

Virgin Hotels Limited
(formerly Virgin Sky Investments Limited)

Annual report and financial statements

Registered number 4415765

31 December 2017



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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 that of an investment holding company. In the prior year the Company was dormant.

On 13 July 2017, the Company changed its name from Virgin Sky Investments Limited to Virgin Hotels Limited.

Business review

The Company has no assets or liabilities other than an investment in subsidiary which is held at £1. Going forward, the Company is not expected to have any financial obligations to meet.

Thus the directors continue to adopt the going concern basis of accounting for preparing the annual financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £2,219,000 (2016 - £nil).

During the year the Company paid dividends of £2,219,000 (2016: £nil).

Directors

The directors who served during the year were:

M D Bridge
I P Woods
R P Blok

Disclosure of information to auditor

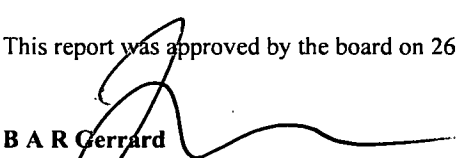
Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

- 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.

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 June 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 Hotels Limited

Opinion

We have audited the financial statements of Virgin Hotels 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 Hotels Limited (continued)

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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 June 2018

Statement of Comprehensive Income
For the year ended 31 December 2017


		2017	Unaudited 2016
	<i>Note</i>	£000	£000
Other operating income	2	2,219	-
Operating profit		<u>2,219</u>	<u>-</u>
Profit on ordinary activities before tax		<u>2,219</u>	<u>-</u>
Taxation on profit on ordinary activities	5	-	-
Profit for the year		<u>2,219</u>	<u>-</u>
Total comprehensive income for the year		<u>2,219</u>	<u>-</u>

Registered number: 4415765

Balance Sheet
As at 31 December 2017

			2017 £000	Unaudited 2016 £000
	<i>Note</i>			
Fixed assets				
Investments	6		-	-
			-	-
Net assets			-	-
Capital and reserves				
Share capital	7		-	-
Profit and loss account	8		-	-
Shareholders' funds			-	-

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



R P Blok
Director

The notes on pages 8 to 12 form part of these financial statements.

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	-	-	-
Comprehensive income for the year			
Profit for the year	-	2,219	2,219
Total comprehensive income for the year	<u>-</u>	<u>2,219</u>	<u>2,219</u>
Contributions by and distributions to owners			
Dividends	-	(2,219)	(2,219)
Total contributions by and distributions to owners	<u>-</u>	<u>(2,219)</u>	<u>(2,219)</u>
Balance at 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 1 January 2016	-	-	-
Comprehensive income for the year			
Profit for the year	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total contributions by and distributions to owners	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

1 Accounting policies**1.1 Basis of preparation of financial statements**

Virgin Hotels Limited (the 'Company') is a company incorporated and domiciled in the UK. The registered address is 179 Harrow Road, London, W2 6NB, United Kingdom.

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 IFRSs"), 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 10.

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;
- 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.

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 11.

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

1.2 Going concern

The Company has no assets or liabilities other than an investment in subsidiary which is held at £1. The Company is no longer trading and going forward the Company is not expected to have any financial obligations to meet.

Thus the directors continue to adopt the going concern basis of accounting for preparing the annual financial statements.

1.3 Valuation of investments

Investment in subsidiaries are measured at cost less accumulated impairment.

1 Accounting policies (*continued*)**1.4 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.

1.5 Dividend income

Dividend income is recognised in other operating income on the date the entity's right to receive payments is established.

1.6 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.

1.7 Impairment*Financial assets (including trade and other debtors)*

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.

Notes to the Financial Statements

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2 Other operating income

	2017 £000	Unaudited 2016 £000
Distribution income	2,219	-
	<u>2,219</u>	<u>-</u>

On 31 January 2017, the Company received a dividend from its subsidiary Vexair Limited of £2,219,000, satisfied by a transfer of an intercompany debt receivable.

3 Auditor's remuneration

Audit fees of £nil for the current have been borne by another group company (2016: £nil).

4 Directors' remuneration

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

5 Taxation

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	Unaudited 2016 £000
Profit on ordinary activities	2,219	-
Tax on profit at standard UK tax rate of 19.25% (2016: 20.00%)	427	-
Effects of:		
Income not taxable	(427)	-
Total tax charge for the year	<u>-</u>	<u>-</u>

The Company had no recognised or unrecognised deferred tax balances at the end of the current year or prior year.

Notes to the Financial Statements

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6 Fixed asset investments

Investments in subsidiary companies £000

Cost or valuation

At 1 January 2017

-

At 31 December 2017

-

Net book value

At 31 December 2017

-

At 31 December 2016

-

The Company has a £1 investment in the following subsidiary:

Subsidiary undertakings	Country of registration	Holding	Class of shares
Vexair Limited The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	100.0%	Ordinary

7 Share capital

Unaudited
2017 2016
£ £

Shares classified as equity

Allotted, called up and fully paid

1 ordinary shares of £1 each

1 1

8 Reserves

Profit & loss account

On 31 January 2017, the Company paid a dividend of £2,219,000 satisfied by the transfer of an intercompany debt receivable due from its parent company, Virgin Holdings Limited.

9 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.

10 Ultimate parent undertaking and controlling party

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 into which the Company's results are consolidated are those of Virgin UK Holdings Limited and Virgin Holdings Limited respectively, both companies registered in England and Wales. The consolidated accounts of these groups can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

11 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.

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