

VH (Spain) Limited

Directors' Report and Financial Statements

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31 March 2018

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Directors' Report

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the Company is that of an investment holding company.

Going Concern

The Company has net liabilities. However, as detailed in note 1 to the financial statements a parent undertaking, Virgin Holdings Limited, has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. The directors have no reason to believe that the parent company will not be in a position to provide this support. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The loss for the year, after taxation, amounted to €452,488 (2017 - €610,572 loss). No dividend is declared for the year (2017: nil). The results for the year show nt credit administrative costs of €1,013. The prior year equivalent shows administrative costs of €204,906 as a result of legal and professional fees.

Directors

The directors who served during the year were:

R P Blok
M D Bridge

Disclosure of information to

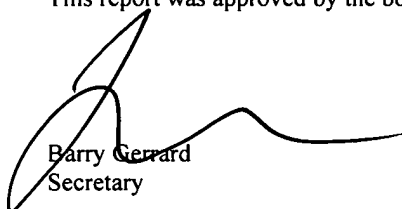
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to have been reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 19/12/18 and signed on its behalf.


Barry Gerard
Secretary

Statement of Directors' responsibilities in respect of the director's report and the financial statements

For the Year Ended 31 March 2018

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 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 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 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 Auditors' Report to the members of VH (Spain) Limited

Opinion

We have audited the financial statements of VH (Spain) Limited ("the company") for the year ended 31 March 2018 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 March 2018 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Independent Auditors' Report to the members of VH (Spain) Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 21 December 2018

Statement of Comprehensive Income
For the year ended 31 March 2018

		2018	2017
	<i>Note</i>	€	€
Administrative expenses		1,013	(204,906)
Other operating income	2	-	2,500
Operating profit/(loss)		1,013	(202,406)
Interest receivable and similar income	5	53,123	190,988
Interest payable and expenses	6	(637,413)	(599,154)
Loss before tax		(583,277)	(610,572)
Tax on loss on ordinary activities	7	130,789	-
Loss for the financial year / period		(452,488)	(610,572)
Total comprehensive loss for the year/period		(452,488)	(610,572)

Balance Sheet
As at 31 March 2018

	<i>Note</i>	2018 €	2017 €
Fixed assets			
Investments	8	<u>34,168,065</u>	<u>31,222,695</u>
		34,168,065	31,222,695
Current assets			
Debtors: amounts falling due after more than one year	9	1,049,357	1,869,101
Debtors: amounts falling due within one year	9	-	11,582
Cash at bank and in hand		-	1
		<u>1,049,357</u>	<u>1,880,684</u>
Creditors: amounts falling due within one year	10	<u>(38,894,311)</u>	<u>(36,327,780)</u>
Net current liabilities		<u>(37,844,954)</u>	<u>(34,447,096)</u>
Net liabilities		<u>(3,676,889)</u>	<u>(3,224,401)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		<u>(3,676,890)</u>	<u>(3,224,402)</u>
		<u>(3,676,889)</u>	<u>(3,224,401)</u>

The financial statements were approved and authorised for issue by the board on 19/12/18 and were signed on its behalf by:



R P Blok
Director

The notes on pages 9 to 16 form part of these financial statements.

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

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	€	€	€
At 1 April 2017	1	(3,224,402)	(3,224,401)
Comprehensive income for the year	-	(452,488)	(452,488)
Loss for the year	-	(452,488)	(452,488)
Total comprehensive income for the year	-	(452,488)	(452,488)
At 31 March 2018	1	(3,676,890)	(3,676,889)

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

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	€	€	€
At 1 April 2016	1	(2,613,830)	(2,613,829)
Comprehensive income for the year			
Loss for the year	-	(610,572)	(610,572)
Total comprehensive income for the year	-	(610,572)	(610,572)
At 31 March 2017	1	(3,224,402)	(3,224,401)

The notes on pages 9 to 16 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

1.1 Basis of preparation of financial statements

VH (Spain) Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

The Company's intermediate parent, Virgin UK Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin UK Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 14.

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

- Cash flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Related party disclosures in respect of wholly owned subsidiaries;
- Requirements of IFRS 7 Financial Instruments: Disclosures.

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 13.

1.2 Going concern

The financial statements have been prepared on a going concern basis in view of the fact that Virgin Holdings Limited, an intermediate parent undertaking, has formally indicated that its present intention to provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least the next twelve months from the date of approval of these financial statements.

The directors have no reason to believe that Virgin UK Holdings Limited will not be in the a position to provide support referred to above and accordingly, they have prepared the financial statements on the going concern basis.

1.3 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.4 Debtors

Short term debtors 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)

1.5 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.

1.6 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:

Loans and receivables

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

Non-derivative financial liabilities

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

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

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

Where an existing financial liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts are recognised in profit or loss.

1.7 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.

Notes to the Financial Statements

1. Accounting policies (continued)

1.8 Foreign currency

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.9 Finance income and expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.10 Impairment

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. 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

2. Other operating income

	2018 €	2017 €
Other operating income (facility fee on loan)	-	2,500
	<u>-</u>	<u>2,500</u>

2. Auditors' remuneration

Audit fees of £2,195 for the current year were borne by another group company (2017: £2,195).

3. Directors remuneration

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

5. Interest receivable

	2018 €	2017 €
Interest receivable from group companies	53,032	190,988
Net foreign exchange gains	91	-
	<u>53,123</u>	<u>190,988</u>

6. Interest payable and similar charges

	2018 €	2017 €
Interest payable to group companies	637,413	599,154
	<u>637,413</u>	<u>599,154</u>

Notes to the Financial Statements

7. Taxation

	2018 €	2017 €
Corporation Tax		
Current tax on profits for the year	10,093	-
Adjustment in respect of prior year	(140,882)	-
	(130,789)	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 €	2017 €
Loss on ordinary activities before tax	(583,277)	(610,572)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(110,823)	(122,114)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	121,108	40,981
Adjustment in respect of prior year	(140,882)	-
Income not taxable	(192)	-
Deferred tax not recognised	-	81,133
Total tax charge for the year	(130,789)	-

The company has not recognized deferred tax assets in respect of gross unused tax losses of €nil (2017: €791,045)

8. Fixed asset investments

	<i>Investments in subsidiary companies</i> €
Cost or valuation	
At 1 April 2017	31,222,695
Additions	2,945,370
At 31 March 2018	34,168,065
Net book value	
At 31 March 2018	34,168,065

Notes to the Financial Statements

8. Fixed asset investments (continued)

During the year the company converted €2,945,370 of inter-company receivable due from its subsidiary Arenal & Dunas Resort SLU into equity.

On 31st March 2018 the Company had the following investments in subsidiaries:

Subsidiary undertakings	Country of registration	Holding	Class of shares
Arenal & Dunas Resort SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
Son Bunyola SLU* Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
Son Creus SLU* Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
Dinicero SLU* Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
Ganson SLU* Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
Zickner 5000 SLU* Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
Rimdrax 5000 SLU* Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100%	Ordinary
* indirectly held investment			

9. Debtors

	2018 €	2017 €
Due after more than one year		
Amounts owed by group undertakings	958,522	1,778,266
Other debtors	90,835	90,835
	1,049,357	1,869,101
	2018 €	2017 €
Due within one year		
Other debtors	-	11,582
	-	11,582

Notes to the Financial Statements

10. Creditors: Amounts falling due within one year

	2018 €	2017 €
Corporation Tax	10,093	-
Amounts owed by group undertakings	<u>38,884,218</u>	<u>36,326,676</u>
	<u>38,894,311</u>	<u>36,327,780</u>

11. Share capital

	2018 €	2017 €
Shares classified as equity		
Allotted, called up and fully paid	<u>1</u>	<u>1</u>

12. Related party transactions

At 31 March 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 the Company is a wholly owned indirect subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of this group.

13. Accounting Estimates and judgements

The preparation of the financial statements in conformity with FRS101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

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

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

Notes to the Financial Statements

14. Controlling party

At 31 March 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 in which the results of the Company are consolidated are those for Virgin UK Holdings Limited and Virgin Holdings Limited companies which are registered in England and Wales. Copies of the group accounts for Virgin UK Holdings Limited and Virgin Holdings Limited can be obtained from Companies House Crown Way, Cardiff CF14 3UZ.