

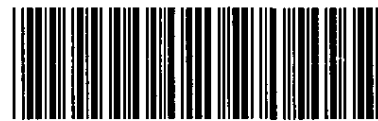
Registration number: 08865675

Virgin Aviation TM Holdings Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

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Virgin Aviation TM Holdings Limited

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Virgin Aviation TM Holdings Limited

Strategic Report for the Year Ended 31 December 2021

Business review

The principal activity of the Company is that of an investment holding company. The Company's indirect operating subsidiary, Virgin Aviation TM Limited, manages trademark licensing agreements with Virgin America and Virgin Australia.

The profit after tax for the year amounted to £1,421,000 (2020: loss of £64,665,000). This is driven by an impairment reversal relating to the Company's subsidiary, VAI. Trademark Three Limited.

Principal risks and uncertainties

As an investment holding company, the principal risk of the Company is deemed to be any material adverse change in the business of its subsidiary, which impacts the recoverable value of the Company's investment.

The subsidiary's revenues consist of royalties under the trademark licence agreements it has entered into with companies using the Virgin brand.

The subsidiary is therefore reliant on the strong reputation and loyalty engendered by the Virgin brand and is vulnerable to the risk of a decline in the perception of the Virgin brand and to brand infringement.

The trademark licence agreements that the Company's subsidiary has with licensees govern the use of its intellectual property and require its licensees to abide by quality control standards with respect to such use.

The subsidiary is also reliant on royalty income generated by the trademark licence agreements and any material adverse change in the business or market in which the licensees operate would affect the level of royalty income received. The subsidiary takes steps to mitigate this risk by setting minimum royalties and through actively monitoring their licensee relationships.

Financial key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that the analysis of the KPIs is not necessary for an understanding of the development, performance or position of the business.

Going concern

As set out in note 1.2 to the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the Board on 28 June 2022 and signed on its behalf.



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I P Woods
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Virgin Aviation TM Holdings Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the unaudited financial statements for the year ended 31 December 2021.

Dividends

The Company paid no dividends during the year (2020: £2,918,000).

Directors of the Company

The Directors who served during the year were as follows:

I P Woods

R P Blok

This report was approved by the Board on 28 June 2022 and signed on its behalf.



.....
I P Woods
Director
The Battleship Building
179 Harrow Road
London
W2 6NB

Virgin Aviation TM Holdings Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and have disclosed and explained any material departures in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Virgin Aviation TM Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Impairment reversal /(impairment) of investment	5	<u>1,421</u>	<u>(64,665)</u>
Operating profit/(loss)		<u>1,421</u>	<u>(64,665)</u>
Profit/(loss) before tax		1,421	(64,665)
Income tax expense	4	<u>-</u>	<u>-</u>
Profit/(loss) for the year		1,421	(64,665)
Other comprehensive income for the year		-	-
Total comprehensive income/(expense) for the year		<u>1,421</u>	<u>(64,665)</u>

The notes on pages 7 to 12 form an integral part of these financial statements.

Virgin Aviation TM Holdings Limited

(Registration number: 08865675)
Balance Sheet as at 31 December 2021


	Note	31 December 2021 £ 000	31 December 2020 £ 000
Non-current assets			
Investments	5	14,841	13,420
Total assets		14,841	13,420
Net assets		14,841	13,420
Capital and reserves			
Share capital	6	-	-
Retained earnings		14,841	13,420
Shareholders' funds		14,841	13,420

For the financial year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

The financial statements were approved and authorised by the Board and signed on its behalf on 28 June 2022.


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I P Woods
Director

Virgin Aviation TM Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2021	-	13,420	13,420
Comprehensive income for the year			
Profit for the year	-	1,421	1,421
Total comprehensive income for the year	-	1,421	1,421
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions and distributions to owners	-	-	-
Balance as at 31 December 2021	-	14,841	14,841
	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2020	80,600	403	81,003
Comprehensive loss for the year			
Loss for the year	-	(64,665)	(64,665)
Total comprehensive loss for the year	-	(64,665)	(64,665)
Transactions with owners, recorded directly in equity			
Share capital reduction	(80,600)	80,600	-
Dividends	-	(2,918)	(2,918)
Total contributions and distributions to owners	(80,600)	77,682	(2,918)
Balance as at 31 December 2020	-	13,420	13,420

The notes on pages 7 to 12 form an integral part of these financial statements.

Virgin Aviation TM Holdings Limited

Notes to the financial statements for the Year Ended 31 December 2021

1 Accounting policies

1.1 Basis of preparation

Virgin Aviation TM Holdings Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in England and Wales. The registered office address is The Battleship Building, 179 Harrow Road, London, W2 6NB. The registration number is 08865675.

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

The Company's intermediate parent, Virgin Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the UK and are available to the public and may be obtained from the address in note 8.

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

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

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

- the requirements of IAS 7 statement of cash flows and related notes;
- comparative period reconciliations for share capital;
- the requirements of IAS 24 related party disclosures in respect of wholly owned subsidiaries;
- disclosures in respect of the compensation of Key Management Personnel;
- the requirements of IFRS 7 financial instruments disclosures;
- disclosure of the objectives, policies and processes for managing capital; and
- the effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.6.

Virgin Aviation TM Holdings Limited

Notes to the financial statements for the Year Ended 31 December 2021

1.2 Going concern

The Directors have considered the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In making this assessment, the Directors have considered the Company's fixed costs and the impact of the uncertainties surrounding the Covid-19 recovery on the Company's dividend income.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Virgin Holdings Limited, an indirect parent company, has provided a guarantee under section 479C of the Companies Act 2006 which has the effect that it guarantees liabilities to which the Company is subject at the year end until they are satisfied in full.

1.3 Dividend income

Dividend income is recognised in the Statement of Comprehensive Income on the date the Company's right to receive payments is established.

1.4 Current and deferred taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised or that the Company has determined it is appropriate to recognise the deferred tax asset as it is recoverable due to the fact that the Company is part of a UK group for group relief purposes.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Virgin Aviation TM Holdings Limited

Notes to the financial statements for the Year Ended 31 December 2021

1.6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

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

Impairment of investments

The carrying amount of the Company's non-financial assets, including investments in subsidiaries, 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 the investments is the net assets of the underlying subsidiaries.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

An impairment reversal is recognised when an asset has been previously impaired and its estimated recoverable amount exceeds its impaired carrying amount.

Impairment losses and reversals are recognised in the Statement of Comprehensive Income.

2 Dividend income

	2021 £ 000	2020 £ 000
Dividend income	-	-
	-	-

The Company received no dividends during the year. In 2020, a dividend of £2,918,000 was received from its subsidiary, VAL Trademark Two Limited, which was treated as a return of capital.

3 Directors' remuneration and employees

The Directors did not receive any remuneration during the year for their services to the Company (2020: £nil).

The Company has no employees.

Virgin Aviation TM Holdings Limited

Notes to the financial statements for the Year Ended 31 December 2021

4 Income tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 £ 000	2020 £ 000
Income tax		
Income tax expense reported in the Statement of Comprehensive Income	-	-

The reconciliation between the tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	1,421	(64,665)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	270	(12,286)
Effects of:		
Non-deductible expenses	-	12,286
Non-taxable income	(270)	-
Income tax expense reported in the Statement of Comprehensive Income	-	-

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, any deferred tax asset/(liability) as at 31 December 2021 would be calculated at the rate of 25% (2020: 19%).

The Company has no recognised or unrecognised deferred tax balances at the end of the current and prior year.

Virgin Aviation TM Holdings Limited

Notes to the financial statements for the Year Ended 31 December 2021

5 Investments

	£ 000
Cost	
At 1 January 2021	78,085
At 31 December 2021	<u>78,085</u>
Impairment	
At 1 January 2021	64,665
Impairment reversal	<u>(1,421)</u>
At 31 December 2021	<u>63,244</u>
Carrying amount	
At 31 December 2021	<u>14,841</u>
At 31 December 2020	<u>13,420</u>

Impairment

Impairment testing for the year ended 31 December 2021 identified that the recoverable amount of the Company's investment in its subsidiary exceeded the impaired carrying amount. An impairment loss reversal of £1,421,000 has been recognised in the Statement of Comprehensive Income.

The recoverable amount of the investment is calculated based on the Company's share of the net asset value of its subsidiary.

Details of the Company's direct and indirect subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Registered office	Holding	Proportion of ownership interest and voting rights held
VAL Trademark Two Limited	The Battleship Building, 179 Harrow Road, London, W2 6NB, United Kingdom	Ordinary	100%
Virgin Aviation TM Limited*	The Battleship Building, 179 Harrow Road, London, W2 6NB, United Kingdom	Ordinary	100%
VAL Trademark Three Limited*	The Battleship Building, 179 Harrow Road, London, W2 6NB, United Kingdom	Ordinary	100%

* indirectly held subsidiaries

Virgin Aviation TM Holdings Limited

Notes to the financial statements for the Year Ended 31 December 2021

6 Share capital

	31 December 2021 £ 000	31 December 2020 £ 000
<i>Alloted, called up, and fully paid shares</i>		
1 Ordinary share of £1	-	-

7 Related party transactions

At 31 December 2021, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson. The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under International Accounting Standard 24: *Related Party Disclosures*.

As a 100% owned subsidiary of Virgin Group Holdings Limited, the Company has taken advantage of the exemption under FRS 101: *Reduced Disclosure Framework*, which enables it to exclude disclosure of its transactions with Virgin Group Holdings Limited and its wholly owned subsidiaries.

8 Ultimate parent undertaking and controlling party

At 31 December 2021, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest groups into which the Company's results are consolidated are those of Virgin Holdings Limited, a company registered in England and Wales. The consolidated financial statements of this group can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.