Virgin Life Care Investments Limited

Annual Report and Financial Statements

Registered number 4976244

31 December 2018

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Contents

Directors' Report

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 that of an investment holding company.

Business review

On 25 May 2018, the Company disposed of its only investment, VP Parent Holdings, Inc., for a cash consideration of £56million ($74million). As the directors intend to liquidate the Company following the distribution and settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Results and dividends

The profit for the year, after taxation, amounted to £49,833,000 (2017: loss of £11,000).

There were no dividends paid in the year under review (2017: £ nil).

Post year end, the Company paid a cash dividend of £57,575,000 on 25 June 2019. These dividends have not been provided for.

Directors

The directors who served during the year were:

M D Bridge
A E Waters

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.

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 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. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 Life Care Investments Limited

Opinion

We have audited the financial statements of Virgin Life Care Investments 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.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

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 has been prepared in accordance with the Companies Act 2006.

KPMG

Independent Auditor's Report to the Members of Virgin Life Care Investments Limited *(continued)*

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 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.

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
26 June 2019

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

	Note	2018 £000	2017 £000
Administrative expenses		**(2)**	(15)
Operating loss		**(2)**	(15)
Profit on disposal of available-for-sale investment	9	**46,434**	-
Interest receivable and similar income	4	**3,401**	-
Profit/(loss) before tax		**49,833**	(15)
Taxation	5	**-**	4
Profit/(loss) after tax		**49,833**	(11)
Other comprehensive income			
Change in fair value of assets classified as available-for-sale	9	**(45,870)**	21,839
Total comprehensive income for the year		**3,963**	21,828

The notes on pages 8 to 13 form part of these financial statements.

Balance Sheet
As at 31 December 2018

Registered number: 4976244

	Note	2018 £000	2017 £000
Current assets			
Investments	6	-	55,023
Debtors: amounts falling due within one year	7	**98**	4
Cash at bank and in hand		**59,229**	337
Net current assets		**59,327**	55,364
Net assets		**59,327**	55,364
Capital and reserves			
Share capital	8	**2**	2
Fair value reserve	9	-	45,870
Retained earnings	9	**59,325**	9,492
Shareholders' funds		**59,327**	55,364

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 June 2019.

A-Wat

A E Waters
Director

The notes on pages 8 to 13 form part of these financial statements.

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

	Called up share capital £000	Fair value reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	**2**	**45,870**	**9,492**	**55,364**
Comprehensive income for the year				
Profit for the year	-	-	**49,833**	**49,833**
Disposal of available-for-sale investment	-	**(45,870)**	-	**(45,870)**
Total comprehensive income for the year	-	**(45,870)**	**49,833**	**3,963**
Balance at 31 December 2018	**2**	-	**59,325**	**59,327**
Balance at 1 January 2017	2	24,031	9,503	33,536
Comprehensive income for the year				
Loss for the year	-	-	(11)	(11)
Other comprehensive income	-	21,839	-	21,839
Total comprehensive income for the year	-	21,839	(11)	21,828
Balance at 31 December 2017	2	45,870	9,492	55,364

The notes on pages 8 to 13 form part of these financial statements.

1 Accounting policies

1.1 Basis of preparation of financial statements

Virgin Life Care Investments Limited (the "Company") is a company incorporated and domiciled in the UK. The registered office address is The Battleship Building, 179 Harrow Road, London, W2 6NB, 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 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 11.

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 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 12.

1.2 Adoption of new and revised standards

The Company has applied IFRS 9 'Financial Instruments' for the first time for its annual reporting period commencing 1 January 2018. Applying this new accounting standard 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 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.

1 Accounting policies *(continued)*

IFRS 9 Financial Instruments(continued)

- 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.

1.3 Going concern

On 24 May 2018, the Company disposed of its only investment, VP Parent Holdings, Inc., for a cash consideration of £56million ($74million). As the directors intend to liquidate the Company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis.

There have been no effects to the financial statements.

1.4 Valuation of investments

Investments in unlisted company shares, which have been classified as assets available for sale, are measured at fair value at each balance sheet date. Gains and losses in remeasurement are recognised in the fair value reserve.

1.5 Debtors

Short term debtors are measured at transaction price less any impairment. Receivables 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.

1.6 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.

1.7 Foreign currency transactions

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.

1.8 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.

1 Accounting policies *(continued)*

1.8 Financial instruments *(continued)*

Non-derivative financial assets

Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as 'loans and receivables'. Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment and include trade and other receivables. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of non-derivative financial assets
The Company assesses at each balance sheet date whether a non-derivative financial asset is impaired. The expected credit loss approach is taken when calculating impairments on financial assets. All financial assets are reviewed for historic write-offs and this proportion is applied to its class of financial assets to calculate the required provision.

Derecognition of non-derivative financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

1.9 Finance income

Interest receivable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income 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.

1.10 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.

2 Auditor's remuneration

Audit fees of £4,000 for the current and prior year have been borne by another group company. There were no non-audit services provided.

3 Directors' remuneration

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

The Company has no employees.

4 Interest receivable and similar income

	2018	2017
	£000	£000
Net foreign exchange gains	**2,746**	-
Bank interest receivable	**655**	-
	3,401	-

5 Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profit/(loss) for the year	-	(4)
Taxation on profit/(loss) on ordinary activities	-	(4)

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	2017
	£000	£000
Profit/(loss) on ordinary activities before tax	**49,833**	(15)
Tax on profit/(loss) at standard UK tax rate of 19.00% (2017: 19.25%)	**9,468**	(3)
Effects of:		
Non-deductible expenses	-	(1)
Non-taxable income	**(8,823)**	-
Group relief	**(645)**	-
Total tax charge for the year	-	(4)

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 £nil (2017: £2,778) and other deductible temporary differences of £8,759 (2017: £10,682).

6 Investments

	Unlisted trade investments £000
Cost or valuation	
At 1 January 2018	55,023
Disposal	(55,023)
At 31 December 2018	-
Net book value	
At 31 December 2018	-
At 31 December 2017	55,023

On 24 May 2018, the Company disposed of its trade investment in VP Parent Holdings, Inc.

Investment	Country of registration	Holding	Class of shares
VP Parent Holdings, Inc. The Corporation Trust Company, Corporation Trust Centre, 1209 Orange St, Wilmington, Newcastle 19801, United States	USA	17.13%	US$0.01 Series A preferred stock

7 Debtors: amounts falling due within one year

	2018 £000	2017 £000
Group taxation relief receivable	4	4
Contract assets	94	-
	98	4

8 Share capital

	2018 £000	2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
7,915,934 A1 Ordinary shares of £0.0001 each	1	1
5,595,113 A2 Ordinary shares of £0.0001 each	1	1
1,485,696 B Ordinary shares of £0.0001 each	-	-
674,188 C Ordinary shares of £0.0001 each	-	-
498,096 D Ordinary shares of £0.0001 each	-	-
	2	2

9 Reserves

Post year end, the Company paid a cash dividend of £57,575,000 on 25 June 2019. This dividends have not been provided for.

9 Reserves *(continued)*

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

On 25 May 2018, the Company disposed of its shareholding in VP Parent Holdings Inc., for consideration of $74,384,000 (£55,586,000) resulting in a gain on disposal of £46,434,000. This comprised of £45,870,000 recycled from the fair value reserve to the profit and loss account in respect of fair value gains recognised in prior years and foreign exchange gains of £564,000 for the year.

10 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.

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

12 Accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 Company's financial statements.

Fair value measurement and fair value process

Some of the Company's assets are measured at fair value for financial reporting purposes. The Company has determined the appropriate valuation techniques and inputs for fair value measurement. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available.