Virgin Holdings Limited and subsidiary companies

Annual Report and Financial Statements

Registered number 03609453

31 December 2022

Contents

Strategic Report
For the year ended 31 December 2022

The Directors present the Strategic Report for Virgin Holdings Limited (the "Company" or "VHL") and its subsidiaries (together the "Group") for the year ended 31 December 2022.

The Virgin Group

The Group is part of a larger group (the "Virgin Group") which comprises Virgin Group Holdings Limited ("VGHL"), the ultimate parent of the Group, its subsidiaries and certain assets owned directly by VGHL's sole shareholder, Sir Richard Branson.

The Virgin Group operates as a growth capital investor with a globally recognised and respected brand, which actively invests in opportunities across both developed and developing markets in different market segments and geographies. The Virgin Group has a wide-ranging investment portfolio including majority and minority shareholdings.

The Group owns the Virgin brand and licenses the brand under trademark licence agreements it has entered into with Virgin companies using the Virgin brand ("Licensees"). Licensees include both companies which form part of the Virgin Group, as well as companies in which the Virgin Group holds a minority or no ownership interest.

The Virgin Group's investment portfolio focuses on the core sectors of Travel & Leisure, Telecoms & Media, Music & Entertainment, Space, Financial Services and Health & Wellness. The Virgin Group is also an active technology-focused venture investor with a portfolio of around 40 companies spanning the consumer internet, fintech and sharing economy sectors. The Virgin Group's aim is to deliver long-term capital appreciation through investment in these and other sectors, and to partner with like-minded investors.

Certain companies within the Group, principally Virgin Management Limited in the UK, Virgin Management USA, Inc. in the US and Virgin Management SA in Switzerland, provide investment management services to the Virgin Group to ensure the investment portfolio is managed effectively. In addition, VHL acts as the principal treasury management company of the Virgin Group.

Financial performance

VHL is the top UK company in the Virgin Group. These Group financial statements present the results of a sub-set of the Virgin Group which comprises the brand licensing companies, investment management companies and certain investments in the Virgin Group investment portfolio; being Virgin Red and Virgin Hotels Collection.

The Group made a £28 million profit after tax for the financial year (2021: £9 million loss). The results for the year were driven by an increase in brand licensing revenues primarily due to an increase in Virgin Active and Virgin Australia royalties resulting from strong performance, and improved profitability in Virgin Red as membership numbers increased.

The Group's net assets have increased to £153 million as at 31 December 2022 (2021: £40 million) as a result of the £28 million profit for the year, £13 million other comprehensive income (2021: £2 million), and capitalisation of £75 million of parent company loans (2021: £nil).

Strategic Report *(continued)*
For the year ended 31 December 2022

Financial performance *(continued)*
Given the diverse nature of the Group's activities, the following review focuses individually on the principal businesses consolidated or equity accounted for in these financial statements.

Management companies
The Group provides investment management and various support services to the Virgin Group and the Branson family through Virgin Management companies in the UK, US, Switzerland and South Africa. This diversified operating model enables the Group to provide shared administrative functions across investment management and brand licensing (see below) and also provide the services of a head office and central support for the Virgin Group and Virgin Unite (the independent entrepreneurial foundation of the Virgin Group and the Branson family).

The Board of the Company comprises members of the senior management of the Virgin Group who manage day to day operations, provide advice on strategic, financial and other material matters to the VGHL board and, with VM Advisory Limited, to Sir Richard Branson and members of the Branson family, and act as Virgin Group representatives on the boards of certain investments.

Brand licensing
VEL Holdings Limited and its subsidiaries ("Virgin Enterprises") license the Virgin brand through trademark licence agreements with Licensee companies. Licensees include both companies which form part of the Virgin Group, as well as companies in which the Virgin Group holds no ownership interest.

Royalty income for the year ended 31 December 2022 was £76 million (2021: £61 million) and brand licensing profits, after taxation, for the year amounted to £45 million (2021: £30 million).

The Group also includes Virgin Start Up Limited, an organisation which was founded to support the next generation of founders through harnessing the entrepreneurial spirit of the Virgin brand. Virgin Start Up delivers government-backed loans, mentoring and other support to entrepreneurs in the UK.

Investment Portfolio

Virgin Hotels Collection

Virgin Hotels Collection ("VHC") was formed in December 2022, combining Virgin Limited Edition ("VLE") and Virgin Hotels ("VH"), bringing all Virgin hotels under a single hotel operator.

In 2022, VHC operated eight luxury properties worldwide (including Ulusaba, Kasbah Tamadot, Son Bunyola and The Lodge owned in the Group and Necker Island, Moskito Island, Mahali Mzuri and Mont Rochelle owned by the Virgin Group) and six boutique hotels across the US and UK (Chicago, Dallas, Nashville, Las Vegas, New Orleans and Edinburgh).

The luxury properties (formerly VLE) performed well in 2022 with the rebound in international travel, with revenues reaching record highs, driven by the African properties and Necker Island.

For the year ended 31 December 2022, Virgin Limited Edition and related properties owned within the Group broke even (2021: £5 million loss)

Strategic Report *(continued)*
For the year ended 31 December 2022

Financial performance *(continued)*

The boutique properties (formerly Virgin Hotels) faced a challenging start to the year with Omicron restrictions resulting in cancellations of large conference bookings. Delays to planned openings in New York, Edinburgh and Glasgow also posed challenges, however performance improved across the rest of the year, with the opening of the Edinburgh hotel in July 2022, New York in February 2023 and Glasgow due to open in July 2023.

For the year ended 31 December 2022, VH made a loss of £15 million (2021: loss of £12 million).

Virgin Red
Virgin Red manages an enhanced loyalty programme which drives an increase in the number of customers interacting with other Virgin branded businesses. The company enables Virgin customers to earn and redeem Virgin Points across a variety of Virgin businesses and loyalty partners.

In 2022, Virgin Red invested heavily in its technology, people and its loyalty offering as the business emerged from the pandemic. The business performed well and the membership levels increased, resulting in a profit of £2 million for 2022 (2021: loss of £18 million).

Principal risks and uncertainties
The Group faces a range of risks and uncertainties that could have the most significant impact on the Group's long-term performance. The risks and uncertainties described below are not intended to be exhaustive - rather they comprise the key risks facing the Group.

Economic conditions
A prolonged economic downturn may result in revenue reduction and potential reduction of profit for all businesses. An unstable geopolitical environment, or rising inflation may adversely affect discretionary spending, particularly for travel and leisure activities. This could result in lower income from brand royalties and travel and leisure investments. In order to minimise this risk, the Group's Licensees and investments are diversified across different sectors and there is a focus on growth opportunities, cost control and efficient operation across all activities of the Group.

Brand reputation
The strong reputation and loyalty engendered by the Virgin brand is a core part of the value of the Group. Any damage to the brand caused by any single event or series of events could materially impact customer loyalty and the propensity of customers to travel with or purchase Virgin products and services, and so adversely affect the Group. The businesses regularly monitor customer satisfaction through regular customer surveys, alongside ongoing research and development of products and services to mitigate this risk. The Group invests substantial resources to maintain its strong brand position.

Principal risks and uncertainties *(continued)*

Cyber risk
The Group, whilst maintaining adequate protection, is aware that the risk of cyber attacks is increasing and may cause significant disruption to operations or result in lost revenue. The Group, along with its suppliers, constantly monitors the risk to its operations. System controls, disaster recovery and business continuity arrangements exist to mitigate the risk of a critical system failure.

Risks specific to brand licensing
In addition to the risk to brand reputation, Virgin Enterprises is reliant on royalty income generated by its trademark licence agreements and any material adverse change in the business or market in which any of the Licensees operate could affect the level of royalty income received. Key risks include the impact of the current geopolitical environment and rising inflation on Licensees' ability to operate and consumers ability to spend.

Virgin Enterprises takes steps to mitigate this risk through a wide distribution of Licensees across a number of different geographies and industries, and through actively monitoring its Licensee relationships.

Risks specific to Virgin Hotels Collections
The Virgin Hotels Collection businesses enter into management agreements with property owners. The principal risk is deemed to be the termination of these management agreements by such owners. This is managed through diversification of the portfolio of properties as the portfolio expands, through engaging with different property owners.

The businesses mitigate this risk by thoroughly evaluating each hotel project, obtaining indemnification protections and customary insurance coverages, employing an experienced management team and engaging appropriate industry consultants as well as through owner diversification.

Risks specific to Virgin Red
Virgin Red manages loyalty club members personal data. The business could face business interruption, substantial reputational damage and financial loss (including fines) if it fails to protect personal data.

Data protection and data security is a top priority for the business, with a high level of senior engagement. Virgin Red has internal resources dedicated to ensuring the protection of personal data and security of its systems, and has undertaken an external cyber security audit, gaining the ISO 27001 certification.

Energy and Carbon Statement

This statement has been prepared in accordance with the Group's regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Scope

VHL is not required to report for SECR based on its own limited energy consumption, but the Group's annual report and financial statements consolidate a number of entities which are required to report. This report therefore incorporates energy consumption for the following consolidated entities:

- Virgin Enterprises Limited
- Virgin Red Limited (voluntary basis)
- Virgin Management Limited (voluntary basis)

Figures expressed in this report are aggregate figures for the above-named entities.

During the reporting period from 1 January 2022 to 31 December 2022, the Group's measured Scope 1 and 2 emissions (location-based) totalled 56 tCO_2e. This comprised:

Total Emissions	2022 (tCO_2e)	2021 (tCO_2e)*	2021 (tCO_2e) excl. Virgin Care
Direct emissions (Scope 1)	11	1,060	11
Indirect emissions (Scope 2 - location based)	45	98	42
Total: Scope 1 & 2 (location based)	**56**	**1,158**	**53**
Indirect emissions (Scope 2 - market based)	4	88	4
Total emissions per FTE (location based)	**0.19**	**0.24**	**0.27**
Total emissions per £m revenue (location based)	**0.35**	**3.48**	**0.48**

Overall, the Group's Scope 1 and 2 emissions decreased by around 95% in the year as Virgin Healthcare Holdings Limited ("Virgin Care") was acquired by Twenty20 Capital in November 2021. Eleven months of data for Virgin Care is included in the 2021 comparatives, which included numerous sites energy consumption (both gas and electricity) alongside owned vehicles. 2021 figures excluding the contribution from Virgin Care are also shown above.

Total Scope 1&2 (location-based) emissions per FTE is 0.19 tCO_2e and total Scope 1 & 2 emissions (location-based) per £m revenue equate to 0.35 tCO_2e. Both have decreased, again due to the impact of Virgin Care in 2021. When comparing to 2021 figures excluding Virgin Care, the emissions per FTE and per £m revenue have also decreased, as the small increase in gross emissions is outweighed by increases in revenue and staff numbers for Red between 2021 and 2022.

Energy and Carbon Statement *(continued)*

Energy Efficiency Measures

The Group is committed to reducing its emissions and contributing to the global goal of net zero by 2050 aligned with science and is looking to expand its emission reduction strategy aligned to the 1.5 Celsius degrees reduction pathway.

The Group continues to make improvements to reduce its energy consumption including checking lighting PIR sensors to reduce the time for inactivity to 30-minutes and replacing light fittings that have become redundant with LED light fittings as and when they fail, in addition to purchasing 100% renewable energy tariffs.

During the year, the energy consumption totalled 292 MWh. This comprised:

Energy Consumption	2022 MWh	2021 MWh*	2021 MWh excl. Virgin Care
Fuel*	61	3,871	58
Purchased electricity	231	463	200
Total energy consumption	**292**	**4,334**	**258**

*For 2022, fuel consisted of natural gas only. In 2021, fuel consisted of natural gas and fuel for transport (petrol & diesel).

Methodology

The Group quantifies and reports its organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. The Group consolidates its organisational boundary according to the operational control approach. Emission factors have been taken from the UK Government GHG Conversion Factors for Company Reporting 2022. Where more accurate data was available for FY21, the figures have been updated accordingly.

* The 2021 comparatives have been updated where more up-to-date information has become available.

Section 172 Companies Act 2006

VHL is the top UK company in the Virgin Group with a Board including all of the senior management team, with the responsibility for recommending or approving material matters and providing strategic direction and advice to other Virgin Group companies.

Virgin Management and Virgin Start Up have signed up to support The Better Business Act (BBA) which proposes a simple but powerful change to Section 172 of the UK's Companies Act, 2006. Currently, Section 172 requires directors to prioritise shareholder interests above the interests of people, planet, and communities. The BBA wants businesses to reject shareholder primacy as the default position. Instead, it encourages companies to consider the impact of their decisions on all stakeholders - including employees, the planet, suppliers, and wider communities, alongside shareholders. The Virgin Group has gone one step further by amending the articles of association of the Company and certain other key companies in the Virgin Group. This obligates Directors to balance all stakeholder interests without having to prioritise shareholders. In doing so, we stand committed to our belief that business should be a force for good in the world and to make sure our purpose: Changing Business for Good, is at the heart of our constitution.

The Directors have acted in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefits of its stakeholders and members as a whole, and in doing so have regard to the matters set out in s172(1) of the Companies Act 2006 and the Company's Articles of Association in the decisions taken during the year as set out below.

a) The likely consequence of any decision in the long term

The Virgin Group is a long-term purpose-led investor and brand owner. As such, key approvals, recommendations and advice given by the Directors on investment, brand and strategic decisions, take into consideration the long-term consequences and outcomes, including in respect of:

- expected investment returns and growth in shareholder value;
- impact on the Virgin Group's medium to long-term liquidity;
- impact on the Virgin brand and reputation; and
- impact on employees, the community, wider society and the environment.

The Board of the Company annually agrees a five-year plan for the Virgin Group with the Board of the Group's ultimate parent company, VGHL, and reviews performance against that plan throughout the year as measured by a series of in-year and longer-term strategic objectives and key performance indicators, both financial and non-financial. The plan considers financial measures including liquidity, planned investments, realisations and asset allocation, along with forecast income and expenditure as well as non-financial measures such as Group purpose, brand sentiment, employee engagement and progress towards net zero carbon emissions. The plan also encompasses a review of investments held by the Virgin Group, considers their performance and outlook and recommends specific shareholder objectives in respect of such investment. This overall planning framework then informs decision making and target setting for the Virgin Group.

Strategic Report *(continued)*
For the year ended 31 December 2022

Section 172 Companies Act 2006 *(continued)*

a) The likely consequence of any decision in the long term *(continued)*

Key approvals, recommendations and advice given by the Board on investment, brand and strategic decisions during the year included:

- New investments in existing Virgin businesses to support their growth and ongoing recovery from the Covid 19 pandemic. Since the start of the Covid-19 crisis more than $900m has been committed through investment and liquidity relief to support the Virgin companies impacted by the pandemic. In 2022, investments included:
  - Substantial new investment alongside existing and new investors in Virgin Active which acquired the nutrition assets of The Real Foods Group.
  - Additional investment in Virgin Voyages alongside existing and new investors. In 2022, Virgin Voyages launched its second ship, Valiant Lady; took delivery of its third ship, Resilient Lady, and opened Terminal V in Port Miami.
  - Continued investment into Virgin Orbit.
- Investing in and granting a new long-term trademark licence agreement to Virgin Fibra, a new broadband business established in Italy;
- The launch of Virgin Trains Ticketing;
- A re-investment into Virgin Mobile Middle East & Africa, which has Virgin businesses across the Middle East, as part of its acquisition by BeyondOne;
- The launch of Virgin Hotels Collection as the parent for Virgin Hotels and Virgin Limited Edition. Virgin Group have continued to invest and support the expansion of Virgin Hotels which in 2022 saw the launch of a new hotel in Edinburgh, its first in Europe;
- The acquisition of Grove Collaborative, a leading sustainable consumer products company and certified B-Corp, by Virgin Group Acquisition Corp. II; and
- Continued venture capital investing in new and existing investments.

b) The interests of the Virgin Group's employees

Virgin Management, a wholly-owned subsidiary of the Company, is the main employing entity in the Virgin Group (outside of the customer facing investee businesses). The Company and Virgin Management are committed to achieving diversity, engagement and development of their people and taking strategic leadership of this at the Board of VHL including through:

- Holly Branson's role as Director of the Company and the Group's Chief Purpose and Vision Officer whose focus is on ensuring the Virgin Group is a purposeful business and is committed to helping to create an inclusive, diverse and innovative 21st century culture; and
- the Board having individual and collective objectives based on employee culture and development and regular Board discussion of employee and people matters.

Wellbeing: We are committed to ensuring that our employees are safe, healthy and well. We strive to ensure that we are constantly anticipating and responding to the evolving wellbeing needs and expectations of all our stakeholders - people, customers, partners, suppliers, founders and local communities too. We believe that wellbeing is of paramount importance and also that it is multi-dimensional so we focus on physical, mental, emotional, financial and spiritual wellbeing.

Section 172 Companies Act 2006 *(continued)*

b) The interests of the Virgin Group's employees *(continued)*

- Virgin Management adopts a flexible working approach, enabling hybrid working, and empowering and trusting our employees to work in a way that supports them and enables them to work in the best way.
- Virgin Management adopts progressive and innovative employee policies, including wellbeing, flexible working, unlimited holiday and enhanced shared parental leave and real rest.
- A targeted focus is placed on employee wellbeing (whether physical, mental or financial) through provision of training e.g. on resilience in a crisis, virtual employee experiences and access to new wellbeing opportunities, including running First Aider and Mental Health First Aider training courses for individuals across the organisation, ensuring broader wellbeing support to more colleagues.
- Regular updates are provided through the newly launched Virgin Central intranet, regular newsletters and CEO town halls on matters concerning the Virgin Group, its employees and its businesses and investments.
- Virgin Management signed up to the UK Government's Disability Confident Scheme as a Disability Confident Committed Employer (Level One).
- Our Dyslexic Thinking campaign is signposted in all job postings as an example of the importance we place in having a diverse workforce, and our celebration of all kinds of working styles. As part of this, we emphasise the value we place in applicants being open about allowances we can make from the very start of the hiring process through to a full-time role to allow individuals to thrive.

Diversity & inclusion: Virgin Management believes that all its people should feel they can be 100 per cent themselves at work. That can only occur when it achieves a truly diverse work force which it is striving for and working to achieve across the Virgin Group. All companies within the Group aim to make an inclusive workplace for everyone, regardless of age, gender, race, sexual orientation, disability, religion, belief or non-belief, marital status and family circumstances. At Virgin, we believe all people are equal and we welcome everyone and encourage people to truly be themselves. We strive to treat people fairly and equally irrespective of their identity, lifestyle and life chances.

We think about diversity and inclusion in the broadest sense, considering factors including:

- protected characteristics - age, disability, race, religion or belief, sex, sexual orientation, gender reassignment, marriage or civil partnership, pregnancy and maternity;
- acquired traits such as educational background;
- health considerations such as long-term conditions, mental health, substance misuse;
- personal circumstances such as caring responsibilities, life stage or culture; and
- neurodiversity and diversity of thought.

Section 172 Companies Act 2006 *(continued)*

b) The interests of the Virgin Group's employees *(continued)*

We have taken the following actions:

- Refreshed our Virgin Traits, which are an agreed set of principles on how we all want to work with each other, with the collaborative effort of all members of staff, taking onboard feedback from every member of staff;
- Created a Diversity & Inclusion ("D&I") plan, with clear objectives and a high level of engagement in D&I working groups, which has led to actions and education materials, newsletters and talks on D&I themes;
- Became a signatory to the Race at Work Charter, established by Business in the Community;
- Signing up to the UK Government's Disability Confident Scheme as a Disability Confident Committed Employer (Level One);
- Improving accessibility to virgin.com to make it more inclusive;
- Creating a menopause policy along with support and guidance, launching the Parent Club to support parents at work; and
- Creating a Carers guide to support all employees with caring responsibilities.

Communication & engagement: Virgin Management seeks to operate a framework of employee communication and engagement initiatives which help its people feel a sense of shared purpose and connection with our business strategy, and to facilitate a two-way dialogue between its people and the Board. This is achieved through the intranet, newsletters, employee forums and the use of engagement surveys and corresponding action plans. In addition, there are weekly updates, live Q&As and quarterly meetings for all Virgin Management employees led by the Chief Executive Officer to update on activity across the Virgin Group. We have recently refreshed our One Voice employee forum, creating a unified, open and transparent forum, providing opportunities to share feedback and discuss key issues.

We use a best in class engagement survey that provides us rich insight to the engagement levels of our people, understanding their drivers for satisfaction, and opportunities we have to improve their experience at Virgin Management. It allows us to shape our leadership focus and support in the most meaningful areas with greatest impact, and creates an ongoing dialogue between leaders and their teams.

Learning & development: Virgin Management commits to equipping its people with the expertise and knowledge they need to be successful in their current role and supporting them in continuing to grow and develop their career. A comprehensive training programme on diverse areas such as resilience, wellbeing, project management, negotiation training, presentation skills, objective setting, manager training and much more are open to all employees. In addition to this, Virgin Management delivers an annual mentoring scheme, open to all employees to participate in, further supporting growth and development of all individuals.

Section 172 Companies Act 2006 *(continued)*

c) The need to foster the Company's business relationships with suppliers, customers and others:

Virgin Management's main suppliers are service providers such as legal firms, consultancies, marketing agencies, IT support, HR services, facilities and travel. Close working relationships are maintained with key suppliers, and it works constructively with many of them to share best practices on matters such as environmental and labour standards.

Virgin Enterprises fosters particularly close relationships with licensees of the Virgin brand, through engagement as a brand licensor where standards and principles are mandated, and metrics such as customer and people experience (including Net Promoter Score), ethical procurement, social and environmental impact, governance approaches and purpose are tracked and discussed at regular brand engagement forums. The Board has appointed dedicated teams whose remit is to work with its Virgin-branded investments and Licensees in support of these areas.

The Company also influences and guides the strategy of Virgin businesses, including in respect of their approach to suppliers and customers, through the Virgin Group's role as a shareholder and brand licensor (including through the Virgin Group's representative directors on the boards of certain investee companies and Licensees).

d) The impact of the Company's operations on the community and environment

The Board regularly assesses the Virgin Group's social and environmental impacts and considers how it can influence positive and systemic change.

Virgin Management and Virgin Start Up are active supporters of the Better Business Act, which launched in April 2021. The Better Business Act pushes for legislative change to amend Section 172 of the Companies Act to ensure every business in the UK aligns the interests of its shareholders with those of wider society and the environment. The Company codified its intentions towards its wider stakeholders by adopting updated Articles of Association in October 2022, taking a significant step forward in ensuring our purpose of 'Changing Business for Good' is integral to all that we do and ensuring that every strategic and business decision is made in accordance with our Vision and Purpose pillars.

In 2022 we developed and launched a purpose decision making filter which we rolled out to every single team in our business to help all colleagues make more purpose-driven decisions in their day-to-day roles. Using the filter ensures that themes such as diversity, inclusion, sustainability, and human rights are evident and considered in all our major decisions.

The Board understands the Virgin Group's environmental impact and is committed to minimising negative climate impacts for the benefit of the planet and its communities. The Virgin Group is active in promoting, investing in and supporting innovative, sustainable start-up businesses to encourage entrepreneurs the world over to use their skills to tackle the climate crisis.

Section 172 Companies Act 2006 *(continued)*

d) The impact of the Company's operations on the community and environment *(continued)*

Virgin Management, the principal operational management company for the Virgin Group, has committed to reaching net zero greenhouse gas emissions, in respect of its operations and supply chain, under its net zero strategy. This includes a reduction in carbon emissions from business travel and its supply chain, and engagement with employees. The strategy targets a reduction in greenhouse gas emissions from operations and supply chain of 50% by 2030, over a 2018 baseline.

The Virgin Group has committed to net-zero greenhouse gas emissions by 2050. The Board regularly reviews progress on carbon reduction across the Virgin Group, providing advice and recommendations that enable progress towards its achievement, and has appointed a dedicated team whose remit is to work with its Virgin-branded investments and Licensees and support their journey to net zero, reduction of other environmental impacts and social risks, work to promote diversity and inclusion, and maximisation of opportunities to create positive social impacts.

As part of Virgin Group's awareness of its social responsibility, it continues to engage in a comprehensive range of activities, including:

- financial and operational support for Virgin Unite, the independent entrepreneurial foundation of the Group and the Branson family (the value of donations in the financial year 2022 were approximately £2 million and services were provided via a donation in kind of £3 million);
- financial and operational support for Virgin Start Up, which was founded by the Group to help founders in the UK to start and scale early-stage businesses including through access to loans from the UK Government's Start Up Loans Company (the total value of financial support provided in the financial year 2022 from the Virgin Group to Virgin Start Up was approximately £1 million);
- a proactive advocacy agenda which supports and campaigns for social change on a broad range of issues, including:
    - integration of refugees in the UK and support for refugee entrepreneurs;
    - drug policy reform that prioritises decriminalisation and harm reduction;
    - universal abolition of the death penalty;
    - criminal justice reform and reduction of reoffending rates through second chance employment and campaigns to expunge criminal records;
    - greater awareness of and support for neurodiversity, particularly dyslexia; and
    - LGBT+ inclusion and global efforts to counter marginalization and persecution of LGBT+ populations.
- the promotion of progressive policies across the Virgin Group, such as recruiting ex-offenders in the UK or the integration of refugee-led businesses in supply chains.

In the community, Virgin Management expanded its existing community work through staff participation in the Future Frontiers mentoring programme for local youths in disadvantaged communities and further contributions to the North Paddington Foodbank and The Avenues, a North Westminster youth charity.

Strategic Report *(continued)*
For the year ended 31 December 2022

Section 172 Companies Act 2006 *(continued)*

e) The desirability of the Company maintaining a reputation for high standards of business conduct

Virgin Management has specific policies on modern slavery, anti-bribery and corruption and undertakes due diligence on potential investments, partners, suppliers and other third parties, to ensure high ethical standards are applied. These policies are regularly reviewed, and all employees are required to complete interactive training to embed their understanding.

The Virgin Group also understands that business has a wider responsibility to promote good and should not exist purely for commercial profit. Virgin Management and Virgin Start Up continue to publicly support the Better Business Act's campaign to change how business is done by aligning the interests of a company's shareholders with those of wider society and the environment equally. The Group's Directors are empowered to exercise their judgement in weighing up and advancing the interests of all stakeholders as codified in the Company's Articles of Association.

The Virgin Group understands that the tax it pays is an important part of its wider economic and social impact and plays a key role in development, both inside and outside the UK. The Virgin Group pays tax on business profits in the jurisdiction in which those profits are generated. For example, Virgin Enterprises is tax resident in the UK and pays UK tax on the royalties it receives from its global Licensees. The Virgin Group's approach to tax is explained in its Tax Strategy Statement which is available on www.virgin.com.

f) The need to act fairly between members of the Company

The Virgin Group has been in operation for over 50 years having been founded by Sir Richard Branson in 1970. He remains the sole shareholder of VGHL, the ultimate parent of the Company.

Corporate Governance Statement

The Virgin Group's core principles of business management and purpose are broadly shared across investments within the Group. Investee companies operate as distinct and separate businesses with their own boards and independent management and governance arrangements commensurate with their stage of business maturity and scale as set out in their respective annual reports.

For the year ended 31 December 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company applied the Wates Corporate Governance Principles for Large Private Companies as a framework for disclosure of our corporate governance arrangements.

Principle 1 – Purpose and Leadership

The purpose of Virgin Management is "Changing Business for Good" which continuously prompts it to consider the long-term impact of business decisions that it makes. The Board sets the Company objectives with clear correlation to our purpose. These Company objectives are then embedded into each employee's individual objectives, forming a key element of performance management at all levels.

Holly Branson is the Virgin Group's Chief Purpose and Vision Officer. This is part of the Virgin Group's drive to ensure that purpose is at the heart of decision-making and to further empower our people to make purpose-driven decisions, which helps drive innovation and creates a culture of continuous improvement and helps identify, mitigate, and manage emergent risks.

Virgin Management has a dedicated Purpose team who work with businesses across the Virgin Group and with Virgin brand Licensees to develop their purpose strategies and impact to drive their decisions and success, with positive results for employees, customers, partners, communities, and the environment.

In ensuring that every strategic business decision is made in accordance with its Vision and Purpose Pillars, Virgin Management introduced a Purpose Filter in early 2022 through which strategic business decisions are reviewed. This tool uses a series of questions to evaluate decisions on topics including accountability, transparency, inclusivity, human rights, environmental sustainability and stakeholder wellbeing.

Principle 2 – Board Composition

The Board comprises the Virgin Group's senior management team: Non-Executive Chairman, Chief Executive Officer, Chief Commercial Officer, Group Finance Director, Chief Purpose and Vision Officer, Chief Investment Officer, Chief People Officer and Chief Operating Officer. Two of the eight Directors are female.

The Company's Board has considerable investment and operational experience providing a broad combination of skills to manage the investment portfolio and brand activities, to provide advice on strategic, financial, purpose and other material matters to the VGHL board and to Sir Richard Branson and to act as shareholder representative on the boards of certain investments.

A biography for each Board Director can be found on the Virgin Group's website:
www.virgin.com/virgingroup/content/our-senior-team

Strategic Report *(continued)*
For the year ended 31 December 2022

Corporate Governance Statement *(continued)*

Principle 3 – Director Responsibilities
The Board meets every month with a full agenda to consider all aspects of the Virgin Group's activities. Additional days are set aside during the year for the Board to consider longer term strategic planning. The Company, VGHL and Sir Richard Branson have established detailed governance processes which provide for clear lines of accountability and responsibility to support robust and efficient decision making.

The Board receives regular information about the performance and operations of the Virgin Group's investee businesses, the financial performance and liquidity of the Virgin Group, risks and opportunities, and material non-financial performance.

The Board operates an on-going training programme to ensure it is up to date on relevant regulatory, governance and compliance matters.

Principle 4 – Opportunity & Risk
As an entrepreneurially led Company, the Board is focused on identifying and capitalising on a broad range of opportunities for the Virgin Group whilst having the responsibility to mitigate risk.

The principal risks of the Group and relevant mitigating actions are set out on pages 3-4.

The Board considers risks and opportunities for the Virgin Group in the medium and longer term as part of its annual five-year planning process and receives regular updates as part of its quarterly reporting on progress against those considerations. These updates also form the basis of the Board's regular reporting to the VGHL board.

Principle 5 – Remuneration
The remuneration policy for the Board is set by VGHL and is designed to clearly align with the long-term objectives of the shareholder and to retain executive talent through a combination of short and longer-term incentives. The Company's objectives are set at the beginning of each year encompassing people and culture, brand and purpose, investment portfolio and financial strength, and are shared across Virgin Management to form the basis of target setting and performance management for all employees, including the members of the Board.

Principle 6 – Stakeholder relationships and engagement
The Section 172 Statement on pages 7 - 13 sets out how the Board has regard for its broader stakeholders.

This report was approved by the board on 27 June 2023 and signed on its behalf.

A Shah
Director

Directors' Report
For the year ended 31 December 2022

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

Results and dividends
The results of the Group for the year are set out on page 24 and are commented on within the Strategic Report.

During the year, the Group's subsidiary, Virgin Rail, paid a £3 million dividend (2021: £15 million) to its minority shareholders.

No other dividends were paid in the current year. In the prior year, the Company paid a dividend of £18 million to VUKH Limited in December 2021 as part of the restructuring undertaken to simplify the Virgin Group holding structure and to make VHL the top UK company in the Virgin Group.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Bayliss
H K T Branson
N A Humphrey (appointed on 4 July 2022)
E M Lovell
P M R Norris
A E Sterling (resigned 27 January 2022)
A P L Shah (appointed on 27 January 2022)
A J Swaffield
I P Woods
R P Blok (appointed as alternate to A P L Shah on 28 January 2022)

Employees
The Group and its operating subsidiaries are non-discriminatory employers operating employment policies that aim to eliminate unfair discrimination, harassment, victimisation and bullying. The Group is committed to ensuring that all individuals are treated fairly, with respect, and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union.

The Group uses consultative procedures agreed with its staff and elected representatives with a view to ensuring that its employees are aware of the financial and economic factors that affect the Group's performance and prospects. Within the bounds of commercial confidentiality, information is disseminated to all levels of employees about matters that affect the progress of the Group and are of interest and concern to them as employees. The Group also encourages employees, where relevant, to meet on a regular basis to discuss matters affecting them.

Directors' Report *(continued)*
For the year ended 31 December 2022

Employees *(continued)*
In considering applications for employment from disabled people in the UK, the Group seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the jobs for which they have applied. Employees who become temporarily or permanently disabled are given individual consideration, and where possible equal opportunities for training, career development and promotions are given to disabled persons.

Charitable Donations
During the year, the Group paid £2 million (2021: £6 million) of charitable donations to Virgin Unite.

Energy and Carbon Reporting
The Directors have included their reporting on greenhouse gas emissions as required by the Streamlined Energy and Carbon Reporting regulation on pages 5 - 6 of the Strategic Report.

Going concern
The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements. Refer to Note 1 to the Financial Statements for further detail.

Events after the reporting date
In February 2023, a court ruling was made in relation to the trademark licence agreement between Virgin America, Virgin Aviation TM Limited and Virgin Enterprises Limited ("TMLA"). In 2018 Alaska Airlines, Inc. acquired Virgin America, Inc and in 2019 retired use of the Virgin America brand name and ceased paying minimum royalties in breach of the terms of the trademark licence agreement. An English High Court judge agreed with Virgin's position and gave judgement that the minimum royalty was due under the TMLA. No royalty revenue has been recognised in respect of these royalties since May 2019 in accordance with IFRS 15, and the impact on the 2023 financial statements is in the process of being assessed.

Provision of information to auditor
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and Group's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any needed by the Company and Group's auditor in connection with preparing its report and to establish that the Company and Group's auditor are aware of that information.

Directors' Report *(continued)*
For the year ended 31 December 2022

Auditor

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

This report was approved by the Board on 27 June 2023 and signed on its behalf.

A Shah
Director

66 Porchester Road
London W2 6ET

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and 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 Group or 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 parent 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 Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Virgin Holdings Limited and Subsidiary Companies

Opinion

We have audited the financial statements of Virgin Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash flow statement, 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 Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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 Group 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 Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their 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 Group's business model and analysed how those risks might affect the Group and 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 Group or 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 Group or the Company will continue in operation.

Independent Auditor's Report to the Members of Virgin Holdings Limited and Subsidiary Companies *(continued)*

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 inspection of policy documentation as to the Group'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.
- 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 This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component 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 revenue is non-complex, and subject to limited levels of judgement 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 for all full scope components based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-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 others management (as required by auditing standards), and discussed with the directors.

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.

Independent Auditor's Report to the Members of Virgin Holdings Limited and Subsidiary Companies *(continued)*

Firstly, the Group 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.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following area as the most likely to have such an effect:

- Data privacy laws, reflecting the Group's growing amounts of personal data held.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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 fraud 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.

Independent Auditor's Report to the Members of Virgin Holdings Limited and Subsidiary Companies *(continued)*

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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 19 , 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 Group and parent 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 Group or the parent 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.

Jeremy Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
[redacted] June 2023
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Consolidated Income Statement
For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Revenue	4	**182**	116
Cost of sales	6	**(23)**	(8)
Gross profit		**159**	108
Administrative expenses	6	**(142)**	(123)
Other operating income	5	**10**	6
Operating profit/(loss)		**27**	(9)
Gain/(loss) on disposal of investments and assets	9	**1**	(6)
Profit/(loss) from equity accounted associates	14	**-**	(2)
Finance and similar income		**7**	5
Finance and similar expenses		**(2)**	(2)
Net finance income	8	**5**	3
Profit/(loss) before tax		**33**	(14)
Taxation	11	**(5)**	(2)
Profit/(loss) from continuing operations		**28**	(16)
Profit from discontinued operation, net of tax	10	**-**	7
Profit/(loss) for the year		**28**	(9)
Equity holders of the parent		**28**	(7)
Non-controlling interest		**-**	(2)
Profit/(loss) for the year		**28**	(9)

The notes on pages 32 to 84 form part of these financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	2022	2021
	£m	£m
Profit/(loss) for the year	**28**	(9)
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Other movements	**1**	-
Foreign currency translation gain / (loss) on consolidation	**-**	(1)
Net change in fair value of financial instruments reclassified to profit or loss	**3**	3
Fair value adjustments	**9**	-
	13	2
Other comprehensive income for the year, net of income tax	**13**	2
Total comprehensive income/(loss) for year		
From continuing operations	**41**	(14)
From discontinued operations	**-**	7
	41	(7)
Attributable to:		
Equity holders of the parent	**41**	(5)
Non-controlling interest	**-**	(2)
Total comprehensive income/(loss) for year	**41**	(7)

The notes on pages 32 to 84 form part of these financial statements.

Consolidated Balance Sheet
At 31 December 2022

	Note	2022 £m	2021 £m
Assets			
Non-current assets			
Property, plant and equipment	12	**104**	61
Intangible assets	13	**64**	61
Investments in equity-accounted investees	14	**16**	16
Other investments	16	**44**	31
Deferred tax asset	17	**5**	4
		233	173
Current assets			
Trade and other receivables	18	**130**	121
Cash and cash equivalents	19	**94**	182
		224	303
Total assets		**457**	476
Liabilities			
Current liabilities			
Trade and other payables	21	**(108)**	(251)
Contract liabilities	22	**(151)**	(139)
Provisions	23	**(5)**	(2)
Deferred tax liability	17	**(2)**	(2)
		(266)	(394)
Non-current liabilities			
Loans and borrowings	20	**(15)**	(14)
Trade and other payables	21	**(2)**	(5)
Contract liabilities	22	**(19)**	(20)
Provisions	23	**(2)**	(3)
		(38)	(42)
Total liabilities		**(304)**	(436)
Net assets		**153**	40
Equity attributable to equity holders of the parent			
Share capital	24	**200**	200
Share premium	24	**75**	-
Other reserves	24	**12**	(1)
Retained earnings	24	**(79)**	(107)
		208	92
Non-controlling interest	24	**(55)**	(52)
Total equity		**153**	40

The financial statements were approved and authorised by the board and signed on its behalf on 27 June 2023.

A Shah
Director

The notes on pages 32 to 84 form part of these financial statements.

Company Balance Sheet
At 31 December 2022

	Note	**2022 £m**	2021 £m
Assets			
Non-current assets			
Property, plant and equipment	12	**-**	-
Investments	15, 16	**1,300**	1,061
		1,300	1,061
Current assets			
Trade and other receivables	18	**141**	117
Cash at bank and in hand	19	**32**	121
		173	238
Liabilities			
Current liabilities			
Trade and other payables	21	**(147)**	(217)
Net current assets		**26**	21
Total assets less current liabilities		**1,326**	1,082
Net assets		**1,326**	1,082
Capital and reserves			
Share capital	24	**200**	200
Share premium	24	**75**	-
Retained earnings	24	**1,051**	882
Shareholders' funds		**1,326**	1,082

The financial statements were approved and authorised by the board and were signed on its behalf on 27 June 2023.

A Shah
Director

The notes on pages 32 to 84 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total amounts attributable to owners £m	Non-controlling interest £m	Total £m
Balance at 1 January 2022	200	-	(1)	(107)	**92**	(52)	**40**
Total comprehensive profit for the year:							
Profit for the year	-	-	-	28	**28**	-	**28**
Other comprehensive income	-	-	13	-	**13**	-	**13**
Other movements	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	13	28	**41**	-	**41**
Transactions with owners, recorded directly in equity:							
Dividends paid	-	-	-	-	-	(3)	**(3)**
Issue of shares	-	75	-	-	**75**	-	**75**
Total transactions with owners	-	75	-	-	**75**	(3)	**72**
Balance at 31 December 2022	200	75	12	(79)	**208**	(55)	**153**

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total amounts attributable to owners £m	Non-controlling interest £m	Total £m
Balance at 1 January 2021	200	-	(3)	(100)	97	(35)	62
Total comprehensive loss for the year:							
Loss for the year	-	-	-	(7)	(7)	(2)	(9)
Other comprehensive income	-	-	2	-	2	-	2
Total comprehensive loss for the year	-	-	2	(7)	(5)	(2)	(7)
Transactions with owners, recorded directly in equity:							
Dividends paid	-	-	-	-	-	(15)	(15)
Total transactions with owners	-	-	-	-	-	(15)	(15)
Balance at 31 December 2021	200	-	(1)	(107)	92	(52)	40

The Other Reserves balance disclosed on the Consolidated Balance Sheet includes the fair value reserve, revaluation reserve, and other reserves.

The notes on pages 32 to 84 form part of these financial statements.

Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2022	**200**	-	-	**882**	**1,082**
Total comprehensive income for the year:					
Profit for the year	-	-	-	**169**	**169**
Total comprehensive income for the year	-	-	-	**169**	**169**
Transactions with owners, recorded directly in equity:					
Issue of shares	-	**75**	-	-	**75**
Total transactions with owners	-	**75**	-	-	**75**
Balance at 31 December 2022	**200**	**75**	-	**1,051**	**1,326**

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2021	200	-	-	889	1,089
Total comprehensive income for the year:					
Profit for the year	-	-	-	11	11
Total comprehensive income for the year	-	-	-	11	11
Transactions with owners, recorded directly in equity:					
Dividends paid	-	-	-	(18)	(18)
Total transactions with owners	-	-	-	(18)	(18)
Balance at 31 December 2021	200	-	-	882	1,082

The notes on pages 32 to 84 form part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Profit/(loss) for the year		**28**	(9)
Adjustments for:			
Depreciation, amortisation and impairment	12, 13	**12**	22
Foreign exchange (gain) / loss		**1**	9
Loss on the disposal of subsidaries		**-**	1
Gain on exercise of warrants	5	**(4)**	(3)
Finance income	8	**(7)**	(5)
Finance expense	8	**2**	2
Fair value adjustments	16	**(2)**	(2)
Taxation	11	**5**	2
		35	17
(Increase)/decrease in trade and other receivables		**(10)**	53
Increase/(decrease) in trade and other payables		**21**	(84)
Decrease in inventories		**-**	1
Increase/(decrease) in provisions and employee benefits		**2**	(6)
		13	(36)
Interest received		**5**	-
Tax paid		**(5)**	(6)
Cashflows from discontinued operations	10	**(2)**	9
Net cash generated by/(used in) operations		**46**	(16)
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	**(49)**	(3)
Acquisition of intangible fixed assets	13	**(9)**	(8)
Acquisition of financial assets	16	**(2)**	-
Disposal of warrants		**-**	2
Net cash used in investing activities		**(60)**	(9)
Cash flow from financing activities			
Repayments to related parties		**(160)**	(408)
Funding from related parties		**84**	386
Principal portion of lease liabilities		**(3)**	(1)
Cashflows from discontinued operations		**(3)**	(19)
Net cash used in from financing activities		**(82)**	(42)
Net decrease in cash and cash equivalents		**(96)**	(67)
Cash and cash equivalents at 1 January		**182**	245
Effect of exchange rate fluctuations on cash held		**8**	4
Cash and cash equivalents at 31 December	19	**94**	182

The notes on pages 32 to 84 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2022

Net debt reconciliation

	2022	2021
	£'m	£'m
Net debt		
Cash and cash equivalents	**94**	182
Borrowings	**(15)**	(14)
	79	168

Analysis of changes in net debt	Borrowings	Cash and cash equivalents	**Total**
	£'m	£'m	**£'m**
Net cash as at 1 January 2022	(14)	182	**168**
Operating cash flows	-	46	**46**
Acquisition of property, plant and equipment	-	(49)	**(49)**
Acquisition of intangible fixed assets	-	(9)	**(9)**
Acquisition of financial assets	-	(2)	**(2)**
Repayments to related parties	-	(160)	**(160)**
Funding from related parties	-	84	**84**
Principal portion of lease liabilities	-	(3)	**(3)**
Cashflows from discontinued operations		(3)	**(3)**
Foreign exchange adjustments	(1)	8	**7**
Net debt as at 31 December 2022	(15)	94	**79**

The notes on pages 32 to 84 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies

The Company is a private company limited by shares, incorporated in England and Wales. The registered number is 03609453 and the registered office address is 66 Porchester Road, London W2 6ET, United Kingdom.

The Group financial statements consolidate those of the Company and its subsidiaries and equity account the Group's interests in associates and joint ventures. The Company financial statements present information about the Company as a separate entity and not about its Group.

These Group financial statements were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Company financial statements were 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 in conformity with the requirements of the Companies Act 2006 ("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. On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Company has taken advantage of the following disclosure exemptions and has not provided:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of a reconciliation of the number of shares outstanding at the start and end of the prior period, and reconciliations of the carrying amounts of property, plant and equipment at the start and the end of the prior period.
- A Statement of Cash Flows and related disclosures.
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead).
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements.
- Disclosures in relation to the objectives, policies and process for managing capital.
- Lessee maturity analysis of lease liabilities.
- Related party transactions with two or more wholly owned members of the Group.
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations.
- Disclosure of the nature and extent of risks arising on financial instruments.

1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements. Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements are discussed in note 3.

Going Concern

The Directors have a reasonable expectation that the Group and Company have 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.

In making this assessment, the Directors have considered the cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, specifically including:

Royalties: The impact of licensee performance, royalty deferrals and recoverability of royalties receivable from licensees.

Liquidity: Existing cash balances, access to credit facilities, compliance with borrowing requirements and access to other sources of liquidity.

Sensitivities were applied to the cash flow forecasts to model the potential impacts of changes in macroeconomic factors on the Group's royalty income, expenses and funding support.

The Directors, after reviewing financial forecasts, sensitivities and financing arrangements, consider that the Group and the Company have adequate resources to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for other investments and financial instruments which are classified as fair value through the profit or loss or as fair value through other comprehensive income.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated during the consolidation process. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies (continued)

1.2 Basis of consolidation

Change in subsidiary ownership and loss of control
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Joint ventures
A joint venture is an arrangement over which the Group and one or more third parties have joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Application of the equity method to associates and joint ventures
Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Separate Company financial statements
In the Company financial statements, all investments in subsidiaries, joint ventures and associates are carried at cost less impairment.

1 Accounting policies *(continued)*

1.3 Foreign currency

The consolidated accounts of the Group are presented in pound sterling, which is the functional currency and presentational currency of the Group. Certain subsidiaries have operations that are primarily influenced by a currency other than pound sterling.

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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. Foreign exchange differences arising on translation are recognised in the income statement. 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 operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

1.4 Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 Group determines the classification at initial recognition and re-evaluates this designation when required except for those financial instruments measured at fair value through profit or loss. This only applies to a change in the business model of the entity and financial assets.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses or loss allowances.

Expected credit losses
The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and contract assets (as defined in IFRS 9).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer however is yet to establish an unconditional right to the consideration. Contract assets are treated as financial assets for impairment purposes.

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

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to the consumer and are recognised when the consideration is paid, or when the Group has an unconditional right to the consideration (whichever is earlier), before the Group has transferred the services to the customer and satisfied the relevant performance obligations.

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

Investments in debt and equity securities
Financial instruments are initially recognised at their fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Group are classified as being fair value through other comprehensive income and are stated at fair value, with any resultant gain or loss being recognised in other comprehensive income and presented within equity in the fair value reserve. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Share capital
Ordinary shares are classified as equity, in accordance with the substance of the contractual arrangement.

1.5 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The Group has a policy of not revaluing property, plant and equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

Land and buildings	Land not depreciated, buildings up to 50 years
Plant and equipment	3-10 years
Fixtures and fittings	4 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the asset to its operating condition. Depreciation commences when the assets are ready for their intended use.

1 Accounting policies *(continued)*

1.5 Property, plant and equipment *(continued)*

Leased assets

The Group recognises right-of-use assets measured equal to the corresponding lease liabilities. On initial recognition, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the appropriate incremental borrowing rate.

On initial recognition, the Group tests its right-of-use assets for impairment.

Right-of-use assets are depreciated on a straight line basis over the term of the lease.

1.6 Intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

The impairment review is carried out at the level of a 'cash-generating unit' (CGU), defined as the smallest identifiable group of assets, liabilities and associated intangible assets that generate cash inflows that are largely independent of the cash flows from other assets or groups of assets. Impairment testing is performed by comparing the higher of the carrying value of each CGU to the recoverable amount, determined on the basis of the CGU's value in use. The value in use is based on the net present value of future cash flow projections discounted at pre-tax rates appropriate for each CGU.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. The Group incurs development costs for the production of software. Upon completion of development, costs are transferred development costs and amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 8 years.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. Useful economic lives and residual values are reviewed annually. Assets that are deemed to have an indefinite useful life are not amortised but are subject to an impairment test on at least an annual basis. The estimated useful lives are:

Computer software	Up to 8 years
Intellectual property	Up to 27 years
Development costs	Up to 8 years

1 Accounting policies *(continued)*

1.7 Cash and cash equivalents

Cash, for the purposes of the cash flow statement, comprises cash held in bank accounts and money market deposits repayable on demand with no access restrictions, less overdrafts repayable on demand.

Cash equivalents are current asset investments which are readily convertible into known amounts of cash at, or close to, their carrying values or traded in an active market, without curtailing or disrupting the business.

1.8 Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to either terminating the employment of current employees according to a detailed formal plan or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

1.9 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Onerous contracts
A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits to be derived from the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.9 Provisions and contingent liabilities *(continued)*

Contingent liabilities
Contingent liabilities are present obligations with uncertainties about either the probability of outflows of resources or the amount of the outflows, and possible obligations whose existence is uncertain. Contingent liabilities are not recognised except for contingent liabilities that represent present obligations in a business combination.

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, gross of commission, but net of discounts, VAT and other sales-related taxes.

Revenue 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.

Brand Licensing
Royalties are receivable under trademark licence agreements entered into with companies using the Virgin brand ("Licensees"), exclusive of VAT and trade discounts. Royalties receivable are recognised as earned typically based on a percentage of the revenues of the Licensee, subject to minimum guarantees. Certain licences are pre-paid, and these royalty revenues are recognised on a straight line basis over the term of the licence agreement.

Royalties are invoiced and recognised based on usage of the Virgin brand in line with trademark license agreements. Payments in respect of invoiced royalties are received on a quarterly basis.

Hotels
Revenue derived from the Group's hotel operations is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales tax. Revenue is derived from the provision of accommodation, sale of food and beverages and ad-hoc hospitality services.

1.10 Revenue *(continued)*

Hotels (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Virgin Red - loyalty programme

Revenue comprises currency through redemption partners from products or services and marketing and brand income through the use of the Virgin Brand by partners. Revenue recognition is dependent on principal or agent and recognised when all obligations have been satisfied. Specifically for principal, revenue is recognised when the service or supply is provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Under a principal basis revenue is recognised gross, however under an agency basis only the net margin is recognised. See note 3 for more information.

Management services

Revenue is recognised for the management services provided by the Group. This comprises fees receivable under contracts to provide management services and is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised over time as the management services are rendered.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

1.11 Finance income and expenses

Finance expenses comprises interest payable, finance charges and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Finance income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12 Leases

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term, discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be redily determined. The lease is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that tithe Group is reasonable certain not to exercise.

Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, and any amounts expected to be payable under a residual value guarantee. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in the statement of comprehensive income. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in the statement of comprehensive income in the period in which the event or condition that triggers those payments

The lease liability is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Group's estimate of the amount expected to be payable under a residual value guarantee; or the Group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. A lease modification, that was not part of the original terms and conditions of the lease, is accounted for as a separate lease or an adjustment to the lease liability depending on the nature of the change.

1 Accounting policies *(continued)*

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 goodwill;
- 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they intend to settle these on.

1.14 Non-current assets held for sale and discontinued operations

A discontinued operation is a component of the Group's business that is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

1 Accounting policies *(continued)*

1.15 Adoption of new and revised standards

The amendments to accounting standards effective for the year ended 31 December 2022 have been identified as not having a material impact on the Group. This includes:

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction (issued on 7 May 2021) - Effective 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued 12 February 2021) - Effective 1 January 2023.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) - Effective 1 January 2023.

2 Events after the reporting period

Virgin America royalties (non-adjusting)
In 2018 Alaska Airlines, Inc. acquired Virgin America, Inc, a US listed business, which was then merged into Alaska Airlines, Inc. In 2019, Alaska re-branded the Virgin America planes and assets and retired use of the Virgin America brand name. At that time it ceased paying the Minimum Royalty in breach of the terms of the trademark licence agreement between Virgin America, Virgin Aviation TM Limited and Virgin Enterprises Limited ("TMLA").

Following this, Virgin Aviation TM Limited and Virgin Enterprises Limited brought proceedings against Alaska in the English High Court on the correct interpretation of the payment obligations in the TMLA. On 16 February 2023, the High Court agreed with Virgin's position and gave judgement that the Minimum Royalty was due under the TMLA, even though Alaska ceased to use the Virgin brand.

No royalty revenue has been recognised in respect of these royalties since May 2019 in accordance with IFRS 15, and the impact on the 2023 financial statements is in the process of being assessed.

3 Significant judgements, estimates and accounting policies

The preparation of the consolidated financial statements in conformity with IFRSs 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 these estimates.

Estimates and underlying assumptions are reviewed and updated 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 following accounting policies are considered critical accounting policies as they require a significant amount of management judgement and the results are material to the consolidated financial statements.

Significant estimate

Intellectual property assets

The carrying amounts of the Group's intellectual property assets are 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 of each asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

3 Significant judgements, estimates and accounting policies *(continued)*

Significant estimate *(continued)*

Intellectual property assets *(continued)*

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.

Significant judgement

Principal vs. agent

For revenue streams arising from the Virgin Red loyalty programme, under IFRS 15 the Group must determine when it acts in the capacity as principal or agent. Under a principal capacity, revenue and expenses are recognised on a gross basis, whereas under an agent capacity the margin is presented as revenue.

The Group exercises judgment regarding whether it is principal or agent by considering the degree of control over the service provided, including where redemption conveys the right to an underlying service delivered. The Group considers that it acts as a principal for goods or services to be provided by its primary partners, where it has the ability to set redemption pricing discretion, is subject to intercompany arrangements intended to maintain inventory availability and has the ability to monitor service levels. In all other cases, the Group believes it acts as an agent for these revenue streams and recognises the margin earned as revenue.

4 Revenue

The table below sets out revenue for each of the Group's industry segments and geographic areas of operation.

By activity

	2022	2021
	£m	£m
Brand licensing	**76**	61
Hotels	**33**	14
Loyalty programme	**56**	21
Management services	**17**	20
	182	116

By geographical market	**Revenue by source**	Revenue by source	**Revenue by destination**	Revenue by destination
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
UK	**152**	99	**84**	58
The Americas	**11**	9	**38**	14
Asia	**-**	-	**2**	1
European Union	**7**	5	**10**	5
Africa	**12**	3	**18**	8
Rest of the world	**-**	-	**30**	30
	182	116	**182**	116

The geographical analysis of revenue by source is derived by allocating revenue to the area in which the sale is made, whilst the geographical analysis of revenue by destination is derived by allocating revenue to the geographical area in which the relevant overseas customer lies.

5 Other operating income

	2022	2021
	£m	£m
Other operating income	**6**	3
Gain on exercise of warrants	**4**	3
	10	6

Other operating income relates to other revenue generated under the Virgin Red Limited loyalty scheme.

6 Expenses and auditor's remuneration

Analysis of expenses by nature includes the following:

	2022	2021
	£m	£m
Cost of sales	**23**	8
Staff costs	**68**	66
Marketing costs	**6**	7
Depreciation of property, plant and equipment	**6**	6
Amortisation of intangible assets	**6**	3
Legal and professional fees	**12**	9
Charitable donations	**2**	6
Research and development	**-**	1
Foreign exchange (gains)/losses	**1**	1
Other administration costs	**41**	24
Total cost of sales and administrative expenses	**165**	131

Auditor's remuneration:

	2022	2021
	£m	£m
Fees payable to the Company's auditor for the audit of the Company's financial statements	**0.1**	0.1
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of subsidiaries of the Company pursuant to legislation	**0.7**	0.7

7 Staff numbers and costs

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

	2022	2021
	No.	No.
Administration and management	**692**	654
	692	654

The Company had no employees in the year (2021: nil).

In 2021, in addition to the above, administration and management staff of 279 and healthcare operations staff of 4,434 were employed in relation to discontinued operations. Please refer to note 10 for more detail.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

7 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£m	£m
Wages and salaries	53	42
Social security costs	6	6
Other pension costs	3	3
Other costs	7	15
	69	66

The other staff costs are in relation to staff benefits, healthcare and long term incentive plans.

Aggregate Directors' remuneration

During the year of their service, the emoluments of the Directors of the Group and Company were as follows:

	2022	2021
	£m	£m
Total emoluments		
Aggregate emoluments	9	5
Highest paid Director		
Aggregate emoluments and other benefits	3	1

Aggregate emoluments include employer contributions paid to 8 (2021: 6) Directors under defined contribution or SIPP schemes.

The Directors are considered to be the key management personnel of the Group. For further information see note 26.

8 Finance income and expenses

	2022	2021
	£m	£m
Finance and similar income		
Finance income receivable from related undertakings	-	1
Other finance income	3	1
Net foreign exchange gain	2	3
Investment income	2	-
	7	5
Finance and similar expense		
Borrowings and overdrafts	1	1
Other finance expense	1	1
	2	2

9 Gain/(loss) on disposal of investments and assets

	2022	2021
	£m	£m
Loss on disposal of subsidiary	**-**	(6)
Gain on disposal of investments	**1**	-
	1	(6)

Disposal of subsidiary - Virgin Care (2021)

On 30 November 2021, Virgin Holdings Limited disposed of its investment in Virgin Care. The assets and liabilities of Virgin Care at the date of disposal were de-consolidated from the Group's Balance Sheet, resulting in a net loss on disposal of £6 million.

The results of Virgin Care up to the date of disposal were included in the Group's Consolidated Income statement under discontinued operations (refer to note 10).

There were no disposals of subsidiaries in the current year.

10 Discontinued Operations

The discontined operations include the results of Virgin Rail and Virgin Care.

Virgin Care
The results of Virgin Care up to 30 November 2021 are included in the 2021 Group Consolidated Income Statement as discontinued operations.

Virgin Rail
The West Coast franchise operated by Virgin Rail ceased operations on 8 December 2019. The business recognised a small portion of revenue in 2021 and 2022 which was realised as part of its wind up of operations. Due to the presentation of the Group financial statements in £m, no results are shown in the 2022 Group Consolidated Income Statement.

In accordance with IFRS 5, the consolidated Income Statement and Statement of Other Comprehensive Income show the discontinued operation separately from continuing operations.

	Care		**Rail**	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Revenue	-	222	-	1
Cost of sales	-	(196)	-	-
Gross profit	-	26	-	1
Administrative expenses	-	(24)	-	6
Operating profit	-	2	-	7
Finance and similar expenses	-	(2)	-	-
Profit before tax	-	-	-	7
Taxation	-	1	-	(1)
Profit from discontinued operations	-	1	-	6
Net cash generated from operating activities	-	-	**(2)**	9
Net cash used in financing activities	-	(4)	**(3)**	(15)
Net cash outflow for the year	-	(4)	**(5)**	(6)

11 Taxation

Income tax expense

The major components of income tax expense for the year ended 31 December 2022 and 2021 are:

	2022	2021
	£m	£m
Current tax		
Current UK corporation tax on income for the period	**8**	5
Adjustments in respect of prior periods	**(3)**	(3)
Total UK corporation tax	**5**	2
Foreign tax		
Current tax on income for the period	**1**	1
Total foreign tax	**1**	1
Total current tax expense	**6**	3
Deferred tax		
Relating to changes in tax rates	**-**	(1)
Adjustments in respect of prior periods	**(1)**	-
Total deferred tax income	**(1)**	(1)
Total income tax reported in the Statement of Comprehensive Income	**5**	2

Reconciliation of effective tax rate

The reconciliation between the tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
	£m	£m
Profit/(loss) before taxation on continued operations	**33**	(14)
Profit/(loss) before taxation on continued operations multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	**6**	(3)
Non-deductible expenses	**1**	2
Non-taxable income	**-**	-
Effect of previously unrecognised tax losses	**(1)**	-
Temporary differences not recognised for deferred tax	**3**	6
Adjustments in respect of current income tax in respect of prior years	**(3)**	(3)
Adjustments in respect of deferred tax in respect of prior years	**(1)**	-
Total tax charge for the period	**5**	2

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

11 Taxation *(continued)*

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.

The OECD Pillar Two Globe Rules introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750m. On 2 February 2023, the OECD published its Agreed Administrative Guidance for the Pillar Two Globe Rules providing greater detail on the application of the rules. The Group may be subject to the Pillar Two Model Rules which may impact the Group tax rate from 1 January 2024. The Group does not meet the threshold (expected to be global revenues in excess of €20 billion) for application of the Pillar One transfer pricing.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

12 Property, plant and equipment

Group

	Right of use assets £m	Land and buildings £m	Plant and machinery, fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
At 1 January 2022	5	45	5	15	70
Additions	-	7	2	40	49
Disposals	-	(2)	-	-	(2)
Foreign Exchange	-	-	(1)	-	(1)
At 31 December 2022	5	50	6	55	116
Depreciation and impairment					
At 1 January 2022	3	4	2	-	9
Depreciation for the year	2	1	3	-	6
Disposals	-	(2)	-	-	(2)
Foreign Exchange	-	-	(1)	-	(1)
At 31 December 2022	5	3	4	-	12
Carrying amount					
At 31 December 2022	-	47	2	55	104

	Right of use assets £m	Land and buildings £m	Plant and machinery, fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
At 1 January 2021	39	53	20	7	119
Additions	3	-	3	-	6
Disposals	(2)	-	(8)	-	(10)
Disposal of subsidiary	(35)	-	(10)		(45)
Reclassification	-	(8)	-	8	-
At 31 December 2021	5	45	5	15	70
Depreciation and impairment					
At 1 January 2021	14	2	11	-	27
Depreciation for the year	9	2	6	-	17
Disposals	(1)	-	(4)	-	(5)
Disposal of subsidiary	(19)	-	(11)	-	(30)
At 31 December 2021	3	4	2	-	9
Carrying amount					
At 31 December 2021	2	41	3	15	61

12 Property, plant and equipment *(continued)*

The Group leases various office premises and buildings which are for fixed periods of two to five years but may have options to extend for a further period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreeements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets under construction

During 2022, the Group invested £40m in the development of hotel properties and a new office building. The cost of land, buildings and construction costs incurred up to 31 December 2022 have been capitalised and disclosed as assets under construction.

Capital commitments

At 31 December 2022, the Group had entered into contracts for committed spend of £0.8m in relation to property development (2021: £nil).

Company property, plant and equipment

At 31 December 2022, the Company held land and buildings with a net book value of £0.3m (2021: £0.4m). The cost and accumulated depreciation was £0.7m (2021: £0.7m) and £0.4m (2021: £0.3m) respectively.

13 Intangible assets

	Goodwill £m	Computer Software £m	Intellectual property £m	Development costs £m	Total £m
Cost					
At 1 January 2022	1	20	79	-	100
Additions	-	8	-	1	9
Reclassification	-	1	-	(1)	-
At 31 December 2022	1	29	79	-	109
Amortisation					
At 1 January 2022	-	3	36	-	39
Amortisation	-	3	3	-	6
At 31 December 2022	-	6	39	-	45
Carrying amount					
At 31 December 2022	1	23	40	-	64

	Goodwill £m	Computer Software £m	Intellectual property £m	Development costs £m	Total £m
Cost					
At 1 January 2021	1	2	87	10	100
Additions	-	-	-	8	8
Reclassification	-	18	-	(18)	-
Disposal of subsidiary	-	-	(8)	-	(8)
At 31 December 2021	1	20	79	-	100
Amortisation					
At 1 January 2021	-	1	40	-	41
Amortisation	-	2	3	-	5
Disposal of subsidiary	-	-	(7)	-	(7)
At 31 December 2021	-	3	36	-	39
Carrying amount					
At 31 December 2021	1	17	43	-	61

Intellectual property

The intellectual property intangible asset principally comprises a licence agreement which Virgin Enterprises Limited has with Virgin Active IPCO Limited. The licence required an upfront payment in 2011 of £60m, which is being amortised over 27 years, representing the period of the head licence.

Development costs

Development costs relate to software in development by Virgin Red as part of the launch of the loyalty programme. Upon completion of the development asset, it was re-classified to software and amortised over its expected useful life.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

13 Intangible assets *(continued)*

Impairment assessment of intellectual property assets
The recoverable amount of each intangible asset is calculated by reference to its value in use. Forecast cash flows, discounted at a pre-tax weighted average cost of capital ("WACC") rate, are extrapolated into either perpetuity or the expiry of the licence agreement. All intangible assets held by the Company have been tested for impairment and no impairments were identified during the year (2021: no impairments). At 31 December 2022, the intangible asset balance comprises various intangible assets linked to specific trademark license agreements which the Company is party to. Assumptions applied in impairment testing are specific to each asset. The key assumptions applied are summarised in the table below:

	Carrying Value (£m)	Pre-tax WACC	Growth rate	NPV (£m)	Remaining useful life
2022	40	7.94% - 27.99%	2.00%	163	3-18 years
2021	43	9.2% - 21.7%	2-3%	109	4-19 years

14 Equity accounted investees

	Other associates £m
Carrying amount	
At 1 January 2022	16
At 31 December 2022	16
Carrying amount	
At 1 January 2021	15
Additions	2
Share of loss for the year	(2)
Foreign exchange	1
At 31 December 2021	16

The carrying amount of the investments decreased by £nil in 2022 (2021: £2 million) due to the share of loss attributable to the Group. The Group's interest in other associates and joint ventures contributed £nil (2021: £2 million) to the Group's share of total comprehensive income for the year.

15 Investments *(company only)*

	Investments in subsidiary companies £m
Cost	
At 1 January 2022	**1,625**
Additions	**65**
Return of Capital	**(3)**
At 31 December 2022	**1,687**
Impairment	
At 1 January 2022	**(564)**
Impairment	**(2)**
Reversal of impairment losses	**175**
At 31 December 2022	**(391)**
Net book value	
At 31 December 2022	**1,296**
At 31 December 2021	1,061

Additions

In December 2022, the Company invested a further £65m (2021: £11m) in its subsidiaries. This arose as part of the formation of the Virgin Hotels Collection in December 2022, which combines Virgin Limited Edition and Virgin Hotels, bringing all Virgin hotels under a single hotel operator. As part of this restructure, the Company increased its investment in Virgin Management Limited by £65m.

Return of Capital

During 2022, the Company recognised a return of capital of £3m (2021: £35m). This arose from dividends of £3m received from Virgin Rail, which were treated as a return of capital on the cost of the investment in Virgin Rail.

Impairment

Impairment testing for the period ended 31 December 2022 identified that the carrying amount of investments in Virgin.com, Virgin Management USA and Virgin Rail exceeded their recoverable amounts. As a result, impairments totalling £2m (2021: £11m) were recognised in the Statement of Comprehensive Income.

Impairment Reversal

Impairment testing for the period ended 31 December 2022 also identified that the recoverable amounts of the Company's investment in Virgin Management Limited exceeded the impaired carrying amount of the investment. An impairment loss reversal of £175m has been recognised in the Statement of Comprehensive Income.

The carrying value of investments in subsidiary companies at the year end of £1,296m is supported by the net assets of its subsidiaries which act as investment holding companies, and the value in use of its operating subsidiaries. The value in use of operating subsidiaries is calculated based on discounted cash flow projections with discount rates applied ranging from 5% to 15%.

16 Other investments

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
At 1 January	**31**	29	**-**	-
Additions	**6**	-	**4**	-
Fair value movements	**2**		**-**	
Reclassification	**(1)**	2	**-**	-
Foreign exchange	**6**	-	**-**	-
At 31 December	**44**	31	**4**	-

Further disclosures relating to financial assets are set out in note 27.

17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:	**2022**	2021
	£m	£m
Fixed assets	**1**	-
Other timing differences	**(2)**	(1)
Tax losses	**4**	3
	3	2
Deferred tax asset	**5**	4
Deferred tax liability	**(2)**	(2)
	3	2

The net deferred tax movement in the balance sheet is as follows:

	£m
Balance as at 1 January 2021	**3**
Charged to statement of comprehensive income	1
Disposal of subsidiary	(2)
Balance at 31 December 2021	**2**
Charged to statement of comprehensive income	1
Balance as 31 December 2022	**3**

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 for UK companies has been calculated at the rate of 25% (2021: 25%). Deferred tax for non-UK companies as at 31 December 2022 has been calculated using the applicable statutory tax rate for the individual country.

17 Deferred tax assets and liabilities (continued)

Deferred tax assets have not been recognised in respect of deductible temporary differences and tax losses of £346m (2021: £409m) because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. Of these amounts £21m (2021: £95m) relates to tax losses which will expire at various dates between 2022 and 2037.

At 31 December 2022 there was unrecognised deferred tax liability on gross temporary differences of £4m (2021: £4m), related to investments in subsidiaries and joint ventures. However, this liability was not recognised because the Group controls the timing of the reversal of the related taxable temporary differences and Management is satisfied that they will not reverse in the foreseeable future.

18 Trade and other receivables

		Group		Company	
		2022	2021	**2022**	2021
		£m	£m	**£m**	£m
Current	**Note**				
Trade receivables		**26**	26	-	-
Allowance for expected credit losses	(a)	**(14)**	(19)	-	-
Net trade receivables		**12**	7	-	-
Amounts owed by related parties		**55**	61	**131**	106
Other receivables		**19**	13	**10**	11
Prepayments		**4**	12	-	-
Contract assets	(b)	**38**	26	-	-
Corporation tax		**2**	2	-	-
		130	121	**141**	117

The carrying amounts of trade and other receivables is approximately equal to their fair values.

(a) Allowance for expected credit losses

The Group provides against trade receivables based on the Expected Credit Loss ("ECL") model, calculated from the probability of default for the remaining life of the asset. The ECL allowance at 31 December 2022 comprises allowances in respect of trade receivables balances outstanding from licensees. No ECL allowance has been recognised on amounts owed by related parties and contract assets.

Movements on the expected credit loss allowance are shown below:	**2022**	2021
	£m	£m
As at 1 January	**(19)**	(23)
Amounts released during the year	**8**	-
Amounts written off during the year	-	4
Foreign exchange	**(3)**	-
As at 31 December	**(14)**	(19)

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared characteristics. They have been grouped based on the number of days past due and the specific circumstances surrounding the outstanding balance. The default rates are based on the payment profile for revenue, and are adjusted to reflect current and forward-looking macroeconomic factors affecting the consumer's ability to settle amounts outstanding.

	2022	2021
Ageing of trade receivables	**£m**	£m
Not yet due	**14**	10
1-30 days	**2**	1
31-60 days	**1**	1
61-90 days	**1**	1
90+ days	**8**	13
Total trade receivables before impairment	**26**	26
Amounts impaired	(14)	(19)
Net trade receivables	**12**	7

The Group's credit risk exposure is disclosed in further detailed within note 27.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

18 Trade and other receivables *(continued)*

(b) Contract assets

The movement in contract assets in the year is as follows:

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Opening contract assets	**26**	26	**-**	-
Additions	**244**	153	**-**	-
Transfer to trade receiveables	**(232)**	(153)	**-**	-
Closing contract assets	**38**	26	**-**	-

19 Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Cash at bank and in hand	**94**	182	**32**	121
	94	182	**32**	121

Cash and cash equivalents comprise cash and short-term bank deposits with maturity of three months or less. The carrying amount of these assets is equal to their fair value due to their short-term nature.

20 Borrowings

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Non-current				
Secured bank loans	**15**	14	**-**	-
	15	14	**-**	-

Financing - VEL Holdings facility

On 24 January 2019, Virgin Holdings Limited, Virgin Enterprises Limited and VEL Holdings Limited, as borrowers and guarantors entered into a multi-currency revolving credit facility with Barclays Bank plc, HSBC UK Bank plc, Credit Suisse AG and Lloyds Bank plc.

On 29 December 2022, the facility was amended and restated such that the facility comprises of "Facility A Tranche 1", an $81,293,332 term debt facility, "Facility A Tranche 2", a £33,000,000 term debt facility, and "Facility B", a £50,000,000 multi-currency revolving credit facility. All facilities terminate on 3 January 2026 with an option to extend for two one year periods.

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

As at 31 December 2022, £nil was drawn down on Facilities A and B.

Secured bank loans

Verbier Lodge SA has a secured bank loan of £15m (2021: £14m) secured on the land and buildings of Verbier Lodge.

The maturity profile of borrowings is disclosed in note 27.

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

21 Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Non-current				
Lease liability	**2**	5	-	-
	2	5	-	-
Current				
Trade payables	**3**	3	-	-
Amounts owed to related parties	**65**	201	**145**	217
Other taxation and social security	**6**	8	-	-
Other payables	**12**	9	**2**	-
Accrued expenses	**20**	27	-	-
Lease liability	**2**	3	-	-
	108	251	**147**	217

The carrying amounts of trade and other payables are approximately equal to their fair values, due to their short-term nature.

The lease liabilities disclosed above relate to property leases held throughout the Group.

22 Contract liabilities

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Non-current				
Other revenue received in advance	**19**	20	-	-
	19	20	-	-
Current				
Other revenue received in advance	**151**	139	-	-
	151	139	-	-

The movement in contract liabilities in the year is as follows:

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Opening contract liabilities	**159**	147	-	-
Revenue recognsied	**(43)**	(14)	-	-
Revenue deferred	**54**	26	-	-
Closing contract liabilties	**170**	159	-	-

Other revenue received in advance includes £147m (2021: £138m) relating to revenue allocated to performance obligations associated with loyalty programmes.

23 Provisions

	2022	2021
	£m	£m
Non-current		
Onerous leases	**2**	3
	2	3
Current		
Onerous leases	**2**	1
Other	**3**	1
	5	2

	Onerous leases	Other	Total
	£m	£m	£m
At 1 January 2022	**4**	**1**	**5**
Amounts provided during the year	**-**	**2**	**2**
At 31 December 2022	**4**	**3**	**7**
At 1 January 2021	3	6	9
Amounts provided during the year	1	1	2
Amounts disposed of during the year	-	(6)	(6)
At 31 December 2021	4	1	5

The Group operates from a number of properties where the costs involved with fulfilling the terms and conditions of the lease are higher than the amount of economic benefit received. Such provisions represent the service charge and occupancy related expenses which will be incurred after these properties have been vacated until the end of the lease term.

Other provisions held relating to leased land and buildings represent the costs expected to restore the properties at the end of the lease under the contractual terms at the end of the lease.

24 Capital and reserves

Share capital

	2022	2021
	£m	£m
Allotted, called up and fully paid		
200,000,001 (2021: 200,000,000) ordinary shares of £1 each	**200**	200

On 15 December 2022, the Company issued one ordinary £1 share to its parent company, Virgin Investments Limited, for total consideration of £75m in satisfaction of an intercompany debt.

Ordinary shares hold full voting rights and the holder of the shares holds full entitlement to dividends as declared from time to time. All ordinary shares rank equally with regard to the Company's residual assets.

Share premium

	2022	2021
	£m	£m
At 1 January	-	-
Share issued during the year	75	-
At 31 December	75	-

Other reserves

Other reserves comprise:

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Merger reserve

The merger reserve comprises the adjustment between consideration paid and the capital of entities acquired that are under the common control of the ultimate parent entity. The main component is a merger reserve held by Virgin Red that represents the transfer of the trade and assets of the loyalty scheme from Virgin Atlantic Limited.

Revaluation reserve

The revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Retained earnings

Retained earnings represents the total of all current and prior retained earnings net of distributions to owners.

Transactions with non-controlling interests

This reserve is used to record differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

25 Contingent liabilities

The Virgin Group has given guarantees to a number of third party beneficiaries in respect of certain Virgin Group obligations. The likelihood that these obligations would fall due is considered to be remote and are therefore not disclosed as contingent liabilities.

26 Related parties

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.

During the year, the Group entered into the following transactions with related parties:

	2022	2021
	£m	£m
Companies related by virtue of common control or ownership		
Revenue	**25**	14
Purchases	**24**	-
Interest receivable	**1**	1
Receivables outstanding	**24**	11
Payables outstanding*	**(52)**	(7)
Companies related by virtue of being associates of the Group		
Revenue	**20**	14
Receivables outstanding	**30**	4
Companies related by virtue of being investors in the Group		
Revenue	**3**	3
Receivables outstanding	**1**	1
Payables outstanding	**(13)**	-
Key management personnel	**9**	5
Donations to charities	**2**	6

*The Group has a payable of £37m to its parent company, which is part of its usual working capital management. This balance is non-interest bearing and is repayable on demand.

All other related party transactions were made on an arm's length basis.

27 Financial instruments

(a) Fair values of financial instruments

31 December 2022	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m
FVTOCI financial assets					
Other investments	44	44	-	-	44
FVTPL financial assets					
Trade and other receivables (excl. prepayments)	10	-	-	10	-
Financial assets at amortised cost					
Cash and cash equivalents	94	-	-	-	-
Trade and other receivables (excl. prepayments)	116	-	-	-	-
Total financial assets	264	44	-	10	44
FVTPL financial liabilities					
Trade and other payables (excl. accruals, taxation and social security)	(2)	-	-	(2)	-
Financial liabilities measured at amortised cost					
Borrowings	(15)	-	-	-	-
Trade and other payables (excl. accruals, taxation and social security)	(82)	-	-	-	-
Total financial liabilities	(99)	-	-	(2)	-

31 December 2021	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m
FVTOCI financial assets					
FVTOCI investments	31	31	-	-	31
Financial assets at amortised cost					
Cash and cash equivalents	182	-	-	-	-
Trade and other receivables	121	-	-	-	-
Total financial assets	334	31	-	-	31
Financial liabilities measured at amortised cost					
Borrowings	(14)	-	-	-	-
Trade and other payables (excl. accruals, taxation and social security)	(217)	-	-	-	-
Total financial liabilities	(231)	-	-	-	-

27 Financial instruments *(continued)*

(a) Fair values of financial instruments *(continued)*

The fair value of the Group's financial instruments are disclosed in a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2022, the Group's financial assets measured at fair value through other comprehensive income classified at Level 3 of the fair value hierarchy were £44 million (2021: £31 million).

At 31 December 2022, the Group's financial assets and liabilities measured at fair value through profit or loss classified at Level 2 of the fair value hierarchy were £10 million and £2 million respectively.

For all other financial instruments that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities approximate their fair values.

There were no transfers between levels during the year.

Valuation technique and inputs
The financial assets designated as FVTOCI consist primarily of properties held by the Group which are carried at inital cost plus capital expenditure. Given the early stage of operations the valuation approach is considered prudent. The carrying values of these properties are currently supportable by either refinance data or acqusition offers.

The financial instruments designated as FVTPL consist of currency forward contracts, which are revalued based on observable exchange rates at the balance sheet date.

(b) Financial risk management

The Group is exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and fuel price risk), credit risk, capital risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. Financial risk management of the subsidiaries is delegated to those operating subsidiary boards. The Treasury functions of the Group and subsidiaries implement the financial risk management policies under governance approved by the various Boards of Directors. These risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Treasury functions identify, evaluate and hedge financial risks. The Board approve the written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and investment of excess liquidity.

27 Financial instruments *(continued)*

(b) Financial risk management *(continued)*

(i) Foreign currency risk

The Group's Treasury functions monitor compliance with the Group's risk management policies and procedures, and review the adequacy of this risk framework with respect to the risks faced by the various parts of the Group.

The Group is primarily exposed to currency risk on cash balances, royalty income, intercompany funding and certain borrowings that are denominated in a currency other than pound sterling (GBP). The currencies in which these transactions are primarily denominated in are US dollar (USD), Australian dollar (AUD), Euro (EUR), South African Rand (ZAR) and Swiss franc (CHF).

Currency risk is reduced through matching assets and liabilities in individual currencies and holding foreign currency balances to meet future obligations. Any exposure that cannot be naturally hedged is managed through the application of the foreign exchange hedging policy.

The foreign exchange hedging policy aims to provide protection against sudden and significant movements in exchange rates. The policy allows the Group to hedge within bands up to 24 months out with declining percentages. The foreign exchange hedging policy allows for the use of a number of derivatives available on the over-the-counter ("OTC") markets with approved counterparties and within approved limits.

A strengthening/(weakening) of GBP, as indicated below, against the USD at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period that could have a material impact on the Group financial statements. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2022	2021
	USD	USD
	£m	£m
Strengthening in exchange rate by 10%	**10%**	10%
Increase / (decrease) in profit before tax	**1**	(14)
Weakening in exchange rate by 10%	**10%**	10%
(Decrease) / increase in profit before tax	**(1)**	14

27 Financial instruments *(continued)*

(b) Financial risk management *(continued)*

(ii) Interest rate risk

The Group's interest rate risk arises primarily from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain a mix of fixed to floating rate debt.

The interest rate portfolio of the Group's interest-bearing financial instruments was as follows:

	Carrying amount	
	2022	2021
Fixed rate instruments	**£m**	£m
Financial assets	**25**	117
Financial liabilities	**(15)**	(14)
	10	103

The above table shows the principal amounts for financial instruments other than derivatives.

A sensitivity analysis has not been included as the interest risk rate due to the impact of interest rate fluctuations being immaterial to the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Refer to note 18 for expected credit loss information.

The Group is exposed to credit risk to the extent of the non-performance by its counterparties in respect of financial asset receivables and/or 'in-the-money' positions for derivative transactions. In respect of cash investments (including bank deposits and money market funds), the underlying counterparty as well as country limits are in place and based on several credit quality criteria. Each investment counterparty or money market fund must be rated by one rating agency (Fitch, Moody's or S&P). Credit default swaps and Tier 1 capital adequacy requirements are also considered wherever relevant and available. Similarly for foreign exchange and interest rate swap counterparties, adequate processes are in place whereby credit ratings and credit default swaps are reviewed where available, ISDA master agreements are executed and parent guarantees are put in place wherever necessary to mitigate and minimise credit risk. Due diligence is carried out for new foreign exchange, investment and interest rate swap counterparties which are then presented to the Group's Board for approval with the information mentioned above.

The maximum exposure to credit risk, as defined above, is limited to the carrying value of each class of asset as summarised in the table at the beginning of this note.

The Group and Company do not hold any collateral to specifically mitigate this exposure.

27 Financial instruments *(continued)*

(b) Financial risk management *(continued)*

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash requirements on an ongoing basis. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses and impending capital calls and investment funding for a period of 18 months. This includes the servicing of financial obligations but excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Bank covenants are monitored on a quarterly basis to ensure compliance with lending agreements and an authorised certificate of compliance is provided to each of the main lending institutions which states compliance with the financial and security terms of the lending agreement.

The maturity profile of financial liabilities based on undiscounted gross cash flows and contractual maturities is as follows:

	2022			
	Within 1 year £m	**1-2 years £m**	**2-5 years £m**	**Over 5 years £m**
Non-derivative financial liabilities				
Trade and other payables (excl. accruals, taxation and social security)	**(82)**	**(2)**	**-**	**-**
Borrowings:				
Secured bank loans	**-**	**-**	**-**	**(15)**
	(82)	**(2)**	**-**	**(15)**

	2021			
	Within 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
Non-derivative financial liabilities				
Trade and other payables (excl. accruals, taxation and social security)	(217)	(5)	-	-
Borrowings:				
Secured bank loans	-	-	-	(14)
	(217)	(5)	-	(14)

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

27 Financial instruments *(continued)*

(b) Financial risk management *(continued)*

(v) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Group regularly reviews and maintains or adjusts the capital structure as appropriate and ensures that any restructuring does not impact its ability to achieve these objectives.

At 31 December 2022, the Group has £153m of equity, £15m of external debt and £65m of related party debt.

28 Group entities

The Group consists of a parent company, VHL, incorporated in the UK and a number of subsidiaries which operate and are incorporated around the world.

The subsidiaries of the Group as at 31 December 2022 were as follows (directly held investments are marked with a *):

Subsidiaries	Country of incorporation	% Holding	Share type
VUKH Limited* 25 Farringdon Street, London, EC4A 4AB, United Kingdom *(in liquidation since 27 September 2022)*	England & Wales	100.0%	Ordinary
Classboss Limited Farringdon Street, London, EC4A 4AB, United Kingdom *(in liquidation since 27 September 2022)*	England & Wales	100.0%	Ordinary
Bluebottle UK Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Barfair Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin.com Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Dragonfly SA* Avenue d'Ouchy 14, c/o Etude Pétremand & Rappo, avocats, 1006, Lausanne, Switzerland	Switzerland	100.0%	Ordinary
Tarrango Holdings Limited Craigmuir Chambers, Road Town, VG1110, Tortola, British Virgin Islands	British Virgin Islands	100.0%	Ordinary
VLE Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Management SA* Avenue D'Ouchy 14, c/o Etude Petremend & Rappo, avocats, 1006, Lausanne, Switzerland	Switzerland	100.0%	Ordinary
Virgin Hotels Group Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary

28 Group entities *(continued)*

Subsidiaries	Country of incorporation	% Holding	Share type
WCT Group Holdings Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
VM Advisory Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Hotels Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
V Secretarial Services Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Group Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Management USA, Inc* Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Ordinary
Voyager Group Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Corporate Services Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Management Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Entertainment Holdings, Inc Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Ordinary
VHP Holdings, LP Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	98.1%	Class A units

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Subsidiaries	**Country of incorporation**	**% Holding**	**Share type**
Virgin Summit Eden House, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Membership interest
VHRE Las Vegas, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Membership interest
Village Development, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Membership interest
V3L Nashville, Inc Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Ordinary
VHRE New Orleans, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	100.0%	Membership interest
Virgin Hotels North America, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	87.7%	Membership interest
Virgin Hotels Dallas, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	87.7%	Membership interest
Virgin Hotels San Francisco, LLC Incorp Services Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	87.7%	Membership interest
VH San Fran, LLC Incorp Services, Inc., 5716 Corsa Avenue, Suite 110, Westlake Village, CA 91362-7354, United States	USA	87.7%	Membership interest
Virgin Hotels Holdings, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	96.4%	Class A units

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Subsidiaries	Country of incorporation	% Holding	Share type
Virgin Hotels, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	96.0%	Membership interest
Virgin Hotels Nashville, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels New Orleans, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
VH New Orleans Concessions, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Philadelphia, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Edinburgh, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Chicago, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
VHC Upper LLC Incorp Services, Inc., 901 S 2nd Street, Suite 201, Springfield, IL 62704	USA	86.4%	Membership interest
VHC Middle LLC Incorp Services, Inc., 901 S 2nd Street, Suite 201, Springfield, IL 62704	USA	86.4%	Membership interest

28 Group entities *(continued)*

Subsidiaries	Country of incorporation	% Holding	Share type
VHC Lower LLC Incorp Services, Inc., 901 S 2nd Street, Suite 201, Springfield, IL 62704	USA	86.4%	Membership interest
Virgin Hotels Palm Springs, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Miami Brickell, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Las Vegas, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Glasgow, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
VHD Concessions Holdings, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
VHD Concessions Middle, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
VH Dallas Concessions, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest
Virgin Hotels Central Services, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.4%	Membership interest

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Subsidiaries	Country of incorporation	% Holding	Share type
Baronne Street Hotel Sponsor Parent, LLC Robert E Buccini, 1000 N West Street Suite 900, Wilmington DE 19801, United States	USA	69.2%	Ordinary
Baronne Street Hotel Sponsor, LLC Robert E Buccini, 1000 N West Street Suite 900, Wilmington DE 19801, United States	USA	69.2%	Ordinary
Virgin Management Consulting (Shanghai) Co Limited Room 27, 23rd Floor, 33 Hua Yuan Shi Qiao Road, Pu Dong District, Shanghai, China	China	100.0%	Ordinary
VLE (BVI) Limited Craigmuir Chambers, Road Town, VG1110, Tortola, British Virgin Islands	British Virgin Islands	100.0%	Ordinary
Virgin Sky Investments Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
VH (Spain) Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Arenal & Dunas Resort SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Son Bunyola SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Son Creus SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Dinicero SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Ganson SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Zickner 5000 SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Rimdrax 5000 SLU Pau Claris 97, 4° 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary

28 Group entities *(continued)*

Subsidiaries	**Country of incorporation**	**% Holding**	**Share type**
Investment Facility Company Forty (Pty) Limited Unit 1, Ground Floor Building 6, Albury Office Park, CNR Jan Smuts and Albury Road, Gauteng, 2196, South Africa	South Africa	100.0%	Ordinary
Ulusaba Rock Lodge (Pty) Limited Unit 1, Ground Floor Building 6, Albury Office Park, CNR Jan Smuts and Albury Road, Gauteng, 2196, South Africa	South Africa	100.0%	Ordinary
Verbier Lodge SA Chemin de Plendazeu 3, 1936 Verbier, Switzerland	Switzerland	100.0%	Ordinary
Virgin Hotels Maroc SA Kasbah Tamadot, Route D'Imlil, ASNI, Morocco	Morocco	100.0%	Ordinary
Virgin Start Up Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
VEL Holdings Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Enterprises Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Aviation TM Holdings Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
Virgin Aviation TM Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
VAL Trademark Two Limited 66 Porchester Road, London, W2 6ET, United Kingdom *(dormant)*	England & Wales	100.0%	Ordinary
VAL Trademark Three Limited 66 Porchester Road, London, W2 6ET, United Kingdom *(dormant)*	England & Wales	100.0%	Ordinary

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Subsidiaries	Country of incorporation	% Holding	Share type
VAL TM (Holdings) Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
VAL TM Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
Virgin Trustee Services Limited 66 Porchester Road, London, W2 6ET, United Kingdom *(dormant)*	England & Wales	100.0%	Ordinary
Virgin Limited 66 Porchester Road, London, W2 6ET, United Kingdom *(dormant)*	England & Wales	100.0%	Ordinary
Virgin Management South Africa (Pty) Limited Unit G5 Century Gate Office Park, CNR Century Way and Bosmansdam Road, Century City, 7441, South Africa	South Africa	100.0%	Ordinary
WCT Sales Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
West Coast Trains Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
Redstar Ticketing Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
WCT Group Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	51.0%	Ordinary
Virgin Red Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	75.0%	Ordinary
VH VLE Topco Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Subsidiaries	Country of incorporation	% Holding	Share type
VHC Opco Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
VHC Holdco UK Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
VH London Haymarket Limited 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	100.0%	Ordinary
VH VLE Holdco US, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808, United States	USA	100.0%	Membership
Virgin Hotels New York, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, Delaware, United States	USA	87.7%	Membership
Virgin Group Acquisition Sponsor Europe LP 251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808, United States	USA	100.0%	Membership
Virgin Group Acquisition Corp Europe BV Prins Bernhardplein 200, 1097JB, Amsterdam, Netherlands	Netherlands	100.0%	Ordinary
VH Properties, LLLP Corporation Trust Center,1209 Orange St, Wilmington. New Castle, United States	USA	35.0%	Partnership interest
VHB Properties, LLC Corporation Trust Center,1209 Orange St, Wilmington, New Castle, United States	USA	35.0%	Membership interest

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Joint ventures and associates	Country of incorporation	% Holding	Share type
VHNA Acquisitions, LP Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	31.5%	Partnership interest
VHNA Acquisition, LLC Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States	USA	35.0%	Membership interest
Nashville Music Row Hotel JV LLC Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, USA	USA	50.0%	Ordinary
Nashville Music Row Hotel Holdings, LLC Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, USA	USA	50.0%	Ordinary
Nashville Music Row Hotel Mezz, LLC Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States	USA	50.0%	Ordinary
Nashville Music Row Hotel Owner, LLC Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, United States	USA	50.0%	Ordinary
Exeter Property Holdings (Pty) Limited 3 Solitaire, 73A Pretoria Avenue, Atholl, 2196, South Africa	South Africa	50.0%	Ordinary
Nashville Music Row Garage JV, LLC Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, USA	USA	50.0%	Ordinary
Nashville Music Row Garage Owner, LLC Robert E Buccini, 322 A Street, Suite 300, Wilmington DE 19801, USA	USA	50.0%	Ordinary

* directly held investment

Notes to the financial statements for the year ended 31 December 2022 *(continued)*

28 Group entities *(continued)*

Subsidiary audit exemptions
Virgin Holdings Limited has provided a guarantee over the outstanding liabilities of the below entities as at 31 December 2022 pursuant to section 479C of the Companies Act 2006. These entities are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006.

Company	Company number
VAL Trademark Two Limited	5150721
VAL Trademark Three Limited	5150741
Virgin Aviation TM Holdings Limited	8865675
Virgin Sky Investments Limited	2366582