

Registered number: 03390330

# Virgin Start Up Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2021



**Virgin Start Up Limited**

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## **Virgin Start Up Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

#### **Principal activities**

Virgin Start Up Limited (the "Company") supports the next generation of founders in the UK through harnessing the entrepreneurial spirit of the Virgin brand. The Company helps start and scale early stage businesses, by providing: advice, access to funding, opportunities to learn the skills needed, inspiration and access to a community of mentors and fellow founders.

The loan funding available to founders is provided by the UK Government (the "Government") through its Start Up Loans programme, administered by The Start Up Loans Company, a wholly owned subsidiary of The British Business Bank. The Start Up Loans Company relies on a network of organisations, known as 'Delivery Partners', to provide the business advice, access to Start Up Loan Funding and the post funding support required by founders, to not only start-up and survive, but thrive.

The Company is one of the official Delivery Partners for this scheme. It delivers its services in England and Scotland through a combination of direct delivery and partnerships with external organisations and enterprise agencies.

The Company also delivers a range of events and masterclasses as well as three later stage accelerator programmes (StepUp, The Growth Programme and Collective Impact) for later stage start-ups that are looking to scale.

#### **Business review**

##### **Summary financial performance and key performance indicators**

For the year ended 31 December 2021, the Company recorded a profit for the year of £92,000 (2020: loss of £610,000).

For the year ended 31 December 2021, total turnover was £1,305,000 (2020: £678,000). The increase in turnover of £627,000 is mainly attributable to the sponsorship and collaboration agreements which the Company entered into during 2021 with Virgin Enterprises Limited ("VEL") and Clydesdale Bank Plc ("Virgin Money") respectively.

The agreement with VEL focuses on the Masterbrand and includes activities which aim to maximise brand value, increase brand awareness and brand impact. The agreement with Virgin Money focuses on increasing brand awareness in order to help provide further support to founders.

During the year, 452 loans were provided through The Start Up Loans Company (2020: 572).

At 31 December 2021, the Company had net assets of £597,000 (2020: £505,000).

##### **Principal risks and uncertainties**

One of the primary activities of the Company is to provide support to founders looking to secure the funding provided by The Start Up Loans Company. One of the main income streams for the Company is the fee received for each Start Up Loan that is drawn down. There is a risk that The Start Up Loans Company could terminate the Company's contract if the number of loans drawn down is less than 85% of the forecast. In order to minimise this risk, the Company is focused on maintaining its current output level through continued focus on outreach and operational efficiency, strengthening its relationship with The Start Up Loans Company.

The Company is in the process of bidding for a new contract with The Start Up Loans Company, the result of which will be known by March 2023.

The Company is also seeking to expand its product and service portfolio to grow and diversify its income streams.

## **Virgin Start Up Limited**

### **Directors' Report for the Year Ended 31 December 2021**

#### **Going concern**

As detailed in note 1.2 to the financial statements, an intermediate parent undertaking, Virgin Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. The Directors have no reason to believe that Virgin Holdings Limited will not be in a position to provide this support. Thus, they continue to adopt the going concern basis of accounting in preparing these 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 members as a whole, and in doing so have regard to the stakeholders and matters set out in s172(1) of the Companies Act 2006 in the decisions taken during the year as set out below.

Since Virgin Management Limited is the Company's direct 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 a purpose-led not-for-profit organisation dedicated to its mission of empowering business founders to start up and thrive. The Company exists to help founders start and scale their businesses by providing access to funding, advice, mentoring and training. The Company is one of the leading delivery partners of the government backed Start Up Loans programme and also offers several unique initiatives for founders who want to scale their businesses over the long-term such as free monthly meetup events, Masterclasses, StepUp, The Growth Programme and Collective Impact. Key decisions made in line with the Company's vision and purpose take into consideration the long-term consequences and outcomes of those decisions.

Key decisions made by the Board during the year included:

- Signing up to, and actively championing the Better Business Act;
- Reconfirming the Company's commitment to help level the playing field for women starting and scaling businesses;
- Approving the set up of two Collective Impact programmes which help impact-led Start Ups raise between £150,000 to £1,500,000; and
- Approving entry into a new partnership with Virgin Money which focuses on increasing brand awareness in order to help provide further support to founders.

#### ***b) The interest of the Company's employees***

In light of the ongoing impact of the Covid-19 pandemic, the Company continued to provide support to its employees, including:

- Continuing its approach to flexible working and evolving it to further support hybrid working. This included the continued provision of a safe office environment for those unable to work from home as well as technology and support to enable all employees to work remotely when it worked for them and the business.
- Placing a targeted focus on employee wellbeing (whether physical, mental or financial) through the provision of training e.g. on resilience in a crisis, virtual employee experiences and access to new wellbeing opportunities
- At the Virgin Group, we believe that all our people should feel they can be 100 per cent themselves at work. That can only occur when we achieve a truly diverse work force which we are striving for and working together to achieve across the Virgin Group.

## Virgin Start Up Limited

### Directors' Report for the Year Ended 31 December 2021

- **Diversity & inclusion ("D&I"):** 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
- **Communication & engagement:** We seek to operate a framework of employee communication and engagement initiatives which helps our people feel a sense of shared purpose and connection with our business strategy, and to facilitate a two-way dialogue between our people and the board. This is achieved through company intranet, newsletters, employee forums and the use of engagement surveys and corresponding action plans.
- **Learning & development:** We commit to equipping our 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.

As an employer, the Company, is further committed to achieving diversity, engagement and development as demonstrated by:

- The continuing role of Holly Branson as the Virgin Group's Chief Purpose and Vision Officer whose focus is on ensuring that the Virgin Group is a purposeful business and is committed to helping to create an inclusive, diverse and innovative 21st Century culture;
- The Board having individual and collective objectives based on employee culture and development and regular board discussion of employee matters;
- The adoption of progressive and innovative employee policies, including wellbeing, flexible working, unlimited holiday and enhanced shared parental leave;
- A Diversity & Inclusion strategy, with clear objectives and a high level of engagement in D&I working groups, each led by a Virgin Group Director, and leading to an output of recommended actions and education materials, newsletters and talks on D&I themes; and
- A comprehensive training programme on diverse areas such as resilience, wellbeing, project management and objective setting are open to all employees of the Company.

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

The Company's main suppliers are service providers such as business advisors, consultants, facilitators and speakers, marketing agencies and IT support. Close working relationships are maintained with key suppliers and we work constructively with many of them to share best practices on matters such as environmental and labour standards.

A supportive and dynamic community has been created with participants of the Company's various initiatives. Many cohort members often continue to be an integral part of the Virgin Start Up founder network far beyond their initial participation and these reciprocal relationships underpin the Company's ability to deliver on its purpose.

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

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

The Board understands the Company's environmental impact and is committed to responding to the risk of climate change for the benefit of the planet and its communities.

## **Virgin Start Up Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The Company 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.

We also look to work with founders to embrace best principles in Start Up businesses, so that they too can combine purpose and profit and have a positive impact on the world.

As part of the Company's awareness of its social responsibility, we engage in a comprehensive range of activities:

- providing support and access for socially-responsible companies such as Change Please, a coffee business which provides training to people who are homeless to become baristas, uses solar panels on its vans, 100% compostable cups and sends all waste coffee grounds to be turned into bio-fuel and has gone on to become one of Marketing Week's Top 100 most disruptive brands in the world;

In the community, the Company supports specific local initiatives including, in 2021, the Skill Mill, a UK-based social enterprise employing ex-offenders and people from disadvantaged backgrounds to source face masks for Virgin Management. We also expanded our 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***

The Company 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 Board also understands that businesses in general have a wider responsibility to promote good and should not exist purely for commercial profit. To this end, in 2021, the Company publicly signed up to the Better Business Act supporting the 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.

#### ***f) The need to act fairly 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.

## Virgin Start Up Limited

### Directors' Report for the Year Ended 31 December 2021

#### Directors of the Company

The Directors who served during the year were as follows:

C J Hilton

A Fishburn

F C R Andrewes

W P Budd (appointed 23 September 2021)

L M Grant

W S Pearson (resigned 23 September 2021)

#### Charitable contributions

The Company made charitable donations of £nil (2020: £nil) during the year.

#### Disclosure of information to the auditors

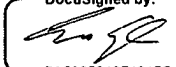
Each of the persons who are Directors at the time when the Directors' Report is approved has confirmed that:

- 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 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.

Approved by the Board on 12 September 2022 and signed on its behalf by:

DocuSigned by:  
  
.....7A5005942F1045C.....

L M Grant  
Director  
The Battleship Building  
179 Harrow Road  
London  
W2 6NB

## **Virgin Start Up Limited**

### **Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements**

The Directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 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, and have disclosed and explained any material departures 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 its 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 Start Up Limited

### Independent Auditor's Report to the Members of Virgin Start Up Limited

#### Opinion

We have audited the financial statements of Virgin Start Up Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Statement of Financial Position, the 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 2021 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 Start Up Limited

### Independent Auditor's Report to the Members of Virgin Start Up 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 accounting for the revenue is non-complex, and subject to limited levels of judgment with limited opportunities to fraudulently manipulate 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. These included those posted and approved by the same user and those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions

#### *Identifying and responding to risks of material misstatement due to non-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 Start Up Limited**

### **Independent Auditor's Report to the Members of Virgin Start Up 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.

#### **Directors' report**

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

Our responsibility is to read 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 Directors' Report;
- in our opinion the information given in this report for the financial year is consistent with the financial statements; and
- in our opinion this report 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 6, 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.

## **Virgin Start Up Limited**

### **Independent Auditor's Report to the Members of Virgin Start Up Limited**

#### **Auditors' 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 an auditor's report that includes our opinion. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Polina Nikolaev (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square  
London  
E14 5GL

12 September 2022

## Virgin Start Up Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2021

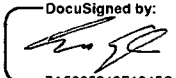
	Note	2021 £ 000	2020 £ 000
Turnover	2	1,305	678
Cost of sales		<u>(145)</u>	<u>(181)</u>
<b>Gross profit</b>		1,160	497
Administrative expenses		<u>(1,068)</u>	<u>(1,107)</u>
<b>Operating profit/(loss)</b>	3	<u>92</u>	<u>(610)</u>
<b>Profit/(loss) before tax</b>		92	(610)
Income tax expense	6	<u>-</u>	<u>-</u>
<b>Profit/(loss) for the year</b>		92	(610)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>Total comprehensive profit/(loss) for the year</b>		<u><u>92</u></u>	<u><u>(610)</u></u>

The notes on pages 14 to 22 form an integral part of these financial statements.

**Virgin Start Up Limited**  
**(Registered number: 03390330)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 £ 000	2020 £ 000
<b>Non-current assets</b>			
Tangible fixed assets	7	-	-
<b>Current assets</b>			
Debtors	8	587	191
Cash at bank and in hand		168	495
		<u>755</u>	<u>686</u>
Creditors: Amounts falling due within one year	9	<u>(158)</u>	<u>(181)</u>
<b>Net current assets</b>		<u>597</u>	<u>505</u>
<b>Net assets</b>		<u>597</u>	<u>505</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Share premium		5,742	5,742
Profit and Loss Account		<u>(5,145)</u>	<u>(5,237)</u>
<b>Shareholders' funds</b>		<u>597</u>	<u>505</u>

The financial statements were approved and authorised by the Board and were signed on its behalf on 12 September 2022.

DocuSigned by:  
  
 .....7A5005942F1045C...  
 L M Grant  
 Director

# Virgin Start Up Limited

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £ 000	Share premium £ 000	Profit and Loss Account £ 000	Total £ 000
<b>Balance as at 1 January 2021</b>	-	5,742	(5,237)	505
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	92	92
<b>Total comprehensive income for the year</b>	-	-	92	92
<b>Balance as at 31 December 2021</b>	-	5,742	(5,145)	597

	Called up share capital £ 000	Share premium £ 000	Profit and Loss Account £ 000	Total £ 000
<b>Balance as at 1 January 2020</b>	-	4,890	(4,627)	263
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(610)	(610)
<b>Total comprehensive loss for the year</b>	-	-	(610)	(610)
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued during the year	-	852	-	852
<b>Total contributions by and distributions to owners</b>	-	852	-	852
<b>Balance as at 31 December 2020</b>	-	5,742	(5,237)	505

The notes on pages 14 to 22 form an integral part of these financial statements.

## **Virgin Start Up Limited**

### **Notes to the financial statements for the Year Ended 31 December 2021**

#### **1 Accounting policies**

##### **1.1 Basis of preparation**

Virgin Start Up Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in England and Wales. The registered office address is The Battleship Building, 179 Harrow Road, London, W2 6NB. The registered number is 03390330.

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 prepared in accordance with International Financial Reporting Standards as adopted by the UK and are available to the public and may be obtained from the address in note 12.

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 UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the 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 and tangible fixed assets;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- 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 1.12.



## **Virgin Start Up Limited**

### **Notes to the financial statements for the Year Ended 31 December 2021**

#### **1.2 Going concern**

The Directors have considered the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, on the operations and its financial resources, the Company will have sufficient funds through funding from its immediate parent company, Virgin Holdings Limited, to meet the liabilities as they fall due for the period.

Those forecasts are dependent on Virgin Holdings Limited providing additional financial support during that period. Virgin Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **1.3 Turnover**

Turnover consists of fee income from sponsorship and collaboration agreements with VEL and Virgin Money respectively, fee income from The Start Up Loans Company, grant income received from the European Union, event income from attendance at various workshops held throughout the year and income from the Collective Impact.

Turnover and other operating income is 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.

#### **1.4 Foreign currency**

The Company's functional and presentation currency is pound sterling.

Transactions in foreign currencies are translated into the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

## **Virgin Start Up Limited**

### **Notes to the financial statements for the Year Ended 31 December 2021**

#### **1.5 Current and deferred taxation**

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised or that the Company has determined it is appropriate to recognise the deferred tax asset as it is recoverable due to the fact that the Company is part of a UK group for group relief purposes.

#### **1.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

IT equipment - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

#### **1.7 Cash and cash equivalents**

Cash is represented by cash in hand and 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.

## Virgin Start Up Limited

### Notes to the financial statements for the Year Ended 31 December 2021

#### 1.8 Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 1.9 Financial instruments

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.

##### *Non-derivative financial assets*

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.

##### *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.

##### *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.

##### *Non-derivative financial liabilities*

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.

##### *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 is recognised in the Statement of Comprehensive Income.

#### 1.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Virgin Start Up Limited

### Notes to the financial statements for the Year Ended 31 December 2021

#### 1.11 Employee Benefits

##### *Defined contribution pension plan*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### 1.12 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's financial statements.

## 2 Turnover

The analysis of turnover by class of business is as follows:

	2021 £ 000	2020 £ 000
Fee receivable from The Start Up Loans Company on loans drawn in the period	306	406
Grant income	198	183
Post funding support programme	21	50
Sponsorship income	733	-
Other income *	47	39
	<u>1,305</u>	<u>678</u>

\* Other income includes income from events and the Crowdboost support programme.

During the year the Company entered into a sponsorship agreement with Virgin Enterprises Limited. The nature of the agreement is to provide advertising, marketing and promotion of the Virgin master brand.

## Virgin Start Up Limited

### Notes to the financial statements for the Year Ended 31 December 2021

An analysis of turnover by geography:

	2021 £ 000	2020 £ 000
United Kingdom	1,107	495
Rest of the World	198	183
	<u>1,305</u>	<u>678</u>

#### 3 Expenses and auditor's remuneration

Audit fees of £48,000 (2020: £8,000) were borne by the Parent Company, Virgin Management Limited. There were no non-audit services provided in 2021 and 2020.

#### 4 Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	661	716
Social security costs	79	81
Company contributions to defined contribution pension schemes	50	55
	<u>790</u>	<u>852</u>

The average monthly number of employees, (including Directors), during the year was as follows:

	2021 No.	2020 No.
Management and administration	<u>14</u>	<u>14</u>

#### 5 Directors' remuneration

	2021 £ 000	2020 £ 000
Directors' emoluments	191	182
Company contributions to defined contribution pension schemes	7	7
	<u>198</u>	<u>189</u>

During the year retirement benefits were accruing to 1 Director (2020: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £148,000 (2020: £132,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,000 (2020: £7,000).

## Virgin Start Up Limited

### Notes to the financial statements for the Year Ended 31 December 2021

#### 6 Income tax

The major components of income tax expense are:

	2021 £ 000	2020 £ 000
<b>Current tax</b>		
UK corporation tax	-	-
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<u>-</u>	<u>-</u>

The reconciliation between the tax charge and the accounting profit multiplied by the UK corporation tax rate is as follows:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	<u>92</u>	<u>(610)</u>
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	17	(116)
<b>Effects of:</b>		
Non-deductible expenses	-	(152)
Non-taxable income	(194)	240
Temporary differences not recognised for deferred tax	<u>177</u>	<u>28</u>
<b>Income tax expense reported in the Statement of Comprehensive Income</b>	<u>-</u>	<u>-</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, any deferred tax asset/(liability) as at 31 December 2021 would be calculated at the rate of 25% (2020: 19%).

The Company has not recognised deferred tax assets in respect of gross unused tax losses of £9,987,000 (2020: £9,052,000) and other temporary differences of £11,000 (2020: £11,000).

## Virgin Start Up Limited

### Notes to the financial statements for the Year Ended 31 December 2021

#### 7 Tangible assets

	IT Equipment £ 000
<b>Cost</b>	
At 1 January 2021	5
At 31 December 2021	5
<b>Depreciation</b>	
At 1 January 2021	5
At 31 December 2021	5
<b>Carrying amount</b>	
At 31 December 2021	-
At 31 December 2020	-

#### 8 Debtors

	31 December 2021 £ 000	31 December 2020 £ 000
Trade debtors	37	6
Amounts due from group undertakings	-	2
Prepayments and accrued income	550	183
	<u>587</u>	<u>191</u>

#### 9 Creditors: amounts falling due within one year

	31 December 2021 £ 000	31 December 2020 £ 000
Trade creditors	16	3
Accrued expenses	104	143
Social security and other taxes	33	32
Other creditors	5	3
	<u>158</u>	<u>181</u>

#### 10 Share Capital

	31 December 2021 £ 000	31 December 2020 £ 000
<b>Alloted, called up and fully paid shares</b>		
9 Ordinary shares of £1 each	-	-

## **Virgin Start Up Limited**

### **Notes to the financial statements for the Year Ended 31 December 2021**

#### **11 Related party transactions**

At 31 December 2021 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 of transactions with Virgin Group Holdings Limited and its wholly owned subsidiaries.

#### **12 Controlling party**

At 31 December 2021 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.