Virgin.com Limited

Annual Report and Financial Statements

Registered number 3735629

31 December 2018

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Directors' Report
For the year ended 31 December 2018

The directors' present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is the development and management of the Virgin Group website to cross-sell the services of the companies using the Virgin name and offer a common e-commerce platform for Virgin companies.

Business review

Summary financial performance and key performance indicators

For the year ended 31 December 2018, the Company recorded a profit after tax of £102,000, compared with £194,000 for the year ended 31 December 2017.

For the year ended 31 December 2018, turnover totalled £3,129,000, compared with £2,712,000 for the year ended 31 December 2017.

At 31 December 2018, the Company had net assets of £754,000 (2017: £652,000), an increase of £102,000. This increase in net assets was driven by an increase in cash at bank generated by the 2018 annual profit.

Going concern

The Company has considerable financial resources available to it, and going forward no significant adverse changes are expected in relation to its income streams or cost base at this present time.

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 these financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £102,000 (2017: £194,000).

The directors do not recommend the payment of a dividend (2017: £nil).

Directors

The directors who served during the year were:

I P Woods
L V Thomas
A Stirling

Disclosure of information to auditor

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.

Directors' Report *(continued)*
For the year ended 31 December 2018

Auditor

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

This report was approved by the board on 13 June 2019 and signed on its behalf.

B A R Gerrard
Company Secretary
The Battleship Building
179 Harrow Road
London
W2 6NB

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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 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.

KPMG

Independent Auditor's Report to the Members of Virgin.com Limited

Opinion

We have audited the financial statements of Virgin.com Limited (the "Company") for the year ended 31 December 2018, 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 2018 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.

Brexit other matter

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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, including the impact of Brexit, 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.

KPMG

Independent Auditor's Report to the Members of Virgin.com Limited *(continued)*

Directors' report

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that 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 the report for the financial year is consistent with the financial statements; and
- in our opinion, the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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.

Saira Ahmad-Yaneza

Saira Ahmad-Yaneza (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
13 June 2019

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	2	**3,129**	2,712
Gross profit		**3,129**	2,712
Administrative expenses	3, 4	**(3,066)**	(2,745)
Profit/(loss) before tax		**63**	(33)
Tax on profit/(loss)	7	**39**	227
Profit for the year		**102**	194
Other comprehensive income		**-**	-
Total comprehensive income for the year		**102**	194

The notes on pages 9 to 18 form part of these financial statements.

Balance Sheet
As at 31 December 2018

Registered number: 3735629

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	8		-		-
Tangible assets	9		-		1
Current assets					
Debtors: amounts falling due within one year	10	**710**		3,093	
Cash at bank and in hand		**581**		52	
		1,291		3,145	
Creditors: amounts falling due within one year	11	**(537)**		(2,494)	
Net current assets			**754**		651
Net assets			**754**		652
Capital and reserves					
Share capital	12		-		-
Share premium			**70,030**		70,030
Profit and loss account			**(69,276)**		(69,378)
Shareholders' funds			**754**		652

The financial statements were approved and authorised by the board and were signed on its behalf on 13 June 2019.

I P Woods
Director

The notes on pages 9 to 18 form part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	-	70,030	(69,378)	652
Comprehensive income for the year				
Profit for the year	-	-	102	102
Total comprehensive income for the year	-	-	102	102
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2018	-	70,030	(69,276)	754
Balance at 1 January 2017	-	70,030	(69,572)	458
Comprehensive income for the year				
Profit for the year	-	-	194	194
Total comprehensive income for the year	-	-	194	194
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2017	-	70,030	(69,378)	652

The notes on pages 9 to 18 form part of these financial statements.

1 Accounting policies

1.1 Basis of preparation of financial statements

Virgin.com Limited (the "Company") is a company incorporated and domiciled in the UK. The Company's 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 15.

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;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- 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 significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

1.2 Adoption of new and revised standards

The Company has applied IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' for the first time for its annual reporting period commencing 1 January 2018. Applying these new accounting standards has not had a material impact on the Company's financial statements for the year ended 31 December 2018.

There were no amendments to other accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2018 which have had a material impact on the Company's financial statements. Further details in relation to IFRS 9 and IFRS 15 are noted below:

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 'Financial Instruments' and the major changes in accounting policies arising from the adoption of IFRS 9 can be summarised as follows:

- The impairment of financial assets has been significantly amended with the main impact being that IFRS 9 introduces an expected credit loss model when assessing the impairment of financial assets.
- The classification of financial instruments from IAS 39 to IFRS 9 categories. This has had no impact on the Company's opening earnings or carrying values of the financial instruments.

The Company has elected to adopt IFRS 9 without restating comparative information.

1 Accounting policies *(continued)*

1.2 Adoption of new and revised standards *(continued)*

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaces IAS 18 'Revenue' and introduces a single, principle-based five-step model to be applied to all contracts with customers.

Under IFRS 15, revenue is recognised when customers obtain control of goods or services and so are able to direct the use, and obtain the benefits, of those goods or services. This is described further in the turnover accounting policy below.

1.3 Going concern

The Company has considerable financial resources available to it, and as a licensing company no significant adverse changes are expected in relation to its income streams or cost base at this present time. As a consequence, the directors believe that the Company is well placed to manage its business risks.

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 these financial statements.

1.4 Turnover

Turnover comprises fees receivable by the Company in respect of management of the Virgin Group website for other companies using the Virgin name. Turnover 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.

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The estimated useful lives range as follows:

Website designed - Straight line over 3 ycars

1.6 Tangible fixed assets

Tangible fixed assets 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 are charged to profit or loss 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.

Depreciation is provided on the following basis:

Computer equipment - 3 - 5 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 in profit or loss.

1 Accounting policies *(continued)*

1.7 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 in accordance with IFRS 9 Financial Instruments.

1.8 Creditors

Creditors are obligations to pay for goods and 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.

1.9 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.

1.10 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 profit or loss.

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 calculated 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, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts are recognised in profit or loss.

1 Accounting policies *(continued)*

1.11 Foreign currency

The Company's functional currency is GBP.

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 profit and loss account.

1.12 Finance income and expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in profit or loss (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.13 Current and deferred taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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 **Accounting policies** *(continued)*

1.14 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, inventories 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, or ("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. 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.

2 Turnover

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

	2018 £000	2017 £000
Website advertising sales	19	140
Rendering of management services	2,886	2,572
Membership fees	224	-
	3,129	2,712

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	3,098	2,656
North America	9	56
Europe	1	-
Africa	18	-
Oceania	3	-
	3,129	2,712

3 Administrative expenses

Included in administrative expenses are the following:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	1	2
Exchange differences	(9)	3

4 Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements:

	2018 £000	2017 £000
Fees for the audit of the Company	6	6

There were no non-audit services provided.

5 Staff numbers and costs

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

	2018 £000	2017 £000
Wages and salaries	997	882
Social security costs	125	110
Cost of defined contributions scheme	76	63
	1,198	1,055

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
Management & administration	19	16

In April 2019, all employees were transferred to other Virgin entities.

6 Directors' remuneration

The directors did not receive any remuneration during the year for services to the Company (2017: £nil).

7 Taxation

	2018 £000	2017 £000
Current tax:		
Current tax on profit/(loss) for the year	(38)	(72)
Adjustment in respect of prior years	(1)	(155)
Taxation on profit/(loss) on ordinary activities	(39)	(227)

Factors affecting tax charge for the year

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

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	63	(33)
Tax on profit/(loss) at standard UK tax rate of 19.00% (2017: 19.25%)	12	(7)
Effects of:		
Adjustments in respect of prior years	(1)	(155)
Expenses not deductible	4	2
Capital allowances in excess of depreciation	(54)	(67)
Tax credit for the year	(39)	(227)

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 not recognised deferred tax assets in respect of gross unused tax losses of £16,181,790 (2017: £16,181,790) and gross temporary differences of £1,323,869 (2017: £1,607,609)

8 Intangible assets

	Intellectual property £000
Cost	
At 1 January 2018	920
At 31 December 2018	920
Amortisation	
At 1 January 2018	920
At 31 December 2018	920
Net book value	
At 31 December 2018	-
At 31 December 2017	-

9 Tangible assets

	Computer equipment £000
Cost	
At 1 January 2018	11
At 31 December 2018	11
Depreciation	
At 1 January 2018	(10)
Charge for the year	(1)
At 31 December 2018	(11)
Net book value	
At 31 December 2018	-
At 31 December 2017	1

10 Debtors: amounts falling due within one year

	2018 £000	2017 £000
Trade debtors	11	74
Amounts owed by group undertakings	345	2,810
Other debtors	235	145
Prepayments and contract assets	119	64
	710	3,093

11 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	6	63
Amounts owed to group undertakings	180	2,084
Accruals and contract liabilities	315	319
Other creditors	36	28
	537	2,494

12 Share capital

	2018 £000	2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
3 ordinary shares of £1 each	-	-

13 Contingent liabilities

The Company is party to a group pooling and overdraft facility of £50million, of which £11m (2017: £nil) was drawn down at year end, all of which is repayable on demand.

14 Related party transactions

At 31 December 2018 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.

At the year end, the Company had the following amounts outstanding and transactions in the year with related parties:

	Turnover £000	Debtors £000
2018		
Virgin Atlantic Airways Limited	42	-
Virgin Galactic LLC	3	-
Virgin Care Limited	24	28
Virgin Pulse, Inc.	2	-
Virgin Hotels, LLC	1	1
Virgin Rail Group Holdings Limited	28	1
Virgin Money Holdings (UK) Plc	19	7
	119	37
2017		
Virgin Holidays Limited	-	4
Virgin Money Holdings (UK) Plc	11	13
Virgin Atlantic Airways Limited	-	1
	11	18

15 Ultimate parent undertaking and controlling party

At 31 December 2018, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest groups in which the results of the Company are consolidated are those for Virgin UK Holdings Limited and Virgin Holdings Limited, 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.

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.

The following accounting policies are considered critical accounting policies as they require a significant amount of management judgement and the results are material to the financial statements.

Intangible assets

The Company exercises judgement to determine the useful economic life of intangible assets. The assets are depreciated over their useful economic lives.