial Statements

27 Pension commitments

Defined contribution plans

Virgin Atlantic Limited, operates defined contribution pension schemes The assets of the schemes are held separately from those of the Group in independently administered funds The total expense relating to these plans in the current year was £21million (2011 £18million) There were no outstanding or prepaid contributions at year end (2011 £nil)

Virgin Management Limited, operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in independently administered funds The total expense relating to the plan in the current year was £1million (2011 £1million) There were no outstanding or prepaid contributions at year end (2011 £nil)

Defined benefit plans

Rail scheme

Virgin Rail Group Limited operates a defined benefit pension scheme The subsidiary participates in its own separate shared cost section of the Railway Pension Scheme ('RPS') The RPS is a funded scheme and provides benefits based on final pensionable pay The assets of the RPS are held separately from those of the subsidiary The RPS is a shared cost scheme with costs being shared between the employer and the members on the basis of a 60 40 split

The Group has no rights or obligations in respect of the RPS following expiry of the related franchises Therefore, the liabilities recognised for the relevant sections of the RPS only represent that part of the net deficit of the section that the employer is obliged to fund over the life of the franchise to which the section relates The restriction on the liabilities is presented as a "franchise adjustment" to the overall deficit

The latest actuarial valuation of the West Coast's section of the RPS was undertaken at 31 December 2010 using the projected unit method This valuation has been updated to 31 March 2012 by a qualified independent actuary, using revised assumptions that are consistent with the requirements of FRS 17

Net pension liability	**2012**	2011
	£M	£M
Present value of defined benefit obligations	**(478)**	(385)
Fair value of section assets	**347**	327
Deficit in section	**(131)**	(58)
Members share of section	**52**	23
Franchise adjustment	**78**	32
Deficit recognised by the Group	**(1)**	(3)
Related deferred tax asset	**-**	1
Net pension liability	**(1)**	(2)

Notes to the Financial Statements

27. Pension commitments (continued)

Movements in present value of defined benefit obligation	**2012 £M**	2011 £M
At beginning of year	**385**	387
Employer share of current service cost	**12**	12
Member share of current service cost	**8**	7
Past service costs	**-**	-
Interest cost	**24**	23
Benefits paid	**(11)**	(11)
Actuarial (gains)/losses	**60**	(33)
At end of year	**478**	385

Movements in fair value of section assets	**2012 £M**	2011 £M
At beginning of year	**327**	294
Expected return on section assets	**28**	23
Contributions by employer	**11**	10
Contributions by members	**7**	6
Benefits paid	**(11)**	(11)
Actuarial gains/(losses)	**(15)**	5
At end of year	**347**	327

Expense recognised in the profit and loss account	**2012 £M**	2011 £M
Current service cost	**12**	12
Past service costs	**-**	-
Expected return on section assets	**(16)**	(14)
Interest on section liabilities	**14**	14
Interest credit on franchise adjustment	**(2)**	(3)
	8	9

Notes to the Financial Statements

27. Pension commitments (continued)

The expense is recognised in the following lines of the profit and loss account

	2012 £M	2011 £M
Administrative expenses - staff costs	12	12
Other finance income	(4)	(3)
	8	9

Amounts recognised in the statement of total recognised gains and losses

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £1million loss (2011 £1million loss)

Cumulative actuarial gains/losses reported in the consolidated statement of total recognised gains and losses since 1 March 2004 are £2million gain (2011 £3million gain)

Movement in deficit recognised by Group	2012 £M	2011 £M
At beginning of year	(3)	(3)
Current service cost	(12)	(12)
Past service cost	-	-
Contributions	11	10
Other finance income	4	3
Actuarial loss	(1)	(1)
	(1)	(3)

Fair value of section assets	2012 £M	2011 £M
Equities	180	189
Bonds	55	42
Property	42	28
Other	70	68
	347	327
Actual return on section assets	13	28

Future contributions

The Group currently expects to pay contributions of £7million over the period of the 2012/2013 financial statements

Notes to the Financial Statements

27. Pension commitments (continued)

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date were as follows

	2012 %	2011 %
Rate of increase of salaries	4 3	4 4
Rate of increase in pensions in payment and deferred pensions	2 3	2 6
Discount rate	4 85	5 6
Inflation assumption	3 3	3 4
CPI inflation assumption	2 3	2 6
Long term rate of return expected on		
- Equities	7 75	8 5
- Bonds	4 7	5 3
- Property	7 5	8 0
- Other	7 25	7 5
- Overall	7 1	7 8

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity The assumptions are as follows

Member aged 60 (current life expectancy) 26 years (male), 28½ years (female)
Member aged 40 (life expectancy from age 60) 28½ years (male), 31 years (female)

The inflation assumptions for certain benefits are now based on the consumer Price Index ("CPI") rather than the Retail Price Index ("RPI") following the change announced by the UK Government in 2010

History of sections

The history of the sections for the current and prior years is as follows

Balance sheet	2012 £M	2011 £M	2010 £M	2009 £M	2008 £M
Present value of section liabilities	(478)	(385)	(387)	(298)	(319)
Fair value of section assets	347	327	294	211	299
Deficit in section	(131)	(58)	(93)	(87)	(20)
Members share of section	52	23	37	35	8
Franchise adjustment	78	32	53	47	-
Deficit recognised by Group	(1)	(3)	(3)	(5)	(12)

Notes to the Financial Statements

27. Pension commitments (continued)

Experience adjustments	**2012**	2011	2010	2009	2008
Experience adjustments on section assets					
amount (£m)	**(8)**	3	36	(67)	(12)
percentage of section assets	**3%**	1%	12%	(32%)	(4%)
Experience adjustments on section liabilities					
amount (£m)	**(6)**	1	(2)	(1)	(1)
percentage of present value of section liabilities	**(1%)**	-	(1%)	(1%)	-

28. Operating lease commitments

At 31 March 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		**Aircraft and other**	
	2012	2011	**2012**	2011
Group	**£M**	£M	**£M**	£M
Expiry date:				
Within 1 year	**14**	4	**109**	12
Between 2 and 5 years	**15**	24	**88**	186
After more than 5 years	**15**	11	**128**	115
	44	39	**325**	313

One of the subsidiaries within the Group, Virgin Rail Group Holdings Limited, in the normal course of business, has entered into a number of long term supply contracts The most significant of these relate to track access facilities, train maintenance arrangements and IT outsourcing

Under the Amended and Restated Franchise Agreement for West Coast, there is a requirement for Virgin Rail Group Limited and West Coast to comply with certain performance and other obligations

Other commitments

During the financial year, the Virgin Rail Group entered into fuel hedging arrangements to fix a portion of its fuel costs for the period from 1 April 2012 to 30 November 2012 The fair value of these arrangements as at 31 March 2012 was £1million (5 March 2011 £4million, in place until 31 March 2012)

The substantial proportion of capital expenditure, leasing commitments, fuel and other operating costs of Virgin Atlantic Limited are denominated in US dollars A number of derivative financial instruments have been taken out to cover part of the exposure risk The timing difference between derivative maturity date and current mark-to-market value can give rise to cash margin exposure This risk is managed through a choice of instruments, appropriate counterparty agreements and, where required, cash deposits with counterparties

Notes to the Financial Statements

29. Share based payments

The Group has entered into a Long Term Incentive Plan arrangement with certain staff to reward them with a cash bonus based on the growth in value of a portfolio of group companies relevant to their line of work In order to vest the value of the relevant portfolio must grow by more than 8% per annum over a three year period from 31 October 2008 If the target is met an amount up to 7 5% of the excess value generated is available to be allocated to scheme participants

In order to determine whether the performance targets have been met and by how much, various methods have been used to determine the fair value of the underlying group companies on grant and balance sheet date These include reference to quoted share prices, net assets, discounted cash flows and/or multiple of earnings

The movement in the liability is as follows

	2012 £M	2011 £M
Liability at beginning of period	14	7
Income statement (credit) / charge	2	7
Cash payments	(11)	-
Liability at end of period	5	14

The LTIP scheme vested at 31 October 2011 at which time the final valuation of group companies and bonus liability were determined The carrying value of the liability at 31 March 2012 was determined on an intrinsic value basis In the prior year, due to the proximity of the balance sheet date (31 March 2011) to the vesting date (31 October 2011) intrinsic value was not considered materially different to fair value

The intrinsic carrying amount of liabilities in respect of vested benefits is £5million (2011 £nil)

Notes to the Financial Statements

30. Reconciliation of operating profit/(loss) to operating cash flows

	31 March 2012 £M	2011 £M
Operating profit/(loss)	(229)	150
Share based payments	2	7
Depreciation, amortisation and impairment charges	263	161
Decrease in pension liability	1	2
Increase in stocks	(9)	(4)
Decrease in debtors	93	145
(Decrease)/increase in creditors	(13)	(209)
(Decrease)/increase in provisions	14	(18)
Net cash inflow from operating activities	122	234

31. Analysis of net debt

	At 31 March 2011 £M	Cash flow £M	Exchange movements £M	Other non cash changes £M	At 31 March 2012 £M
Cash in hand, at bank (note 15)	778	(130)	(5)	-	643
Overdrafts	(2)	-	-	-	(2)
	776	(130)	(5)	-	641
Debt due with one year	(121)	18	-	(17)	(120)
Debt due after one year	(540)	102	18	19	(401)
Finance leases	(17)	3	-	-	(14)
Group funding	(420)	11	-	17	(392)
Total	(322)	4	13	19	(286)

32. Analysis of cash flows

	2012 £M	2011 £M
Returns on investments and servicing of finance		
Interest received	18	44
Interest paid	(47)	(52)
Dividends paid to minorities	(17)	(12)
Interest element of finance lease rentals	(1)	(1)
Net cash outflow from returns on investments and servicing of finance	(47)	(21)

Notes to the Financial Statements

32. Analysis of cash flows (continued)

	2012 £M	2011 £M
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(92)	(71)
Purchase of intangible fixed assets	(23)	-
Sale of tangible fixed assets	7	22
Sale of intangible fixed assets	3	-
Repayments from joint ventures	10	16
Funding provided to related undertakings	(51)	(10)
Repayments from related undertakings	21	91
Net cash inflow/(outflow) from capital expenditure	(125)	48

	2012 £M	2011 £M
Acquisitions and disposals		
Sale of business	24	2
Net cash balance disposed with subsidiary	(2)	-
Purchase of other investments	-	(1)
Sale of other investments	3	2
Net cash inflow from acquisitions and disposals	25	3

	2012 £M	2011 £M
Financing		
Issue of shares	83	-
Repurchase of shares	(24)	-
Funding from related undertakings	9	50
Repayments to related undertakings	(20)	(68)
Debt due within one year		
Net repayments on bank loans	(17)	(13)
Other loan repayments	(1)	-
Debt due after more than one year		
Net repayments on bank loans	(102)	(50)
Settlement of share options	(12)	-
Capital elements of finance lease rental payments	(3)	(4)
Net cash outflow from financing	(87)	(85)

Notes to the Financial Statements

33 Acquisitions and Disposals

Disposals

On 20 October 2011, the Group sold its 100% holding in Virgin Active Australia Pty Limited to ActiveBidCo Limited, an associate company of the Group's ultimate parent company Virgin Group Holdings Limited As a consequence from the transaction date the results of the company ceased to be accounted for as a subsidiary at the date of the transaction The contribution to the results in these consolidated financial statements for the period to the transaction date of 20 October 2011 was a loss of £3million (2011 year to 31 December 2011 – loss of £4million)

	Book Value £M
Net assets	16
Transaction costs	-
Net assets post transaction	16
Net assets disposed·	
Net assets	16
Gain on disposal	11
Net consideration received	27
Satisfied by attributable·	
Loan consideration	27
Less transaction costs	-
Net consideration received	27

The disposal resulted in an unrealised gain on disposal of £11million which has been recognised in the consolidated statement of total recognised gains and losses until such time that the loan consideration is repaid by ActiveBidCo Limited

A further £2million unrealised gain was recognised by the Group through sale of ordinary share capital in Virgin Active Group Limited which again has been recognised in the consolidated statement of total recognised gain and losses until such time that the loan consideration is repaid by ActiveBidCo Limited

Notes to the Financial Statements

34. Post balance sheet events

The Virgin Rail Group submitted its bid in May 2012 for the new West Coast franchise which starts on 9 December 2012 and runs through to 31 March 2026 On 15 August 2012 the DfT announced that following the bidding competition, Virgin Rail Group will not be operating the franchise On 28 August 2012, the Group applied for a judicial review of the bidding process, and on 3 October the Secretary of State announced that the competition had been cancelled following the identification of flaws in the assessment of bids Virgin Rail management is in discussion with the DfT on a potential extension of the current franchise but no agreement has yet been reached

On 24 May 2012, Virgin Management Limited made available to Virgin Group Investments Limited, a related undertaking, a loan facility of £75million

On 22 October 2012, the Company entered into a new multicurrency revolving facility agreement with Lloyds TSB Bank plc the purpose of which was to refinance an existing Lloyds facility (note 18)

Notes to the Financial Statements

35. Related party transactions

As at 31 March 2012, 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/or members of his immediate family Virgin Group Holdings Limited is incorporated in the British Virgin Islands 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

Companies within the Virgin Atlantic sub-group have trademark licenses from Virgin Enterprises Limited for the use of the Virgin name and logo The licenses are without term limit, mostly royalty free, and worldwide, excluding domestic scheduled air services where all points of embarkation and disembarkation are within Australia The licenses are exclusive subject to certain licenses granted to Virgin America Inc

Within the Virgin Rail Group Holdings Limited sub-group, Virgin Rail Group Limited and its subsidiaries have a trademark license from Virgin Enterprises Limited for the use of the Virgin name and logo The license terminates on 28 November 2017, is subject to a royalty charge, excludes certain activities, and applies to the United Kingdom and such other countries or jurisdictions as may be added by Virgin Rail Group Limited, subject to the approval of Virgin Enterprises Limited

The Group has taken advantage of the exemption within Financial Reporting Standard 8 which allows transactions entered into by wholly owned Group subsidiaries to be excluded from disclosure The following is a summary of material transactions and balances by the Group with related entities, which are required to be disclosed by Financial Reporting Standard 8

	31 March 2012			31 March 2011		
	Companies related by virtue of common control or ownership £M	**Companies related by virtue of being joints ventures/ associates of the Group £M**	**Companies related by virtue of being investors in the Group £M**	Companies related by virtue of common control or ownership £M	Companies related by virtue of being joint ventures/ associates of the Group £M	Companies related by virtue of being investors in the Group £M
Turnover	3	15	-	25	9	-
Purchases	-	14	-	1	12	-
Other income	-	-	-	10	-	-
Interest receivable	11	7	-	32	5	-
Interest payable	-	-	-	36	-	-
Debtors	7	78	-	289	39	-
Creditors	-	12	4	1,078	1	4
Dividends received	-	-	18	-	-	-
Pref shares redeemed	-	-	25	-	-	-

Notes to the Financial Statements

35. Related party transactions (continued)

The companies related by virtue of common control or ownership (including the Virgin Atlantic Group and Virgin Rail Group as disclosed above) with which the group transacted during the year are as follows

Network Distributing Limited, Vieco 10 Limited, Virgin Active Group Limited (pre 20 October 2011), Virgin Money Holdings (UK) Limited (pre 31 December 2011), Virgin Galactic Limited, Virgin Healthcare Holdings Limited, Virgin Health Bank Limited, Virgin Hotels Holdings LLC and Virgin Retail Europe Limited

The companies related by virtue of being investors in the group with which the group transacted during the year are as follows

Singapore Airlines Limited and Stagecoach Group plc

The companies related by virtue of being associates and/or joint ventures of the group and/or other investments in which the group has a significant influence which were transacted during the year are as follows

Virgin Australia Holdings Limited, Omer Telecom Limited, Virgin Mobile India Private Limited and Virgin Mobile South Africa (Pty) Limited, Virgin Money Holdings (UK) Limited (post 31 December 2011), ActiveTopco Limited and its subsidiaries including the Virgin Active Group Limited (post 20 October 2011) and Virgin America Inc

All of the above transactions were on an arms length basis

36. Controlling party

At 31 March 2012, the ultimate parent undertaking was Virgin Group Holdings Limited, a company registered in the British Virgin Islands