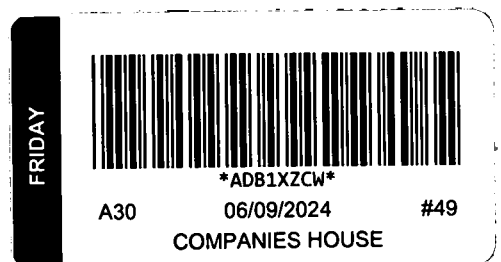


Virgin Holdings Limited and subsidiary companies

Annual Report and Financial Statements

Registered number 03609453

31 December 2023



Contents

	Page
Strategic Report	3-17
Directors' Report	18-19
Statement of Directors' Responsibilities	20
Independent Auditor's Report	21-24
Consolidated Income Statement	25
Consolidated Statement of Comprehensive Income	26
Consolidated Balance Sheet	27
Company Balance Sheet	28
Consolidated Statement of Changes in Equity	29
Company Statement of Changes in Equity	30
Consolidated Cash Flow Statement	31-32
Notes to the Financial Statements	33-90

Strategic Report

For the year ended 31 December 2023

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 2023.

The Virgin Group

The Group is part of a larger group (the "Virgin Group") whose ultimate parent undertaking is Virgin Group Holdings Limited ("VGHL"), which is controlled by Sir Richard Branson and certain trusts whose beneficiaries include members of the Branson family and philanthropic causes (the "Trusts"). The Virgin Group comprises VGHL and its subsidiaries.

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 ("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's investment portfolio, namely, Virgin Red Limited and Virgin Hotels Collection ("VHC").

The Group generated a £54 million profit after tax for the financial year (2022: £28 million). This increased profit was 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 reduced to £123 million as at 31 December 2023 (2022: £153 million) as a result of the £54 million profit for the year (2022: £28 million), £10 million other comprehensive loss (2022: £13 million other comprehensive income) and £74 million share buy-back (2022: £75 million increase from capitalisation of parent company loans).

Strategic Report *(continued)*

For the year ended 31 December 2023

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). It also provides 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 Directors 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 2023 was £93 million (2022: £76 million) and brand licensing profits after taxation, for the year, amounted to £60 million (2022: £45 million).

The Group also includes Virgin Start Up Limited, an organisation which was established 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

In 2023, VHC operated eight luxury properties worldwide (Necker Island, Moskito Island, Ulusaba, Kasbah Tamadot, Mahali Mzuri, Mont Rochelle, Son Bunyola and The Lodge) and eight boutique hotels across the US and UK (Chicago, Dallas, Nashville, Las Vegas, New Orleans, Edinburgh, Glasgow and New York).

Revenues for the luxury properties were under pressure during the year due to the loss of Moskito Island management and rental contract and the closure of Kasbah Tamadot, following the earthquake in September 2023. However, the African properties continued to deliver steady growth and Son Bunyola experienced a strong launch season.

Strategic Report *(continued)*

For the year ended 31 December 2023

Financial performance *(continued)*

The boutique hotels faced operational challenges across the portfolio and delays to planned opening timelines of the New York and Glasgow hotels. Following the opening of the Glasgow hotel in August 2023, the hotel owner failed to secure required financing to complete construction and the property was placed into formal administration. Despite the challenges, market share gains were made throughout the year, indicating that the product continues to gain traction and resonates with consumers.

For the year ended 31 December 2023, VHC made a loss of £10 million (2022: £15 million).

Virgin Red

Virgin Red manages a loyalty programme whose key aim is to drive an increase in the number of customers interacting with Virgin branded businesses. The company enables Virgin customers to earn and redeem Virgin Points across a variety of Virgin businesses and loyalty partners.

In 2023, Virgin Red continued to build its membership and enhance its offering, resulting in a profit of £14 million for 2023 (2022: £2 million) principally driven by the strong performance of financial service and retail partner campaigns.

Principal risks and uncertainties

The Group faces a range of risks and uncertainties that could 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 and potential profit reduction 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, loyalty operations, 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 operational activity across 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 reputation and position.

Strategic Report *(continued)*

For the year ended 31 December 2023

Principal risks and uncertainties *(continued)*

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 cost of living pressures 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 Red

Virgin Red manages loyalty members' personal data. The business could face business interruption, substantial reputational damage and financial loss (including fines) if it fails to adequately 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 been awarded the ISO 27001 certification.

Risks specific to Virgin Hotels Collection

The VHC 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 via expansion and engagement with different property owners. In addition, 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.

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.

Strategic Report *(continued)*

For the year ended 31 December 2023

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

During the year ended 31 December 2023, the Group's measured Scope 1 and 2 emissions (location-based) totalled 41 tCO₂e. This comprised:

Total Emissions	2023 (tCO ₂ e)	2022 (tCO ₂ e)
Direct emissions (Scope 1)	1	11
Indirect emissions (Scope 2 - location based)	40	45
Total: Scope 1 & 2 (location based)	41	56
Indirect emissions (Scope 2 - market based)	8	4
Total emissions per FTE (location based)	0.13	0.19
Total emissions per £m revenue (location based)	0.18	0.35

Overall, the Group's Scope 1 and 2 emissions decreased by around 26% in the year. This was due to changes in the Group's portfolio during 2023, which previously included an additional site's energy consumption (both gas and electricity).

Total Scope 1&2 (location-based) emissions per FTE is 0.13 tCO₂e and total Scope 1 & 2 emissions (location-based) per £m revenue equate to 0.18 tCO₂e. Both have decreased, again due to the changes in the Group's portfolio.

Strategic Report *(continued)*

For the year ended 31 December 2023

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. During 2023, the Group committed its intent to submit near and long-term targets to the Science-Based Target initiative ("SBTi"), expanding our emission reduction strategy aligned to the 1.5°C 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 200 MWh. This comprised:

Energy Consumption	2023 MWh	2022 MWh*
Fuel	6	61
Purchased electricity	194	234
Total energy consumption	200	295

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 2023. Where more accurate data was available for 2022, the figures have been updated accordingly.

* The 2022 comparatives have been updated where more up-to-date information has become available.

Strategic Report *(continued)*

For the year ended 31 December 2023

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, that has the responsibility for recommending or approving material matters and providing strategic direction and advice to other Virgin Group companies.

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, customers, communities, partners, suppliers and the environment.

The Board of Directors 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. Non-financial measures include, but are not limited to, Group purpose, brand sentiment, employee engagement and progress towards sustainability goals. 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 thorough planning framework then informs target setting and decision making for the Virgin Group.

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

- New investment alongside existing and new investors in Virgin Active to support the continued growth of the business.
- Significant additional equity investment in and granting of royalty concessions to Virgin Voyages alongside existing and new investors as part of a recapitalisation to support the long-term success of the business.
- The sale of certain assets in the Virgin Group's venture portfolio to raise additional capital.
- Continued investment in Virgin Hotels Collection.
- Funding and subsequent support for Virgin Orbit.

Strategic Report *(continued)*

For the year ended 31 December 2023

Section 172 Companies Act 2006 *(continued)*

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 employees 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 of Directors having individual and collective objectives based on employee culture and development and regular Board discussion on employee and people matters.

Wellbeing: The Company is committed to ensuring that it is prioritising its employees' wellbeing. It strives to ensure that it is constantly anticipating and responding to the evolving wellbeing needs and expectations of all its stakeholders - employees, customers, partners, suppliers, founders and local communities too. It believes that wellbeing is of paramount importance and also that it is multi-dimensional, thus, focused on physical, mental, emotional, financial and spiritual wellbeing.

For example:

- Virgin Management adopts a flexible working approach, enabling hybrid working and empowering and trusting employees to work in a way that supports them to be at their best.
- Virgin Management adopts progressive and innovative employee policies and benefits, including wellbeing tools and support, flexible working, unlimited holiday and enhanced shared parental leave and a real rest (digital detox and office closure) break each year.
- A targeted focus is placed on employee wellbeing (whether physical, mental or financial) through provision of training, for example, on resilience through change, virtual employee experiences and access to new wellbeing opportunities, including running First Aid and Mental Health First Aider training courses for individuals across the organisation, ensuring broader wellbeing support to more colleagues.
- Virgin Management promotes an open culture, keeping its employees informed by providing regular updates and opportunities for employee participation through channels such as Virgin Central, its intranet, and town halls on matters concerning the Virgin Group, its employees and its businesses and investments. Listening to the needs and experiences of its employees is additionally supported by comprehensive feedback loops, including a best-in-class sentiment pulse technology.
- Virgin Management has signed up to the UK Government's Disability Confident Scheme as a Disability Confident Committed Employer (Level One).
- Virgin Management's Dyslexic Thinking campaign is signposted in all job postings as an example of the importance the Company places on having a diverse workforce, and its celebration of all kinds of working styles. As part of this, the Company emphasises the value it places on applicants being open about allowances that can be made from the very start of the hiring process to allow individuals to thrive.

Strategic Report *(continued)*
For the year ended 31 December 2023

Section 172 Companies Act 2006 *(continued)*

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

Diversity and inclusion ("D&I"): Virgin Management believes that all its employees should feel they can be 100 per cent themselves at work. All companies within the Group aim to make it an inclusive workplace for everyone, regardless of age, gender, race, sexual orientation, disability, religion, belief or non-belief, marital status and family circumstances. Virgin Management believes all people are equal and welcomes everyone and encourages people to truly be themselves. It strives to treat people fairly and equally irrespective of their identity, lifestyle and life chances.

Virgin Management thinks 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.

Virgin Management have taken the following actions:

- Continually reviewing its Virgin Traits, which are an agreed set of principles on how its employees want to work with each other;
- Created a D&I plan and growing inclusion network, 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;
- Being 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 support for working parents and working carers; and
- Broadening gender health support (including fertility, menopause and reproductive wellbeing).

Strategic Report *(continued)*

For the year ended 31 December 2023

Section 172 Companies Act 2006 *(continued)*

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

Communication & engagement: Virgin Management seeks to operate a framework of employee communication, listening and engagement initiatives, which help its employees feel a sense of shared purpose and connection with the business strategy, and to facilitate a two-way dialogue between its employees and the Board. This is achieved through the intranet, employee networks and the use of weekly engagement surveys. In addition, there are weekly updates, live Q&As and quarterly meetings for all Virgin Management employees led by the Virgin Group Chief Executive Officer to update on activity across the Virgin Group. The "One Voice" employee forum has recently been refreshed, creating an open and transparent forum for employees to share feedback and discuss key issues with senior leaders.

A best in class engagement tool is used, through a weekly listening pulse, providing rich insight on how employees and teams are feeling. That insight allows leaders to shape the actions and leadership focus, aiming to provide an outstanding and distinctive people experience.

Learning & development: Virgin Management commits to equipping its employees 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 sustainable and inclusive learning culture and comprehensive training programme on diverse areas such as resilience, wellbeing, project management, negotiation training, presentation skills, objective setting, manager training and much more promotes an openness to development across the business and ambition that employees feel both supported, and personally invested, in their own development. 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.

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.

The Company reports annually under the Modern Slavery Act 2015; a full report can be found here: <https://www.virgin.com/modern-slavery-act>.

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.

Section 172 Companies Act 2006 (continued)

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

The Group 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).

The Group continues to focus on its relationship with its customers through its enhanced loyalty programme run by Virgin Red which has a growing membership base and drives an increase in the number of customers interacting with other Virgin-branded businesses.

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, Virgin Start Up and Virgin Red are active supporters of the Better Business Act, a campaign launched in April 2021 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 its purpose of 'Changing Business for Good' is integral to all that it does and ensuring that every strategic and business decision is made in accordance with its Vision and Purpose pillars.

The Group's purpose decision making filter continues to be used by every single team in the business to help 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 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.

Strategic Report *(continued)*

For the year ended 31 December 2023

Section 172 Companies Act 2006 *(continued)*

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

In 2023, Virgin Management, the principal operational management company for the Virgin Group, publicly committed to reaching net zero greenhouse gas emissions by 2050, at the latest, under the SBTi, in respect of its operations and supply chain, under its sustainability strategy. This includes a reduction in carbon emissions across Scope 1, 2 and 3.

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 Virgin Group and the Branson family (the value of donations and support in the financial year 2023 were approximately £12 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 2023 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 elsewhere, 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 marginalisation and persecution of LGBT+ populations.
- The promotion of progressive business practices 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 2023

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, Virgin Start Up and Virgin Red continue to publicly support the Better Business Act's campaign to change how business is undertaken 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. VGHL, the ultimate parent of the Company, is controlled by Sir Richard Branson and certain trusts whose beneficiaries include members of the Branson family and philanthropic causes.

Strategic Report *(continued)*

For the year ended 31 December 2023

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 2023, under *The Companies (Miscellaneous Reporting) Regulations 2018*, the Company voluntarily 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 to effectively 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 continues to utilise a Purpose Filter, through which strategic business decisions are reviewed. This tool uses a series of questions to evaluate its 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, Chief Loyalty Officer, Group Finance Director, Chief Purpose and Vision Officer, Chief Brand Officer, Managing Director of Portfolio Investments & Capital Markets, Chief People Officer and Chief Operating Officer. Four of the ten 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 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 2023

Corporate Governance Statement *(continued)*

Principle 3 – Director Responsibilities

The Board of Directors 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 and VGHL 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 of Directors 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 5-6.

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 of Directors is set by VGHL and is designed to clearly align with the long-term objectives of our stakeholders 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 with culture, brand, investment portfolio, financial strength, and purpose. These 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 9 - 15 sets out how the Board of Directors has regard for its broader stakeholders.

This report was approved by the board on 24 June 2024 and signed on its behalf.



A Shah
Director

Directors' Report

For the year ended 31 December 2023

The Directors present their report and the consolidated financial statements for the year ended 31 December 2023.

Results and dividends

The results of the Group for the year are set out on page 25 and are commented on within the Strategic Report.

During the year, the Group's subsidiary, Virgin Rail, paid a £0.4 million dividend (2022: £3 million) to its minority shareholders.

No other dividends were paid in the current year (2022: £nil).

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
L Brambilla (appointed on 1 September 2023)
H K T Branson
A L Burchett (appointed on 1 September 2023)
C J Hilton (appointed 1 September 2023)
N A Humphrey
E M Lovell (resigned 20 June 2023)
J D Margison (appointed 1 September 2023)
P M R Norris
A P L Shah
A J Swaffield (resigned 31 August 2023)
I P Woods
R P Blok (alternate)
A E Waters (alternate) (appointed 1 May 2024)

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 2023

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 £8 million (2022: £2 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 7 - 8 of the Strategic Report.

Going concern

As set out in note 1 to the financial statements, the Directors are confident that Virgin Holdings Limited (the "Company") will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. They, thus, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 information 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.

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 24 June 2024 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 2023 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 parent Company's affairs as at 31 December 2023 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 20, 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.

Andrew Simpson

Andrew Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
27 June 2024

Consolidated Income Statement

For the year ended 31 December 2023

	<i>Note</i>	2023 £m	2022 £m
Revenue	3	251	182
Cost of sales	5	(41)	(23)
Gross profit		210	159
Administrative expenses	5	(170)	(142)
Other operating income	4	18	10
Operating profit		58	27
Gain on disposal of investments and assets	8	-	1
Loss from equity accounted associates	13	(5)	-
Finance and similar income		12	7
Finance and similar expenses		(9)	(2)
Net finance income	7	3	5
Profit before tax		56	33
Taxation	10	(2)	(5)
Profit for the year		54	28
Equity holders of the parent		52	28
Non-controlling interest		2	-
Profit for the year		54	28

The notes on pages 33 to 90 form part of these financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023 £m	2022 £m
Profit for the year	54	28
Other comprehensive income		
<i>Items that are or may be reclassified to profit or loss:</i>		
Other movements	(1)	1
Foreign currency translation (loss)/gain on consolidation	(2)	-
Net change in fair value of financial instruments reclassified to profit or loss	-	3
Fair value adjustments	(7)	9
	(10)	13
Other comprehensive (loss)/income for the year, net of income tax	(10)	13
Total comprehensive income for year		
From continuing operations	44	41
From discontinued operations	-	-
	44	41
Attributable to:		
Equity holders of the parent	42	41
Non-controlling interest	2	-
Total comprehensive income for year	44	41

The notes on pages 33 to 90 form part of these financial statements.

Consolidated Balance Sheet
At 31 December 2023

	<i>Note</i>	2023 £m	2022 £m
Assets			
Non-current assets			
Property, plant and equipment	11	121	104
Intangible assets	12	66	64
Investments in equity-accounted investees	13	7	16
Other investments	15	34	44
Trade and other receivables	17	8	-
Deferred tax asset	16	17	5
		<u>253</u>	<u>233</u>
Current assets			
Trade and other receivables	17	180	130
Cash and cash equivalents	18	104	94
		<u>284</u>	<u>224</u>
Total assets		<u>537</u>	<u>457</u>
Liabilities			
Current liabilities			
Loans and borrowings	19	(2)	-
Trade and other payables	20	(106)	(108)
Contract liabilities	21	(156)	(151)
Provisions	22	(6)	(5)
Deferred tax liability	16	(2)	(2)
		<u>(272)</u>	<u>(266)</u>
Non-current liabilities			
Loans and borrowings	19	(122)	(15)
Trade and other payables	20	(1)	(2)
Contract liabilities	21	(17)	(19)
Provisions	22	(2)	(2)
		<u>(142)</u>	<u>(38)</u>
Total liabilities		<u>(414)</u>	<u>(304)</u>
Net assets		<u>123</u>	<u>153</u>
Equity attributable to equity holders of the parent			
Share capital	23	208	200
Share premium	23	-	75
Other reserves	23	2	12
Retained earnings	23	(34)	(79)
		<u>176</u>	<u>208</u>
Non-controlling interest	23	(53)	(55)
Total equity		<u>123</u>	<u>153</u>

The financial statements were approved and authorised by the Board of Directors and signed on its behalf on 24 June 2024.



A Shah
Director

The notes on pages 33 to 90 form part of these financial statements.

Company Balance Sheet
At 31 December 2023

	<i>Note</i>	2023 £m	2022 £m
Assets			
Non-current assets			
Trade and other receivables	17	8	-
Investments	14, 15	<u>1,236</u>	<u>1,300</u>
		1,244	1,300
Current assets			
Trade and other receivables	17	156	141
Cash at bank and in hand	18	<u>42</u>	<u>32</u>
		198	173
Liabilities			
Current liabilities			
Trade and other payables	20	(110)	(147)
Loans and borrowings	19	<u>(2)</u>	<u>-</u>
		(112)	(147)
Net current assets		<u>86</u>	<u>26</u>
Non-current liabilities			
Loans and borrowings	19	<u>(97)</u>	<u>-</u>
		(97)	-
Net assets		<u>1,233</u>	<u>1,326</u>
Capital and reserves			
Share capital	23	208	200
Share premium	23	-	75
Retained earnings	23	<u>1,025</u>	<u>1,051</u>
Shareholders' funds		<u>1,233</u>	<u>1,326</u>

The financial statements were approved and authorised by the Board of Directors and were signed on its behalf on 24 June 2024.



A Shah
Director

The notes on pages 33 to 90 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-con- trolling interest £m	Total £m
Balance at 1 January 2023	200	75	12	(79)	208	(55)	153
Total comprehensive profit for the year:							
Profit for the year	-	-	-	52	52	2	54
Other comprehensive income	-	-	(10)	-	(10)	-	(10)
Total comprehensive income for the year	-	-	(10)	52	42	2	44
Transactions with owners, recorded directly in equity:							
Issue of shares	925	-	-	(925)	-	-	-
Capital reduction	(843)	(75)	-	918	-	-	-
Share buy-back	(74)	-	-	-	(74)	-	(74)
Total transactions with owners	8	(75)	-	(7)	(74)	-	(74)
Balance At 31 December 2023	208	-	2	(34)	176	(53)	123
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total amounts attributable to owners £m	Non-con- trolling 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

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

The notes on pages 33 to 90 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 2023	200	75	-	1,051	1,326
Total comprehensive loss for the year:					
Loss for the year	-	-	-	(19)	(19)
Total comprehensive loss for the year	-	-	-	(19)	(19)
Transactions with owners, recorded directly in equity:					
Issue of shares	925	-	-	(925)	-
Capital reduction	(843)	(75)	-	918	-
Share buy-back	(74)	-	-	-	(74)
Total transactions with owners	8	(75)	-	(7)	(74)
Balance At 31 December 2023	208	-	-	1,025	1,233

	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

The notes on pages 33 to 90 form part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Profit for the year		54	28
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	11, 12	12	12
Foreign exchange loss		2	1
Other non-cash items of income and expense	4	-	(4)
Finance income	7	(12)	(7)
Finance expense	7	9	2
Fair value adjustments	15	-	(2)
Loss from equity accounted associates	13	5	-
Taxation	10	2	5
		<u>72</u>	<u>35</u>
Increase in trade and other receivables		(58)	(10)
(Decrease)/increase in trade and other payables		(19)	21
Increase in provisions and employee benefits	22	2	2
		<u>(75)</u>	<u>13</u>
Interest received		3	5
Tax paid		(6)	(5)
Cashflows from discontinued operations	9	(1)	(2)
Net cash (used in)/generated by operations		<u>(7)</u>	<u>46</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(19)	(49)
Acquisition of intangible fixed assets	12	(11)	(9)
Acquisition of financial assets	15	-	(2)
Net cash used in investing activities		<u>(30)</u>	<u>(60)</u>
Cash flow from financing activities			
Repayments to related parties		(89)	(160)
Funding from related parties		30	84
Principal portion of lease liabilities		(1)	-
Drawdown of borrowings	19	109	(3)
Cashflows from discontinued operations	9	(1)	(3)
Net cash generated by/(used in) financing activities		<u>48</u>	<u>(82)</u>
Net increase/(decrease) in cash and cash equivalents		11	(96)
Cash and cash equivalents at 1 January		94	182
Effect of exchange rate fluctuations on cash held		(1)	8
Cash and cash equivalents at 31 December	18	<u>104</u>	<u>94</u>

The notes on pages 33 to 90 form part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2023

Net debt reconciliation

	2023	2022
	£m	£m
Net debt		
Cash and cash equivalents	104	94
Borrowings	(122)	(15)
	(18)	79

Analysis of changes in net debt	Borrowings	Cash and cash equivalents	Total
	£m	£m	£m
Net cash as at 1 January 2023	(15)	94	79
Operating cash flows	-	(7)	(7)
Acquisition of property, plant and equipment	-	(19)	(19)
Acquisition of intangible fixed assets	-	(11)	(11)
Drawdown on borrowings	(109)	109	-
Repayments to related parties	-	(89)	(89)
Funding from related parties	-	30	30
Principal portion of lease liabilities	-	(1)	(1)
Cashflows from discontinued operations	-	(1)	(1)
Foreign exchange adjustments	2	(1)	1
Net debt as at 31 December 2023	(122)	104	(18)

The notes on pages 33 to 90 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

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 2.

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: and

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 Board of 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 2023 (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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

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 ("FVTPL"). 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 2023 (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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

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 ("FVTPL").

Other investments in debt and equity securities held by the Group are classified as being fair value through other comprehensive income ("FVTOCI") 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

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

Notes to the financial statements for the year ended 31 December 2023 (continued)

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, contingent liabilities and contingent assets

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 2023 (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.

Contingent assets

Contingent assets are possible assets whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group. Contingent assets are not recognised on the Group's balance sheet, but are disclosed when it considered probable that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised on the balance sheet, because that asset is no longer considered to be contingent.

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

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 the principal basis, revenue is recognised gross, however, under an agency basis only the net margin is recognised. See note 2 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 2023 (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 readily 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 the Group is reasonably 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 occurs.

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

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.

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the financial statements for the year ended 31 December 2023 (continued)

1 Accounting policies (continued)

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.

1.15 Adoption of new and revised standards

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants (effective 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective 1 January 2024)

Notes to the financial statements for the year ended 31 December 2023 (continued)

2 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 the Consolidated Statement of Comprehensive Income in the period in which the impairment is recorded.

Notes to the financial statements for the year ended 31 December 2023 (continued)

2 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

3 Revenue

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

By activity

	2023 £m	2022 £m
Brand licensing	93	76
Hotels	38	33
Loyalty programme	103	56
Management services	17	17
	251	182

	Revenue by source	Revenue by source	Revenue by destination	Revenue by destination
By geographical market	2023 £m	2022 £m	2023 £m	2022 £m
UK	208	152	145	84
The Americas	16	11	39	38
Asia	-	-	2	2
European Union	10	7	15	10
Africa	12	12	20	18
Rest of the world	5	-	30	30
	251	182	251	182

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.

4 Other operating income

	2023 £m	2022 £m
Other operating income	18	6
Gain on fair value of warrants	-	4
	18	10

Other operating income contains £8 million (\$10 million) received from Brightline Trains during the year in respect of damages awarded to the Virgin Group for the breach of the Virgin Trains USA trademark licence agreement (see note 24).

Notes to the financial statements for the year ended 31 December 2023 (continued)

5 Expenses and auditor's remuneration

Analysis of expenses by nature includes the following:

	2023 £m	2022 £m
Cost of sales	41	23
Staff costs	81	68
Marketing costs	11	6
Depreciation of property, plant and equipment	3	6
Amortisation of intangible assets	9	6
Legal and professional fees	10	12
Charitable donations	8	2
Foreign exchange (gains)/losses	(2)	1
Other administration costs	50	41
Total cost of sales and administrative expenses	<u>211</u>	<u>165</u>

Auditor's remuneration:

	2023 £m	2022 £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	<u>0.8</u>	<u>0.7</u>

6 Staff numbers and costs

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

	2023 No.	2022 No.
Administration and management	870	692
	<u>870</u>	<u>692</u>

The Company had no employees in the year (2022: nil).

Notes to the financial statements for the year ended 31 December 2023 (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2023 £m	2022 £m
Wages and salaries	60	53
Social security costs	7	6
Other pension costs	3	3
Other costs	11	7
	81	69

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:

	2023 £m	2022 £m
Total emoluments		
Aggregate emoluments	11	9

Highest paid Director

Aggregate emoluments and other benefits	4	3
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Aggregate emoluments include employer contributions paid to 12 (2022: 8) 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 25.

7 Finance income and expenses

	2023 £m	2022 £m
Finance and similar income		
Finance income receivable from related undertakings	1	-
Bank interest income	4	-
Other finance income	6	3
Net foreign exchange gain	-	2
Investment income	1	2
	12	7
Finance and similar expense		
Borrowings and overdrafts	8	1
Net foreign exchange loss	1	-
Other finance expense	-	1
	9	2

Notes to the financial statements for the year ended 31 December 2023 (continued)

8 Gain on disposal of investments and assets

	2023 £m	2022 £m
Gain on disposal of investments	-	1
	<u>-</u>	<u>1</u>

Notes to the financial statements for the year ended 31 December 2023 (continued)

9 Discontinued Operations

The discontinued operations include the result of Virgin Rail.

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 2022 and 2023 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 2023 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.

	2023 £m	2022 £m
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	-	-
Operating profit	-	-
Finance and similar expenses	-	-
Profit before tax	-	-
Taxation	-	-
Profit from discontinued operations		
Net cash generated from operating activities	(1)	(2)
Net cash used in financing activities	(1)	(3)
Net cash outflow for the year		

Notes to the financial statements for the year ended 31 December 2023 (continued)

10 Taxation

Income tax expense

The major components of income tax expense for the year ended 31 December 2023 and 2022 are:

	2023 £m	2022 £m
Current tax		
Current UK corporation tax on income for the period	11	8
Adjustments in respect of prior periods	1	(3)
Total UK corporation tax	<u>12</u>	<u>5</u>
Foreign tax		
Current tax on income for the period	2	1
Total foreign tax	<u>2</u>	<u>1</u>
Total current tax expense	<u>14</u>	<u>6</u>
Deferred tax		
Relating to changes in tax rates	(1)	-
Origination and reversal of timing differences	(8)	-
Adjustments in respect of prior periods	(3)	(1)
Total deferred tax income	<u>(12)</u>	<u>(1)</u>
Income tax expense reported in the Statement of Comprehensive Income	<u>2</u>	<u>5</u>

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 2023 and 2022 is as follows:

	2023 £m	2022 £m
Profit/(loss) before taxation on continued operations	56	33
Profit/(loss) before taxation on continued operations multiplied by standard rate of corporation tax in the UK of 23.50% (2022 - 19.00%)	13	6
Non-deductible expenses	4	1
Non-taxable income	(1)	-
Effect of previously unrecognised tax losses	(17)	(1)
Temporary differences not recognised for deferred tax	5	3
Adjustments in respect of current income tax in respect of prior years	1	(3)
Adjustments in respect of deferred tax in respect of prior years	(3)	(1)
Income tax expense for the period	<u>2</u>	<u>5</u>

Notes to the financial statements for the year ended 31 December 2023 (continued)

10 Taxation *(continued)*

The standard rate of corporation tax applied to the reported profit is 23.5% (2022: 19%). 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.

On 18 July 2023 the UK government published draft legislation that introduced the Multinational Top up Tax and Domestic Top up Tax as part of the UK's adoption of the OECD's Pillar Two Global Anti-Base Erosion (GloBE) rules. This legislation is effective from 1 January 2024. Under the legislation, Virgin Holdings Limited will be required to pay top up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent.

The top up tax for the Group is not expected to be material for 2024. This information is based on the expected profits and tax expense for 2024, considering only certain adjustments that would have been required applying the legislation. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Notes to the financial statements for the year ended 31 December 2023 (continued)

11 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 2023	5	50	6	55	116
Additions	3	-	2	17	22
Disposals	(2)	(2)	(1)	(1)	(6)
Reclassification	2	25	(2)	(25)	-
Foreign Exchange	-	(1)	-	-	(1)
At 31 December 2023	8	72	5	46	131

Depreciation and impairment

At 1 January 2023	5	3	4	-	12
Depreciation for the year	1	1	1	-	3
Disposals	(2)	(2)	(1)	-	(5)
Reclassification	2	-	(2)	-	-
Foreign Exchange	(1)	1	-	-	-
At 31 December 2023	5	3	2	-	10

Carrying amount

At 31 December 2023	3	69	3	46	121
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	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
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Notes to the financial statements for the year ended 31 December 2023 (continued)

11 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 agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets under construction

During 2023, the Group invested £17 million in the development of hotel properties and a new office building. The cost of land, buildings and construction costs incurred up to 31 December 2023 have been capitalised and disclosed as assets under construction.

In June 2023, the Group's hotel property classified as an asset under construction was completed and the cost of £25 million was reclassified to land and buildings. The completed asset is depreciated in line with the Group's depreciation policy.

Capital commitments

At 31 December 2023, the Group had entered into contracts for committed spend of £4.8 million in relation to property development (2022: £0.8 million).

Company property, plant and equipment

At 31 December 2023, the Company held land and buildings with a net book value of £0.2 million (2022: £0.3m). The cost and accumulated depreciation was £0.7 million (2022: £0.7 million) and £0.5 million (2022: £0.4m) respectively.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12 Intangible assets

	Goodwill	Computer Software	Intellectual property	Development costs	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2023	1	29	79	-	109
Additions	-	10	-	1	11
Reclassification	-	1	1	(1)	1
At 31 December 2023	1	40	80	-	121
Amortisation					
At 1 January 2023	-	6	39	-	45
Amortisation	-	6	3	-	9
Reclassification	-	-	1	-	1
At 31 December 2023	-	12	43	-	55
Carrying amount					
At 31 December 2023	1	28	37	-	66

	Goodwill	Computer Software	Intellectual property	Development costs	Total
	£m	£m	£m	£m	£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

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 2023 (continued)

12 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 (2022: no impairments). At 31 December 2023, 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
2023	37	7.49% - 27.57%	2.30%	172	2-17 years
2022	40	7.94% - 27.99%	2.30%	163	3-18 years

13 Equity accounted investees

	Other associates £m
Carrying amount	
At 1 January 2023	16
Transfer to loan instrument	(3)
Share of loss for the year	(5)
Foreign exchange	(1)
At 31 December 2023	<u>7</u>
Carrying amount	
At 1 January 2022	16
At 31 December 2022	<u>16</u>

The carrying amount of the investments decreased by £9 million in 2023 (2022: £nil) due to a recapitalisation which transferred equity into a shareholder loan of £3 million, the share of loss attributable to the Group of £5 million and a foreign exchange loss of £1 million on the value of the investment. The Group's interest in other associates and joint ventures contributed £5 million loss (2022: £nil) to the Group's share of total comprehensive income for the year.

Notes to the financial statements for the year ended 31 December 2023 (continued)

14 Investments (*Company only*)

	Investments in subsidiary companies £m
Cost	
At 1 January 2023	1,687
Return of Capital	(56)
At 31 December 2023	<u>1,631</u>
Impairment	
At 1 January 2023	(391)
Impairment	(11)
Reversal of impairment losses	7
At 31 December 2023	<u>(395)</u>
Net book value	
At 31 December 2023	<u>1,236</u>
At 31 December 2022	<u>1,296</u>

Return of Capital

During 2023, the Company recognised a return of capital of £56 million (2022: £3 million). This arose from dividends received during the year from Virgin Management Limited of £60 million, which were treated as a return of capital on the cost of the investment, and a dividend reclassification of £4 million relating to Virgin Rail where dividends previously treated as return on capital were reclassified to the profit and loss account as dividend income.

Impairment

Impairment testing for the period ended 31 December 2023 identified that the carrying amount of investments in Virgin Hotels Group Limited and Virgin Rail exceeded their recoverable amounts. As a result, impairments totalling £11 million (2022: £2 million) were recognised in the Statement of Comprehensive Income.

Impairment Reversal

Impairment testing for the period ended 31 December 2023 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 £7 million has been recognised in the Statement of Comprehensive Income.

The carrying value of investments in subsidiary companies at the year end of £1,236 million is supported by the net assets of its subsidiaries which act as investment holding companies, and the value in use of operating subsidiaries. The value in use of operating subsidiaries is calculated based on discounted cash flow projections with discount rates applied ranging from 11% to 17%.

Notes to the financial statements for the year ended 31 December 2023 (continued)

15 Other investments

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
At 1 January	44	31	4	-
Additions	-	6	-	4
Fair value movements	(7)	2	(4)	-
Reclassification	-	(1)	-	-
Foreign exchange	(3)	6	-	-
At 31 December	<u>34</u>	<u>44</u>	<u>-</u>	<u>4</u>

Further disclosures relating to financial assets are set out in note 26.

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:	2023	2022
	£m	£m
Fixed assets	-	1
Other timing differences	(1)	(2)
Tax losses	<u>16</u>	<u>4</u>
	<u>15</u>	<u>3</u>
Deferred tax asset	17	5
Deferred tax liability	<u>(2)</u>	<u>(2)</u>
	<u>15</u>	<u>3</u>

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

	£m
Balance as at 1 January 2022	2
Charged to statement of comprehensive income	<u>1</u>
Balance at 31 December 2023	3
Charged to statement of comprehensive income	<u>12</u>
Balance as 31 December 2023	<u>15</u>

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 2023 for UK companies has been calculated at the rate of 25% (2022: 25%). Deferred tax for non-UK companies as at 31 December 2023 has been calculated using the applicable statutory tax rate for the individual country.

Notes to the financial statements for the year ended 31 December 2023 (continued)

16 Deferred tax assets and liabilities (continued)

Deferred tax assets have not been recognised in respect of deductible temporary differences and tax losses of £438 million (2022: £339 million) because it is not probable that future taxable profit will be available against which the Group can use the benefits there from. Of these amounts £61 million (2022: £21 million) relates to tax losses which will expire at various dates between 2023 and 2037.

At 31 December 2023 there was an unrecognised deferred tax liability on gross temporary differences of £3 million (2022: £4 million), 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

17 Trade and other receivables

		Group		Company	
		2023	2022	2023	2022
		£m	£m	£m	£m
Non-current					
Other receivables		8	-	8	-
		8	-	8	-
Current					
Trade receivables		51	26	-	-
Allowance for expected credit losses	(a)	(30)	(14)	-	-
Net trade receivables		21	12	-	-
Amounts owed by related parties		50	55	121	131
Other receivables		41	19	35	10
Prepayments		5	4	-	-
Contract assets	(b)	63	38	-	-
Corporation tax		-	2	-	-
		180	130	156	141

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 2023 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:	2023	2022
	£m	£m
As at 1 January	(14)	(19)
Provisions recognised during the year	(25)	-
Amounts released during the year	5	8
Amounts written off during the year	3	-
Foreign exchange	1	(3)
As at 31 December	(30)	(14)

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

17 Trade and other receivables (continued)

(a) Allowance for expected credit losses (continued)

	2023	2022
	£m	£m
Ageing of trade receivables		
Not yet due	16	14
1-30 days	-	2
31-60 days	2	1
61-90 days	(1)	1
90+ days	34	8
Total trade receivables before impairment	51	26
Amounts impaired	(30)	(14)
Net trade receivables	21	12

The Group's credit risk exposure is disclosed in further detailed within note 26.

(b) Contract assets

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

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Opening contract assets	38	26	-	-
Additions	227	244	-	-
Transfer to trade receivables	(202)	(232)	-	-
Closing contract assets	63	38	-	-

18 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Cash at bank and in hand	104	94	42	32
	104	94	42	32

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

19 Borrowings

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Non-current				
Borrowings	122	15	97	-
	<u>122</u>	<u>15</u>	<u>97</u>	<u>-</u>
Current				
Borrowings	2	-	2	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

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, Lloyds Bank plc, HSBC UK Bank Plc and Credit Suisse AG.

On 29 December 2022, the facility was amended and restated such that the facility comprises of "Facility A Tranche 1", a \$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.

At 31 December 2023, Facility A Tranche 1 and Facility A Tranche 2 are fully drawn down at \$81.3 million and £33 million respectively (2022: £nil). Facility B remains undrawn (2022: £nil).

Financing - Virgin Management facility

On 25 May 2023, Virgin Management Limited signed a Term Loan Facility Agreement with Clydesdale Bank (trading as Virgin Money). The total borrowing amount of £19,500,000 is provided across three facilities.

"Facility A" is a £9,500,000 term debt facility with repayment due on 23 June 2025. "Facility B" is a £10,000,000 term debt facility with an expiry date of 23 June 2025. "Facility C" is a £19,500,000 facility with an expiry date of 23 June 2028, which can be used to re-finance Facilities A and B.

"Facility A" was drawn down in full for £9.5m on 23 June 2023. Facility B and Facility C remain undrawn.

19 Borrowings (continued)

Secured Bank Loans

Verbier Facility

Verbier Lodge SA has a secured bank loan of £14 million (2022: £15 million) secured on the land and buildings of Verbier Lodge.

The total facility of CHF 17.5 million comprises of Tranche 1 and Tranche 2, which have been drawn down at CHF 6.8 million and CHF 8.25 million respectively.

The maturity profile of borrowings is disclosed in note 26.

Notes to the financial statements for the year ended 31 December 2023 (continued)

20 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Non-current				
Lease liability	1	2	-	-
	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>
Current				
Trade payables	3	3	-	-
Amounts owed to related parties	44	65	104	145
Other taxation and social security	14	6	-	-
Other payables	18	12	6	2
Accrued expenses	25	20	-	-
Lease liability	2	2	-	-
	<u>106</u>	<u>108</u>	<u>110</u>	<u>147</u>

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.

21 Contract liabilities

	Group		Company	
	2023	2022	2023	2022
	£m	£m	£m	£m
Non-current				
Other revenue received in advance	17	19	-	-
	<u>17</u>	<u>19</u>	<u>-</u>	<u>-</u>
Current				
Other revenue received in advance	156	151	-	-
	<u>156</u>	<u>151</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2023	2022	2022	2021
	£m	£m	£m	£m
Opening contract liabilities	170	159	-	-
Revenue recognised	(70)	(43)	-	-
Revenue deferred	73	54	-	-
Closing contract liabilities	<u>173</u>	<u>170</u>	<u>-</u>	<u>-</u>

Other revenue received in advance includes £153 million (2022: £147 million) relating to revenue allocated to performance obligations associated with loyalty programmes.

Notes to the financial statements for the year ended 31 December 2023 (continued)

22 Provisions

	2023 £m	2022 £m
Non-current		
Onerous leases	2	2
	<u>2</u>	<u>2</u>
Current		
Onerous leases	1	2
Other	5	3
	<u>6</u>	<u>5</u>

	Onerous leases £m	Other £m	Total £m
At 1 January 2023	4	3	7
Amounts utilised during the year	(1)	-	(1)
Amounts provided during the year	-	2	2
At 31 December 2023	<u>3</u>	<u>5</u>	<u>8</u>
At 1 January 2022	4	1	5
Amounts provided during the year	-	2	2
At 31 December 2021	<u>4</u>	<u>3</u>	<u>7</u>

Virgin Red

Virgin Red has continued discussions with His Majesty's Revenue and Customs ("HMRC") regarding its VAT treatment and, in the year, HMRC shared its emerging view which differs from the current VAT accounting approach adopted by Virgin Red.

Virgin Red has reviewed its position with external advisors and concludes it has a strong basis to support its proposed VAT treatment and accounting. Accordingly, the Group does not consider it appropriate to record any additional provision beyond what has been currently recognised in the financial statements as at 31 December 2023.

Virgin Red will continue to engage with HMRC on the underlying facts, circumstances and technical analysis of the matter, however, given the current stages of HMRC's enquiries there remain a number of possible scenarios that could eventuate. Until HMRC further progresses its enquiries, it is not possible to determine the value of any additional payment required, if any, above that already provided in these financial statements, but any potential payment may result in a cash outflow from the Group.

Notes to the financial statements for the year ended 31 December 2023 (continued)

22 Provisions (continued)

Other provisions

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

23 Capital and reserves

<i>Share capital</i>	2023	2022
	£m	£m
Allotted, called up and fully paid		
208,206,542 (2022: 200,000,001) ordinary shares of £1 each	208	200

Bonus issue

On 3 August 2023, the Company issued 925,000,001 £1 ordinary shares from its retained earnings.

Capital reduction

On 5 December 2023, the Company effected a reduction of its share capital and cancelled 843,000,001 £1 ordinary shares then in issue.

Share buy-back

On 18 December 2023 the Company bought back 73,793,459 £1 ordinary shares from its parent company, Virgin Investments Limited, for a total non-cash consideration of £73,793,459 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.

<i>Share premium</i>	2023	2022
	£m	£m
At 1 January	75	-
Shares issued during the year	-	75
Capital reduction	(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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

23 Capital and reserves (continued)

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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

24 Contingent assets and liabilities

The Group has given guarantees to a number of third party beneficiaries in respect of certain obligations.

In June 2023, the Group entered into an agreement to guarantee a minimum net operating income to a third party in relation to a hotel operated by the Group. Since the amounts payable under the agreement will be determined by the future commercial performance of the hotel, it is not possible to reliably measure the future obligation. As a result, and in line with IAS 37, no liability is recognised in the financial statements relating to this guarantee.

For the other guarantees the Group has provided, the likelihood that these obligations would fall due is considered to be remote and therefore these guarantees are not disclosed as contingent liabilities.

Virgin America

In 2016 Alaska Airlines, Inc. acquired Virgin America, Inc. a US listed business, which in 2018 was then merged into Alaska Airlines, Inc. In 2019, Alaska Airlines, Inc. 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 ("TMLA") between Virgin America, Inc., Virgin Aviation TM Limited and Virgin Enterprises Limited. Following this, Virgin Aviation TM Limited and Virgin Enterprises Limited brought proceedings against Alaska Airlines, Inc. in the High Court of England and Wales ("the High Court") on the correct interpretation of the payment obligations in the TMLA.

On 16 February 2023, the High Court agreed with the Group's position and gave judgement that the Minimum Royalty was due under the TMLA, even though Alaska Airlines, Inc. ceased to use the Virgin brand. Alaska Airlines were granted leave to appeal by the Court of Appeal in July 2023, and the appeal was heard in March 2024.

Following the High Court judgement Alaska Airlines, Inc. made a payment to Virgin Aviation TM Limited of \$6 million (£5 million) constituting royalties owed to 20 January 2020, which has been recognised as revenue in the 2023 financial statements. The remainder of the royalties owed under the TMLA up to 31 December 2023, remain outstanding and total \$28 million (£22 million). In accordance with IAS 37 and IFRS 15 this amount has not been recognised as an asset or income in the 2023 accounts.

A provision has been made in 2023 for legal fees expected to be incurred defending the Group's position in the appeal. On 11 June 2024, the Court of Appeal unanimously rejected the appeal made by Alaska Airlines, Inc. Any settlements or reimbursements will be recognised in the 2024 financial statements.

Notes to the financial statements for the year ended 31 December 2023 (continued)

24 Contingent assets and liabilities (continued)

Brightline Trains

In November 2018, Brightline Holdings LLC ("Brightline") entered a TMLA with Virgin Enterprises Limited to use the brand Virgin Trains USA. Brightline purported to terminate the contract in mid-2020 arguing that the Virgin brand was damaged and no longer of international high repute. Following this purported termination, Virgin Enterprises Limited terminated the TMLA for repudiatory breach and subsequently brought proceedings against Brightline in the High Court.

Following a trial during July 2023, on 12 October 2023, the High Court agreed with Virgin Enterprises Limited's position and gave judgement that damages of \$115 million were payable to Virgin Enterprises Limited for repudiatory breach of the TMLA. Brightline appealed the High Court's decision in November 2023.

Following the High Court judgement Brightline made a part-payment to the Group of \$10 million (£8 million) which has been recognised as income in 2023. The remaining damages of \$105 million remained outstanding at 31 December 2023, and in line with IAS 37 have not been recognised as an asset or income in the 2023 accounts. The \$10 million (£8 million) received from Brightline in 2023 is a contingent liability as at 31 December 2023, as no ruling had been made on the appeal application at this date and there was a possibility that it would need to be repaid if an appeal was successful. The appeal was subsequently rejected by the Court of Appeal in February 2024.

Full damages have been received in 2024 and will be recognised in the 2024 financial statements.

Notes to the financial statements for the year ended 31 December 2023 (continued)

25 Related parties

At 31 December 2023, the Company's ultimate parent undertaking was VGHL, a company incorporated in the British Virgin Islands. VGHL is controlled by Sir Richard Branson and certain trusts whose beneficiaries include members of the Branson family and philanthropic causes (the "Trusts"). VGHL and its Directors, the Trusts, Sir Richard Branson and members of his family are related parties under IAS 24: Related Party Disclosures, and any transactions with the Company are disclosed accordingly below.

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

	2023 £m	2022 £m
Companies related by virtue of common control or ownership		
Revenue	14	25
Purchases	8	24
Interest receivable	1	1
Receivables outstanding	44	24
Payables outstanding*	(7)	(52)
Companies related by virtue of being associates of the Group		
Revenue	28	20
Receivables outstanding	24	30
Companies related by virtue of being investors in the Group		
Revenue	3	3
Receivables outstanding	2	1
Payables outstanding	(13)	(13)
Payments to key management personnel	11	9
Donations to charities	8	2

*At 31 December 2023, the Group has a payable of £9 million (2022: £37 million) 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 Financial instruments

(a) Fair values of financial instruments

	Carrying amount £m	Fair value £m	Level 1 £m	Level 2 £m	Level 3 £m
31 December 2023					
FVTOCI financial assets					
Other investments	34	34	-	-	34
FVTPL financial assets					
Trade and other receivables (excl. prepayments)	3	-	-	3	-
Financial assets at amortised cost					
Cash and cash equivalents	104	-	-	-	-
Trade and other receivables (excl. prepayments)	180	-	-	-	-
Total financial assets	321	34	-	3	34
FVTPL financial liabilities					
Trade and other payables (excl. accruals, taxation and social security)	-	-	-	-	-
Financial liabilities measured at amortised cost					
Borrowings	(122)	-	-	-	-
Trade and other payables (excl. accruals, taxation and social security)	(68)	-	-	-	-
Total financial liabilities	(190)	-	-	-	-
31 December 2022					
FVTOCI financial assets					
FVTOCI 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)	-

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 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 2023, the Group's financial assets measured at fair value through other comprehensive income classified at Level 3 of the fair value hierarchy were £34 million (2022: £44 million).

At 31 December 2023, 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 £3 million and £nil 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 initial 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 acquisition 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 Financial instruments (continued)

(b) Financial risk management (continued)

(i) Foreign currency risk

The Group's Treasury functions identify, evaluate and hedge financial risks. The boards 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.

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 Great British Pounds (GBP). The currencies in which these transactions are primarily denominated are United States Dollars (USD), Euro (EUR), Australian Dollar (AUD), South African Rand (ZAR) and Swiss Francs (CHF).

Currency risk is reduced through matching assets and liabilities in individual currencies and holding foreign currency balances to meet future obligations. The currency of forecast cash inflows and outflows is assessed to determine whether any exposure exists which requires hedging. Any exposure that requires hedging 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 12 months out with declining percentages. In implementing the strategy, 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.

The analysis below demonstrates the profit impact of a strengthening or weakening of GBP against USD. 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. The analysis assumes that all other variables, in particular interest rates, remain constant. The exposure to other currencies is insignificant and therefore no sensitivity performed.

	2023	2022
	USD	USD
	£m	£m
Strengthening in exchange rate by 10%	10%	10%
Increase in profit before tax	8	1
Weakening in exchange rate by 10%	10%	10%
Decrease in profit before tax	(8)	(1)

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 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	
	2023	2022
	£m	£m
Fixed rate instruments		
Financial assets	33	25
Financial liabilities	(8)	(15)
	<u>25</u>	<u>10</u>

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

In order to manage interest costs and reduce uncertainty, the Group has a \$125 million hedge in place against interest rate risk which fixes the interest rate at 6.84%, reducing its exposure to interest rate risk from its variable rate instruments.

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 17 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 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:

	2023			
	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)	(67)	(1)	-	-
Borrowings:				
Secured bank loans	-	-	(24)	-
Other borrowings	(2)	-	(98)	-
	(69)	(1)	(122)	-
	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)

Notes to the financial statements for the year ended 31 December 2023 (continued)

26 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 2023, the Group has £123 million of equity, £124 million of external debt and £44 million of related party debt.

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 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 2023 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 <i>(liquidated as at 5 January 2024)</i>	England & Wales	100.0%	Ordinary
Classboss Limited* 25 Farringdon Street, London, EC4A 4AB, United Kingdom <i>(liquidated as at 5 January 2024)</i>	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

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 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 2023 (continued)

27 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	86.5%	Membership interest
Virgin Hotels Dallas, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels San Francisco, LLC Incorp Services Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
VH San Fran, LLC Incorp Services Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	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 2023 (continued)

27 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	96.1%	Membership interest
Virgin Hotels Nashville, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels New Orleans, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
VH New Orleans Concessions, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels Philadelphia, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels Edinburgh, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels Chicago, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
VHC Upper LLC 203 N Wabash Ave Chicago, IL 60601, United States	USA	86.5%	Membership interest
VHC Middle LLC 203 N Wabash Ave Chicago, IL 60601, United States	USA	86.5%	Membership interest

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 Group entities (continued)

Subsidiaries	Country of incorporation	% Holding	Share type
VHC Lower LLC 203 N Wabash Ave Chicago, IL 60601, United States	USA	86.5%	Membership interest
VHLF, 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	86.5%	Membership interest
Virgin Hotels Las Vegas, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels Glasgow, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
VHD Concessions Holdings, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
VHD Concessions Middle, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
VH Dallas Concessions, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest
Virgin Hotels Central Services, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, DE 19801, United States	USA	86.5%	Membership interest

27 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 Room 27, 23rd Floor, 33 Hua Yuan Shi Qiao Road, Pu Dong District, Shanghai, China	China	100.0%	Ordinary
VTE Holdings Limited* 66 Porchester Road, London, W2 6ET, United Kingdom	England & Wales	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, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Son Bunyola SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Son Creus SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Dinicero SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Ganson SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Zickner 5000 SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary
Rimdrax 5000 SLU Pau Claris 97, 4º 1ª, 08009, Barcelona, Spain	Spain	100.0%	Ordinary

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 Group entities (continued)

Subsidiaries	Country of incorporation	% Holding	Share type
Investment Facility Company Forty (Pty) Limited Suite 28 NetworkSpaces, 345 Rivonia Road, Rivonia, Gauteng, 2191, South Africa	South Africa	100.0%	Ordinary
Ulusaba Rock Lodge (Pty) Limited Suite 28 NetworkSpaces, 345 Rivonia Road, Rivonia, Gauteng, 2191, 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 (liquidated as at 9 January 2024)	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	England & Wales	100.0%	Ordinary
VAL Trademark Three Limited 66 Porchester Road, London, W2 6ET, United Kingdom (liquidated as at 9 January 2024)	England & Wales	100.0%	Ordinary

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 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	England & Wales	100.0%	Ordinary
Virgin Limited 66 Porchester Road, London, W2 6ET, United Kingdom	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
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 2023 (continued)

27 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
VHC Holdco US, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, Delaware, 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	86.5%	Membership
VHVC, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, Delaware, United States	USA	86.5%	Membership
VH Denver Fox Park, LLC Incorp Services, Inc., 919 North Market Street, Suite 950, Wilmington, New Castle, Delaware, United States	USA	86.5%	Membership

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 Group entities (continued)

Joint ventures and associates	Country of incorporation	% Holding	Share type
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
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

Notes to the financial statements for the year ended 31 December 2023 (continued)

27 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 2023 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
Virgin Sky Investments Limited	2366582
VH VLE Topco Limited	14488199
VHC Opco Limited	14490056
Barfair Limited	3552508
Virgin.com Limited	2863068
Voyager Group Limited	2014840
Virgin Hotels Limited	4415765

28 Post Balance Sheet Events

On 5 June 2024, the Group sold one of its hotel properties, Son Valentí, to a third party. The impact of the transaction will be reflected in the 2024 financial statements.