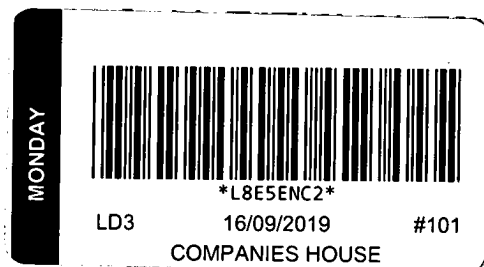


VEL Holdings Limited

Annual Report and Financial Statements

Registered number 5323389

31 December 2018



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Strategic Report
For the year ended 31 December 2018

Business review

The principal activity of the Company is that of an investment holding company. The Company's principal operating subsidiaries, namely Virgin Enterprises Limited, Virgin Aviation TM Limited and VAL TM Limited, own and license the Virgin brand.

The profit for the year, after taxation, amounted to £114,762,000 (2017: £7,706,000).

Principal risks and uncertainties

As an investment holding company, the principal risk of the Company is deemed to be any material adverse change in the business of its subsidiaries, which impacts the recoverable value of the Company's investments. The subsidiaries' revenues consist of royalties under the trademark licence agreements they have entered into with companies using the Virgin brand ("Licensees").

The subsidiaries are therefore reliant on the strong reputation and loyalty engendered by the Virgin brand and are vulnerable to the risk of a decline in the perception of the Virgin brand and to brand infringement. The trademark licence agreements that the Company's subsidiaries have with Licensees govern the use of its intellectual property and require its Licensees to abide by quality control standards with respect to such use.

The subsidiaries are also reliant on royalty income generated by the trademark licence agreements and any material adverse change in the business or market in which the Licensees operate would affect the level of royalty income received. The subsidiaries take steps to mitigate this risk by setting minimum royalties and through actively monitoring their Licensee relationships.

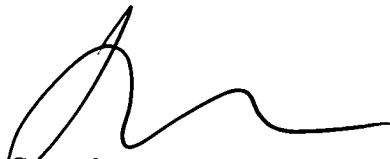
The Company has financial resources, and as an investment holding company no significant adverse changes are expected in relation to its income streams or cost base at this present time. As a consequence, the directors believe that the Company is well placed to manage its business risks.

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.

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis of KPIs is not necessary for an understanding of the development, performance or position of the business.

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

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.

Results and dividends

During the year the Company paid dividends of £116,871,000 (2017: £5,419,000).

It is proposed to pay an interim dividend amounting to £1,650,000, following receipt of dividends from its subsidiary subsequent to year end.

Directors

The directors who served during the year were:

M D Bridge
I P Woods
R P Blok
A Stirling

Disclosure of information to auditor

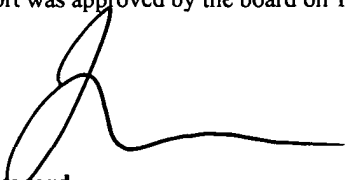
Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

- 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.

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 Garrard
Company Secretary
The Battleship Building
179 Harrow Road
London
W2 6NB

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

The directors are responsible for preparing the Strategic Report, 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 VEL Holdings Limited

Opinion

We have audited the financial statements of VEL Holdings 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.



Independent Auditor's Report to the Members of VEL Holdings Limited (continued)

Strategic report and directors' report

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

Our responsibility is to read the Strategic Report and 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 Strategic Report and the Directors' Report;
- in our opinion, the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 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 (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
Other operating income	2	114,771	7,519
Administrative expenses		(9)	-
Operating profit		<u>114,762</u>	<u>7,519</u>
Profit before taxation		<u>114,762</u>	<u>7,519</u>
Tax on profit	5	-	187
Profit for the year		<u>114,762</u>	<u>7,706</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>114,762</u>	<u>7,706</u>

The notes on pages 9 to 15 form part of these financial statements.

Registered number: 5323389

Balance Sheet
As at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	6	<u>404,537</u>	<u>404,537</u>
		404,537	404,537
Current assets			
Debtors: amounts falling due within one year	7	-	2,287
Cash at bank and in hand		<u>187</u>	<u>-</u>
		187	2,287
Creditors: amounts falling due within one year	8	<u>(9)</u>	<u>-</u>
Net current assets		<u>178</u>	<u>2,287</u>
Net assets		<u><u>404,715</u></u>	<u><u>406,824</u></u>
Capital and reserves			
Share capital	9	15,023	15,023
Share premium		172,422	172,422
Profit and loss account	10	<u>217,270</u>	<u>219,379</u>
Shareholders' funds		<u><u>404,715</u></u>	<u><u>406,824</u></u>

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



I P Woods
Director

The notes on pages 9 to 15 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	15,023	172,422	219,379	406,824
Comprehensive income for the year				
Profit for the year	-	-	114,762	114,762
Total comprehensive income for the year	-	-	114,762	114,762
Transactions with owners, recorded directly in equity				
Dividends	-	-	(116,871)	(116,871)
Total contributions by and distributions to owners	-	-	(116,871)	(116,871)
Balance at 31 December 2018	15,023	172,422	217,270	404,715
Balance at 1 January 2017	15,023	172,422	217,092	404,537
Comprehensive income for the year				
Profit for the year	-	-	7,706	7,706
Total comprehensive income for the year	-	-	7,706	7,706
Transactions with owners, recorded directly in equity				
Dividends	-	-	(5,419)	(5,419)
Total contributions by and distributions to owners	-	-	(5,419)	(5,419)
Balance at 31 December 2017	15,023	172,422	219,379	406,824

The notes on pages 9 to 15 form part of these financial statements.

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

VEL Holdings 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 13.

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 flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- the requirements of IFRS 7 financial instruments disclosures; 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 14.

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.
- 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.

1 Accounting policies (continued)**1.3 Going concern**

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

1.4 Valuation of investments

Investment in subsidiaries are measured at cost less accumulated impairment.

1.5 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.

1.6 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

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 Accounting policies (continued)**1.8 Financial instruments (continued)*****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 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.

1.9 Dividend income

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

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 Other operating income

	2018	2017
	£000	£000
Distribution income	114,771	7,519
	<u>114,771</u>	<u>7,519</u>

On 17 May 2018, the Company received a dividend from its subsidiary VAL TM (Holdings) Limited of £3,640,890.

On 20 August 2018, the Company received a dividend from its subsidiary VAL TM (Holdings) Limited of £1,989,510.

On 9 October 2018, the Company received a dividend from its subsidiary Virgin Enterprises Limited of £85,000,000.

On 11 October 2018, the Company received a dividend from its subsidiary Virgin Aviation TM Holdings Limited of £21,988,020.

On 28 November 2018, the Company received a dividend from its subsidiary VAL TM (Holdings) Limited of £2,152,200.

3 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.

4 Directors' remuneration

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

The Company has no employees.

5 Taxation

	2018	2017
	£000	£000
Corporation tax		
Adjustments in respect of prior periods	-	(187)
Total current tax	<u>-</u>	<u>(187)</u>

Factors affecting tax charge for the year

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

	2018	2017
	£000	£000
Profit on ordinary activities before tax	<u>114,762</u>	<u>7,519</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	21,805	1,447
Effects of:		
Adjustments in respect of prior years	-	(187)
Non-taxable income	(21,805)	(1,447)
Total tax credit for the year	<u>-</u>	<u>(187)</u>

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: £nil).

6 Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	404,537
At 31 December 2018	<u>404,537</u>
Net book value	
At 31 December 2018	<u>404,537</u>
At 31 December 2017	<u>404,537</u>

The Company has the following investments in subsidiaries:

Subsidiary undertakings	Country of registration	Holding	Class of shares
VAL TM (Holdings) Limited The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	51.0%	Ordinary
Virgin Aviation TM Holdings Limited The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Enterprises Limited The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	100.0%	Ordinary
VAL TM Limited* The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	51.0%	Ordinary
VAL Trademark Three Limited* The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	100.0%	Ordinary
VAL Trademark Two Limited* The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Aviation TM Limited* The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom	England & Wales	100.0%	Ordinary

* Indirectly held investment

7 Debtors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed by group undertakings	-	2,287
	<u>-</u>	<u>2,287</u>

8 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	9	-
	<u>9</u>	<u>-</u>

9 Share capital

	2018 £000	2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
15,022,641 ordinary shares of £1 each	<u>15,023</u>	<u>15,023</u>

10 Reserves**Profit & loss account**

On 11 October 2018, the Company paid a dividend of £114,718,600 satisfied by the transfer of an intercompany debt receivable due from its parent company, Virgin Management Limited.

On 19 December 2018, the Company paid a dividend of £2,152,200 satisfied by the transfer of an intercompany debt receivable due from its parent company, Virgin Management Limited.

11 Borrowings

On 5 November 2014, Virgin Enterprises Limited and VEL Holdings Limited, each as borrower and guarantor, and certain other subsidiaries of Virgin Group Holdings Limited, the Company's ultimate parent undertaking, entered into a multi-currency revolving credit facility of £150 million with Lloyds Bank plc and Barclays Bank plc (the "VELH Facility"). On 31 August 2017, the VELH Facility was reduced to £50 million.

At 31 December 2018, £11 million was drawn down under the VELH Facility (2017: £nil). At 31 December 2018, there were letters of credit drawn under the VELH Facility of £2.5 million (2017: £5.7 million).

On 24 January 2019, the VELH Facility was cancelled.

On 24 January 2019, Virgin Holdings Limited, Virgin Enterprises Limited and VEL Holdings Limited, as borrowers and guarantors entered into a new £250 million multi-currency revolving credit facility with Lloyds Bank plc, Barclays Bank plc and Royal Bank of Canada, comprising "RCF A", a one-year £100 million facility, and "RCF B", a three-year £150 million facility. The letters of credit of £2.5 million were transferred to this facility.

RCF A and RCF B are guaranteed by Virgin Holdings Limited, Virgin Enterprises Limited, VEL Holdings Limited, Virgin Group Holdings Limited and Virgin Aviation TM Limited.

12 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.

13 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.

14 Accounting estimates and judgements

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

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

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