Virgin Sport UK Limited

Annual report and financial statements

Registered number 08371074

31 December 2019

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is that of sport events management.

Business review

The Company organises mass participation sports events in the UK. The main revenue streams are event entry fees and event sponsorship. The operating losses have been reduced significantly compared to the previous year due to increase in event entry fees and sponsorship revenue.

On 30 June 2020, the Company and its shareholder signed a non-binding term sheet with a third party to sell the Company.

As part of the expected change of ownership, the Company's parent Sport Group Limited has undertaken to waive the outstanding loans payable by the Company at the date of completion of the sale. This would put the Company in a net asset position following the sale. Following the change in ownership, the level of support provided to the Company will be determined by the purchaser. The directors have concluded that these circumstances give rise to a material uncertainty on whether the Company will be a going concern in the foreseeable future.

The directors have undertaken a rigorous assessment of financial forecasts and performed sensitivity analysis in order to assess the Company's liquidity position, for a period of 24 months from the date of approval of these financial statements which show that the Company has sufficient liquidity to continue to meet its obligations. These forecasts represent downside scenarios and include assumptions relating to the impact of COVID-19 on this sector. As expected, these scenarios have a significant adverse impact on cash and liquidity in the short to medium term in light of COVID-19 and they reflect the uncertain outlook for the mass participation sports events industry and the wider economy, coupled with the potential risk of further Government imposed restrictions.

On this basis, the Financial Statements have been prepared on a Going Concern basis.

Results and dividends

The directors do not recommend the payment of a dividend (Period ended 31 December 2018 - £nil).
The loss for the year, after taxation, amounted to £699,000 (Period ended 31 December 2018 – £921,000).

Directors

The directors who held office during the year were as follows:

S Wallace
J Frey

Provision of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (nil in PY).

Future Development

The Company will continue to produce mass participation sports events which are the main source of income.

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 14 August 2020 and signed on its behalf.

Jessica Frey

J Frey
Director
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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 and of the profit or loss 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 , relevant and reliable;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- 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 the 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 SPORT UK LIMITED

Opinion

We have audited the financial statements of Virgin Sport UK Limited ("the company") for the year ended 31 December 2019 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 2019 and of its loss 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.

Material uncertainty related to going concern

We draw attention to note 1.6 to the financial statements which indicates that the company is planned to be sold in the near future and the current shareholders are unable to provide certainty over the availability of future support from the new parent. These events and conditions, along with the other matters explained in note 1.6, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

- 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

14 August 2020

Statement of profit and loss and other comprehensive income

For the year ended 31 December 2019

	Note	**Year ended 31 December 2019 £000**	Year ended 31 December 2018 £000
Revenue	*2*	**3,073**	2,443
Cost of Sales		**(2,250)**	(2,183)
Gross (Loss) / Profit		**823**	260
Administrative expenses		**(2,014)**	(2,432)
Operating loss before tax		**(1,191)**	(2,172)
Taxation	*6*	**492**	1,251
Loss for the year		**(699)**	(921)
Total comprehensive loss for the year		**(699)**	(921)

The notes on pages 10 to 25 form part of these financial statements

Registered number: 08371074

Balance Sheet

As at 31 December 2019

	Note	31 December 2019 £000	31 December 2018 £000
Non-current assets			
Property, plant and equipment	7	**18**	76
Intangible assets	8	**1,933**	1,379
Investments	9	**-**	-
		1,951	1,455
Current assets			
Trade and other receivables	10	**1,728**	1,395
Cash and cash equivalents		**128**	768
		1,856	2,163
Total assets		**3,807**	3,618
Current liabilities			
Trade and other payables	11	**(11,164)**	(10,388)
Deferred income		**(462)**	(350)
Total liabilities		**(11,626)**	(10,738)
Net liabilities		**(7,819)**	(7,120)
Equity attributable to equity holders of the parent			
Share capital	13	**2,062**	2,062
Retained earnings		**(9,881)**	(9,182)
Total equity		**(7,819)**	(7,120)

The notes on pages 10 to 25 form part of these financial statements.

These financial statements were approved by the board of directors on 14 August 2020 and were signed on its behalf by:

Jessica Frey

J Frey
Director

Statement of changes in equity

As at 31 December 2019

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2019	2,062	(9,182)	**(7,120)**
Comprehensive income for the year			
Loss for the year	-	(699)	**(699)**
Total comprehensive income for the year	-	(699)	**(699)**
Contributions by and distributions to owners	-	-	-
At 31 December 2019	2,062	(9,881)	**(7,819)**
At 1 January 2018	2,062	(8,261)	**(6,199)**
Comprehensive income for the year			
Loss for the year	-	(921)	**(921)**
Total comprehensive income for the year	-	(921)	**(921)**
Contributions by and distributions to owners	-	-	-
At 31 December 2018	2,062	(9,182)	**(7,120)**

Cash flow statement

As at 31 December 2019

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Cash flows from operating activities		
Loss for the year	**(699)**	(921)
Adjustments for;		
Depreciation and Amortisation	**63**	60
Impairment of Intangibles	**-**	621
Changes in working capital		
Decrease / (increase) in trade and other receivables	**(333)**	(1,021)
Increase / (decrease) in trade and other payables and deferred income	**888**	1,407
Net cash from operating activities	**(81)**	146
Cash flows from investing activities		
Acquisition of intangible assets	**(559)**	-
Net cash from investing activities	**(559)**	-
Cash flows from financing activities		
Issue of shares	**-**	-
Net cash from financing activities	**-**	-
Net increase/(decrease) in bank balances	**(640)**	146
Cash and cash equivalents at beginning of financial year	**768**	622
Cash and cash equivalents at end of financial year	**128**	768

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation

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

The Company is subject to the small companies regime and as such exempt by virtue of s383 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.

These financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the Companies Act 2006.

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

1.2 Revenue

Revenue comprises fees receivable in respect of sports events management and fees for rendering of services to other group entities. Revenue, including entry fees and sponsorship income, for each event is recognised at the time the event takes place. Revenue on services is in accordance with inter group transfer pricing contract. 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 consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

1.3 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.

1.4 Plant, property and equipment

Plant, property and equipment 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. The estimated useful lives range as follows:

Computer equipment	-	straight line – 3 years
Office equipment	-	straight line – 5 years

Notes to the financial statements

1. Accounting policies (*continued*)

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 within 'other operating income' in the Statement of Comprehensive Income.

1.5 Intangible fixed assets and amortisation

Intangible assets are initially recognised at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following:

Website - 10% straight line

1.6 Going concern

The Company organises mass participation sport events in the UK. The main revenue streams are event entry fees and event sponsorship. At the end of the reporting period, the company made a net loss of £699k and had net current liabilities of £7,819k, including a liability of £10,590k due to Sport Group Limited, its immediate holding company.

The directors have undertaken a rigorous assessment of financial forecasts and performed sensitivity analysis in order to assess the Company's liquidity position, for a period of 24 months from the date of approval of these financial statements which show that the Company has sufficient liquidity to continue to meet its obligations. These forecasts represent downside scenarios and include assumptions relating to the impact of COVID-19 on this sector. As expected, these scenarios have a significant adverse impact on cash and liquidity in the short to medium term in light of COVID-19 and they reflect the uncertain outlook for the mass participation sports events industry and the wider economy, coupled with the potential risk of further Government imposed restrictions.

On 30 June 2020, the Company and its shareholder signed a non-binding term sheet with a third party to sell the Company.

As part of the expected change of ownership, the Company's parent Sport Group Limited has undertaken to release the Company from its obligations in respect of the outstanding loans payable by the Company at the date of transfer, thereby putting the Company in a net asset position. Following the change in ownership, the level of support provided to the Company will be determined by the purchaser. The directors have no evidence over the purchaser's future plans for the Company. The directors have concluded that these circumstances give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

On this basis, the Financial Statements have been prepared on a Going Concern basis.

1.7 Trade and other receivables

Short term receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

1. Accounting policies (*continued*)

1.8 Trade and other payables

Payables 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.

1.9 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 statement of financial position when the Group 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:

Other receivables

Other receivables are recognised initially at fair value. Subsequent to initial recognition they 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 liability:

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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

1.10 Impairment

Financial assets (including trade and other payables)

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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. 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

1. Accounting policies (*continued*)

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or 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. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the 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 the 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Expenses

Financing income and expenses

Financing expenses 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 or loss (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income and similar income include interest receivable on funds invested and net foreign exchange gains.

1.13 Adopted IFRS

The Company has applied IFRS 16 'Leases' for the first time for its annual reporting period commencing 1 January 2019. Applying these new accounting standards has not had a material impact on the Company's financial statements for the year ended 31 December 2019.
There were no amendments to other accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2019 which have had a material impact on the Company's financial statements. Further details in relation to IFRS 16 are noted below:

IFRS 16 Leases

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

Notes to the financial statements

1. Accounting policies (*continued*)

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Company has elected to adopt IFRS 16 without restating comparative information. The Company has one lease for office space with length less than 12 months and annual cost £160k.

Notes to the financial statements

2. Revenue

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

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Sports event management fees	**3,057**	2,424
Rendering of management services	**16**	19
	3,073	2,443

3. Expenses and auditor's remuneration

Included in operating profit are the following:

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Depreciation of property, plant and equipment	**58**	60
Amortisation of website	**5**	-
Inter Group management services	**98**	224
Impairment of intangibles	**-**	621

Auditors' remuneration

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

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Fees for the audit of the company	**6**	7

Notes to the financial statements

4. Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Administration and management	**13**	12

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Wages and salaries	**622**	660
Social security costs	**344**	242
Contributions to defined contributions plans	**56**	64
	1,022	966

5. Directors remuneration

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Directors' remuneration	**301**	265
Company contributions to money purchase pension plans	**11**	19
	312	**284**

During the year retirement benefits were accruing to 2 directors (Period ended 31 December 2018 – 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £218,000 (Period ended 31 December 2018 - £159,000)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (Period ended 31 December 2018 - £9,000).

Notes to the financial statements

6. Taxation

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Current tax:		
Current tax on profits for the year	**-**	-
Adjustment in respect of prior years	**(280)**	(1,251)
UK group relief	**(212)**	-
Total current tax	**(492)**	(1,251)

Factors affecting total tax charge for the year

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

Loss on ordinary activities before tax	**(1,191)**	(2,172)
Tax on loss at standard UK tax rate of 19% (2018 – 19%)	**(226)**	(413)
Effects of:		
Expenses not deductible	**-**	122
Current year losses for which no deferred tax asset was recognised	**-**	283
Changes in unrecognised temporary differences	**14**	8
Adjustment in respect to prior years	**(280)**	(1,251)
Tax credit for the year/ period	**(492)**	**(1,251)**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was enacted before 31 December 2019. The government pledged in November 2019 that the rate will be held at 19%, and this change was included in the March 2019 budget. However, this is not yet substantially enacted.

The Company has not recognised deferred tax assets/(liabilities) in respect of gross unused tax losses of £150,860 (2018: £1,622,549) and gross temporary differences of £17,438 (2018: £55,831).

The company routinely surrenders tax losses to other Virgin group companies to reduce overall group taxable profits in line with the tax legislation.

The current year losses have been surrendered, and a current year benefit has been recognised in respect of these losses as the company has agreed to receive payment from another group company.

In 2020, payment was also agreed for losses surrendered to other Group entities in prior periods, as agreement was reached with the counterparties in respect of these losses surrendered, resulting in the prior year credit to current tax disclosed above.

Notes to the financial statements

7. Property, plant and equipment

	Computer equipment £000	*Event Equipment* £000	*Total* £000
Cost			
At 1 January 2019	16	**153**	**169**
Additions	-	-	-
At 31 December 2019	**16**	**153**	**169**
Depreciation			
At 1 January 2019	13	80	**93**
Charge for the year	3	55	**58**
At 31 December 2019	**16**	**135**	**151**
Net book value			
At 31 December 2019	**0**	**18**	**18**
Cost			
At 1 January 2018	16	153	169
Additions	-	-	-
At 31 December 2018	**16**	**153**	**169**
Depreciation			
At 1 January 2018	8	25	33
Charge for the year	5	55	60
At 31 December 2018	**13**	**80**	**93**
Net book value			
At 31 December 2018	**3**	**73**	**76**

Notes to the financial statements

8. Intangible fixed assets

	Event Licence
	£000
Cost	
At 1 January 2019	2,000
At 31 December 2019	**2,000**
Impairment	
At 1 January 2019	(621)
At 31 December 2019	**(621)**
Net book value	
At 31 December 2019	**1,379**
At 31 December 2018	1,379
Cost	
At 1 January 2018	2,000
At 31 December 2018	**2,000**
Impairment	
At 1 January 2018	-
Charge for the year	(621)
At 31 December 2018	**(621)**
Net book value	
At 31 December 2018	**1,379**
At 31 December 2017	2,000

The intangible asset relates to acquisition of an event licence in June 2015.
The event licence is assessed as having an indefinite useful life as there is no expiration date and it cannot get used up. In accordance with accounting standards, the Company tests the carrying value of intangible assets for impairment annually and whenever events or circumstances change. Impairment testing is performed by comparing the carrying value to the recoverable amount, determined on the basis of the value in use. The value in use is based on the net present value of future cashflow projections discounted at the appropriate post-tax rate.

The future cash flow projections used to determine the value in use are based on the most recent annual budgets and strategic plans and forecast out 5 years. The key assumptions used to determine the business' budget and strategic plans relate to the capacity and pricing of the events and sponsorship assets available. The discount rate of 10% is a conservative approach based upon the risk profile of the company and is in line with prior year. A terminal growth rate of 1% has been used.
Directors have conducted an impairment review at 31 December 2019 and based on this review an impairment charge for the year of £0 has been recognised.

Notes to the financial statements

8. Intangibles (Continued)

	Website Development **£000**
Cost	
At 1 January 2019	-
Transfer from SGL	539
Additions	20
At 31 December 2019	**559**
Amortisation	
At 1 January 2019	-
Charge for the year	(5)
At 31 December 2019	-
Net book value	
At 31 December 2019	**554**
At 31 December 2018	-

In 2019 Sport Group Limited transferred the website development asset of £539k at nil gain nil loss to Virgin Sport UK Limited.

9. Investments in subsidiary companies

	Investments in subsidiary companies **£000**
Cost	
At 1 January 2019	130
Charge for the year	-
	130
Impairment	
At 1 January 2019	130
Charge for the year	-
	130
Net book value	
At 31 December 2019	-
At 31 December 2018	-

Notes to the financial statements

9. Investments in subsidiary companies (Continued)

The Company has the following 100% wholly owned investment in subsidiaries. The subsidiary has been struck off on 9 January 2018;

Subsidiary undertakings	Country of Registration	Principal activities	Type of Share	Registered Office Address
Achieve Events Operations Limited (formerly Raceahead (UK) Limited)	England & Wales	Sports events management	Ordinary £1 shares	The Battleship Building, 179 Harrow Road, London, W2 6NB

10. Trade and other receivables

	2019 £000	2018 £000
Trade receivables	**91**	43
Other receivables	**25**	37
Amounts owed by group undertakings	**1,507**	1,253
Prepayments and accrued income	**105**	62
	1,728	1,395

Amounts owed by Group undertakings are unsecured, Interest Free and having no fixed date of repayment, are repayable on demand

11. Trade and other payables

	2019 £000	2018 £000
Amounts due to group undertakings	**10,639**	9,863
Trade payables	**102**	1
Other taxation and social security	**68**	63
Other payables	**14**	61
Accruals	**341**	400
	11,164	10,388

Amounts owed to Group undertakings are unsecured, Interest Free and having no fixed date of repayment, are repayable on demand

Notes to the financial statements

12. Financial instruments

a. Fair values of financial instruments

All financial assets and financial liabilities with their carrying amounts as shown in the balance sheet are as follows;

	Carrying amount	Carrying amount
	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Financial assets measured at amortised cost		
Cash and cash equivalents	**128**	768
Amounts owed by group undertakings (note 10)	**1,507**	1,253
Trade and other receivables (note 10)	**116**	80
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings (note 11)	**10,639**	9,863
Trade and other payables (note 11)	**116**	62

The carrying amounts of financial assets and liabilities approximate their fair values.

Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of changes in credit risk and capital risk.

The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

b. Credit risk

The Company adopts the policy of dealing only with counterparties with appropriate credit history.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company has three class of financial assets; amounts owed by group undertakings, trade receivables and other receivables (see note 10).

(i) Financial assets that are neither past due nor impaired

Bank balances that are neither past, due nor impaired are deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade debtors that are neither past nor impaired are substantially companies with a good collection track record with the Company. Other debtors that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

Notes to the financial statements

12. Financial instruments (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past, due and/or impaired except for trade debtors.

Trade debtors that are past, due but not impaired are as follows:

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Past 1 to 30 days	**48**	-
Past due 31 to 90 days	**24**	14
Past over 90 days	**19**	29
	91	43

c. Interest rate risk

The Company is not exposed to significant interest rate risk.

d. Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Current		
Trade and other payables	**(10,755)**	(9,925)

e. Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value by issuing or redeeming additional equity and debt instruments, or obtaining financial support from an intermediate holding corporation, when necessary.

The Company is not subject to any externally imposed capital requirements.

f. Currency risk

The Company is not exposed to significant currency risk.

Notes to the financial statements

13. Share capital

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Allotted, called up and fully paid		
2 Ordinary shares of £1	**-**	-
Share Premium	**2,062**	2,062

14. Related parties

At 31 December 2019, 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 Disclosure.

The company has the following amounts outstanding with fellow subsidiaries of the Virgin Group;

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Companies related by virtue of being subsidiaries of the ultimate parent		
Revenue	**16**	19
Purchases	**98**	224
Receivables	**1,507**	1,253
Payables	**10,639**	9,863

15. Ultimate parent undertaking and controlling party

The ultimate parent undertaking as at 31 December 2019 was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group in which the results of the Company are consolidated are those for Virgin UK Holdings Limited and Virgin Holding Limited. Both the Companies are registered in England and Wales. The consolidated financial statements of these Groups can be obtained from Companies House, Crown way, Cardiff CF 14 3 UZ

The Immediate Parent Undertaking is Sport Group Limited (previously known as Virgin Sport Group Limited), which is incorporated in England and Wales.

Notes to the financial statements

16. Post Balance Sheet Event

Company Sale in Process
On 30 June 2020, The Company's Parent signed a non-binding heads of terms to sell 100% of the share capital of The Company.

As part of the expected change of ownership, the Company's parent Sport Group Limited has undertaken to release the Company from its obligations in respect of the outstanding loans payable by the Company at the date of transfer, thereby putting the Company in a net asset position. The balance as at year end 2019 is £10,590,000.

COVID-19
At the date of signing, the Company has postponed all 2020 events to the following year. The revenue relating to all participants and partners who have chosen to defer has been deferred to the 2021 P&L. The Company has not incurred material cost of sales in relation to the 2020 planned events.

The Company does not feel that COVID-19 has had an impact on the carrying value of its assets and liabilities.