Registered number: 01785381

VIRGIN MEDIA BUSINESS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

VIRGIN MEDIA BUSINESS LIMITED

COMPANY INFORMATION

Directors	P Cobian E Medina Malo L M Schuler
Company secretary	VMED O2 Secretaries Limited
Registered number	01785381
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU
Independent auditor	KPMG LLP Chartered Accountants 1 St Peter's Square Manchester M2 3AE

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal activities and business review

Virgin Media Business Limited (the 'company') is a wholly-owned subsidiary of VMED O2 UK Limited (VMED O2)(the group).

The principal activity of the company during the year was, and will continue to be, the provision of broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organisations and service providers in the UK across its fixed-line network.

On 1 November 2020, the company acquired the trade and assets of ntl Business Limited and Virgin Wifi Limited, fellow group subsidiaries. The company has accounted for the acquisition of trade and assets as common control transfers at carryover basis. Accordingly, the financial statements and related notes for the years ended 31 December 2020 have been adjusted to give retrospective effect to a transaction accounted for under common control.

VMED O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony to residential customers and businesses in the United Kingdom (UK). As of 31 December 2021, the primary subsidiaries of VMED O2 include (i) Virgin Media Inc. and its subsidiaries (collectively, Virgin Media), (ii) VMED O2 UK Holdco 1 Limited and its subsidiaries (collectively, O2) and (iii) VMED O2 UK Financing I plc.

VMED O2 is a 50:50 joint venture formed on 1 June 2021 between Liberty Global plc (Liberty Global) and Telefonica, SA (Telefonica) (the JV Transaction). Combining the operations of Virgin Media Inc. and its subsidiaries in the UK with the operations of O2 Holdings Limited and its subsidiaries in the UK (the joint venture). Further detail of the joint venture is provided in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

VMED O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony services to residential customers and businesses in the UK.

At 31 December 2021, the group's fixed-line network passed 15.6 million homes and served 5.8 million fixed-line customers with 5.6 million customers taking a broadband internet product. In addition, at 31 December 2021, the group served 32.2 million retail mobile connections and 10.0 million wholesale mobile connections.

Under the Virgin Media brand, the group provides broadband internet, video, fixed-line telephony, mobile ("Mobile - Virgin Media MVNO based offerings") and broadcasting services in the UK. The group is one of the UK's largest providers of residential communications services in terms of the number of customers. The group believes its advanced, deep-fibre cable access network enables the group to offer faster and higher quality broadband internet services than digital subscriber line (DSL) market participants. As a result, the group provides its customers with a leading next generation broadband internet service and one of the most advanced interactive television services available in the UK market.

Virgin Media provides mobile services to customers in the UK using third-party networks through mobile virtual network operator (MVNO) arrangements. Following the formation of the joint venture, these services will migrate to the group's own mobile network and these MVNO arrangements will be unwound.

The group's mobile network is operated under the O2 brand and is a leading UK mobile network operator (MNO), whose primary business is providing mobile telecommunications and related services, to consumer and business customers. Under the premium O2 brand, the group offers a comprehensive range of mobile services and products to consumer and business customers, including mobile voice, messaging and data services, and sales of handsets, tablets, wearable devices and other hardware. In addition, the group offers a wide range of value-add services and products including Wi-Fi services, security services, cloud services, digital payment services, certain fixed-line services for businesses and insurance products. O2 has also developed innovative value-add services and products, including services and products relating to the 'Internet of Things', insurance, and big-data and insight services for businesses. Through its digital loyalty program, Priority, O2 offers its

Principal activities and business review (continued)

customers a range of exclusive deals and perks and this program was extended to the group's fixed-line customers in November 2021.

In addition, O2 provides MVNO based offerings, through its digital brand giffgaff, providing telecommunications services to the consumer mobile segment.

Principle risks and uncertainties

Financial and operational risk management is undertaken as part of the group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Brexit

Following the UK's departure from the European Union (EU), the group has not identified any material adverse effect on the group's business, financial condition, results of operations or liquidity. The group does not anticipate any material effect going forwards and will continue to monitor any potential risk that may arise as the government continues to negotiate trade deals.

COVID-19

The global COVID-19 pandemic continues to adversely impact the economy of the UK. However, during the year ended 31 December 2021, the adverse impact on the group was relatively minimal as demand for products and services remained strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the full adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on the group's business, financial condition and results of operations in future periods.

Key performance indicators (KPIs)

The company's key financial and other performance indicators for the year are considered below:

	2021 **£000**	2020 £000	Commentary
Revenue	**289,243**	300,059	Revenue has decreased by 3.6%, primarily due to an decrease in the number of mobile telephony and broadband internet customers.
Operating (loss)/profit	**(11,409)**	1,055	Operating profit has decreased to a loss in 2021 driven by an decrease in revenue and an increase in administrative costs.

The company reported a decrease in both net current assets and net assets for the year ended 31 December 2021 as a result of normal operations. During the year, no new external finance was arranged and there was no movement in the called up equity share capital of the company. Operations were financed through the company's inter-company balances with fellow group undertakings.

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Section 172 Statement

As directors we have a responsibility to promote the success of the company in good faith for the benefit of our shareholders whilst having regard, at least, to the following matters:

- the likely consequences of any decisions in the long term;
- the interests of our employees;
- the need to foster the business relationships with suppliers, customers and others;
- the impact of our operations on the community and environment;
- the desire to maintain high standard of reputation and business conduct; and
- the need to act fairly between our shareholders.

In discharging our responsibilities as directors of the company we have adopted the group's governance framework which includes best practice procedures to support the assessment of those matters necessary to make informed decisions in furtherance of the long-term success and sustainability of the company and the group as a whole.

The directors have delegated the day-to-day management of the company to the Executive Management Team whilst retaining sufficient oversight over specific reserved matters in addition to statutory matters. The affairs of the group (including the company, as an operating business) are conducted in accordance the provisions of the shareholders' agreement between the ultimate shareholders of the group and the articles of association VMED O2 UK Limited as well as the articles of association of the company, which in include processes to make sure that each shareholder's interests are taken into account in decision-making.

From the perspective of the directors, and as a result of the group governance framework, the matters that the directors are responsible for considering under section 172(1) of the Companies Act 2006, as set out above, have been considered to an appropriate extent by the board of VMED O2 UK Limited and the Executive Management Team including the directors were appropriate.

The size and spread of the group's business and its stakeholders mean that the group's stakeholder engagement generally takes place at an operational level, led by a member of the Executive Management Team supported by the Senior Leadership Team which consists of professionals for the respective areas. As a group we find that this is the most efficient and effective approach and helps us achieve a greater positive impact on environmental, social and other issues that are relevant to our business and customers. Regular updates are provided to the VMED O2 Board and the Executive Management Team (including the directors of the company) to help them understand the interests and views of VMED O2's key stakeholders and other relevant factors, which ensures that the directors can take them into account when making decisions and can comply with their section 172 duty to promote the success of the company. Details of how the matters set out in section 172(1)(a) to (f) have been taken into account and the impact that has had decisions made can be found in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Section 172 Statement (continued)

During the year the company was involved in certain pre-completion financing arrangement in readiness for the joint venture, whilst performing their duties under section 172(1), the directors had regard to the interest of the shareholder and the group as a whole. The decision of the directors was supported by management information provided by the professional advisors in additional to the group's governance controls as to the integrity of the management information provided to the directors. As a result, the directors where able to satisfy themselves that the financing arrangements did not have any adverse effect on the matters set out in section 172(1) and will benefit the company and the group as a whole.

This report was approved by the board on and signed on its behalf by:

E Medina Malo
Director

Date: 26 September 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and audited financial statements of the company for the year ended 31 December 2021.

Results and dividends

The loss for the year, after tax, amounted to £1,153,000 (2020 - profit of £8,837,000). The company has a branch registered in Ireland.

The directors have not recommended an ordinary dividend (2020 - £nil).

Directors

The directors who served the company during the year and thereafter were as follows:

J L Boyle (appointed 1 October 2021, resigned 29 April 2022)
P Cobian (appointed 1 October 2021)
M D Hardman (appointed 1 October 2021, resigned 29 April 2022)
M O Hifzi (resigned 1 November 2021)
P J A Kelly (resigned 31 August 2021)
E Medina Malo (appointed 29 April 2022)
R G McNeil (resigned 1 October 2021)
L Milner (appointed 1 March 2021, resigned 31 August 2021)
L M Schuler
C B E Withers (resigned 1 October 2021)

The directors of the company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force for directors serving during the financial year and as at the date of approving the Directors' Report.

Political donations

The company did not make any political donations during the year (2020 - £nil).

UK employee engagement statement

The company does not have any employees in its own right; the group's employees are employed by Telefonica UK Limited or Virgin Media Limited, both of which solely operate in the UK and their respective employees are based in the UK with the exception of a handful which are seconded to other group companies from time to time. As part of the group governance framework the Board has delegated its duties in respect of the group's employees to the Executive Management Team of the group. The Board and the Executive Management Team have regard to the interest of employees, including the outcome of any engagement where appropriate, in the decisions taken (in particular in principal decisions) by the group during the financial year. Examples of the group's engagement with its employees include:

- *CEO & executive live streams and roadshows:* Through 2021 we continued regular CEO and Executive Management Team digital livestreams, in addition to face to face Roadshows. These events are an opportunity for the Executive Management Team to share important updates and provide an opportunity for our people to ask questions and to make comments.
- *Employee network groups:* Our six employee network groups (Enrich, Proudly, Gender Equality, Ultraviolet, Extra Ordinary and We Care) work to ensure the views, needs and sentiment of our diverse populations are represented on an on-going basis within and across the business. There are both formal and informal collaborative working sessions.
- *Executive management team briefings:* Each month the Executive Management Team brings together VMED O2's senior leaders to discuss a range of commercial, customer and leadership priorities. These forums are opportunities to invite questions, feedback, views and insights from the wider senior leadership community.
- *Workplace:* Our internal social media platform actively drives and encourages openness, communication and collaboration. All of our people have access to Workplace and are able to post comments, questions, ideas and set up groups. Workplace is a key vehicle in our communications and employee engagement approach, supporting business updates, dissemination of key information e.g. COVID-19 updates, and bespoke campaigns centred on key topics e.g. internal career opportunities. Workplace provides an always-on forum for people to share updates, feedback, ideas and news from around the business.
- *Engagement survey and pulse surveys:* These tools gather our people's views and enable everyone to have a voice through the year. The results provide a company-wide view of our people's levels of motivation and identify what is going well and what can be improved.
- *Quarterly update:* Each quarter, members of the Executive Management Team share our commercial and financial results and business strategy updates with all of our people. These have been held digitally via Workplace through 2021, are accessible to all of our people and provide the opportunity for questions or comments.
- *Employee representatives for O2:* We work continuously and in partnership with our Trade Unions (CWU and Prospect) and employee representatives on a broad range of employee related matters to maintain a positive and collaborative industrial climate within the business.
- *Employee representatives for Virgin Media:* We work continuously and in partnership with our Voice Forum on a broad range of employee related matters to maintain a positive and collaborative industrial climate within the business.

Further examples of how the group has had regard to the interests of its employees and the effect this has had on the decisions taken by the group can be found in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Corporate governance

The company adopts the same governance framework for the group and full details of the governance arrangement can be found in the Corporate Governance Statement of VMED O2 UK Holdings Limited Consolidated Annual Report, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Stakeholder statement

From the board's perspective, as a result of the group's governance structure (the board being part of the group's Executive Management Team), stakeholder engagement generally takes place at the group's operational level. This is the most efficient and effective approach which helps the group (including the company) achieve greater positive impact on environmental, social and other issues that are relevant to the company. Also details of the company's approach to modern Slavery and Payment Practices are published in accordance with statutory obligations. Further details of the group's stakeholder relationships and engagements are set out in the Corporate Governance Statement of VMED O2 UK Holdings Limited's Consolidated Annual Report, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Energy and carbon report

Disclosures concerning greenhouse gas emission, energy consumption and energy efficiency are done at a group level and are contained in the Streamlined Energy and Carbon Statement of VMED O2 UK Holdings Limited's Consolidated Annual Report, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Going concern

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, KPMG LLP, will be reappointed in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the board on and signed on its behalf by:

E Medina Malo
Director

Date: 26 September 2022

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MEDIA BUSINESS LIMITED

Opinion

We have audited the financial statements of Virgin Media Business Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period'), as the company has received a letter of intent from its parent entity VMED O2 UK Limited.

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MEDIA BUSINESS LIMITED (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 as to the company's high-level policies and procedures to prevent and detect fraud and the company's channel for 'whistleblowing', 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.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that company's management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the straight-forward recognition of revenue over time, and the low value nature of the individual revenue transactions.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by manually and those posted to unusual accounts.

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

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

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

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

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, 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.

Fraud and breaches of laws and regulations – ability to detect (continued)

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

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

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

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and 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 Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MEDIA BUSINESS LIMITED (CONTINUED)

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 member, 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

Antony Whittle (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
Date: 29 September 2022

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021** **£000**	2020 £000
Revenue		**289,243**	300,059
Cost of sales		**(120,070)**	(124,043)
Gross profit		**169,173**	176,016
Administrative expenses		**(180,582)**	(174,961)
Operating (loss)/profit	4	**(11,409)**	1,055
Finance income	7	**8,370**	8,265
Finance costs	8	**(1,318)**	(116)
(Loss)/profit before tax		**(4,357)**	9,204
Income tax benefit/(expense)	9	**3,204**	(367)
(Loss)/profit for the year		**(1,153)**	8,837

The notes on pages 16 to 31 form part of these financial statements.

There was no other comprehensive income or expenditure for 2021 or 2020 other than that included in the profit and loss account.

All results were derived from continuing operations.

VIRGIN MEDIA BUSINESS LIMITED
REGISTERED NUMBER: 01785381

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	**1,462**	4,471
Property, plant and equipment	11	**193,394**	191,935
		194,856	196,406
Current assets			
Inventories	12	**5,467**	3,980
Trade receivables	13	**3,541**	-
Debtors: amounts falling due after more than one year	13	**802**	-
Debtors: amounts falling due within one year	13	**236,699**	242,310
		246,509	246,290
Creditors: amounts falling due within one year	15	**(996)**	-
Net current assets		**245,513**	246,290
Total assets less current liabilities		**440,369**	442,696
Creditors: amounts falling due after more than one year	16	**(28,137)**	(26,908)
Deferred tax	17	**-**	(2,403)
Net assets		**412,232**	413,385
Capital and reserves			
Share capital	18	**1**	1
Retained earnings	19	**412,231**	413,384
Total shareholder's funds		**412,232**	413,385

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Patricia Cobian

P Cobian

Director

Date: 26 September 2022

The notes on pages 16 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Retained earnings	Total shareholder's funds
	£000	£000	£000
Balance as at 1 January 2021	1	413,384	413,385
Comprehensive income for the year			
Loss for the year	-	(1,153)	(1,153)
Balance as at 31 December 2021	1	412,231	412,232

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Retained earnings	Total shareholder's funds
	£000	£000	£000
Balance as at 1 January 2020	1	430,983	430,984
Comprehensive income for the year			
Profit for the year	-	8,837	8,837
Common control acquisition	-	(26,436)	(26,436)
Balance as at 31 December 2020	1	413,384	413,385

The notes on pages 16 to 31 form part of these financial statements.

1. General information

The principal activity of Virgin Media Business Limited (the 'company') is the provision of broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organisations and service providers in the UK across its fixed-line network.

The company is a private company incorporated, domiciled and registered in the UK. The registered number is 01785381 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

2. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

2.1 Basis of accounting

These financial statements have been prepared on a going concern basis and under the historical cost basis in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's intermediate parent undertaking, VMED O2 UK Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of VMED O2 UK Holdings Limited are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and are available from the company secretary at 500 Brook Drive, Reading, United Kingdom RG2 6UU.

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

- a cash flow statement and related notes;
- comparative period reconciliations for property, plant and equipment and intangible assets;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel;
- disclosures of transactions with a management entity that provides key management personnel services to the company; and
- 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;

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been approved on the assumption that the company remains a going concern. The following paragraphs summarise the basis on which the directors have reached their conclusion.

It is VMED O2's practice for operational and financial management to be undertaken at a group level rather than for individual entities that are wholly owned by the group. Treasury operations and cash management for all of VMED O2 UK Limited wholly owned subsidiaries are managed on a group basis. As part of normal business practice, regular cash flow forecasts for both short and long term commitments are undertaken at group level.

Forecasts and projections, which take into account of reasonably possible downsides in trading performance, prepared for the group as a whole, indicate that cash on hand, together with cash from operations and revolving credit facilities, are expected to be sufficient for the group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements. The group has indicated its intention to continue to make such funds available to the company as are needed. In addition VMED O2 UK Limited has formally indicated its intention to continue to support the company financially for at least this period.

Whilst the detailed cash flow forecasts are prepared at the group level, the directors have also assessed the position of the company. This assessment indicates that, taking account of reasonably possible downsides, the company will have sufficient resources, through funding from fellow subsidiary companies to meet its liabilities as they fall due for that period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. 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 have prepared the financial statements on a going concern basis. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

2.3 Business combinations under common control

Business combinations between entities that are under common control are accounted for at book value. The assets and liabilities acquired or transferred are recognised or derecognised at the carrying amounts previously recognised in the acquired entities' financial statements. Any gain or loss arising is recognised directly in reserves. Where a company is acquired the components of capital and reserves of the acquired entity are added to the same components within the company's capital and reserves. Prior period information is retrospectively revised to give effect to transactions accounted for under common control.

2. Accounting policies (continued)

2.4 Revenue

Revenue represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of video, fixed-line telephony, broadband internet and other telecommunication services and to run certain telecommunication systems over which they are provided. All revenue is derived from operations in the United Kingdom and is recognised as the services are provided to customers. The directors consider this to be a single class of business.

Revenue recognition
Revenue is recognised to the extent that it is realised or realisable and earned. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. The following criteria must also be met before revenue is recognised:

- persuasive evidence of an arrangement exists between the company and the company's customer;
- delivery has occurred or the service has been rendered;
- the price for the service is fixed or determinable; and
- recoverability is reasonably assured

Revenue earned from contracts is recognised in line with performance obligations based on a five-step model.

On inception of the contract we identify a "performance obligation" for each of the distinct goods or services we have promised to provide to the customer. The consideration specified in the contract is allocated to each performance obligation based on their relative standalone selling prices, and is recognised in revenue as they are satisfied. The following table summarises the performance obligations we have identified for our major revenue lines and provides information on the time of when they are satisfied and the related revenue recognition policy.

Revenue line	Performance obligation	Revenue recognition policy
Installation and other upfront fees	When the group enters into contracts to provide services to customers, the group often charges installation and other upfront fees. The group is obliged to ensure it can supply services to the customer premise as per the customer contract. This includes cable plant and equipment installation at the customers premise. Installation is not considered as a separate performance obligation	These fees are generally deferred and recognised as revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

2. Accounting policies (continued)

2.4 Revenue (continued)

B2B revenue	Provision of data, voice and network solution services, including the sale and maintenance of equipment to business customers. Installation charges are charged in relation to the provision of services. The group is obliged to provide the customer with the connectivity services and or equipment stipulated the customer contract. Installation is not considered as a separate performance obligation	The group defer upfront installation and certain nonrecurring fees received on business-to-business contracts where we maintain ownership of the installed equipment. The deferred fees are amortised into revenue on a straight-line basis, generally over the longer of the term of the arrangement or the expected period of performance

There are no material obligations in respect of returns, refunds or warranties.

Incremental revenue is generated based on usage for video on demand. The company has a right to consideration from the customer at an amount that corresponds directly with the value to the customer of the entity's performance completed to date, therefore the entity recognises revenue to the extent which is has a right to invoice

For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognised uniformly over the contractual period if the contract has substantive termination penalties. If a contract does not have substantive termination penalties, revenue is recognised only to the extent of the discounted monthly fees charged to the subscriber, if any.

Certain upfront costs associated with contracts that have substantive termination penalties and a term of one year or more are recognised as assets and amortised to operating costs and expenses over the applicable period benefited.

Revenue represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of video, fixed-line telephony, broadband internet and other telecommunication services and to run certain telecommunication systems over which they are provided. All revenue is derived from operations in the United Kingdom and is recognised as the services are provided to customers. The directors consider this to be a single class of business.

2.5 Finance Income

Finance income is recognised as interest accrues according to the effective interest rate method, which uses the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

2. Accounting policies (continued)

2.6 Intangible assets

Our primary intangible assets relate to software costs.

Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives, and reviewed for indications of impairment at each reporting date. Amortisation methods and useful lives are reviewed at each reporting date and are adjusted if appropriate.

Software costs are amortised over their useful economic lives, up to a maximum of five years, on a straight line basis.

2.7 Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful economic life as follows:

- Network assets	3 - 30 years
- Leasehold property	Period of lease
- Other fixed assets	3 - 12 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Network assets includes construction in progress which is not depreciated and comprises of materials, consumables and direct labour relating to network construction and is stated at the cost incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables	- purchase cost
Work in progress	- cost of direct materials and labour

Labour and business process outsourcing cost relating to the design, construction and development of the network, capital projects, and related services are capitalised and depreciated on a straight-line basis over the life of the relevant assets.

2.8 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

2. Accounting policies (continued)

2.9 Trade receivables and debtors

Trade receivables and other debtors are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for impairment of trade receivables.

The company uses a forward looking impairment model which uses a lifetime expected loss allowance which is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

2. Accounting policies (continued)

2.11 Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management has made estimates and judgements that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions

Useful economic life of property, plant and equipment
Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an assets useful economic life has a significant effect on the annual depreciation charge. The useful life and carrying values are reviewed annually for impairment and where adjustments are required, these are made prospectively.

Recoverability of intercompany receivables
Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the receivables is not considered recoverable.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of property, plant and equipment	**36,659**	32,707
Amortisation of intangible assets	**3,522**	4,774

Certain expenses are specifically attributed to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2021 and 2020 is disclosed in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

5. Auditor's remuneration

Auditor's remuneration of £21,600 (2020 - £23,500) for the audit of the financial statements has been borne by a fellow group undertaking and not recharged.

6. Employees

The company does not have any directly employed staff and is charged an allocation of staff costs by the group. Details of staff numbers and staff costs of the group are disclosed in the Consolidated Annual Report of VMED O2 UK Holdings Limited which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

7. Finance income

	2021 £000	2020 £000
Interest on amounts owed by group undertakings	**8,370**	8,265

8. Finance costs

	2021 £000	2020 £000
Interest on amounts owed to group undertakings	**1,318**	116

9. Income tax (benefit)/expense

Tax expense included in profit or loss:

	2021 £000	2020 £000
Current tax		
Total current tax	**-**	-
Deferred tax		
Origination and reversal of temporary differences	**2,361**	367
Adjustment in respect of prior periods	**(4,806)**	-
Effect of change in tax rates on opening balance	**(759)**	-
Total deferred tax	**(3,204)**	367
Tax on (loss)/profit	**(3,204)**	367

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
(Loss)/profit before tax	**(4,357)**	9,204
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(828)**	1,749
Effects of:		
Fixed asset temporary differences	**(440)**	-
Change in tax rates	**(192)**	(316)
Group relief surrendered/(claimed)	**3,062**	(1,149)
Adjustment in respect of prior periods	**(4,806)**	83
Tax (benefit)/expense	**(3,204)**	367

Factors affecting current and future tax charges

In March 2021, legislation was introduced to increase the UK corporate income tax rate from 19% to 25% from 1 April 2023. This rate change was substantively enacted on 24 May 2021 and enacted on 10 June 2021 (Finance Bill 2021). The effect of the increased tax rate on our deferred tax balances is reflected in our statement of financial position at 31 December 2021.

10. Intangible assets

	IT Sotware £000
Cost	
At 1 January 2021	**15,511**
Additions	**513**
Reclassification to property, plant and equipment	**(1,648)**
At 31 December 2021	**14,376**
Amortisation	
At 1 January 2021	**11,040**
Amortisation	**3,522**
Reclassification to property, plant and equipment	**(1,648)**
At 31 December 2021	**12,914**
Net book value	
At 31 December 2021	**1,462**
At 31 December 2020	4,471

11. Property, plant and equipment

	Plant and machinery £000	Other fixed assets £000	Total £000
Cost			
At 1 January 2021	**346,683**	**4,971**	**351,654**
Additions	**37,724**	**398**	**38,122**
Disposals	**(35,721)**	**-**	**(35,721)**
Reclassification from intangibles	**-**	**1,648**	**1,648**
At 31 December 2021	**348,686**	**7,017**	**355,703**
Depreciation			
At 1 January 2021	**156,303**	**3,416**	**159,719**
Charge for the year on owned assets	**35,961**	**698**	**36,659**
Disposals	**(35,721)**	**4**	**(35,717)**
Reclassification from intangibles	**-**	**1,648**	**1,648**
At 31 December 2021	**156,543**	**5,766**	**162,309**
Net book value			
At 31 December 2021	**192,143**	**1,251**	**193,394**
At 31 December 2020	190,380	1,555	191,935

Inclued in "Other fixed assets" are the following net book value of land and buildings:

	2021 £000	2020 £000
Long leasehold	**33**	184

12. Inventories

	2021 £000	2020 £000
Goods for resale	**5,467**	3,980

Inventories are stated after provisions for impairment of £4,251,000 (2020: £4,158,000)

13. Trade receivables and debtors

	2021 £000	2020 £000
Due after more than one year		
Deferred tax asset	**802**	-

	2021 £000	2020 £000
Due within one year		
Finance lease receivable	**3,541**	-
Amounts owed by group undertakings	**236,699**	242,310
	240,240	242,310

The analysis of amounts owed to group undertakings is:

	2021 £000	2020 £000
Loans advanced to group undertakings	**182,422**	174,053
Other amounts owed to group undertakings	**54,277**	68,257
	236,699	242,310

Amounts owed by group undertakings due within one year include loan notes which had a carrying value of £184,422,000 (2020 - £174,053,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 4.6%, and are repayable on demand.

Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

14. Finance lease receivable

The company has entered into lease agreements for the provision of dark fibre to third parties. The future minimum lease payments receivable under non-cancellable leases total £3,541,000 (2020 - £nil). The whole balance is within one year.

The profit and loss account includes selling profit on dark fibre leases of £13,807,000 (2020 - £nil).

15. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	**330**	-
Accruals and deferred income	**666**	-
	996	-

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Amounts owed to group undertakings	**28,137**	26,908

Amounts owed to group undertakings falling due after one year represents loan notes which had a carrying value of £28,333,000 (2020 - £26,908,000) at the balance sheet date. Loan notes are denominated in sterling which bear interest of 4.95%, and mature in 2028.

17. Deferred taxation

	2021 £000
Deferred tax asset/(liability)	
At 1 January 2021	**(2,403)**
Charged to profit or loss	**3,205**
At 31 December 2021	**802**

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Fixed asset temporary differences	**(1,142)**	(926)
Losses and other deductions	**1,944**	(1,477)
	802	(2,403)

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 (2020 - 1,000) Ordinary shares of £1.00 each	**1,000**	1,000

19. Reserves

Share capital

The balance classified as share capital represents the nominal value on issue of the company's share capital, comprising £1 ordinary shares.

Retained earnings

Includes all current and prior period retained profits and losses net of dividends paid.

20. Guarantees

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2021, this comprised term facilities that amounted to £5,916 million (2020 - £3,982 million) and revolving credit facilities of £1,378 million (2020 - £1,000 million), which were undrawn as at 31 December 2020 and 2021. Borrowings under the facilities are secured against the assets of certain members of the group including those of this company.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes at 31 December 2021 amounted to £8,066 million (2020 - £4,400 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

Furthermore, a fellow group undertaking has issued senior notes for which the company, along with certain fellow group undertakings, has guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2021 amounted to approximately £1,103 million (2020 - £1,127 million).

21. Controlling parties

The company's immediate parent undertaking is Virgin Media Operations Limited

The smallest and largest groups of which the company is a member and into which the company's accounts were consolidated at 31 December 2021 are VMED O2 UK Holdings Limited and VMED O2 UK Limited, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2021 was VMED O2 UK Limited.

Copies of VMED O2 UK Limited and VMED O2 UK Holdings Limited accounts referred to above which include the results of the company are available from the company secretary at Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS and 500 Brook Drive, Reading, United Kingdom, RG2 6UU, respectively.