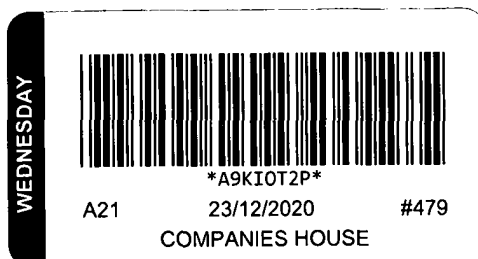


Registration number: 3744190

Bluebottle UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Bluebottle UK Limited

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Bluebottle UK Limited

Strategic Report for the Year Ended 31 December 2019

Business review

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

The profit for the year, after taxation, amounted to £452,369,000 (2018: £nil) which arose from transfers of assets to other Virgin Group companies under a project to simplify the Virgin Group structure. Further detail is provided in note 7 to the Financial Statements.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks which impacts the recoverable value of the Company's investments.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group comprising Virgin UK Holdings Limited and its subsidiaries (the "Group") and are not separately managed. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 4-8 of the Group's annual report for the year ended 31 December 2019, which does not form part of this report.

Going Concern

As set out in note 1.3 to the Financial Statements, 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 the annual financial statements.

Impact of Covid-19

The Covid-19 outbreak developed rapidly in 2020. The measures taken by Governments around the world to contain the virus have had a significant impact on business activity.

The Company does not hold any investments and therefore has not suffered any material impact from the actions taken by the Government in response to Covid-19.

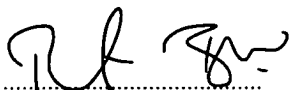
Financial key performance indicators

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.

Bluebottle UK Limited

Strategic Report for the Year Ended 31 December 2019

This report was approved by the Board on 25 August 2020 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'R P Blok', is written over a dotted line.

R P Blok
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Bluebottle UK Limited

Directors' Report for the Year Ended 31 December 2019

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

Dividends

During the year, the Company paid a dividend in specie totalling £1,563,309,000 (2018: £nil).

Directors' of the company

The directors, who served during the year, were as follows:

I P Woods

R P Blok

Disclosure of information to the auditor

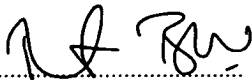
Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

This report was approved by the Board on 25 August 2020 and signed on its behalf.



R P Blok
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Bluebottle UK Limited

Statement of Directors' Responsibilities

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 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.

Bluebottle UK Limited

Independent Auditor's Report to the Members of Bluebottle UK Limited

We have audited the financial statements of Bluebottle 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.

Opinion on the financial statements

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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

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 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.

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 prepared in accordance with the Companies Act 2006.

Bluebottle UK Limited

Independent Auditor's Report to the Members of Bluebottle UK Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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

Other matter - prior period financial statements

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

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

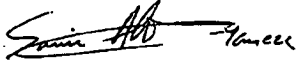
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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.

Bluebottle UK Limited

Independent Auditor's Report to the Members of Bluebottle UK Limited



.....
Saira Ahmad-Yaneza (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
London
E14 5GL

25 August 2020

Bluebottle UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Administrative expenses	7	-	312
Dividend income	7	<u>452,122</u>	<u>-</u>
Operating profit		452,122	312
Gain on intercompany investment transfer	7	<u>247</u>	<u>-</u>
Profit before taxation		<u>452,369</u>	<u>312</u>
Profit for the year		<u>452,369</u>	<u>312</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>452,369</u>	<u>312</u>

The notes on pages 11 to 18 form part of these financial statements.

Bluebottle UK Limited

(Registration number: 3744190)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Non-current assets			
Investments	7	-	1,110,945
Creditors: amounts falling due within one year	6	-	(5)
Net current assets		-	5
Net assets		-	1,110,940
Capital and reserves			
Called up share capital	8	-	300,000
Share premium account		-	37,670
Profit and loss account		-	773,582
Shareholders' funds		-	1,111,252

The financial statements were approved and authorised by the board and were signed on its behalf on 25 August 2020.



R P Blok
Director

The notes on pages 11 to 18 form part of these financial statements.

Bluebottle UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

		Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
Balance as at 1 January 2019		300,000	37,670	773,270	1,110,940
Comprehensive loss for the year					
Profit for the year		-	-	452,369	452,369
Total comprehensive loss for the year		-	-	452,369	452,369
Bonus issue	8	137	-	(137)	-
Share capital reduction	8	(300,137)	(37,670)	337,807	-
Dividend in specie	7	-	-	(1,563,309)	(1,563,309)
Balance as at 31 December 2019		-	-	-	-
Balance as at 1 January 2018		300,000	37,670	773,270	1,110,940
Comprehensive income for the year					
Profit for the year		-	-	312	312
Total comprehensive income for the year		-	-	312	312
Balance as at 31 December 2018		300,000	37,670	773,582	1,111,252

The notes on pages 11 to 18 form part of these financial statements.

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

1.1 Basis of preparation

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

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 10.

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 IFRS'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 statement of cash flows and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- disclosures in respect of the compensation of Key Management Personnel;
- 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 a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.8.

1.2 Adoption of new and revised standards

IFRS 16 'Leases' is mandatory for the current accounting period. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. As the company is not party to any leases, the adoption of IFRS 16 has had no impact on the financial statements. There were no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 which have had any impact on the company.

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1.3 Going concern

In 2019 as part of a Group Simplification exercise, the Company's subsidiaries Barfair Limited, Virgin Property Limited and Virgin Hotels Group Limited were transferred to Virgin Holdings Limited. The Company's other subsidiaries Bluebottle Investments (UK) Limited and Victory Acquisitions were liquidated. Following these transactions, the company no longer holds any investments or intercompany balances payable. The Directors intend to make the Company dormant as it is not expected to have any transactions in the next 12 months.

The Directors therefore 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 the annual financial statements.

1.4 Valuation of investments

Investment in subsidiaries are measured at cost less accumulated impairment.

1.5 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 liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost and include loans and borrowings and 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.

1.6 Dividend income

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1.7 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.

1.8 Critical accounting judgements and key sources of estimation uncertainty

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's financial statements.

2 Subsequent events

The Covid-19 outbreak developed rapidly in 2020. The measures taken by Governments around the world to contain the virus have had a significant impact on business activity.

The Company does not hold any investments and therefore has not suffered any material impact from the actions taken by the Government in response to Covid-19.

3 Auditors' remuneration

Audit fees of £3,000 (2018: £nil) for the current and prior year have been borne by another group company. There were no non-audit services provided.

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Taxation

	2019 £ 000	2018 £ 000
Corporation tax		
Current tax on profit for the year	-	-
Total current tax	-	-

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:

	2019 £ 000	2018 £ 000
Profit on ordinary activities before tax	452,369	312
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	85,950	60
Non-taxable income	(85,950)	-
Total tax charge	-	60

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 £72,055,359 (2018: £72,055,359).

5 Directors' remuneration

The directors did not receive any remuneration during the period for services to the Company (2018: £nil).

6 Creditors: amounts falling due within one year

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts owed to group related undertakings	-	5
	-	5

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

7 Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019 and 31 December 2018	1,562,465
Disposals	(47,268)
Return of capital	(1,063,673)
Impairment	(451,524)
Impairment	
At 1 January 2019 and 31 December 2018	451,520
Impairment	(451,520)
Net book value	
At 31 December 2019	-
At 31 December 2018	<u><u>1,110,945</u></u>

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Group Simplification

The Virgin Group is undertaking a project to simplify its Group structure. On 8 February 2019, 5 intermediary holding companies were removed from the UK Group and the investments in the Virgin Group's main trading entities were transferred to Virgin Holdings Limited. Bluebottle UK Limited was one of the Companies removed from the holding structure. This resulted in the following transactions in 2019.

Return of Capital

Barfair Limited

On 8 February 2019, the Company's indirect subsidiary Virgin Models Limited transferred its investments to Virgin Holdings Limited. The consideration of £1,753,638,000 was left outstanding and the receivable was distributed up the chain to Barfair Limited and offset against intercompany balances due. Barfair Limited distributed the net receivable of £1,515,791,000 as a dividend in specie to Bluebottle UK Limited.

The Company recognised the receivable and recorded £1,063,669,000 as a return of capital against the investment in Virgin Models Limited and recognised the remainder as dividend income of £452,122,000.

Bluebottle Investments (UK) Limited

The Company also received a distribution of £4,766. This was recorded as a return of capital against the carrying value of the investment. Bluebottle Investments (UK) Limited was subsequently liquidated.

Disposal

The Company also transferred its investment in Virgin Hotels Group Limited to Virgin Holdings Limited for a consideration of £47,518,885. This resulted in a gain on an intercompany transfer of £246,883. The consideration was left outstanding.

Dividend in specie

The total receivable due from Virgin Holdings Limited was offset against intercompany balances due and the net balance of £1,563,309,000 was distributed to the Company's parent

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held
Bluebottle Investments (UK) Limited (liquidated on 11 June 2020)	9th Floor, 25 Farringdon Street, London, EC4A 4AB, United Kingdom England & Wales	Ordinary	100%
Victory Acquisitions Limited (liquidated on 11 June 2020)	9th Floor, 25 Farringdon Street, London, EC4A 4AB, United Kingdom England & Wales	Ordinary	100%

8 Share capital

	2019 £ 000	2018 £ 000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each (2018: 300,000,001 ordinary shares of £1 each)	-	300,000

On 7 February 2019, the Company carried out a bonus issue of 136,651 ordinary shares of £1 each.

On the same date, the Company carried out a capital reduction whereby the ordinary share capital of the Company was reduced to £1 and the entire share premium account was cancelled.

9 Controlling party

At 31 December 2019, 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.

Bluebottle UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

10 Related party transactions

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 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 with Virgin Group Holdings Limited and its wholly owned subsidiaries.