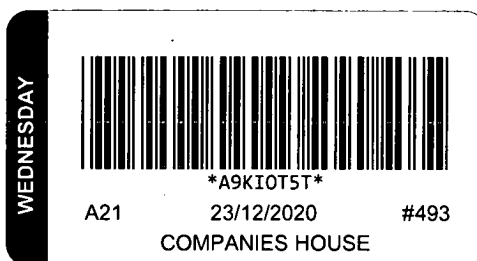


Registration number: 02857673

Virgin Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Virgin Group Limited

Contents

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 14

Virgin Group Limited

Strategic Report for the Year Ended 31 December 2019

Business review

During the year, the principal activity of the Company was that of an investment holding company.

The profit for the year, after taxation, amounted to £488,408,000 (2018: £nil) which arose from transfers of assets to other Virgin Group companies under a project to simplify the Virgin Group structure. Further detail is provided in Note 6 to the Financial Statements.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks which impacts the recoverable value of the Company's investments. From the perspective of the Company, the principal risks and uncertainties are managed with the principal risks of the Group comprising Virgin UK Holdings Limited and its wholly-owned subsidiaries (the "Group") under the supervision of the directors. Further discussion of these risks and uncertainties, in context of the Group as a whole, is provided on pages 4-7 of the Group's annual report for the year ended 31 December 2019, which does not form part of this report.

Impact of Covid-19

The Covid-19 outbreak developed rapidly in 2020. The measures taken by Governments around the world to contain the virus have had a significant impact on business activity.

The Company does not hold any investments and therefore has not suffered any material impact from the actions taken by the Government in response to Covid-19.

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.

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis of KPIs is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board on 25 August 2020 and signed on its behalf by:



.....
I P Woods
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Virgin Group Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £488,408,000 (2018: £nil).

During the year, the Company paid a dividend in specie of £1,753,638,000 (2018: £nil).

Directors' of the company

The directors, who served during the year, were as follows:

I P Woods

R P Blok

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 director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company'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.

Approved by the Board on 25 August 2020 and signed on its behalf by:



.....
I P Woods
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Virgin Group Limited

Statement of Directors' Responsibilities

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

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

Virgin Group Limited

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

Opinion

We have audited the financial statements of Virgin Group Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other 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 2019 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Virgin Group Limited

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

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 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

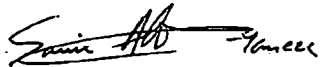
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

Virgin Group Limited

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

A handwritten signature in black ink, appearing to read 'Saira Ahmad-Yaneza', with a long horizontal flourish extending to the right.

Saira Ahmad-Yaneza (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
London
E14 5GL

25 August 2020

Virgin Group Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover		-	-
Gross profit/(loss)		-	-
Dividend income	6	488,408	-
Operating profit		488,408	-
Profit before tax		488,408	-
Profit for the year		488,408	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		488,408	-

There were no recognised gains and losses for 2019 other than those included in the Profit and Loss Account

The notes on pages 10 to 14 form part of these financial statements.

Virgin Group Limited

(Registration number: 02857673)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Non-current assets			
Investments	6	-	1,265,230
Creditors: amounts falling due within one year		-	-
Net current assets		-	-
Net assets		-	1,265,230
Capital and reserves			
Called up share capital	7	-	193,798
Share premium account		-	289,982
Other reserves		-	26,062
Profit and loss account		-	755,388
Shareholders' funds		-	1,265,230

The financial statements were approved and authorised by the board and were signed on its behalf on 25 August 2020.



I P Woods
Director

The notes on pages 10 to 14 form part of these financial statements.

Virgin Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

		Share capital £ 000	Share premium £ 000	Merger reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019		193,798	289,982	26,062	755,388	1,265,230
Profit for the year		-	-	-	488,408	488,408
Total comprehensive income		-	-	-	488,408	488,408
Capital reduction	7	(193,798)	(289,982)	(26,062)	509,841	-
Dividend in specie	6	-	-	-	(1,753,638)	(1,753,638)
At 31 December 2019		-	-	-	-	-
		Share capital £ 000	Share premium £ 000	Merger reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018		168,520	289,982	26,062	780,666	1,265,230
Redomination of shares		25,278	-	-	(25,278)	-
At 31 December 2018		193,798	289,982	26,062	755,388	1,265,230

The notes on pages 10 to 14 form part of these financial statements.

Virgin Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

1.1 Basis of preparation

Virgin Group Limited (the "Company") is a company incorporated and domiciled in the UK. The registered office address is The Battleship Building, 179 Harrow Road, London, W2 6NB.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's intermediate parent, Virgin UK Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin UK Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 8.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), 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 has 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 and tangible 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; 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 1.7.

1.2 Going concern

The Company is in a net asset position. In 2019 as part of a Group Simplification exercise, the Company's direct subsidiary, Virgin Models Limited was liquidated. Following this, the company no longer holds any investments or intercompany balances payable. The Directors intend to make the Company dormant as it is not expected to have any transactions in the next 12 months.

The Directors therefore 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.

Virgin Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1.3 Adoption of new revised standards

IFRS 16 'Leases' is mandatory for the current accounting period. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. As the company is not party to any leases, the adoption of IFRS 16 has had no impact on the financial statements. There were no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 which have had any impact on the company.

1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and 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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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 profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, 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.

1.6 Dividend income

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.

Virgin Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1.7 Critical accounting judgements and key sources of estimation uncertainty

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's financial statements.

2 Subsequent events

The Covid-19 outbreak developed rapidly in 2020. The measures taken by Governments around the world to contain the virus have had a significant impact on business activity.

The Company does not hold any investments and therefore has not suffered any material impact from the actions taken by the Government in response to Covid-19.

3 Auditors' remuneration

Audit fees of £1,530 for the current year (2018: £2,000) have been borne by another group company. There were no non-audit services provided.

4 Taxation

Factors affecting tax charge for the year

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2019 £ 000	2018 £ 000
Profit on ordinary activities before tax	488,408	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	92,798	-
Non-taxable income	(92,798)	-
Total tax charge/(credit)	-	-

The standard rate of corporation tax in the UK is 19%, which came into effect from 1 April 2017. Accordingly, the Company's profit for the year is taxed at 19%.

The Company has recognised no deferred tax assets at 31 December 2019 (2018: £nil).

Virgin Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5 Directors' remuneration

The directors did not receive any remuneration during the year for services of the Company (2018: £nil)

6 Investments

	Shares in group £000
Cost or valuation	
At 1 January 2019	1,265,230
Return of capital	(1,265,230)
31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018	1,265,230

Group Simplification

The Virgin Group is undertaking a project to simplify its Group structure. On 8 February 2019, 5 intermediary holding companies were removed from the UK Group and the investments in the Virgin Group's main trading entities were transferred to Virgin Holdings Limited.

Virgin Group Limited was one of the companies removed from the holding structure. This resulted in the following transactions in 2019.

Return of Capital

On 8 February 2019, the Company's subsidiary Virgin Models Limited transferred its investments to Virgin Holdings Limited. The consideration of £1,753,638,000 was left outstanding and Virgin Models Limited distributed the receivable as a dividend in specie to Virgin Group Limited.

The Company recognised the receivable and recorded £1,265,230,000 as a return of capital against the investment in Virgin Models Limited and recognised the remainder as dividend income of £488,408,000.

Dividend in specie

The Company subsequently distributed the receivable due from Virgin Holdings Limited to its parent undertaking, Barfair Limited.

Virgin Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held
Virgin Models Limited (dissolved on 11 June 2020)	9th Floor, 25 Farringdon Street, London, EC4A 4AB, United Kingdom England & Wales	Ordinary	100%

7 Share capital

	2019 £ 000	2018 £ 000
<i>Allotted, called up and fully paid</i>		
1 Ordinary shares of £0.01 each (2018: 19,379,844,963 ordinary shares of £0.01 each)	-	193,798

On 8 February 2019, the Company carried out a capital reduction whereby the ordinary share capital was reduced to £0.01 and the entire share premium account was cancelled.

8 Controlling party

At 31 December 2019, 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 UK Holdings Limited and Virgin Holdings Limited respectively, both companies are registered in England and Wales. The consolidated financial statements of these groups can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

9 Related party transactions

At 31 December 2019, 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.