

Registration number: 01073929

Virgin Enterprises Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Virgin Enterprises Limited

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Virgin Enterprises Limited

Strategic Report for the Year Ended 31 December 2022

Virgin Enterprises Limited (the "Company") is principally engaged in the management, protection and development of the Virgin brand.

The Company is part of a larger group (the "Virgin Group") which comprises Virgin Group Holdings Limited ("VGHL"), the ultimate parent of the Company, its subsidiaries and certain assets owned directly by VGHL's sole shareholder, Sir Richard Branson. The principal activities of the Virgin Group comprise;

- i) investment management,
- ii) brand licensing (which is primarily undertaken by the Company),
- iii) an investment portfolio.

Virgin Management Limited ("Virgin Management"), a parent company, provides shared administrative functions across investment management and brand licensing. Virgin Management's services comprise management of all directly-managed resources including people, property and financial.

Summary financial performance and key performance indicators

For the year ended 31 December 2022 the Company's turnover totalled £78,525,000 (2021: £61,064,000). The increase of £17,461,000 in the Company's brand licensing revenues is driven by the ongoing recovery in the Company's travel and leisure licensee businesses which were impacted by Covid-19 in prior years.

Profit before taxation totalled £55,607,000 for the year ended 31 December 2022 (2021: £33,994,000). The increase in profit is attributable to an increase in royalty income, along with a minor decrease in staff costs and administrative costs.

During the year the Company declared and settled a dividend of £35,000,000 (2021: £30,000,000) to its parent company VEL Holdings Limited, to enable the Virgin Group to invest in Virgin Orbit, Virgin Voyages and other real estate.

As at 31 December 2022, the Company had net assets of £76,087,000 (2021: £65,748,000).

Development and performance of the business

The Company's revenues consist of royalties under the trademark licence agreements it has entered into with companies using the Virgin brand ("Licensees"). Royalties receivable under these agreements are usually calculated as a percentage of the revenues of the Licensees, typically subject to minimum guarantees.

Principal risks and uncertainties

The Company is reliant on the strong reputation and loyalty engendered by the Virgin brand and is vulnerable to the risk of a decline in the perception of the Virgin brand, and to brand infringement. The Company has a full-time team dedicated to protecting the Virgin brand, monitoring and taking action to prevent potential brand infringement. The Company's trademark licence agreements with Licensees govern the use of its intellectual property and require its licensees to abide by the quality control standards with respect to such use.

The Company is reliant on royalty income from its trademark licence agreements and any material adverse change in the business or market in which any of the licensees operate, or of termination of a licence, could affect the level of royalty income received. The Company takes steps to mitigate these risks through a wide distribution of licensees across a number of different geographies and industries, and through setting minimum guaranteed royalty payments in contracts, and through actively monitoring its licensee relationships.

Virgin Enterprises Limited

Strategic Report for the Year Ended 31 December 2022

Going concern

As set out in note 1.2 to the financial statements, the Directors have a reasonable expectation that the Company 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.

Section 172 Companies Act 2006

The Directors have acted in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefits of its stakeholders and members as a whole, and in doing so have regard to the matters set out in s172(1) of the Companies Act 2006 and the Company's Articles of Association in the decisions taken during the year as set out below.

Since Virgin Management Limited is the Company's indirect parent company and provides management services to the Company with respect to people, property and financial resources, reference is made to Virgin Management's policies and processes where relevant.

a) The likely consequence of any decision in the long term

The Company is the owner of the Virgin brand and is a long-term purpose-led brand owner who licenses the brand to a number of licensees ("Licensees") under trade mark licence agreements. As such, key decisions made relating to the brand and the brand licensing business take into consideration the long-term consequences and outcomes of those decisions, including in respect of:

- expected growth in shareholder value derived by the brand licensing business;
- impact on the Virgin Group's medium to long-term liquidity;
- impact on the Virgin brand.

The Board of the Company annually agrees a five-year plan relating to the brand licensing business. The plan encompasses a review of all Licensees, expected royalty forecasts and corporate development.

Key decisions made by the Board included:

- Entering into, terminating or amending trade mark licences in respect of the Virgin Brand with Licensees, for example:
 - An amendment to the trade mark licensing arrangements of Virgin Australia.
 - Termination of the trade mark licensing arrangements for Virgin Radio France.
 - Entry into a new trade mark licensing arrangement with Virgin Fibra.

Virgin Enterprises Limited

Strategic Report for the Year Ended 31 December 2022

b) The interests of the Virgin Group's employees

Virgin Management, the intermediate parent of the Company, is the main employing entity in the Virgin Group (outside of the customer facing investee businesses). Virgin Management is committed to achieving diversity, engagement and development of its people and taking strategic leadership through:

- Holly Branson's role as the Virgin Group's Chief Purpose and Vision Officer whose focus is on ensuring the Virgin Group is a purposeful business and is committed to helping to create an inclusive, diverse and innovative 21st century culture; and
- the Board having individual and collective objectives based on employee culture and development and regular Board discussion of employee and people matters.

Wellbeing: We are committed to ensuring that our employees are safe, healthy and well. We strive to ensure that we are constantly anticipating and responding to the evolving wellbeing needs and expectations of all our stakeholders - people, customers, partners, suppliers, founders and local communities too. We believe that wellbeing is of paramount importance and also that it is multi-dimensional so we focus on physical, mental, emotional, financial and spiritual wellbeing.

- Virgin Management adopts a flexible working approach, enabling hybrid working, and empowering and trusting our employees to work in a way that supports them and enables them to work in the best way.
- Virgin Management adopts progressive and innovative employee policies, including wellbeing, flexible working, unlimited holiday and enhanced shared parental leave and real rest.
- A targeted focus is placed on employee wellbeing (whether physical, mental or financial) through provision of training e.g. on resilience in a crisis, virtual employee experiences and access to new wellbeing opportunities, including running First Aider and Mental Health First Aider training courses for individuals across the organisation to complete, ensuring broader wellbeing support to more colleagues.
- Regular updates are provided through the newly launched Virgin Central intranet, regular newsletters and CEO town halls on matters concerning the Virgin Group, its employees and its businesses and investments.
- Virgin Management signed up to the UK Government's Disability Confident Scheme as a Disability Confident Committed Employer (Level One).
- Our Dyslexic Thinking campaign is signposted in all Virgin Management job postings as an example of the importance we place in having a diverse workforce, and our celebration of all kinds of working styles. As part of this, we emphasise the value we place in applicants being open about allowances we can make from the very start of the hiring process through to a full-time role to allow individuals to thrive.

Diversity & inclusion: Virgin Management believes that all its people should feel they can be 100 per cent themselves at work. That can only occur when it achieves a truly diverse work force which it is striving for and working to achieve across the Virgin Group. All companies within the Virgin Group aim to make an inclusive workplace for everyone, regardless of age, gender, race, sexual orientation, disability, religion, belief or non-belief, marital status and family circumstances. At Virgin, we believe all people are equal and we welcome everyone and encourage people to truly be themselves. We strive to treat people fairly and equally irrespective of their identity, lifestyle and life chances.

We think about diversity and inclusion in the broadest sense, considering factors including:

- protected characteristics - age, disability, race, religion or belief, sex, sexual orientation, gender reassignment, marriage or civil partnership, pregnancy and maternity.
- acquired traits such as educational background.
- health considerations such as long-term conditions, mental health, substance misuse.
- personal circumstances such as caring responsibilities, life stage or culture.
- neurodiversity and diversity of thought.

We have taken the following actions:

- Refreshed our Virgin Traits, which are an agreed set of principles on how we all want to work with each other, with the collaborative effort of all members of staff, taking onboard feedback from every member of staff.

Virgin Enterprises Limited

Strategic Report for the Year Ended 31 December 2022

- Created Diversity & Inclusion (“D&I”) plan, with clear objectives and a high level of engagement in D&I working groups, which has led to actions and education materials, newsletters and talks on D&I themes.
- Being a signatory to the Race at Work Charter, established by Business in the Community.
- Signing up to the UK Government’s Disability Confident Scheme as a Disability Confident Committed Employer (Level One).
- Improving accessibility to virgin.com to make it more inclusive.
- Creating a menopause policy along with support and guidance, launching the Parent Club to support parents at work.
- Creating a Carers guide to support all employees with caring responsibilities.

Communication & engagement: Virgin Management seeks to operate a framework of employee communication and engagement initiatives which help its people feel a sense of shared purpose and connection with our business strategy, and to facilitate a two-way dialogue between its people and its Board of Directors. This is achieved through the intranet, newsletters, employee forums and the use of engagement surveys and corresponding action plans. In addition, there are weekly updates, live Q&As and quarterly meetings for all Virgin Management employees led by the Chief Executive Officer to update on activity across the Virgin Group. We have recently refreshed our One Voice employee forum, creating a unified, open and transparent forum, providing opportunities to share feedback and discuss key issues.

We use a best in class engagement survey, Peakon that provides us rich insight to the engagement levels of our people, understanding their drivers for satisfaction, and opportunities we have to improve their experience at Virgin Management. It allows us to shape our leadership focus and support in the most meaningful areas with greatest impact, and creates an ongoing dialogue between leaders and their teams.

Learning & development: Virgin Management commits to equipping its people with the expertise and knowledge they need to be successful in their current role and supporting them in continuing to grow and develop their career. A comprehensive training programme on diverse areas such as resilience, wellbeing, project management, negotiation training, presentation skills, objective setting, manager training and much more are open to all employees. In addition to this, Virgin Management delivers an annual mentoring scheme, open to all employees to participate in, further supporting growth and development of all individuals.

c) The need to foster the Company's business relationships with suppliers, customers and others

Virgin Management’s main suppliers are service providers such as legal firms, consultancies, marketing agencies, IT support, HR services, facilities and travel. Close working relationships are maintained with key suppliers, and it works constructively with many of them to share best practices on matters such as environmental and labour standards.

The Company fosters particularly close relationships with licensees of the Virgin brand, through engagement as a brand licensor where standards and principles are mandated, and metrics such as customer and people experience (including Net Promoter Score), ethical procurement, social and environmental impact, governance approaches and purpose are tracked and discussed at regular brand engagement forums. The Board has appointed dedicated teams whose remit is to work with its Virgin branded investments and Licensees in support of these areas.

Virgin Enterprises Limited

Strategic Report for the Year Ended 31 December 2022

d) The impact of the Company's operations on the community and environment

The Board regularly assesses the Virgin Group's social and environmental impacts and considers how it can influence positive and systemic change.

Virgin Management and Virgin Start Up are active supporters of the Better Business Act, which launched in April 2021. The Better Business Act pushes for legislative change to amend Section 172 of the Companies Act to ensure every business in the UK aligns the interests of its shareholders with those of wider society and the environment. The Company codified its intentions towards its wider stakeholders by adopting updated Articles of Association in October 2022, taking a significant step forward in ensuring our purpose of 'Changing Business for Good' is integral to all that we do and ensuring that every strategic and business decision is made in accordance with our Vision and Purpose pillars.

In 2022 we developed and launched a purpose decision making filter which we rolled out to every single team in our business to help all colleagues to make more purpose driven decisions in their day-to-day roles. Using the filter ensures that themes such as diversity, inclusion, sustainability, and human rights are evident and considered in all our major decisions.

Virgin Management, the principal operational management company for the Virgin Group, has committed to reaching net zero greenhouse gas emissions, in respect of its operations and supply chain, under its net zero strategy. This includes a reduction in carbon emissions from business travel and its supply chain, and engagement with employees. The strategy targets a reduction in greenhouse gas emissions from operations and supply chain of 50% by 2030, over a 2018 baseline.

The Virgin Group has committed to net-zero greenhouse gas emissions by 2050. The Board regularly reviews progress on carbon reduction across the Virgin Group, providing advice and recommendations that enable progress towards its achievement, and has appointed a dedicated team whose remit is to work with its Virgin-branded investments and Licensees and support their journey to net zero, reduction of other environmental impacts and social risks, work to promote diversity and inclusion, and maximisation of opportunities to create positive social impacts.

As part of Virgin Group's awareness of its social responsibility, it continues to engage in a comprehensive range of activities, including:

- financial and operational support for Virgin Unite, the independent entrepreneurial foundation of the Group and the Branson family (the value of donations in the financial year 2022 were approximately £2 million and services were provided via Virgin Management by way of a donation in kind of £3 million);
 - financial and operational support for Virgin Start Up, which was founded by the Group to help founders in the UK to start and scale early-stage businesses including through access to loans from the UK Government's Start Up Loans Company (the total value of financial support provided in the financial year 2022 from the Virgin Group to Virgin Start Up was approximately £1 million);
 - a proactive advocacy agenda which supports and campaigns for social change on a broad range of issues, including:
 - integration of refugees in the UK and elsewhere, and support for refugee entrepreneurs;
 - drug policy reform that prioritizes decriminalization and harm reduction;
 - universal abolition of the death penalty;
 - criminal justice reform and reduction of reoffending rates through second chance employment and campaigns to expunge criminal records;
 - greater awareness of and support for neurodiversity, particularly dyslexia; and
 - LGBT+ inclusion and global efforts to counter marginalization and persecution of LGBT+ populations.
- the promotion of progressive policies across the Virgin Group, such as recruiting ex-offenders in the UK or the integration of refugee-led businesses in supply chains.

Virgin Enterprises Limited

Strategic Report for the Year Ended 31 December 2022

In the community, Virgin Management expanded its existing community work through staff participation in the Future Frontiers mentoring programme for local youths in disadvantaged communities and further contributions to the North Paddington Foodbank and The Avenues, a North Westminster youth charity.

e) The desirability of the Company maintaining a reputation for high standards of business conduct

Virgin Management has specific policies on modern slavery, anti-bribery and corruption and undertakes due diligence on potential investments, partners, suppliers and other third parties, to ensure high ethical standards are applied. These policies are regularly reviewed, and all employees are required to complete interactive training to embed their understanding.

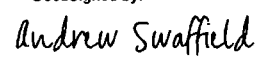
The Virgin Group also understands that business has a wider responsibility to promote good and should not exist purely for commercial profit. Virgin Management and Virgin Start Up continue to publicly support the Better Business Act's campaign to change how business is done by aligning the interests of a company's shareholders with those of wider society and the environment equally. The Company's Directors are empowered to exercise their judgement in weighing up and advancing the interests of all stakeholders as codified in the Company's Articles of Association.

The Virgin Group understands that the tax it pays is an important part of its wider economic and social impact and plays a key role in development, both inside and outside the UK. The Virgin Group pays tax on business profits in the jurisdiction in which those profits are generated. For example, Virgin Enterprises is tax resident in the UK and pays UK tax on the royalties it receives from its global Licensees. The Virgin Group's approach to tax is explained in its Tax Strategy Statement which is available on www.virgin.com.

f) The need to act fairly as between members of the Company

The Virgin Group has been in operation for 50 years having been founded by Sir Richard Branson in 1970. He remains the sole shareholder of Virgin Group Holdings Limited, the ultimate parent of the Company.

Approved by the Board on 27 June 2023 and signed on its behalf by:

DocuSigned by:

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A J Swaffield
Director
66 Porchester Road
London
W2 6ET

Virgin Enterprises Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £45,339,000 (2021: £30,832,000).

During the year the Company declared and settled total dividends of £35,000,000 (2021: £30,000,000) to its parent company VEL Holdings Limited, to enable the Virgin Group to invest in Virgin Orbit, Virgin Voyages and other real estate.

Charitable donations

In 2022, donations of £2,400,000 (2021: £5,400,000) were made to Virgin Unite, the independent entrepreneurial foundation of the Virgin Group and Branson Family.

Streamlined Energy and Carbon Reporting

The Company is required to report on its own limited energy consumption under the Streamlined Energy and Carbon Reporting requirements. The energy consumption for the Company has been incorporated and disclosed in the consolidated financial statements of its indirect parent company, Virgin Holdings Limited.

Directors of the Company

The Directors, who held office during the year, were as follows:

A J Swaffield

W P Budd

M D Bridge

C J Hilton

Disclosure of information to the auditors

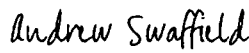
Each of the persons who are Directors at the time when the Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on 27 June 2023 and signed on its behalf by:

DocuSigned by:

EEF5EDE18FA7435...

A J Swaffield
Director
66 Porchester Road
London
W2 6ET

Virgin Enterprises Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Virgin Enterprises Limited

Independent Auditor's Report to the Members of Virgin Enterprises Limited

Opinion

We have audited the financial statements of Virgin Enterprises Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Virgin Enterprises Limited

Independent Auditor's Report to the Members of Virgin Enterprises Limited

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of Directors and finance management as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not earn third party revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Virgin Enterprises Limited

Independent Auditor's Report to the Members of Virgin Enterprises Limited

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

Strategic report and Directors' report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the Strategic Report and the Directors' Report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

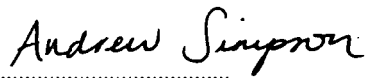
Virgin Enterprises Limited

Independent Auditor's Report to the Members of Virgin Enterprises Limited

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



.....
Andrew Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 29 June 2023

Virgin Enterprises Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

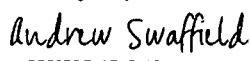
	Note	2022 £ 000	2021 £ 000
Turnover	2	<u>78,525</u>	<u>61,064</u>
Gross profit		78,525	61,064
Administrative expenses	4	(24,498)	(27,691)
Other operating income	3	<u>814</u>	<u>124</u>
Operating profit		54,841	33,497
Interest receivable and similar income	8	1,500	1,241
Interest payable and similar charges	9	<u>(734)</u>	<u>(744)</u>
Profit before tax		55,607	33,994
Income tax expense	10	<u>(10,268)</u>	<u>(3,162)</u>
Profit for the year		45,339	30,832
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>45,339</u></u>	<u><u>30,832</u></u>

There were no recognised gains and losses for 2022 and 2021 other than those included in the Statement of Comprehensive Income.

Virgin Enterprises Limited
(Registration number: 01073929)
Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Intangible assets	11	47,540	50,197
Current assets			
Debtors: amounts falling due within one year	12	65,781	46,105
Deferred tax asset	10	106	96
Cash at bank and in hand	14	2,445	7,960
		<u>68,332</u>	<u>54,161</u>
Creditors: amounts falling due within one year	13	<u>(21,191)</u>	<u>(18,657)</u>
Net current assets		<u>47,141</u>	<u>35,504</u>
Total assets less current liabilities		94,681	85,701
Creditors: Amounts falling due after more than one year	13	<u>(18,594)</u>	<u>(19,953)</u>
Net assets		<u>76,087</u>	<u>65,748</u>
Capital and reserves			
Called up share capital	15	6,365	6,365
Share premium reserve		2,600	2,600
Profit and loss account	16	<u>67,122</u>	<u>56,783</u>
Shareholders' funds		<u>76,087</u>	<u>65,748</u>

These financial statements were approved and authorised by the Board and were signed on its behalf on 27 June 2023.

DocuSigned by:

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 A J Swaffield
 Director

Virgin Enterprises Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2022	6,365	2,600	56,783	65,748
Comprehensive income for the year				
Profit for the year	-	-	45,339	45,339
Total comprehensive income	-	-	45,339	45,339
Transactions with owners, recorded directly in equity				
Dividends	-	-	(35,000)	(35,000)
Balance as at 31 December 2022	<u>6,365</u>	<u>2,600</u>	<u>67,122</u>	<u>76,087</u>

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
Balance at 1 January 2021	6,365	2,600	55,951	64,916
Comprehensive income for the year				
Profit for the year	-	-	30,832	30,832
Total comprehensive income	-	-	30,832	30,832
Transactions with owners, recorded directly in equity				
Dividends	-	-	(30,000)	(30,000)
Balance at 31 December 2021	<u>6,365</u>	<u>2,600</u>	<u>56,783</u>	<u>65,748</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 Accounting policies

1.1 Basis of preparation

Virgin Enterprises Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office address is 66 Porchester Road, London, W2 6ET. The registration number is 01073929.

The Company's intermediate parent, Virgin Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin Holdings Limited are available to the public and may be obtained from the address in note 18.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 Statement of cash flows and related notes;
- comparative period reconciliations for share capital, tangible and intangible fixed assets;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- disclosures in respect of the compensation of Key Management Personnel;
- the requirements of IFRS 7 financial instruments disclosures;
- disclosure of the objectives, policies and processes for managing capital; and
- the effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.16.

The financial statements are prepared in sterling, which is the functional currency of the Company, and rounded to the nearest thousand.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.2 Going concern

The Directors have a reasonable expectation that the Company 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.

In making this assessment, the Directors have considered the impact of the current macroeconomic on licensees and downside scenarios which include the risk that certain royalty debtors are not recoverable. Alongside this, they have considered the Company's ability to cover its operating expenses through existing liquid assets and access to further available liquidity including undrawn credit facilities.

The Directors have also considered downside scenarios which include the risk that certain royalty debtors are not recoverable. Alongside this, they have considered the Company's ability to cover its operating expenses through existing liquid assets and access to further available liquidity including undrawn credit facilities.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

1.3 Turnover

Turnover comprises royalties receivable under trademark licence agreements, which the Company has entered into with companies using the Virgin brand. Royalties are typically based on a percentage of the revenues of the licensee, subject to minimum guarantees, and are recognised in accordance with IFRS 15's principle-based five-step model as follows:

- contract with a customer is identified;
- contract performance obligations are identified;
- transaction price is determined;
- transaction price is allocated to each performance obligation; and
- upon satisfaction of each performance obligation the turnover is recognised.

Royalties are invoiced and recognised based on usage of the Virgin brand in line with trademark license agreements. Payments in respect of invoiced royalties are received on a quarterly basis.

1.4 Employee benefits

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid into publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

1.5 Foreign currency

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.6 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.7 Finance income and costs

Interest payable and similar charges include interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Statement of Comprehensive Income (see foreign currency accounting policy). Interest receivable and similar income includes interest receivable on loans receivable and net foreign exchange gains.

Interest receivable and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

1.8 Current and deferred taxation

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

1.9 Intangible assets

Trademarks and licences acquired separately are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Finite useful life intangible assets are amortised over the useful economic life of the licence.

The useful economic lives of the intangible assets held by the Company vary between 15 to 30 years.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Assets under construction are stated in the statement of financial position at cost. These assets are not depreciated until they are available for use and are reviewed for impairment at each reporting date.

The cost of assets under construction includes directly attributable costs incurred in their acquisition and installation.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.10 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Financial assets and liabilities

Classification

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument. In accordance with IFRS 9, financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Company determines the classification at initial recognition and re-evaluates this designation at each reporting date except for those financial instruments measured at fair value through the Statement of Comprehensive Income.

Recognition and measurement

Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as 'loans and receivables'. Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment, and include trade and other receivables. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost and include loans and borrowings and trade and other payables.

Impairment

Impairment of non-derivative financial assets

The Company assesses at each balance sheet date whether a non-derivative financial asset is impaired. The expected credit loss approach is taken when calculating impairments on financial assets. All financial assets are reviewed for historic write-offs and this proportion is applied to its class of financial assets to calculate the required provision.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Derecognition of non-derivative financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Derecognition of non-derivative financial liabilities

The Company derecognises a financial liability only when the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. Any difference in the respective carrying amounts are recognised in the Statement of Comprehensive Income.

1.12 Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors.

1.13 Cash and cash equivalents

Cash comprises deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried on the balance sheet.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.16 Accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the company financial statements.

2 Turnover

The analysis of the Company's turnover for the year is as follows:

	2022	2021
	£ 000	£ 000
Royalty income	<u>78,525</u>	<u>61,064</u>

The analysis of the Company's turnover for the year by geography is as follows:

	2022	2021
	£ 000	£ 000
United Kingdom	43,200	35,455
Europe	7,706	8,121
North America	11,830	9,570
Middle East and Africa	3,321	2,457
Asia	1,888	1,443
Oceania	<u>10,580</u>	<u>4,018</u>
	<u>78,525</u>	<u>61,064</u>

3 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2022	2021
	£ 000	£ 000
Other operating income	<u>814</u>	<u>124</u>

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

4 Operating profit

Arrived after (crediting)/charging:

	2022	2021
	£ 000	£ 000
Foreign exchange (gains)/losses	(374)	118
Amortisation	3,269	3,270
Employer's pension costs	323	290
	<u> </u>	<u> </u>

5 Auditors' remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements	<u>80</u>	<u>66</u>

There were no non audit services provided in 2022 or 2021.

6 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	4,338	4,881
Social security costs	578	623
Pension costs, defined contribution scheme	323	290
	<u>5,239</u>	<u>5,794</u>

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	<u>30</u>	<u>29</u>

The majority of employees are employed by Virgin Management Limited and their costs are recharged to Virgin Enterprises Limited and included within staff costs accordingly.

The 2022 staff costs include a charge of £500,000 relating to the 2022 short term incentive plan which was settled in January 2023.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Directors' emoluments	2,767	2,473
Company contributions to defined contribution pension schemes	<u>33</u>	<u>23</u>
	<u><u>2,800</u></u>	<u><u>2,496</u></u>

During the year retirement benefits were accruing to 4 Directors (2021: 4) in respect of defined contribution schemes.

Remuneration for certain Directors is paid by other Virgin Group entities.

In respect of the highest paid Director:

	2022	2021
	£ 000	£ 000
Remuneration	<u><u>1,433</u></u>	<u><u>1,428</u></u>

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2021: £nil).

8 Interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income from group companies	<u>1,500</u>	<u>1,241</u>
	<u><u>1,500</u></u>	<u><u>1,241</u></u>

9 Interest payable and similar charges

	2022	2021
	£ 000	£ 000
Interest expense on contract liabilities	508	566
Net foreign exchange losses	<u>226</u>	<u>178</u>
	<u><u>734</u></u>	<u><u>744</u></u>

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

10 Income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	9,753	4,878
Adjustments in respect of previous periods	(613)	(2,253)
Foreign tax	1,138	558
	<u>10,278</u>	<u>3,183</u>
Deferred taxation		
Relating to the origination and reversal of temporary differences	(7)	-
Relating to changes in tax rates	(2)	(23)
Adjustments in respect of previous periods	(1)	2
	<u>(10)</u>	<u>(21)</u>
Income tax expense reported in the Statement of Comprehensive Income	<u>10,268</u>	<u>3,162</u>

The reconciliation between the tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2022 and 2021 is as follows:

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	<u>55,607</u>	<u>33,994</u>
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	10,565	6,459
Non-deductible expenses	407	411
Group relief for nil payment	-	(1,306)
Double tax relief	(88)	(128)
Deferred tax effect of changes in statutory tax rates	(2)	(23)
Adjustments in respect of current income tax of prior years	(613)	(2,253)
Adjustments in respect of deferred income tax of prior years	(1)	2
Income tax expense reported in the Statement of Comprehensive Income	<u>10,268</u>	<u>3,162</u>

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

2022

	2022 £ 000	Recognised in Statement of Comprehensive Income £ 000	At 31 December 2022 £ 000
Decelerated capital allowances	11	(1)	10
Other timing differences	85	11	96
	<u>96</u>	<u>10</u>	<u>106</u>

2021

	At 1 January 2021 £ 000	Recognised in Statement of Comprehensive Income £ 000	At 31 December 2021 £ 000
Decelerated capital allowances	9	2	11
Other timing differences	66	19	85
	<u>75</u>	<u>21</u>	<u>96</u>

A change to the main UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. Accordingly, the deferred tax asset as at 31 December 2022 has been calculated at the rate of 25% (2021: 25%).

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Intangible assets

	Trademarks and licenses £ 000	Assets under construction £ 000	Total £ 000
Cost			
At 1 January 2022	94,779	-	94,779
Additions	-	613	613
At 31 December 2022	<u>94,779</u>	<u>613</u>	<u>95,392</u>
Amortisation			
At 1 January 2022	44,582	-	44,582
Amortisation charge	3,270	-	3,270
At 31 December 2022	<u>47,852</u>	<u>-</u>	<u>47,852</u>
Carrying amount			
At 31 December 2022	<u>46,927</u>	<u>613</u>	<u>47,540</u>
At 31 December 2021	<u>50,197</u>	<u>-</u>	<u>50,197</u>

The recoverable amount of each intangible asset is calculated by reference to its value in use. Forecast cash flows, discounted at a pre-tax weighted average cost of capital ("WACC") rate, extrapolated into either perpetuity or the expiry of the licence agreement.

All intangible assets held by the Company have been tested for impairment and no impairments were identified during the year (2021: £nil).

At 31 December 2022, the intangible asset balance comprises of various intangible assets linked to specific trademark license agreements which the Company is party to. Assumptions applied in impairment testing are specific to each asset. The key assumptions applied are summarised in the table below:

2022				
Carrying Value (£000)	Pre-Tax WACC	Growth rate	NPV (£000)	Remaining useful life
46,927	7.94% - 27.99%	2%	162,900	3 - 18 years
2021				
Carrying Value (£000)	Pre-Tax WACC	Growth rate	NPV (£000)	Remaining useful life
50,197	9.20% - 21.70%	2% - 3%	139,855	4 - 19 years

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Trade and other debtors

	2022	2021
	£ 000	£ 000
Trade receivables	2,486	879
Debtors from group related undertakings	35,422	26,418
Prepayments and contract assets	20,995	15,506
Other debtors	5,443	1,273
Corporation tax	1,435	2,029
	<u>65,781</u>	<u>46,105</u>

13 Trade and other creditors

	2022	2021
	£ 000	£ 000
Trade creditors	774	643
Accrued expenses and contract liabilities	5,569	5,190
Amounts due to group related undertakings	5,081	9,845
Other creditors	9,767	2,979
	<u>21,191</u>	<u>18,657</u>

Creditors: amounts falling due after more than one year

	2022	2021
	£ 000	£ 000
Contract liabilities	18,594	19,953
	<u>18,594</u>	<u>19,953</u>

Amounts falling due after more than one year relate to prepaid royalties on fixed term licence agreements.

Financing

On 24 January 2019, Virgin Holdings Limited, Virgin Enterprises Limited and VEL Holdings Limited, as borrowers and guarantors entered into a multi-currency revolving credit facility with Barclays Bank plc, HSBC UK Bank plc, Credit Suisse AG and Lloyds Bank plc.

On 29 December 2022, the facility was amended and restated such that the facility comprises of “Facility A Tranche 1”, a \$81,293,332 term debt facility; “Facility A Tranche 2”, a £33,000,000 term debt facility; and “Facility B”, a £50m multi-currency revolving credit facility. All facilities terminate on 3 January 2026, with an option to extend for two one-year periods.

Facilities A and B are guaranteed by Virgin Holdings Limited, Virgin Enterprises Limited, VEL Holdings Limited, Virgin Group Holdings Limited and Virgin Aviation TM Limited.

As at 31 December 2022, £nil was drawn down on Facilities A and B.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

14 Cash and cash equivalents

	2022	2021
	£ 000	£ 000
Cash at bank	<u>2,445</u>	<u>7,960</u>

15 Share capital

Allotted, called up and fully paid shares

	2022	2021
	£ 000	£ 000
6,365,001 ordinary shares of £1 each	<u>6,365</u>	<u>6,365</u>

16 Reserves

Retained Earnings

During the year the Company declared and settled dividends of £35,000,000 (2021: £30,000,000), satisfied by the assignment of part of an intercompany receivable from Virgin Holdings Limited and in cash.

17 Related party transactions

At 31 December 2022, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson. The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under International Accounting Standard 24 - *Related Party Disclosures*.

As a 100% owned subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption under FRS 101 - *Reduced Disclosure Framework*, which enables it to exclude disclosure with Virgin Group Holdings Limited and its wholly owned subsidiaries.

	Turnover £000	Debtors £000	Accrued income £000
2022			
Virgin Hotels LLC	1,671	-	450
Virgin Red Limited	812	92	102
Virgin Orbit LLC	1,279	-	-
	<u>3,762</u>	<u>92</u>	<u>552</u>
2021			
Virgin Hotels LLC	751	323	167
Virgin Orbit LLC	128	-	54
	<u>879</u>	<u>323</u>	<u>221</u>

On 4 April 2023, Virgin Orbit, Inc. and its subsidiaries commenced voluntary proceedings under Chapter 11 of the U.S. Bankruptcy Code. Debtor balances owed to the Company from Virgin Orbit LLC at 31 December 2022 are fully provided.

Virgin Enterprises Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

18 Controlling party

At 31 December 2022, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest groups into which the Company's results are consolidated are those of Virgin Holdings Limited, a company registered in England and Wales. The consolidated financial statements of this group can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.