

Registration number: 01568894

Virgin Management Limited

Annual Report and financial statements

for the Year Ended 31 December 2022

Virgin Management Limited

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Virgin Management Limited

Strategic Report for the Year Ended 31 December 2022

Virgin Management Limited ("the Company") is principally engaged in providing management services to its subsidiaries and other affiliated companies.

Business review

Summary financial performance and key performance indicators

For the year ended 31 December 2022, the Company recorded a profit before tax of £155,231,000 (2021: £12,677,000), driven by dividend income from its subsidiary of £35,000,000 (2021: £14,216,000) and an impairment reversal of £123,345,000 (2021: £nil).

For the year ended 31 December 2022, turnover was £19,772,000 (2021: £21,739,000). Turnover is derived from the provision of services to affiliated companies.

At 31 December 2022, the Company had net assets of £1,218,714,000 (2021: £993,292,000).

Principal risks and uncertainties

The Company provides management services to its subsidiaries and other affiliated entities in the Virgin Group in line with contracts agreed between the relevant parties. There is a risk that the scope and nature of these contracts is changed as and when they are renewed, or that the level of service required is adversely impacted by a reduction in these entities' business operations as a result of poor trading or economic downturn. In order to minimise these risks, there is a focus across all activities of the Company on cost control and efficient operation.

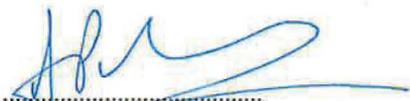
Going concern

As set out in note 1.2 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 financial statements.

Development and performance of the business

No significant changes to the business are currently expected for the foreseeable future.

Approved by the Board on 27/06/23 and signed on its behalf by:



A P L Shah
Director
66 Porchester Road
London
W2 6ET

Virgin Management Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £155,422,000 (2021: £12,793,000).

During the year, the Company did not declare any dividends (2021: £37,633,000).

During the year, the Company issued 3 ordinary £0.10 share to its parent company, Virgin Holdings Limited, for total consideration of £70,000,000. The difference between the nominal value of the shares and the consideration was recognised in the share premium reserve.

Streamlined Energy and Carbon Reporting

The Company is not required to report on its own limited energy consumption under the Streamlined Energy and Carbon Reporting requirements. The energy consumption for the Company has been voluntarily incorporated and disclosed in the consolidated financial statements of its parent company, Virgin Holdings Limited.

Directors of the Company

The Directors who served during the year were as follows:

R P Blok (alternate to I P Woods)

A P L Shah (appointed 4 February 2022)

A J Swaffield

I P Woods

A Stirling (resigned 27 January 2022)

Disclosure of information to the auditor

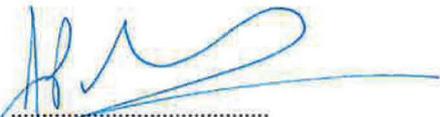
Each of the persons who are Directors at the time when the Directors' Report is approved has confirmed that:

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

Reappointment of auditors

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.

Approved by the Board on 27/06/23 and signed on its behalf by:



A P L Shah
Director
66 Porchester Road
London
W2 6ET

Virgin Management Limited

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

The Directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and have disclosed and explained any material departures 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.

Virgin Management Limited

Independent Auditor's Report to the Members of Virgin Management Limited

Opinion

We have audited the financial statements of Virgin Management Limited (“the Company”) for the year ended 31 December 2022 which comprise 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 2022 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”).

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.

Our conclusions based on this work:

- we consider that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Virgin Management Limited

Independent Auditor's Report to the Members of Virgin Management Limited

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors and finance management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the accounting for the revenue is non-complex, and subject to limited levels of judgment with limited opportunities to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation; and
- evaluating the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Virgin Management Limited

Independent Auditor's Report to the Members of Virgin Management Limited

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

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

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

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

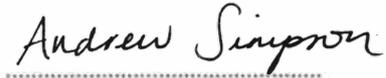
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Virgin Management Limited

Independent Auditor's Report to the Members of Virgin Management Limited

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.



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Andrew Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered accountants

15 Canada Square
London
E14 5GL

Date: 29 June 2023

Virgin Management Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

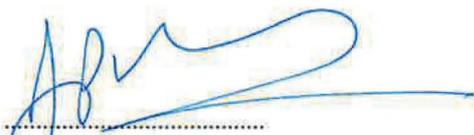
	Note	2022 £ 000	2021 £ 000
Turnover	2	<u>19,772</u>	<u>21,739</u>
Gross profit		19,772	21,739
Administrative expenses		(22,280)	(22,981)
Other operating income	3	35,000	14,216
Reversal of investment impairment	12	<u>123,345</u>	<u>-</u>
Operating profit	4	155,837	12,974
Interest receivable and similar income	8	171	187
Interest payable and similar expenses	9	<u>(777)</u>	<u>(484)</u>
Profit before tax		155,231	12,677
Income tax credit	10	<u>191</u>	<u>116</u>
Profit for the year		<u>155,422</u>	<u>12,793</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>155,422</u>	<u>12,793</u>

The above results were derived from continuing operations.

Virgin Management Limited
(Registration number: 01568894)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Tangible assets	11	29,328	532
Investments	12	1,172,787	992,922
Right of use assets	13	382	2,205
		<u>1,202,497</u>	<u>995,659</u>
Current assets			
Debtors	14	31,424	25,551
Deferred tax assets	10	706	645
Cash at bank and in hand		6,942	8,212
		<u>39,072</u>	<u>34,408</u>
Creditors: Amounts falling due within one year	15	<u>(22,396)</u>	<u>(34,742)</u>
Net current assets/(liabilities)		<u>16,676</u>	<u>(334)</u>
Total assets less current liabilities		1,219,173	995,325
Creditors: Amounts falling due after more than one year	15	(134)	(1,423)
Provisions for liabilities	16	(325)	(610)
Net assets		<u>1,218,714</u>	<u>993,292</u>
Capital and reserves			
Called up share capital	17	200,000	200,000
Share premium reserve		70,000	-
Profit and Loss Account		948,714	793,292
Shareholders' funds		<u>1,218,714</u>	<u>993,292</u>

The financial statements were approved and authorised by the Board and signed on its behalf on 27th June 2023,



 A P L Shah
 Director

Virgin Management Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	200,000	-	793,292	993,292
Profit for the year	-	-	155,422	155,422
Total comprehensive income	-	-	155,422	155,422
Transactions with owners, recorded directly in equity				
Share premium reserve movements	-	70,000	-	70,000
At 31 December 2022	200,000	70,000	948,714	1,218,714
		Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021		200,000	818,132	1,018,132
Profit for the year		-	12,793	12,793
Total comprehensive income		-	12,793	12,793
Transactions with owners, recorded directly in equity				
Dividends		-	(37,633)	(37,633)
At 31 December 2021		200,000	793,292	993,292

The notes on pages 11 to 33 form an integral part of these financial statements.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 Accounting policies

1.1 Basis of preparation

Virgin Management Limited is a private company, limited by shares, incorporated and domiciled in England and Wales. The registered address is 66 Porchester Road, London, W2 6ET. The registration number is 01568894.

The Company is exempt by virtue of section 400 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 Holdings Limited, includes the Company in its consolidated financial statements. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006. The consolidated financial statements of Virgin Holdings Limited are available to the public and may be obtained from the address in note 20.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- the requirements of IAS 7 statement of cash flows and related notes;
- comparative period reconciliations for share capital 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;
- the effects of new but not yet effective IFRSs; and
- disclosure of the objectives, policies and processes for managing capital.

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 are discussed in note 1.17.

The financial statements are prepared in sterling, which is the functional currency of the Company, and rounded to the nearest thousand.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.2 Going concern

The Directors have considered the working capital position of the Company and its expected cash outflows for a period of 12 months from the date of approval of these financial statements which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for the period.

In making this assessment, the Directors have specifically considered the impact of the current macroenvironment on the revenue of the Company's subsidiaries and consequently on the dividend income of the Company. The Directors have considered the eventuality that the Company generates no further dividends. Given the Company's cash resources and balance sheet position, they consider that the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Turnover

The Company's turnover comprises of fees receivable under contracts to provide management services. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised in accordance with IFRS 15's principle-based five-step model as follows:

- contract with a customer is identified;
- contract performance obligations are identified;
- transaction price is determined;
- transaction price is allocated to each performance obligation; and
- upon satisfaction of each performance obligation the turnover is recognised.

1.4 Employee benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.5 Foreign currency

Transactions in foreign currencies are translated into the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

1.6 Dividends

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

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.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.7 Finance income and costs

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in the Statement of Comprehensive Income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Statement of Comprehensive Income (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 receivable and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

1.8 Current and deferred taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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.

1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Assets are tested for impairment annually, if impairment indicators exist. 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 the Statement of Comprehensive Income during the period in which they are incurred.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Leased assets

The Company recognises right of use assets in respect of operating leases in line with IFRS 16.

The right of use assets are initially measured at amounts equal to the corresponding lease liabilities recognised. Lease liabilities are measured at the present value of the lease payments, discounted at the incremental borrowing rate.

The right of use assets are depreciated evenly over the remaining life of the asset and the lease liability unwinds in line with the incremental borrowing rate over the lease term.

Assets under construction

Assets under construction are stated in the statement of financial position at cost. These assets are not depreciated until they are available for use and are reviewed for impairment at each reporting date.

The cost of assets under construction includes directly attributable costs incurred in their acquisition and installation.

1.10 Depreciation

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.

Asset class	Depreciation method and rate
Land and buildings	10 - 15 % per annum
Furniture, fittings and equipment	13 - 25 % per annum
IT equipment and software	25% per annum

1.11 Valuation of investments

Investment in subsidiaries are measured at cost less accumulated impairment.

1.12 Financial assets and liabilities

Classification

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 the Statement of Comprehensive Income.

Recognition and measurement

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

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.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Impairment

Impairment of non-derivative financial assets

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

Derecognition of non-derivative financial assets

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

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 the Statement of Comprehensive Income.

1.13 Debtors

Short term debtors are measured at transaction price less any impairment. Loans and receivables 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.

Trade and other receivables are initially measured at the transaction price and at the point of recognition an expected credit loss is recognised to reflect the future risk of default. Trade receivables are subsequently measured at amortised cost less any additional, specific provisions for impairment. A specific provision is made for impairment when there is objective evidence that the Company will not be able to collect all amounts due according to the terms of the receivables.

Trade and other receivables are written off when the Company has no reasonable expectation of recovering the amounts due.

Trade and other receivables are discounted when the time value of money is considered material.

1.14 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.

1.15 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.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.17 Significant accounting estimates 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.

The carrying amounts of the Company's non-financial assets, including investments in subsidiaries, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is determined as either the net assets in the underlying subsidiaries or by reference to the value in use of the underlying assets held by the subsidiaries.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Turnover

The analysis of the Company's turnover for the year is as follows:

	2022	2021
	£ 000	£ 000
Rendering of services	<u>19,772</u>	<u>21,739</u>

Analysis of turnover by geography:

	2022	2021
	£000	£000
United Kingdom	13,294	8,696
Rest of the world	<u>6,478</u>	<u>13,043</u>
	<u>19,772</u>	<u>21,739</u>

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

3 Dividend income

	2022	2021
	£ 000	£ 000
Dividend income	<u>35,000</u>	<u>14,216</u>

On 13 February 2022, the Company received a dividend in specie of £1 from its subsidiary VEL Holdings Limited.

On 21 June 2022, the Company received a dividend of £5,000,000 from its subsidiary, VEL Holdings Limited.

On 13 December 2022, the Company received a dividend in specie of £30,000,000 from its subsidiary VEL Holdings Limited.

4 Operating profit

Arrived at after charging:

	2022	2021
	£ 000	£ 000
Depreciation - fixed assets	259	402
Foreign exchange losses	31	11
Property related expenses	178	219
Bad debts provision	4	17
Depreciation - right of use asset	<u>977</u>	<u>930</u>

5 Auditors' remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements	<u>110</u>	<u>104</u>
	<u>110</u>	<u>104</u>

Included in the audit fees are amounts which have been borne on behalf of the Company's subsidiaries, £10,000 (2021: £46,000) on behalf of Virgin Start Up Limited and £30,000 (2021: £nil) on behalf of VEL Holdings Limited. There were no non-audit services provided in the year (2021: £nil).

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

6 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	11,208	13,691
Social security costs	1,449	1,788
Pension costs, defined contribution scheme	940	918
	<u>13,597</u>	<u>16,397</u>

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

	2022	2021
	No.	No.
Administration and support	<u>86</u>	<u>91</u>

7 Directors' remuneration

	2022	2021
	£ 000	£ 000
Directors' emoluments	2,357	2,389
Company contributions to defined contribution pension schemes	58	40
	<u>2,415</u>	<u>2,429</u>

During the year retirement benefits were accruing to 4 Directors (2021: 3) in respect of defined contribution or SIPP schemes.

In respect of the highest paid Director:

	2022	2021
	£ 000	£ 000
Remuneration	<u>1,101</u>	<u>1,520</u>

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £40,000 (2021: £40,000).

Remuneration for certain Directors is recharged to the ultimate parent company in respect of services provided to that company.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income from related undertakings	39	187
Interest income on bank deposits	7	-
Interest unwind on lease liability	125	-
	171	187

9 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest expense to group related undertakings	674	407
Foreign exchange losses	103	18
Interest expense on lease liability	-	59
	777	484

10 Income tax

The major components of income tax expense are:

	2022	2021
	£ 000	£ 000
Current taxation		
UK corporation tax	(130)	-
Adjustments in respect of UK corporation tax of previous periods	-	(27)
	(130)	(27)
Deferred taxation		
Relating to the origination and reversal of temporary differences	36	58
Relating to changes in tax rates	11	(155)
Adjustments in respect of previous periods	(108)	8
	(61)	(89)
Income tax credit reported in the Statement of Comprehensive Income	(191)	(116)

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The reconciliation between the tax charge and the accounting profit multiplied by the UK corporation tax rate is as follows:

	2022	2021
	£ 000	£ 000
Profit before tax	<u>155,231</u>	<u>12,677</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	29,494	2,409
Effects of:		
Non-deductible expenses	552	403
Non-taxable income	(30,140)	(2,701)
Effect of previously unrecognised tax losses	-	(53)
Deferred tax effect of changes in statutory tax rates	11	(155)
Adjustments in respect of UK corporation tax of previous periods	-	(27)
Adjustments in respect of deferred income tax of prior years	<u>(108)</u>	<u>8</u>
Income tax credit reported in the Statement of Comprehensive Income	<u>(191)</u>	<u>(116)</u>

Recognised deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:

2022

	At 1 January 2022 £ 000	Recognised in the statement of comprehensive income £ 000	At 31 December 2022 £ 000
Decelerated capital allowances	618	59	677
Other timing differences	<u>27</u>	<u>2</u>	<u>29</u>
	<u>645</u>	<u>61</u>	<u>706</u>

2021

	At 1 January 2021 £ 000	Recognised in the statement of comprehensive income £ 000	At 31 December 2021 £ 000
Decelerated capital allowances	522	96	618
Other timing differences	<u>34</u>	<u>(7)</u>	<u>27</u>
	<u>556</u>	<u>89</u>	<u>645</u>

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

A change to the main UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. Accordingly, the deferred tax asset/(liability) as at 31 December 2022 has been calculated at the rate of 25% (2021: 25%).

The tax liability is included within amounts due to group undertakings.

The Company has not recognised deferred tax assets in respect of gross unused tax losses of £21,473,187 (2021: £22,005,000).

11 Tangible fixed assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	IT equipment and software £ 000	Total £ 000
Cost					
At 1 January 2022	2,225	543	-	1,592	4,360
Additions	-	-	29,136	31	29,167
Disposals	(1,690)	(401)	-	-	(2,091)
At 31 December 2022	<u>535</u>	<u>142</u>	<u>29,136</u>	<u>1,623</u>	<u>31,436</u>
Depreciation					
At 1 January 2022	1,910	386	-	1,532	3,828
Charge for the year	140	66	-	53	259
Eliminated on disposal	(1,622)	(357)	-	-	(1,979)
At 31 December 2022	<u>428</u>	<u>95</u>	<u>-</u>	<u>1,585</u>	<u>2,108</u>
Carrying amount					
At 31 December 2022	<u>107</u>	<u>47</u>	<u>29,136</u>	<u>38</u>	<u>29,328</u>
At 31 December 2021	<u>315</u>	<u>157</u>	<u>-</u>	<u>60</u>	<u>532</u>

In 2022, the Company purchased land and buildings which are being developed and are therefore classified as assets under construction. Once development is complete they will be re-classified from assets under construction to land and buildings and will be depreciated in line with policy.

At 31 December 2022, the Company had entered into contracts for committed spend of £750,000 in relation to property development (2021: £nil).

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Investments

	Shares in group £ 000	Total £ 000
Cost		
At 1 January 2022	1,224,733	1,224,733
Additions	61,706	61,706
Disposals	(5,186)	(5,186)
	1,281,253	1,281,253
Impairment		
At 1 January 2022	231,811	231,811
Provision charge	(123,345)	(123,345)
	108,466	108,466
Net book value		
At 31 December 2022	1,172,787	1,172,787
At 31 December 2021	992,922	992,922

Additions

In 2022, the Company made additions totalling £61,706,000 as part of a group re-organisation to combine Virgin Hotels and Virgin Limited Edition under a single hotel operator, Virgin Hotels Collection.

Disposals

As part of the re-organisation the Company transferred investments totalling £5,186,000 to its subsidiary.

Impairment reversal

Impairment testing for the period ended 31 December 2022 identified that the recoverable amount of the Company's investment in VEL Holdings Limited exceeded the impaired carrying amount of the investment. An impairment loss reversal of £123,345,000 has been recognised in the Statement of Comprehensive Income.

The recoverable amount of the investment is supported by the value in use of the subsidiary, which is based on the value of the expected future cash flows of the subsidiary from royalty income. The key assumptions used in the impairment test included cash flows, long term growth rates and discount rates.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Cash Flow Assumptions

The cash flows used in the value in use calculation are based on forecast royalty cash flows and before the impact of any taxes ("pre-tax"). The key assumption is revenue growth which is forecast based on licensee business plans and terms of trademark license agreements for future periods. External factors, including the consumer environment, are also taken into account in more short term forecasts.

Long Term Growth Rate Assumptions

The cash flows are forecast for ten years and then extrapolated until either expiry of the trademark licence agreement or into perpetuity using a long term growth rate. A long term growth rate of 2.3% was used based on growth assumptions for relevant business sections.

Discount Rate Assumptions

The discount rate applied to the cash flows is calculated using a pre-tax rate based on the weighted average cost of capital ("WACC") which would be anticipated for a market in which the licensees are based. In the current period, the pre-tax discount rate used to discount the forecast cash flows is 9.25% (2021: 7.38%).

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Registered office	Holding	Proportion of capital ownership interest 2022
Virgin Entertainment Holdings Inc	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Ordinary	100%
VHP Holdings, LP*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Class A units	98.1%
Virgin Summit Eden House, LLC*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Membership interest	100%
VHRE Las Vegas, LLC*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Membership Interest	100%
Village Development LLC*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Membership interest	100%
V3L Nashville Inc*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Membership interest	100%
VHRE New Orleans LLC*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Membership interest	100%
Virgin Hotels Holdings, LLC*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Class A units	96.4%

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Registered office	Holding	Proportion of capital ownership interest 2022
Virgin Hotels, LLC*	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	95.8%
Virgin Hotels North America, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels Dallas LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels San Francisco LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
VH San Fran, LLC*	Incorp Services, Inc., 5716 Corsa Avenue, Suite 110, Westlake Village, CA 91362-7354, United States USA	Membership interest	87.7%
Virgin Hotels New York, LLC*	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels Nashville, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels New Orleans, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Registered office	Holding	Proportion of capital ownership interest 2022
VH New Orleans Concessions, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	86.4%
Virgin Hotels Philadelphia, LLC *	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership Interest	86.4%
Virgin Hotels Edinburgh, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels Chicago, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
VHC Upper LLC*	Incorp Services, Inc., 901 S 2nd Street, Suite 201, Springfield, IL 62704 USA	Membership interest	87.7%
VHC Middle LLC*	Incorp Services, Inc., 901 S 2nd Street, Suite 201, Springfield, IL 62704 USA	Membership interest	87.7%
VHC Lower LLC*	Incorp Services, Inc., 901 S 2nd Street, Suite 201, Springfield, IL 62704 USA	Membership interest	87.7%
Virgin Hotels Palm Springs, LLC*	Incorp Services, 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels Miami Brickell, LLC*	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Registered office	Holding	Proportion of capital ownership interest 2022
Virgin Hotels Las Vegas, LLC*	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	87.7%
Virgin Hotels Glasgow, LLC*	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership Interest	86.4%
Virgin Start Up Limited	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VEL Holdings Limited	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
Virgin Enterprises Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
Virgin Aviation TM Holdings Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
Virgin Aviation TM Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VAL Trademark Two Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VAL Trademark Three Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VAL TM (Holdings) Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	51%
VAL TM Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	51%

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Registered office	Holding	Proportion of capital ownership interest 2022
Virgin Trustee Services Limited	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
Virgin Limited	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
Virgin Management South Africa (Pty) Limited	Unit G5 Century Gate Office Park, CNR Century Way and Bosmansdam Road, Century City, 7441, South Africa	Ordinary	100%
VH VLE Topco Limited	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VHC Opco Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VHC Holdco UK Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VH London Haymarket Limited*	66 Porchester Road, London, W2 6ET, United Kingdom England & Wales	Ordinary	100%
VHD Concessions Holdings, LLC *	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	86.4%
VHD Concessions Middle, LLC *	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	86.4%
VH Dallas Concessions, LLC *	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	86.4%

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of subsidiary	Registered office	Holding	Proportion of capital ownership interest 2022
Virgin Hotels Central Services, LLC*	Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States USA	Membership interest	86.4%
Baronne Street Hotel Sponsor Parent, LLC*	Robert E Buccini, 1000 N West Street Suite 900, Wilmington DE 19801, United States USA	Ordinary	69.2%
Baronne Street Hotel Sponsor, LLC*	Robert E Buccini, 1000 N West Street Suite 900, Wilmington DE 19801, United States USA	Ordinary	69.2%
Virgin Management Consulting (Shanghai) Co Limited* (in liquidation from 21 October 2009)	Room 27 23rd Floor 33 Hua Yuan Shi Qiao Road, Pu Dong District Shanghai China		100%
VH VLE Holdco US, LLC*	Corporation Street Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	Membership interest	100%

*Indirectly held investment

Joint ventures and associates

Details of the joint ventures and associates as at 31 December 2022 are as follows:

Name of joint ventures	Registered office	Proportion of ownership interest and voting rights held 2022
VH Properties LLLP *	Corporation Trust Center, 1209 Orange St, Wilmington, New Castle, United States USA	34.3%
VHB Properties LLC *	Corporation Trust Center, 1209 Orange St, Wilmington, New Castle, United States USA	34.3%

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Name of joint ventures	Registered office	Proportion of ownership interest and voting rights held 2022
VHNA Acquisition LP *	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	34.3%
VHNA Acquisition, LLC*	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States USA	34.3%
Nashville Music Row Hotel JV LLC*	Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States USA	50%
Nashville Music Row Hotel Holdings LLC *	Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States USA	50%
Nashville Music Row Hotel Mezz LLC *	Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States USA	50%
Nashville Music Row Hotel Owner LLC *	Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States USA	50%
Nashville Music Row Garage JV, LLC*	Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States USA	50%
Nashville Music Row Garage Owner, LLC*	Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States USA	50%

*Indirectly held investment

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

13 Right of use assets

	Property £ 000
Cost	
At 1 January 2022	4,829
Additions	357
Disposals	<u>(1,203)</u>
At 31 December 2022	<u>3,983</u>
Depreciation	
At 1 January 2022	2,624
Charge for the year	<u>977</u>
At 31 December 2022	<u>3,601</u>
Carrying amount	
At 31 December 2022	<u>382</u>
At 31 December 2021	<u>2,205</u>

14 Trade and other debtors

	31 December 2022 £ 000	31 December 2021 £ 000
Trade debtors	237	432
Amounts due from related parties	30,151	23,979
Prepayments	525	614
Other debtors	511	526
	<u>31,424</u>	<u>25,551</u>

15 Trade and other creditors

	31 December 2022 £ 000	31 December 2021 £ 000
Trade creditors	675	177
Accrued expenses and deferred income	4,218	3,393
Amounts due to related parties	15,170	24,970
Social security and other taxes	949	1,144
Other creditors	<u>1,384</u>	<u>5,058</u>
	<u>22,396</u>	<u>34,742</u>

At 31 December 2022, the Company has total lease liabilities of £434,000 (2021: £2,166,000) of which £134,000 (2021: £1,423,000) is non-current.

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

16 Other provisions

	Other provisions £ 000	Total £ 000
At 1 January 2022	610	610
Additional provisions	(285)	(285)
At 31 December 2022	<u>325</u>	<u>325</u>

Dilapidations provision

Leasehold dilapidations represent provisions held relating to leased land and buildings where restoration costs are contractually required at the end of the lease. Where such costs arise as a result of capital expenditure on the leased asset, the restoration costs are also capitalised.

17 Share capital

	2022 £ 000	2021 £ 000
2,000,000,003 (2021: 2,000,000,000) Ordinary shares of £0.10 each	<u>200,000</u>	<u>200,000</u>

18 Share premium

During the year the Company issued 3 £0.10 shares as part of a group re-organisation. The shares were issued for total consideration of £70,000,000 comprising:

- 1 £0.10 ordinary share for consideration of £51,334,250, which was left outstanding and settled against a corresponding payable balance.
- 1 £0.10 ordinary share for consideration of £5,186,000, which was settled by the transfer of the beneficial ownership of a subsidiary company.
- 1 £0.10 ordinary share for consideration of £13,479,750, which was left outstanding and settled against a corresponding payable balance.

The difference between the nominal value of the share and the consideration was recognised in the share premium reserve.

19 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £940,000 (2021: £918,000).

Virgin Management Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

20 Related party transactions

At 31 December 2022, 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.

	Turnover £000	Debtors £000
2022		
Virgin Red Limited	493	409
WCT Holdings Limited	169	158
VAL TM Limited	-	38
VAL TM Holdings Limited	-	23
Virgin Atlantic Airways Limited	-	2
	<u>662</u>	<u>630</u>
	Turnover £000	Debtors £000
2021		
Virgin Red Limited	286	493
WCT Holdings Limited	169	111
VAL TM Limited	-	5
VAL TM Holdings Limited	-	9
Virgin Orbit, Inc	-	8
Virgin Atlantic Airways Limited	-	6
	<u>455</u>	<u>632</u>

21 Controlling party

At 31 December 2022, 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 Holdings Limited, a company registered in England and Wales. The consolidated financial statements of this Group can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

