Virgin.com Limited

Annual report and financial statements

Registered number 3735629

31 December 2017

Contents

Directors' Report

The directors' present their report and the financial statements for the year ended 31 December 2017.

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 2017 the Company recorded a profit after tax of £194,000, compared with a £67,000 profit after tax for the year ended 31 December 2016.

For the year ended 31 December 2017 turnover totalled £2,712,000, compared with £2,554,000 for the year ended 31 December 2016.

At 31 December 2017, the Company had net assets of £651,000 (2016: £458,000), an increase of £193,000. This increase in net assets is driven by an increase in intercompany debt receivable.

Going concern

The Company has adequate 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 the annual financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £194,000 (2016: £67,000).

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who served during the year were:

I P Woods
L V Thomas
A Stirling (appointed 16 January 2017)

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 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.

Directors' Report *(continued)*

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 26 July 2018 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.

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 2017, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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 that report for the financial year is consistent with the financial statements; and
- in our opinion, that report has 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.

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

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.

Sarah Styant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 July 2018

Statement of Comprehensive Income
for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	2	**2,712**	2,554
Gross profit		**2,712**	2,554
Administrative expenses	3,4	**(2,745)**	(2,656)
Loss before tax		**(33)**	(102)
Taxation	7	**227**	169
Profit for the year		**194**	67
Other comprehensive income		-	-
Total comprehensive income for the year		**194**	67

Company Balance Sheet
Registered number: 3735629
at 31 December 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Intangible assets	8		-		-
Tangible assets	9		1		3
Current assets					
Debtors	10	3,093		1,476	
Cash		52		55	
		3,145		1,531	
Creditors: amounts falling due within one year	11	(2,494)		(1,076)	
Net current assets			651		455
Net assets			652		458
Capital and reserves					
Share capital	12		-		-
Share premium			70,030		70,030
Retained earnings			(69,378)		(69,572)
Shareholders' funds			652		458

The notes on pages 9 to 20 form part of these financial statements.

The financial statements were approved and authorised by the board and were signed on its behalf on 26 July 2018.

I P Woods
Director

Statement of Changes in Equity
For the year ended 31 December 2017

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
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**
Contributions by and distributions to owners				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2017	-	**70,030**	**(69,378)**	**652**
Balance at 1 January 2016	-	70,030	(69,639)	391
Comprehensive income for the year				
Profit for the year	-	-	67	67
Total comprehensive income for the year	-	-	67	67
Contributions by and distributions to owners				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2016	-	70,030	(69,572)	458

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 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 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.

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.

In these financial statements, the Company has applied the exemptions under FRS101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Related party disclosures in respect of wholly owned subsidiaries;
- Disclosures in respect of the compensation of key management personnel;
- Requirements of IFRS7 Financial Instruments Disclosures.

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 have significant effect on the financial statements and estimates with a significant adjustment in the next year are discussed in note 16.

1.2 Going concern

The Company has adequate 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. 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 forseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

1 Accounting policies *(continued)*

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue comprises fees receivable in respect of management of the Virgin Group website for other companies using the Virgin name. Management fees are recognised on a straight line basis over the period in which the services are provided. Turnover in respect of sponsorship is recognised on a straight line basis over the life of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.4 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 design	- Straight line over 3 years

1.5 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 the Statement of Comprehensive Income.

1.6 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 Accounting policies *(continued)*

1.7 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 IAS 39, 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.

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets

The company has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables.

The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired.

Where an existing financial liability is replaced by another form 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 de-recognition 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.

1.8 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 Accounting policies *(continued)*

1.9 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.

1.10 Foreign currency translation

Functional and presentation currency

The Company's functional currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gain and losses are presented in the profit and loss account within 'other operating income'.

1.11 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 the profit and loss account (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.

1.12 Current and deferred taxation

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

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

1 Accounting policies *(continued)*

1.13 Current and deferred taxation *(continued)*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the reputation of deferred tax assets is limited to the extent that it is probably that they will be recovered against reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.14 Impairment of assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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.

1 Accounting policies *(continued)*

1.16 Impairment of assets

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:

	2017 £000	2016 £000
Website advertising sales	140	251
Rendering of management services	2,572	2,303
	2,712	2,554

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	2,656	2,485
North America	56	69
	2,712	2,554

3 Administrative expenses

Included in administrative expenses are the following:

	2017 £000	2016 £000
Amortisation of intangible assets, including goodwill	-	97
Exchange differences	3	4

4 Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017 £000	2016 £000
Fees for the audit of the Company	6	6

5 Staff numbers and costs

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

	2017 £000	2016 £000
Wages and salaries	882	717
Social security costs	110	79
Cost of defined contrbutions scheme	63	32
	1,055	829

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

	2017 £000	2016 £000
Management & administration	16	19

6 Directors' remuneration

The directors did not receive any remuneration during the year for the services to the Company (2016: £Nil).

7 Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	(72)	-
Adjustments in respect of prior periods	(155)	(169)
	(227)	(169)
Total current tax	(227)	(169)
Taxation on profit on ordinary activities	(227)	(169)

Factors affecting tax charge for the year

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 £000	2016 £000
Loss for the period - continuing activities	(33)	(102)
Tax on loss at standard UK tax rate of 19.25% (2016: 20.00%)	(7)	(21)
Effects of:		
Adjustments in respect of prior years	(155)	(169)
Expenses not deductible	2	27
Current year losses for which no deferred tax asset was recognised	-	60
Capital allowances in excess of depreciation	(67)	(66)
Tax credit for the period	(227)	(169)

Factors that may affect future tax charges:

The Company has not recognised deferred tax assets in respect of gross unused tax losses of £16,181,790 (2016: £16,947,075) and gross temporary differences of £1,607,609 (2016: £1,960,161)

8 Intangible assets

	Intellectual property £000
Cost	
At 1 January 2017	920
At 31 December 2017	920
Amortisation	
At 1 January 2017	920
At 31 December 2017	920
Net book value	
At 31 December 2017	-
At 31 December 2016	-

9 Tangible assets

	Computer equipment £000
Cost	
At 1 January 2017	11
At 31 December 2017	11
Depreciation	
At 1 January 2017	(8)
Charge for the year	(2)
At 31 December 2017	(10)
Net book value	
At 31 December 2017	1
At 31 December 2016	3

10 Debtors

	2017	2016
	£000	£000
Due within one year		
Trade debtors	74	27
Amounts owed by group undertakings	2,810	1,288
Other debtors	145	109
Prepayments and accrued income	64	52
	3,093	1,476

11 Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	63	21
Amounts owed to group undertakings	2,084	598
Accruals and deferred income	319	457
Other creditors	28	-
	2,494	1,076

12 Share capital

	2017 £000	2016 £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 £nil (2016: £nil) was drawn down at year end.

14 Related party transactions

At 31 December 2017 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
2017		
Virgin Holidays Limited	-	4
Virgin Money Holdings (UK) Plc	11	13
Virgin Atlantic Airways Limited	-	1
	11	18
2016		
Virgin Holidays Limited	-	4
Virgin Money Holdings (UK) Plc	7	16
Virgin Atlantic Airways Limited	-	1
	7	21

15 Related party transactions

At 31 December 2017, 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 companies which are registered in England and Wales. Copies of the group accounts for Virgin UK Holdings Limited and Virgin Holdings Limited 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 FRS101 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.