Registered number: 02591237

VIRGIN MEDIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

Directors	P Cobian E Medina Malo L M Schuler
Company secretary	VMED O2 Secretaries Limited
Registered number	02591237
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

VIRGIN MEDIA LIMITED

CONTENTS

VIRGIN MEDIA LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Business Overview

Virgin Media Limited (the 'company'), is a wholly-owned subsidiary of VMED O2 UK Limited (VMED O2) (Virgin Media O2) (the group). The company is one of the main operating businesses of Virgin Media O2. The principal activity of the company during the year was, and will continue to be, the provision of broadband internet, fixed-line telephony and video to residential customers and businesses in the United Kingdom (U.K.). The company is one of two principal employers within the group.

Virgin Media O2 has a customer-first approach and combines the UK's largest mobile network of 44.7 million connections, with 5G available in over 1,600 towns and cities, and the UK's largest gigabit broadband network offering 1.1Gbps speeds across 16.1 million homes. Through a converged offering customers can access our proposition across both networks experiencing high-value innovative products and services as we upgrade the U.K.

Further details of the Business Overview including 'How We Create Value', 'Our Markets and Regulatory Backdrop' and 'Our Group Strategy' during the financial year ended 31 December 2022 are included in the 2022 Consolidated Annual Report of VMED O2 UK Limited published on the website https://news.virginmediao2.co.uk.

For the purposes of this Annual Report, unless the context otherwise requires, the terms 'we' and 'our' refer to Virgin Media Limited (the 'company').

Key performance indicators

We measure our progress through Key Performance Indicators ('KPIs').

	2022 £000	2021 £000	Commentary
Revenue	3,365,300	3,431,257	Revenue has decreased by 1.9% primarily due to a decrease in the number of broadband internet, telephony and video subscribers.
Operating profit	392,214	375,469	Operating profit has increased by 4.4% primarily due to a decrease in administrative expenses in 2022.

Fixed Line Customer Relationships

Year ended 31 December		**Increase**
2022	2021	
5,795,500	5,768,300	27,200

Definition:
The number of customers who receive at least one of our broadband, video or telephony services, without regard to which or to how many services they subscribe. Fixed-Line Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g. a primary home and a second home), that individual generally will count as two Fixed-Line Customer Relationships. We exclude mobile-only customers from Fixed-Line Customer Relationships.

Development in 2022:
Fixed-line customer relationships increased 0.5% year on year. In the first quarter 2022, decreased marketing activity led to lower customer acquisitions. This was more than offset by positive momentum gained in net additions during the second half of the year following growth in the footprint of the fixed network.

The Company's profit for the year ended 31 December 2022 was £475,000,000 (2021: £698,000,000).

The net assets of the Company as at 31 December 2022 were £6,858,000,000 compared to £6,441,000,000 at 31 December 2021, the movement of which is due to £443,000,000 of profit for the year, £51,000,000 actuarial loss after tax impacts on the defined benefit pension scheme, and a share based compensation expense of £25,000,000.

The net current liabilities of the Company as at 31 December 2022 were £1,851,000,000 compared to £2,142,000,000 at 31 December 2021.

The cash and cash equivalents of the Company at 31 December 2022 were £42,000,000 compared to £44,000,000 at 31 December 2021.

Fixed

We provide a choice of packages and tariffs within each of our fixed-line and fixed-mobile converged product categories. This includes Broadband Internet, Fixed-Line Telephony and Television alongside converged packages with Contract Mobile Telephony. Customers are charged a recurring rental fee for the package with additional out-of-bundle, transactional and one-off charges. Services are acquired by consumers through online, voice, retail and field sales channels.

Our converged offering enables customers to benefit from one supplier for all of their telecommunication and video entertainment needs. Fast and reliable broadband is of crucial importance to our customers, as they spend more time streaming video and other bandwidth-heavy services on multiple devices. Customers across our fixed footprint are able to access gigabit download speeds, with an average speed across our broadband base of 301Mbps, which is approximately 5 times higher than the national average. Our entertainment propositions, accessed through a set-top-box, offer customers a seamless and personal entertainment experience bringing together the top TV channels and streaming apps as well as the ability to watch content on the go with the Virgin Media TV Go app.

Since the merger in 2021 we have focused on continuing our commercial momentum, driving convergence, digitalising our business, and unlocking the benefits of our fixed network.

In April 2022 we launched a new, flexible entertainment service TV Stream from Virgin Media that gives customers an affordable way to access their favourite entertainment with no long-term contract or ongoing charges for the basic package and benefiting from 10% credit on any subscriptions that they add via their Virgin Media bill.

Fast and reliable broadband is of crucial importance to our customers and in September 2022 we launched the U.K.'s fastest WiFi Guarantee promising minimum download speeds of 20Mbps in every room or £100 back, so customers can work, play and stream safe in the knowledge their connectivity needs are covered. In addition we gave millions of customers a broadband speed boost at no extra cost in November, increasing both download and upload speeds, offering customers more value from their broadband services.

2022 has seen an increasingly challenging macroeconomic context, through which we have continued to provide high quality services while supporting our customers. We were one of the first providers to launch a social tariff to support customers facing financial difficulty. In October 2022, we reduced the price of our social tariff and in November 2022, launched a faster 50Mbps service and we have since taken further steps to expand the eligibility criteria of these services to make signing up easier.

In the first quarter of 2022, we informed some customers of price increases which averaged approximately 6.5%, effective from 1 March 2022, giving customers the right to cancel for 30 days. Some cohorts are excluded from price rises, including vulnerable customers on Essential Broadband and Talk Protected tariffs. In the first quarter 2023 we have announced price rises which averaged approximately 13.8%, in addition to an updated set of terms and conditions where RPI +3.9% will now be effective for 2024.

In B2B, throughout the year we introduced new, innovative and upgraded solutions. We rolled out 1.0Gbps Business Broadband, offering small businesses the fastest broadband across our entire U.K. network. For our Wholesale customers, we launched a new core network for National High-Capacity Services, enabling simpler, faster delivery of high-bandwidth, ultra-low-latency connectivity.

Other Revenue

From December 2022 we received revenues related to construction and corporate services provided to nexfibre (for more information on nexfibre see the Fixed Network section in Divisional Overview).

Network

Our fixed network is entirely Gigabit-capable and we deliver broadband internet and video services to the end customer over a mix of technologies with this evolving over time. In the Hybrid-Fibre-Coax (**HFC**) zones, there are considerable spectrum and associated bandwidth capabilities using Data Over Cable Service Interface Specification (**DOCSIS**) 3.0 and DOCSIS 3.1. We currently offer download speed tiers of 1.1Gbps for consumers, and 1.0Gbps for Business customers and we have conducted trials to investigate higher downstream speeds of 2.2Gbps in several regions.

Our fixed network is underpinned not just by a deep-fibre footprint, but also a set of 500 technical site buildings that perform different roles in the network architecture, and can be variously termed Hubsites, Headends, Core Points of Presence (**POPs**), and data centres. This building footprint gives us an advantage for the future in the expectation that networks evolve towards low-latency regional interconnection and edge compute points, and to support emerging Virtualised Mobile RAN architectures that have tight latency constraints.

For fixed-line telephony services, historically we have used a twisted copper pair access network. However, more recently we have delivered IP voice services to the customer as a specialised service over DOCSIS technology. TV services are in the main provided using traditional Digital Video Broadcasting - Cable (**DVB-C**) technology, however in 2022 we launched a next generation IP-delivered TV service, TV Stream from Virgin Media, using a compact IP Set Top Box, wholly delivered from within our IP network. As a result of the extensive use of fibre in our access network, we are also able to provide high-speed data network services to business customers delivering nationwide connectivity when complementing with off network B2B access solutions.

As part of the expansion of our network through Project Lightning, we have built to millions of homes using FTTH (**full-fibre**) technology called Radio Frequency over Glass (**RFOG**). Today this sub-footprint leverages DOCSIS 3.0 and DOCSIS 3.1 to deliver the same set of services as HFC zones using the same in-home equipment.

In 2022, we rolled out 518,800 homes as part of our growth wave to expand and upgrade our network. This includes 24,100 homes that were subsequently transferred to the new fibre joint venture, nexfibre, which was announced by Telefónica, Liberty Global and InfraVia in July 2022, with the transaction completing in December 2022. Virgin Media O2 is the anchor tenant of this joint venture and will provide build services to nexfibre. The deployment of full fibre to upgrade our existing network gained traction in 2022 as we remain on track to complete our entire network upgrade by 2028. The total fibre footprint will cover up to 23 million or around 80% of the U.K.

In 2022 we have trialled and commenced builds of both greenfield (via Project Lightning) and brownfield (via our announced Fibre Upgrade project) deployments using XGS-PON technology. This symmetric 10-Gigabit Passive Optical Network (PON) technology is our strategic architecture, and these initial footprints are expected to be placed live into service during 2023. The passive fibre aspects of these deployments will be reusable for further technologies beyond XGS-PON in the decades to come. The Fibre Upgrade project commenced in 2022 and aims to overlay all coaxial HFC and RFOG areas with a parallel XGS-PON FTTH capability by 2028.

In 2023 we plan to capitalise further on the upgrade to fibre of our existing fixed network and the rollout of additional coverage for nexfibre in addition to the further optimisation of our existing fixed network infrastructure to support our mobile network nationwide through our backhaul network (the transport link between the mobile sites and our core network).

Employees

The company's employee strategy is integral to the Virgin Media O2 people strategy and the employee relationship and engagement are managed at Virgin Media O2 level. During the year, our people strategy focused on business integration to foster a more diverse, equitable and inclusive organisation that is committed to the wellbeing, development and retention of our people, in addition to succession planning for the future. We are committed to improving our gender and ethnicity balance and ensuring that disabled employees can thrive at work.

Diversity, Equity and Inclusion

In March 2022, we launched our Diversity, Equity and Inclusion (DE&I) strategy with the following ambitions for 2027:

a. Move the dial on diversity by having gender parity in our leadership population while driving towards gender parity across the organisation, in addition to increasing the representation of Global Majority (1) employees to a minimum of 15% leadership and 25% across the business.
b. Make equity part of everything we do.
c. Put inclusion at the heart of how we do business.

We aim to track our performance as an integrated business against the following indicators:

As at 31 Dec 2022	All staff	Leadership
Female employees	30.6%	32.8%
Global Majority employees	16.8%	12.5%

a) Moving the dial on diversity

We understand that diversity of thought, background and experience is essential to drive business performance, and have made progress during the year to increase the awareness of the DE&I agenda across the organisation. Our aim is to create a fairer future for our people, and we want our workforce to go 'All in' in line with our DE&I strategy'. We commit to do more, not less, and to address systemic inequity and systemic barriers together for our people and the communities we serve. During the year, we launched our harmonised family friendly policy, which caters for a variety of situations such as generous maternity, paternity, and adoption policies, in addition to carer and neonatal leave to support our people when it matters.

b) Making equity part of what we do

We have made steady progress in embedding equity in our practices and procedures. In addition to the family friendly policy, we have implemented a trans-inclusive healthcare policy to provide access to financial support for our people who need to transition. Also, we committed to extending the private healthcare benefit to all employees in 2023. We intend to continue to make our healthcare policy even more inclusive by broadening our support for diverse communities, as well as focusing on an inclusive hiring transformation across the organisation.

c) Putting inclusion at the heart of how we do business

We aim to build a fully inclusive culture, celebrating everybody's individuality and differences. We want our organisation to be a place where people feel they can do the best work of their careers, feel psychologically safe and empowered to make decisions for the benefit of our business and customers.

(1) Global Majority is a collective term that first and foremost speaks to, and encourages those so-called, to think of themselves as belonging to the global majority. It refers to people who are Black, Asian, Brown, dual-heritage, indigenous to the global south, and or have been racialised as 'ethnic minorities'.
Globally, these groups currently represent approximately 85% of the world's population making them the global majority now, and with current growth rates, notwithstanding COVID-19 and its emerging variants, the global majority is set to remain so for the foreseeable future.

To help us achieve our aim we have 6 employee networks: Enrich, Proudly, The Women's Network, The Neurodiversity Network, We Care and Ultraviolet. Our networks provide an open forum where employees have an opportunity to build community and belonging in our organisation. The networks also provide guidance to management on how we can be a leading, inclusive employer and service provider. In 2022, our networks held a range of campaigns and events including celebrations for International Women's Day, Carers Week, Neurodiversity Awareness Week, LGBTQ+ Pride, Disabled Pride, South Asian Heritage month and Black History Month.

We have a statutory obligation to publish annual gender pay gap report or O2 that detail our progress in this area. In line with our commitment to equity and increasing transparency we have also voluntarily disclosed our ethnicity pay gap for 2022, based on April 2022 data.

Gender Pay Gap:

	Virgin Media	Virgin Media O2
Mean hourly pay gap	-2.4%	2.0%
Median hourly pay gap	-0.8%	4.2%

Ethnicity Pay Gap(2):

	Virgin Media	Virgin Media O2
Mean hourly pay gap	8.2%	10.3%
Median hourly pay gap	18.8%	15.4%

There is further progress required to close both our ethnicity and gender pay gap. The biggest factor in our gender and ethnicity pay gap is representation at senior levels. We have made a commitment to increase leadership representation of both women and global majority employees by 2027 as part of our 5-year DE&I strategy.

(2) Ethnicity pay gap reporting is based on ethnicity as disclosed by our employees. As of 5 April 2022 O2 ethnicity disclosure was 78%, Virgin Media ethnicity disclosure was 54% and Virgin Media O2's ethnicity disclosure was 63%.

Fair treatment in the workplace

We guarantee that all employees may exercise their employment rights and do not tolerate any situations of forced labour, threats, coercion, abuse, discrimination, violence, or intimidation in our working environment. We guarantee the right of our employees to belong to the trade union of their choice and we do not tolerate any kind of retaliation or hostile action towards employees who take part in trade union activities. We also have employment related grievance policies and processes, to resolve issues and concerns relating to an individual's employment.

We are committed to employment policies that are based on equal opportunities for all and the creation of a diverse and inclusive environment. We support the health and wellbeing of our employees and are committed to providing a range of occupational health and employee support services.

Our policies and line manager guidance ensures fair treatment of people with disabilities in relation to their recruitment, training, and development, for example:

a. Reasonable adjustments and practical considerations relating to disabilities.
b. Increasing the accessibility of our services making them more inclusive for disabled people.
c. Importance of diversity and ensuring that discrimination does not occur.
d. Importance of focusing on what people can do rather than what they cannot and challenging stereotypes about people with disabilities.
e. E-learning which is available to all our employees to highlight the legal and behavioural aspects of Diversity, Equity and Inclusion.

Talent and retention

Our continued focus remains on talent, retention, capabilities, and the skills of our people, including our future talent pool. We engaged a number of individuals across the organisation to define our approach to both talent management and leadership development. We are now in the process of rolling out these approaches across the organisation. Our Learning and Development team, and our partnership with LinkedIn Learning, continues to provide all of our people with access to a range of learning content (technical, professional and leadership), as well as the capability to promote targeted learning to specific teams. During the year, we implemented a long-term incentive plan for the wider leadership team.

We have a "future careers" programme including apprenticeship, internship, and graduate programmes, that enable us to build a future pipeline of talent for both leadership and technical specialist positions. Attracting diverse talent is important to us as we are aware of the industry challenge in this area. To address the challenge, we actively participated specialist and diversity events as well as utilising media channels that are dedicated to engaging with this audience especially for our recruitment processes. We listened to prospective candidates' feedback and as a result have taken the decision to revise the entry requirement making it more skills-based testing without impacting the quality of hire.

In recognition of the impact of the wider economic crisis as young people consider other alternatives to university education, alongside the more than 40 apprenticeship schemes we already offer, the business introduced five new schemes in digital marketing, cyber security, quantity surveying, network cabling and DevOps, helping apprentices learn in-demand skills and get into roles which would in some instances require a degree.

Employee wellbeing

Our people are not immune to the wider economic crisis and the increasing cost of living. In addition to our family friendly policy, which focuses on taking time away for moments that matter, our people also have access to the "Unmind" app, focused on mental health, and a range of resources to support wellbeing overall. As a business we recognise that financial hardship is likely to be worse for our people on lower income and so we decided to offer a one-off cost-of-living allowance of £1,400 to all employees earning a basic salary of £35,000 with instalments paid between November 2022 and July 2023. Further details on our employee engagement are discussed in the Corporate Governance Report on page 28.

Engaging employees in sustainability

To ensure that our employees understand and integrate our Better Connections Plan into their everyday activities, we are ensuring training is provided and that ESG responsibilities are linked to our reward and recognition programme.

Employees are also encouraged to get involved in our strategy by taking advantage of our new volunteering programme, Take Five, which lets employees take five days of paid leave a year to volunteer in communities nationwide. During the year, over 1,200 of Virgin Media O2 employees gave their time to volunteer with local good causes, in turn helping over 120,000 people.

Better Connections Plan underpinning our Group Strategy

Our 2025 strategy is centred around three elements - Zero carbon future, A circular economy, Connected communities - underpinned by a better way to do business. It centres our ambitions on cutting carbon faster; tackling the growing problem of e-waste; reducing data poverty and digital exclusion; and making sure we grow the business in an ethical, inclusive way.

To ensure we better understand the needs of the next generation when it comes to social and environmental issues, we established a Youth Advisory Council in 2022 (**the Council**), composed of Generation Z (16-24 year olds) activists.

We also support the United Nation's Sustainable Development Goals (**SDGs**) and want to play our part in tackling the global challenges of climate change, waste and inequality. Our strategy contributes to a number of goals that tackle issues including climate action, responsible consumption and production, reducing inequalities, and gender equality.

The following table describes the main elements of our 2025 strategy, why they matter to our key stakeholders, how we are going to deliver them and the representative UN SDGs that they align with.

What	Zero carbon future	A circular economy	Connected communities
Why	We are in the midst of a climate and ecological emergency. We believe that technology can play a crucial role in facilitating the shift to a zero carbon future.	We will embed principles of circularity into everything we do and champion the reduction of e-waste - the fastest-growing waste stream in the world.	We have a responsibility to help tackle the inequalities brought about by the deepening digital divide, and are determined to ensure that our services are accessible to
How	We are committed to achieving net zero carbon emissions across our entire value chain by the end of 2040. We are empowering customers to prevent 20 million tonnes of CO2 from entering the Earth's atmosphere and we will support large-scale decarbonisation by the end of 2025.	We are committed to achieving zero waste operations and products by the end of 2025. We will help consumers to carry out 10 million circular actions to tackle e-waste by the end of 2025.	We are committing to help eradicate data poverty by connecting 1 million digitally excluded people across the U.K. by the end of 2025. We are working to equip 2 million people with skills and tools to help them feel more connected to our digital society by the end of 2025.
Related SDGs	11. Sustainable cities and communities 12.Responsible consumption and production 13. Climate Action	11. Sustainable cities and communities 12. Responsible consumption and production	4. Quality Education 9. Industry, innovation and infrastructure 10. Reduced inequalities 17. Partnerships for the goals

	Underpinned by a Better business
Why	We want to make sure that our business operates in a fair, ethical way and that we become a leading, inclusive employer and a great place to work.
How	We are working to achieve gender parity and improve representation from underrepresented ethnic backgrounds to 15% across our wider leadership team, and to 25% across our entire business by 2027. We are supporting 1 million people through our 'Take 5' day employee volunteering programme by 2025. We are making sure all our major purchases commit contractually to defined sustainability requirements and aligned carbon-reduction goals.
Related SDGs	5. Gender equality 10. Reduced inequalities 12. Responsible consumption and production 17. Partnerships for the goals

Further details of 'Sustainability' during the financial year ended 31 December 2022 are included in the 2022 Consolidated Annual Report of VMED O2 UK Limited published on the website https://news.virginmediao2.co.uk.

Task Force on Climate-Related Financial Disclosures (TCFD)

Details of 'Task Force on Climate-Related Financial Disclosures (TCFD)' during the financial year ended 31 December 2022 are included in the 2022 Consolidated Annual Report of VMED O2 UK Limited published on the website www.virginmediao2.co.uk.

Stakeholder Interaction - Section 172(1) Statement

We understand the importance of regular constructive two-way discussions with our stakeholders on how we create value and the delivery of our strategy and success. This is balanced against the needs of the business as we face industry-wide and macroeconomic challenges.

This statement explains how the Board has acted in good faith in the interest of the shareholders, whilst having regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006. This includes our obligation to have regard to the long-term sustainability and our stakeholders when taking principal decisions of strategic importance which are significant to any of our key stakeholders.

In discharging our responsibilities a governance framework has been put in place which includes procedures to support the assessment of those matters necessary for us to make informed decisions in our delivery of the long-term success and sustainability of the Company and the Group as a whole.

The Company's key stakeholders are integral to the key stakeholders of the operating businesses in the Group. For administrative efficiencies, key stakeholder engagements are conducted at operational level led by members of the Executive Management Team as Executive Sponsors which also include the directors (Executives).

Some examples of how we considered matters of concern to our key stakeholders including the outcomes are detailed below:

Customers

Our customer base comprises of both consumer and business customers. Customer satisfaction is essential to our long-term success and putting our customers first is, and will always be, a foundational strategic priority for the organisation. Our large customer bases have broad needs and expectations, and the business remains increasingly focused on meeting and exceeding as many of them as possible as the household economic outlook continues to prove challenging.

Topic	How we engage and monitor	Outcomes
Championing and prioritising Customer Fairness.	**How we engage:** We stay as close to our customers through an extensive primary insight calendar, ensuring we understand and meet their needs, by: Continually interacting with all customer types with different product holdings, at different lifecycle stages. Customer focus groups; to identify customer pain-points and make improvements. **How we monitor:** Analyse customer journeys through customer journey measurement framework. Customer insight from NPS, Social Media communities. Customer segmentation embedded across the organisation.	Free connectivity to people experiencing data poverty via the National Databank. We have committed over 60 million GB of O2 data to it and people can be given a free O2 Prepaid sim card and up to 12 months of vouchers that provide 20GB a month of data, free calls and free texts. Financial support (discount or change of tariff to lower cost to help the stay connected) to any customer who inform us of the financial struggles.

People

Our people are core to the continuing success of our business and the wellbeing of our people is important to us. Further details of our People strategy can be found in the Our Employees section on page 4.

Topics	How we engage and monitor	Outcomes
Integrating as one team. Employee retention and commitment. Diversity, Equity and Inclusion. Wellbeing.	**How we engage:** Quarterly live streams lead by the CEO and the Executives including Questions and Answers session. Workplace, an interactive social platform two-way communication. Executives tour across the country and corporate sites. The focus was to have a dialogue on the cost-of-living with employees. **How we monitor:** Pulse surveys with a wide range of questions to understand the views and perceptions of employees.	Harmonised DE&I strategy "All in" focused on increasing DE&I awareness across the business. A family friend policy. One-off cost of living support package for employees earning £35,000 and below.

Suppliers

We rely on a number of partners for important aspects of our operations, in particular the provision of products and services to our customers. The Board and Executives recognise that effective management of suppliers is important to the business reputation and long-term success of the company.

We take a zero-tolerance approach to modern slavery and human trafficking in our operations. During the year, we have undertaken modern slavery risk management reviews with high-risk suppliers: our annual Modern Slavery statement details our due diligence activities on this issue. Details of our Modern Slavery Statement can be found https://news.virginmediao2.co.uk.

Topics	How we engage and monitor	Outcomes
Supply continuity and protecting service quality against a volatile geopolitical background. Alignment with our ESG strategy, decarbonisation goals and our supply chain sustainability standards. Regulatory compliance, in particular Telecoms Security Act.	**How we engage:** Dialogue with selected suppliers to understand any exposure and impacts of the pandemic and the Ukraine conflict on their ability to deliver services to us and how any impact would be managed. **How we monitor:** Vendor Management Programmes with dedicated relationship leads. Formal reviews. Suppliers samples: to understand and address any gaps that may exist about the requirements of the Telecoms Security Act.	We shared our ESG goals and the strategy expectation with our suppliers. Integrated ESG goals into our procurement process and established and implemented carbon reduction programmes for significant supply chain emission sources both at a product and supplier level. Despite an unusual year of disruptive events impacting the supply chain we have been able to successfully work with our supplier partners to adapt and have maintained supply and customers service quality.

Our Risk

Risk Management

Our approach is to support the business to identify and realise opportunities which deliver value creation and preservation, to aid our employees to effectively manage risks, and ultimately to help improve the Company and Group's position. Risk is managed at the Group level and the entities adopt the Risk Management framework. Risk management helps us to strike the optimal balance of how much uncertainty to accept whilst seeking value generation for all our stakeholders by:

a. Aiding alignment of risk appetite and strategy
b. Enhancing risk response decisions
c. Reducing operational surprises and losses
d. Identifying and managing multiple and cross-enterprise risks
e. Helping seize opportunities
f. Improving deployment of capital

There are operational thresholds in place to escalate and drive enhanced oversight of risks in accordance with the risk appetite of each business area.

Governance and Reporting

Our risk management model is aligned to both Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO31000 guidelines and is integrated into the management of our strategy, objectives, operations, and transformational activities. Additionally, executive management has established a culture of accountability for risk, embedding risk management into the responsibilities of all employees. Our risk governance model enables aligned risk oversight across operational divisions, delivering an enterprise-level view to senior management with focus on significant and emerging risks facing the business.

For administrative efficiency the oversight of risk management is overseen at group level with the Virgin Media O2 Board having overall oversight of the Group's Risk Management program adopted by the Company.

This responsibility has been delegated to the Audit Committee, which performs the following Risk Management oversight functions:

a. Ensures that management has established an appropriate risk management program
b. Obtains periodic updates relevant risks included in the Company's risks register
c. Obtains periodic updates from management (at least twice annually) to review the adequacy of mitigation plans to address key risks in the underlying risk register
d. Reports to the Board significant risks that are either not sufficiently mitigated or where mitigation plans have not been executed on a timely basis

Risks are housed in the risk register and categorised into three profiles to ensure appropriate oversight and proportionate focus on risks in accordance with the risk appetite of each business area. The risk profiles are based on the likelihood of their occurrence and the potential impact on the Company and Group. Controls and action plans to mitigate the risks are also tagged to the risks and monitored. The Priority risks are reported quarterly to shareholders via the Audit Committee and to the Executive Management Team quarterly; the Enhanced Oversight risks are reviewed by the Wider Leadership teams at agreed frequencies; Locally Managed risks have local proportionate oversight by the accountable business area with escalation as appropriate.

Principal risks and Uncertainties

All risks in our framework are linked to one of 10 principal risk categories, through which all risks are linked, reported, and managed. These categories and our enterprise-wide approach collectively ensure we undertake aligned micro- and macro-analysis of our business, the external environments, and the markets in which we operate to identify and manage applicable risks. This enables management to effectively direct their focus to material risks, helping us to deliver our purpose of Reimagining Connectivity, live our values of Brave, Real, Together, and fulfil our mission of Upgrading the UK.

Our risks

The section below details our Risk Categories, example risks, and how we are monitoring and managing them. Respective context of specific risks and how we are monitoring and managing them is provided:

Principal Risk Categories	Why this is important and what we consider	How we manage it	Year-on-Year Trend	Example risks in this category
Financial	**Why this is important:** Planning for and managing adverse movements in financial variables, so that we continue to meet our financial commitments. **What we consider:** a. The economic environment and financial market conditions regarding Interest rates, inflation, foreign exchange rates, taxes and access to capital markets. b. Asset impairment. c. Counterparty risk. d. Changes in and compliance with accounting standards. e. Our pension schemes and related funding commitments. f. Our cash generation, liquidity, ability to pay dividends, and ability to refinance debt. g. Creating sustainable value for stakeholders.	a. Regularly reviewing actual and forecast cash flow performance. b. Performing regular viability assessments and conducting scenario analyses. c. Shareholders agreement for Treasury Services agrees shareholder responsibilities for management of capital markets activity which includes lender relationship management. d. Undertaking treasury risk management processes with Executive committee and Audit committee oversight. e. Hedging and buying forward energy to limit our exposures.	**Increased:** Due to rise in cost of energy, inflationary pressures, and potential increased financing costs.	a. Various Treasury-related risks due to current financial variables and the structure of our financial vehicles. b. Increased energy cost exposures. c. Increased pensions funding risk caused by current economic factors. **Emerging risks:** a. Shifting economic policies from governments, financial conditions and capital markets may present new or increased risk exposures over the coming months.

Transformational	**Why this is important:** Successful design and delivery of change programmes is key for our business given the ever-evolving market we operate in. The execution of our transformation will realise the anticipated strategic and commercial benefits. This is in addition to our continuous operational improvement as we deliver a customer-first mentality, efficiencies, and Compliance by design. **What we consider:** a. Design and delivery of our customer-first mentality and ever improving customer experience. b. Prioritisation of transformational activities as we deliver our strategy and value creation for our stakeholders. c. Synergy and efficiency opportunities in our operations. d. Compliance by Design. e. Resilience, security and capacity across our operations and systems and their timely modernisation.	a. Prioritisation of change programmes, including a review of risk, through our Investment Committee. b. Robust governance: change programmes are regularly reviewed by the senior leadership team and EMT at steering committees. c. Monthly tracking of OKRs and KPIs impacted by transformation. d. Post-implementation reviews to understand impact and ensure lessons are documented for future transformation.	**Stable:** Following the merger we initiated integration plans, including our own transformation, for which its delivery has continued through the year.	a. Transformational delays causing impacts to our integration, synergy or commercial goals. b. Significant operational and customer disruption caused by a failed/delayed launch. **Emerging risks:** The speed and complexity of change across the Telecoms market and related technologies, combined with the scale, costs and time to respond and deliver our own change initiatives will continue to present new and evolving risks in this space.

Security and Privacy	**Why this is important:** When Virgin Media O2 customers use our products and services, they expect and trust that the information they share is suitably used and protected. We appreciate and respect this at Virgin Media O2 and reflect this in our data governance and security practices. Virgin Media O2 must be able to provide services, prevent the loss of data to ensure consumer information remains confidential, system integrity is maintained and personal data is available to each consumer. **What we consider:** a. General Data Protection Regulation (GDPR) and other applicable regulations. b. Codes of practice and guidance published by the Information Commissioner's Office. c. The ever-evolving security landscape, security threats and our security posture. d. New business initiatives and the associated potential security risk implications.	a. Our Security function ensures our data is protected from external and internal threats: i. Our Security risk approach defines the security specific risk management requirements, security risk appetite, security risk ownership model and risk categorisation. ii. Enhanced the security risk reporting to generate business discussions on the security risk profile at Security Council meetings. b. Our Digital Security function performs security architecture and engineering; performs posture management; delivers security products; and advises on digital risks, controls, and compliance; enabling us to accelerate growth securely as we digitalise our business and customer channels. c. Our Data Protection Office advises across the business on our privacy obligations and monitors compliance. d. Our Digital Privacy Management function verifies our use of data complies with our obligations and internal policies. e. Our internal audit team and external advisors assess the effectiveness of our programs and controls.	**Stable:** We continue to adapt our privacy practices and security posture to manage and protect customer's data which has resulted in a stable risk exposure trend over 2022.	a. A direct or indirect data breach. b. Unintentional non-compliance with associated regulations (see Legal, Regulatory and Compliance section). **Emerging risks:** a. Security threats due to geopolitical activities.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Legal, Regulatory and Compliance	**Why this is important:** We are subject to many different regulations and all applicable laws in order to deliver positive customer journeys and outcomes. Additionally, in going about providing our products and services we have contractual and Intellectual Property obligations to adhere to. **What we consider:** a. Current applicable laws and regulations relating to our market, customers, technology, people, and divisions b. Emerging and evolving laws and regulations c. Contractual performance and litigation	a. We continue to work with our regulators on compliance with regulations, laws, corporate governance obligations and to protect Virgin Media O2 from penalties, sanctions and loss of licenses. b. We contribute to consultations by Government and our regulators to influence the direction and content of legislation and regulation as it is developed. c. An internal team of lawyers, supported by external legal counsel, drafts contracts to protect the Company and Group, including actively negotiating terms and securing the right protections for the business. d. Litigation and contractual disputes are managed by an internal team of lawyers who protect the Company and Group's assets and interests and limits exposure to risk and liability. Specialist external resource is also used where required. e. We require employees to take regular compliance training, whether through electronic training modules or bespoke training requirements, as appropriate.	**Stable:** No material changes in regulatory position.	a. Unintentional non-compliance with a U.K. Telecoms regulation or applicable piece of legislation. b. Litigation risks arising from contractual relationships with third parties. **Emerging risks:** a. Telecoms Security Regulations: We are working closely with regulator to define the basis for compliance with new regulations made under the Telecoms Security Act 2021.

Market Dynamics	**Why this is important:** The U.K. Telecoms sector remains a highly competitive environment with many factors driving change. It is therefore key that Virgin Media O2 suitably adapts its strategy, brand and offerings to remain relevant and competitive considering these ever-changing variables. **What we consider:** a. Emerging technologies b. Economic environment c. Competitor activity and positioning (such as pricing, speed and convergence) d. Customer behaviours and preferences e. Our business model, unique assets and capabilities	In a competitive and fast-changing operating environment, having a clear strategy is key to ensuring the organisation remains focused on the most important activities. a. Our corporate and business Strategy teams monitor risk from competitors' evolving strategies. 'State of the sector' report produced quarterly and shared with our EMT. b. Robust governance with regular JV board, Audit Committee, EMT and Senior Leadership Team steering committees on strategic topics. c. Monthly tracking of OKRs to measure and report against strategy execution d. Sales and marketing teams monitor and report on competitor trading and campaign activity reporting back to the EMT. e. Insight teams track and report on changing customer attitudes and behaviours.	**Increased:** Possible further consolidation of the U.K. Telecoms sector presents new uncertainty.	a. Reduced demand on certain TV propositions due to IP-TV competition. b. Risk of competitor inorganic activity due to mergers and acquisitions in the Telecoms market. **Emerging risks:** a. The current inflationary environment which has led to an increased cost of living presents new and exacerbates existing Market Dynamics risks.

Supply Chain	**Why this is important:** 1. We rely on our partners for important aspects of our operations, in particular the provision of products and services to our customers. Like most large operators our delivery is underpinned by a global supply chain. 2. To deliver customer value and a great customer experience we must carefully manage our supply chain across many elements including quality, risk, and sustainability. **What we consider:** a. The capability of suppliers to deliver the products and services we need and the value they bring to our business and our customers. b. How well suppliers uphold our business values and align with our ESG goals. c. The risk inherent in trading with specific suppliers.	a. We contractually commit suppliers to our supplier code of conduct, with defined sustainability requirements and integrated ESG goals. b. We use Vendor Management Programmes, including risk-based due diligence and monitoring of financial stability. c. We run formal business continuity forums to track, understand and manage the impact of the Ukraine conflict. d. We run Modern Slavery Risk management reviews with suppliers operating in at risk sectors. e. We work with our shareholders to gain Supply Chain intelligence and expertise. f. We engaged with a sample group of suppliers to understand and address any gaps that may exist with regards to the requirements of the Telecoms Security Act.	**Increased:** Over the course of this year we have seen post-pandemic, geopolitical and economic factors each present new or increased Supply Chain risk.	a. Supply disruption for example silicon and microchips. b. Supplier shortage and reliance. c. Supplier resilience concerns (financial and operational). **Emerging risks:** a. Energy supply over the winter continues to be an evolving variable. b. Ukraine war potentially causing supply chain disruptions, rising costs, and materials and equipment shortages.

Economic and Political	**Why this is important:** Economic and political factors present a dynamic set of challenges and risks for us to consider. We are resilient but not immune to negative changes in the economic environment or political activities with the potential to disrupt the U.K. Telecoms sector. **What we consider:** a. Changes to the legislative and policy environment driven by the government and economic motivations that impacts areas in which Virgin Media O2 and its supply chain operates. b. Changes in the global and U.K. economy and financial markets such as: inflation; economic growth or recession; increased cost of living; pressure on labour market (for example supply of network engineers); interest rates and energy costs.	We are actively monitoring the evolving economic and political environments to determine how they could impact our operations and performance: a. We pro-actively engage the respective government departments and parliament to understand the political and policy environment. b. We provide input into the respective consultation and draft legislation including supporting evidence to support our position. c. Individual divisions consider the specific economic drivers affecting their areas and adjust their risks, budgetary commitments, and forecasting as required.	**Increased:** We have seen new and increased risk exposures in 2022 as a direct and indirect result of political and economic root causes in the national and international environments.	a. Economic factors affecting customers appetite for either our products and services. b. Political factors affecting U.K. energy supply, in-turn affecting our network service continuity.

ESG	**Why this is important:** Our principal ESG risk is Climate Change. For details regarding ESG risks associated with our Supply Chain and People, see separate entries in this table. We are collectively facing a climate emergency: Earth is warming at an unprecedented rate and the effects are already being felt across the globe. We know that climate change has the potential to impact our business over the short, medium and long-term and have taken steps to understand the possible impacts and consequences of both physical and transitional climate-related risks, as well as considering any climate-related opportunities that may arise for our business. Assessing the likelihood and impact of a range of risks, and integrating them into how we plan and make decisions, helps us future proof our business. **What we consider:** a. Climate-related regulation. b. Extreme weather events impacting service and infrastructure.	Virgin Media O2 is committed to achieving net zero carbon emissions across its entire value chain by 2040. In addition, we're helping the U.K. to transition to net zero faster – empowering our customers and the U.K. to avoid 20 million tonnes of carbon entering Earth's atmosphere through our products and services. We have worked with best practice expert organisations such as The Carbon Trust, the Science-Basted Target Initiative and The Climate Pledge to ensure our actions are aligned with the latest climate science.	**Increased:** Due to increased extreme weather events in the U.K. and the effect on our infrastructure and operations.	a. Risk to Virgin Media O2 assets, offerings, and supply chain due to climate change. b. For further details relating to physical and transitional climate-related risks, please refer to the Taskforce on Climate-Related Financial Disclosure statement in this report.

People	**Why this is important:** We are brave, real and together we are reimagining how we attract, develop and excite an inclusive, empowered and high performing Teams. Maintaining and increasing the skills our people are developing is a critical enabler in achieving our medium and long-termgrowth plan in a sustainable way across our Work, Workforce and Workplace. We aim to attract, retain, train, and inspire our People. **What we consider:** • Hiring needs of the business (including succession planning). • Training needs. • Providing competitive benefits to our people. • The diversity of our workforce including equal opportunities. • Greater workplace trends, including benefits and pay. • Employment legislation.	We manage our growth plan via our People Strategy: Work: Re-designing the work and job architecture and enable the future operating model through implementing the required changes. Workforce: Build and nurture adaptability, innovation and tenacity in our workforce and grow the next generation of leaders. Workplace: Enable a high-performance culture and facilitate innovation, inclusion, and productivity through the alignment of physical and digital workplaces to embody our new ways of working.	**Stable:** The emerging risks have not increased in risk through the year. despite recent a squeezed labour supply and inflationary pressures on the cost of living and therefore wages.	**Emerging risks:** a. Increased salaries due to inflationary pressures. b. Decreased productivity due to the loss of talent, smaller pool of skilled people and challenge to attract the level of talent required in order to maximise productivity.

Technology	**Why this is important:** Customers have an ever increasing demand for our services and products and our technology underpins their experiences. In order to continue to improve our customers experience it is key our offering, networks and systems keep pace with demand and expectations to deliver a high quality of customer experience. **What we consider:** a. Aging technologies b. Technology maintenance c. Technology protection, including security d. Capacity e. Technology evolution	• We have an annual targeted programme of technology refresh to address obsolescence and any associated or developing security risks. • We have a number of ongoing projects, focusing on resilience, obsolescence, replacement, and transformation, that improved our network and services for customers. • Our Digital Technology and Security functions design and build secure digital platforms that are optimised to meeting the needs of our customers.	**Stable:** Alongside our rollout we have continued to invest in our future capability, innovation and improving our capacity, continuity, and resilience.	*Service impact due to:* a. Capacity constraints b. Components nearing end of life and support c. Recovery of system(s) and network element (s) is incomplete in the event of a disaster **Emerging risks:** (N/A)

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

E Medina Maio
Director

Date: 22 June 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Under the requirements of the Companies Act 2006, we are pleased to present the Directors' Report for the year ended 31 December 2022. The report does not include matters of strategic importance which are disclosed in other parts of the Annual Report and referenced accordingly.

Directors

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

J L Boyle (resigned 29 April 2022)
P Cobian
M D Hardman (resigned 29 April 2022)
E Medina Malo (appointed 29 April 2022)
L M Schuler

Directors' insurance and indemnities

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.

Corporate Governance Report

Details of our governance arrangements are set out in a separate, Corporate Governance Report, shown on pages 28 to 32.

Stakeholder Statement

Details of how we have fostered business relationships with suppliers, customers, and other stakeholders and the effect on principal decisions can be found in the Section 172 Statement of page 11 and the Corporate Governance Report on page 25.

UK Employee Engagement Statement

We solely operate in the U.K. and our people are based in the UK, apart from a handful which are seconded to other Group companies from time to time. Details of our people engagement and how we have had regard to matters of concern to them can be found in the Our Employees section of the Strategic Report on page 4 and in Principle 6 of the Corporate Governance Report on page 31.

Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Report

Details of our energy and carbon emissions during the year ended 31 December 2022 are included in VMED O2 UK Limited Consolidated Annual Report and Financial Statements for the year end 31 December 2022 published on the website.

Task Force on Climate-Related Financial Disclosures (TCFD)

Details of 'Task Force on Climate-Related Financial Disclosures (TCFD)' during the financial year ended 31 December 2022 are included in the 2022 Consolidated Annual Report of VMED O2 UK Limited published on the website www.virginmediao2.co.uk

Dividends

The Company did not pay any dividend during the financial year ended 31 December 2022 (FY 2021: £nil).

Political Donations

In accordance with Virgin Media O2 policy, no political donations were made or political expenditures incurred in accordance with the Companies Act 2006 during the financial year ended 31 December 2022 (FY 2021: nil).

Research and Development

Details of our Research and Development during the year ended 31 December 2022 are included in VMED O2 UK Limited Consolidated Annual Report and Financial Statements for the year end 31 December 2022 published on the website.

Financial Risk Management Objectives, Policies and Exposure

Details of the Group's approach to financial risk management objectives and policies are set out in the financial statements on page 19 "Financial risk management".

Capital Structure and Rights Attached to Shares

The details of the Company's capital structure including the rights attached to shares is detailed in note 23 of the financial statements.

Going concern

Notwithstanding net current liabilities of £1,850,951,000 as at 31 December 2022 and a profit for the year then ended of £474,654,000, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

After making suitable enquiries and obtaining the necessary assurances, including a letter of support from VMED O2 UK Limited, that sufficient resources will be made available to meet any liabilities as they fall due, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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, and continued operations are key to the wider group.

It is not VMED O2's practice to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level.

However, forecasts and projections which take into account of reasonably possible downsides in trading performance, have been prepared for the group as a whole and these showed that cash on hand, together with cash from operations and the revolving credit facility, are expected to be sufficient for the group and hence the company's cash requirements through to at least 12 months from the approval of these financial statements.

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation the company has adequate support and resources to continue in operational existence for the foreseeable future. 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 consequently have prepared the financial statements on a going concern basis. 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 director 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

KPMG LLP will be reappointed under section 487(2) of the Companies Act 2006.

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

E Medina Malo
Director

Date: 22 June 2023

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The company is part of Virgin Media O2 and the Directors have chosen to adopt the Virgin Media O2 Governance Framework for the year ended 31 December 2022. In adopting the Virgin Media O2 Governance Framework, the Directors have delegated the day to day management of the company to the Virgin Media O2 Executive Management Team (the Directors are part of the Executive Management Team) whilst retaining oversight and accountability of key strategic matters to the company. Details of Virgin Media O2 governance framework during the year ended 31 December 2022 is reported in the Corporate Governance Statement in VMED O2 UK Limited Consolidated Annual Report and Financial Statements for the year end 31 December 2022 published on the website.

In accordance with the Companies (Miscellaneous Reporting) Regulations 2019, the Company has applied the Wates Corporate Governance Principles for Large Private Companies during the reporting year as summarised below.

Principle one: purpose and leadership

The Virgin Media O2 Board provides entrepreneurial leadership which sets out the Group's long-term strategic direction and challenge to the Executive Management Team's (Executives) implementation of the strategy to deliver sustainable success and value to the Company and Group's stakeholders.

The Board, and Executives, in collaboration with the senior and middle management teams (Leadership), have established the broader behaviour framework: (1) Customer-First: customers at heart of everything we do, (2) Play at Pace: develop customer offerings in an efficient and timely manner; and (3) Speak Up: empower everyone to speak up to make a difference for the good of the organisation. The behaviour framework is underpinned by the Group's values: Brave, Real and Together. During the year, the Executives held a Leadership event and embarked on several roadshow events. This provided the opportunity for further discussions with employees, to promote the desired corporate culture across the Group.

Principle two: Board composition

The Board consists of three directors (two male and 1 female) of mixed nationalities and continues to remain fit for purpose in relation to the size and complexity of the Company,

The Executive Management Team has the delegated authority for the day-to-day management and operational control of the Group's activities in accordance with the business plan in place from time to time. The Executives, led by the Chief Executive Officer (CEO who is the Chair of the Board), are gender diverse and of mixed nationalities with diverse skills and a wealth of experience and expertise. Details of the Executive Management Team's biographies can be found on the corporate website.

The Board and Executives are supported by the Leadership team, which comprises of professional and experienced individuals that oversee specific business divisions. The Leadership team regularly update and advise the Board and Executives on significant matters which impact their business divisions.

Governance Framework:
a. Level one – Virgin Media O2 Board
b. Level two – Audit Committee, Executive Management Team, and Remuneration Committee
c. Level three – Subsidiary Companies, Business Divisions Leadership Team, Sustainability and

Principle three: Directors' responsibilities

The CEO, is not a member of the Virgin Media O2 Board but attends the Virgin Media O2 Board meetings to provide updates on the Executives delegated responsibilities. The Virgin Media O2 Board meticulously challenge the implementation of the Group's (including the company's) strategy, position and performance. The Virgin Media O2 Board is assisted by the Audit Committee which have clear terms of reference and consists of two Virgin Media O2 Board members in addition to the Shareholders' General Counsels. The Audit Committee oversees the Group's risk management and internal control framework. The Remuneration Committee, whose detailed terms of reference consists of two Board members, are responsible for setting the remuneration policy and practices for the Group.

The Board and Executives are ultimately responsible for the Group's internal control framework, and together with the Leadership team are committed to maintaining a robust control framework which accords with the delivery of good governance, and the effective oversight of the operational controls through the delegation of authority processes.

Principle four: Opportunity and Risk

The Virgin Media O2 Board oversees the development and implementation of the Group's strategy, including how the Group remains relevant within a highly competitive environment. The Group's key risks and mitigations are outlined in the Principal Risk and Uncertainties section of the Strategic Report on page 19. The Executives are responsible for the identification and management of risks across the Group. The day-to-day operational risks are managed in the respective business divisions and overseen by the Group's Risk Management Function. The Group's risk appetite is determined by the Executives, who receive regular updates on the consolidated risk profiles.

During the year, the Group consolidated the Virgin Media and O2 risk management reporting framework. The Virgin Media O2 Board has delegated the oversight of the Risk Management Framework of the Group (adopted by the company) to the Audit Committee which receives quarterly updates on the priority risks based on materiality and primary risks ranked in order of the priority risks exposure (impact and likelihood) within the consolidated group risks, in addition to any emerging risks in the horizon. The Audit Committee reviewed the Executives response to the company and Group's financial, economic, and operational risks profiles and were satisfied that the Board and Executives have appropriate strategies in place to mitigate any material risks to the Group's performance and long-term sustainability.

Virgin Media O2's internal control framework incorporates preventative activities, covering such aspects as Group policy management, continuous monitoring and risk management, alongside the detective assurance activities of internal audit function. The control activities enable the company and the Group to meet its objectives and to sustain and improve performance, whilst providing the required level of oversight for the Board, Executives, Audit Committee and Virgin Media O2 Board. The independent assurance activities include assessments of the internal controls over the financial reporting control framework at least annually which is undertaken by the internal audit team. The audit plan is reviewed and approved by the Audit Committee annually. The External Auditors have quarterly meetings with the Audit Committee to provide an update on the review of the processes and procedures.

Principle five: remuneration

The Board as Executives are remunerated for their services to the Group. The Remuneration Committee has the delegated authority to make recommendations to the Virgin Media O2 Board (i) to set and assess the Group's remuneration policy and practices that foster the retention and attraction of highly skilled talent, long-term succession planning, incentivise high performance to drive the achievement of the Group's Vision and long-term Strategy, in a way that represents a positive and entrepreneurial culture through short and long-term decision-making; (ii) approve certain senior level nominations and remuneration packages; and (iii) define policies for certain senior level appointments, and such other employee related matters as the Board may determine from time to time.

To align the success of the Leadership team with the sustainable success of the Group's business activities, part of the Board, Executives and Leadership Team's remuneration are delivered in the form of short and long-term variable remuneration and based on financial and non-financial performance. The short-term variable remuneration is linked to achieving specific financial, customer satisfaction and sustainability objectives. The long-term variable remuneration is linked to the long-term value creation in the Group by measuring key financial objectives aligned to the 3-year strategy.

The remuneration of the workforce is determined by the Executives, ensuring that proposals are balanced, proportionate, and aligned with Group's commitment to build a diverse and inclusive workforce. The Group companies within the scope of the gender pay gap regulations comply with the obligation to publish their gender pay gap report. Insight from gender pay gap reports has informed the Group's diversity and inclusion policies put in place during the year. Details of the Board and Executives Remuneration are disclosed in the notes the Financial Statements on page 61.

Principle six: stakeholder relationship and engagement

The Board is aware that the company and Group's stakeholders are important for the successful delivery of the company and Group's ambition and purpose. Given the complexity of the Group, the Executives have the delegated responsibility of the stakeholders in their respective business divisions and periodically report to the Board, Virgin Media O2 Board and Audit Committee on matters of strategic importance.

The Group's stakeholders' engagements during the year ended 31 December 2022 are discussed below with further details in the VMED O2 UK Limited Consolidated Annual Report and Financial Statements for the year end 31 December 2022 published on the website.

Employees

The opinions of our employee are important to us, and we place great emphasis on receiving regular feedback through our engagement surveys. Our latest pulse survey had an 83% response rate and an engagement score of 79. This engagement score is calculated using 6 questions from our survey provider, Willis Towers Watson. These questions are externally benchmarked, as well as used as a comparison to our previous surveys. We have maintained the engagement score since 2021. The survey highlighted several key strengths within this question set alongside our Hot Topics – 86% of respondents feel proud to be associated with the company, 87% of the respondents stated that their performance has improved by conversations with their line managers and 84% of respondents confirmed that they get a personal sense of accomplishment from their work. The results of the survey are shared with the Executives and the Chief Human Resources Officer gives regular updates to the CEO on engagement across the business. There was also a positive response (84%) to the new family friendly policies, which allow people to take time away from work at moments that matter.

We have employee groups with key representatives across the Group whose role is to think holistically about the issues and concerns for employees in their business divisions. Through these groups we are able to get more regular insights into the sentiment in the business, address any concerns and ensure that follow up actions are adhered to.

Customers

Customer satisfaction is essential to our long-term success and putting our customers first is, and will always be, a foundational strategic priority for our organisation. Our large customer base has broad needs and expectations and as a Group, we remain focused on meeting and exceeding as many of our customers' expectations given the continuing challenges with the economic outlook.

Our customers expect quality products and services at an affordable price, customer care and loyalty. We interact with our customers through customer segmentation on the types of product offerings at different lifecycle stages. We continually analyse and implement measures to improve our customers' experience. Customer insights from the NPS, Social Media community and focus groups enable us identify customers' pain point to make improvements where necessary. Management receives monthly updates on the NPS, which is tracked across the business and provides great insight on the decision making on the types of product and services offering.

Suppliers

Oversight of supply chain sustainability management has been delegated to the Sustainability and Responsibility Business Council, a committee of the Executive Management Team. Engagement with strategic suppliers is managed through formal Vendor Management programmes with dedicated relationship leads and formal relationship reviews. It is important that our suppliers align with our code of conduct, which details our standards expected of suppliers with respect to environmental management, ethics and human rights. The Board continue to have zero tolerance towards modern slavery in the supply chain and receives updates on matters of concern to the suppliers. The Board approved the Group's Modern Slavery Report, which is published annually.

Routine and exceptional management reporting ensures appropriate stakeholder visibility at all relevant tiers of management both within Virgin Media O2 and its shareholder parents.

Communities

Our Better Connections Plan is our Group's sustainability framework which sets out our ambition to create a more connected future for our customers and the communities we serve. Our plan is centred on three pillars: (1) Carbon: to become net zero carbon operations, products and supply chain by 2040; (2) Circularity: to achieve zero waste operations and products and focusing our efforts on re-use and recycling of devices or donation to people in need; and (3) Communities: to eradicate data poverty and reduce digital exclusion by providing phones, data and affordable tariffs and services to people who need them.

Investors

It is important for us to engage proactively with all our investors providing effective and regular dialogue to ensure that feedback is clearly understood in order to support understanding of the Group or areas of concern and meet our obligations.

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

E Medina Malo
Director

Date: 22 June 2023

DIRECTORS' RESPONSIBILITIES STATEMENT
AS AT 31 DECEMBER 2022

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Annual Report and financial statements for each financial year. Under that law the Directors have prepared the Annual Report and financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the Annual Report and 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 Company's Profit or Loss for that year. In preparing the Company's Annual Report and financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA LIMITED

Opinion

We have audited the financial statements of Virgin Media Limited ("the company") for the year ended 31 December 2022 which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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 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 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 33, 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 MEMBER OF VIRGIN MEDIA 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

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Date: 23 June 2023

PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Revenue		**3,365,300**	3,431,257
Cost of sales		**(835,536)**	(889,793)
Gross profit		**2,529,764**	2,541,464
Administrative expenses		**(2,590,035)**	(2,658,742)
Other operating income	4	**452,485**	492,747
Operating profit	5	**392,214**	375,469
Finance income	9	**80,816**	74,090
Finance costs	10	**(29,008)**	(25,134)
Profit before tax		**444,022**	424,425
Income tax (expense)/benefit	11	**30,632**	273,413
Profit for the year		**474,654**	697,838
Other comprehensive (loss)/income:			
Deferred tax on share based remuneration expenses		**(4,914)**	3,006
Movement on deferred tax relating to defined benefit asset		**12,700**	(5,130)
Remeasurements of defined benefit asset		**(50,800)**	27,000
		(43,014)	24,876
Total comprehensive income for the year		**431,640**	722,714

The notes on pages 43 to 79 form part of these financial statements.

All results were derived from continuing operations.

VIRGIN MEDIA LIMITED
REGISTERED NUMBER: 02591237

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	**220,768**	205,757
Property, plant and equipment	13	**5,380,282**	5,105,244
Investments in subsidiaries	14	**10,026**	10,026
Employee benefits	24	**71,100**	120,100
		5,682,176	5,441,127
Current assets			
Inventories	15	**16,310**	1,966
Trade receivables	16	**329,296**	315,029
Debtors: amounts falling due after more than one year	16	**3,418,222**	3,514,414
Debtors: amounts falling due within one year	16	**1,149,752**	641,603
Cash and cash equivalents		**41,718**	44,126
		4,955,298	4,517,138
Creditors: amounts falling due within one year	17	**(3,388,027)**	(3,145,007)
Net current assets		**1,567,271**	1,372,131
Total assets less current liabilities		**7,249,447**	6,813,258
Creditors: amounts falling due after more than one year	18	**(283,958)**	(281,758)
Provisions for liabilities	21	**(68,573)**	(90,783)
Net assets		**6,896,916**	6,440,717
Capital and reserves			
Share capital	23	**726**	726
Other reserves	27	**11**	11
Share options reserve	27	**39,674**	15,115
Retained earnings	27	**6,856,505**	6,424,865
Total shareholder's funds		**6,896,916**	6,440,717

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

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

P Cobian
Director

Date: 22 June 2023

The notes on pages 43 to 79 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Other reserves	Share options reserve	Retained earnings	Total shareholder's funds
	£000	£000	£000	£000	£000
Balance as at 1 January 2022	726	11	15,115	6,424,865	6,440,717
Comprehensive income for the year					
Profit for the year	-	-	-	474,654	474,654
Deferred tax on share based remuneration expenses	-	-	-	(4,914)	(4,914)
Deferred tax on defined benefit pension scheme actuarial loss	-	-	-	12,700	12,700
Actuarial loss on pension scheme	-	-	-	(50,800)	(50,800)
Share based compensation expense (note 25)	-	-	24,559	-	24,559
Other comprehensive income for the year	-	-	24,559	(43,014)	(18,455)
Total comprehensive income for the year	-	-	24,559	431,640	456,199
Balance as at 31 December 2022	726	11	39,674	6,856,505	6,896,916

The notes on pages 43 to 79 form part of these financial statements.

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

	Share capital	Other reserves	Share options reserve	Retained earnings	Total shareholder's funds
	£000	£000	£000	£000	£000
Balance as at 1 January 2021	726	11	15,115	5,702,151	5,718,003
Comprehensive income for the year					
Profit for the year	-	-	-	697,838	697,838
Deferred tax on share based remuneration expenses	-	-	-	3,006	3,006
Actuarial gains on pension scheme	-	-	-	27,000	27,000
Deferred tax on defined benefit pension scheme actuarial loss	-	-	-	(5,130)	(5,130)
Other comprehensive income for the year	-	-	-	24,876	24,876
Total comprehensive income for the year	-	-	-	722,714	722,714
Balance as at 31 December 2021	726	11	15,115	6,424,865	6,440,717

The notes on pages 43 to 79 form part of these financial statements.

1. Company information

The principal activity of Virgin Media Limited (the 'company') is the provision of broadband internet, fixed-line telephony and video to residential customers and businesses in the UK.

The company is a private company incorporated, domiciled and registered in the UK. The registered number is 02591237 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

In accordance with s400 of the Companies Act 2006, consolidated financial statements for this company have not been prepared as the company and its subsidiaries are included in the consolidated financial statements of VMED O2 UK Limited for the period ended 31 December 2022.

2. Accounting policies

2.1 Basis of accounting

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

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 ultimate parent undertaking, VMED O2 UK Limited, includes the company in its consolidated financial statements. The consolidated financial statements of VMED O2 UK Limited are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 share capital, property, plant and equipment, 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)

2.1 Basis of accounting (continued)

As the consolidated financial statements of VMED O2 UK Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 share based payments in respect of group settled share based payments; and
- certain disclosures required by IFRS 13 fair value measurement, the disclosures required by IFRS 7 financial instrument disclosures.

2.2 Going concern

Notwithstanding net current liabilities of £1,850,951,000 as at 31 December 2022 (2021 - net current liabilities of £2,142,283,000) and a profit for the year then ended of £474,654,000 (2021 - profit of £697,838,000), the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

After making suitable enquiries and obtaining the necessary assurances, including a letter of support from VMED O2 UK Limited, that sufficient resources will be made available to meet any liabilities as they fall due, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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, and continued operations are key to the wider group.

It is not VMED O2's practice to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level.

However, forecasts and projections which take into account of reasonably possible downsides in trading performance, have been prepared for the group as a whole and these showed that cash on hand, together with cash from operations and the revolving credit facility, are expected to be sufficient for the group and hence the company's cash requirements through to at least 12 months from the approval of these financial statements.

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation the company has adequate support and resources to continue in operational existence for the foreseeable future. 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 consequently have prepared the financial statements on a going concern basis.

2. Accounting policies (continued)

2.3 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.

Service revenue - fixed-line network
We recognise revenue from the provision of broadband internet, video and fixed-line telephony services over our fixed-line network to customers in the period the related services are provided, with the exception of revenue recognised pursuant to certain contracts that contain promotional discounts, as described below. Installation fees related to services provided over our fixed-line network are generally deferred and recognised as revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

B2B revenue
B2B contracts are comprised of multiple elements, bespoke to the customer. In line with our recognition of revenue for consumer services, where multiple products and services are sold in a B2B environment, we allocate revenue proportionally to each performance obligation within the contract based on the relative standalone selling price, recognising revenue as each performance obligation is satisfied. For hardware sales, this is on transfer of the asset, for connectivity services over the contract period as the service is used by the customer.

We defer upfront installation and certain non-recurring fees received on B2B 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.

From time to time, we also enter into agreements with certain B2B customers pursuant to which they are provided the right to use certain elements of our network. If these agreements are determined to

2. Accounting policies (continued)

2.3 Revenue (continued)

contain a lease that meets the criteria to be considered a finance lease-out, we recognise revenue from the lease component when control of the network element is transferred to the customer.

Promotional discounts
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.

Subscriber advance payments
Payments received in advance for the services we provide are deferred and recognised as revenue when the associated services are provided.

Sales and other VAT
Revenue is recorded net of applicable sales and other VAT.

Contract life / timing of recognition
A large portion of our revenue is derived from customers who are not subject to contracts. Revenue from customers out contract is recognised on a month-to-month basis as the service is consumed. Revenue from customers who are subject to contracts is generally recognised over the term of such contracts, which is typically 12 months for our residential service contracts and one to five years for our B2B service contracts.

2.4 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.

2.5 Intangible assets

Our primary intangible assets relate to software costs.

Intangible assets with finite lives are amortised 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.

Separately identifiable intangible assets such as software costs are amortised over their useful economic lives, up to a maximum of five years, on a straight line basis.

2. Accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. We capitalise costs associated with the construction of new fixed-line and mobile transmission and distribution facilities and the installation of new fixed-line services. Capitalised construction and installation costs include materials, labour and other directly attributable costs. Installation activities that are capitalised include (i) the initial connection (or drop) from our fixed-line system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting and disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of each major component of an item of property, plant and equipment. Assets in the course of construction are carried at cost, less any recognised impairment losses if required. Depreciation of these assets commences when the assets are ready for their intended use. Assets held under leases are amortised on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. The useful lives of fixed-line and mobile distribution systems that are undergoing a rebuild are adjusted such that property, plant and equipment to be retired will be fully depreciated by the time the rebuild is completed. Useful lives used to depreciate our property, plant and equipment are reviewed at each reporting date and are adjusted if appropriate. The useful lives assigned to property, plant and equipment are:

Network assets	3 - 30 years
Other fixed assets:	
- Freehold property	30 years
- Short leasehold property	Period of lease
- Leasehold property	Period of lease
- Other	3-12 years

No depreciation is provided on freehold land.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will be achieved and when the cost can be measured reliably. All other expenditures for repairs and maintenance are expensed as incurred. Gains and losses due to disposals are included in impairment, restructuring and other operating items, net.

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. Accounting policies (continued)

2.7 Investments in subsidiaries

Investments are recorded at cost, less provision for impairment as appropriate. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the investment or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

2.8 Employee benefits

The company operates both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that sets the amount of pension benefit an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the company makes contributions on behalf of employees to their individual pension accounts which are held by a third party trustee. The ultimate benefit the employee will receive upon retirement is dependent on the contributions made during the employee's service period as well as the performance of the investments in each employee's individual account. After an employee's service period has ended, the company has no further obligation to contribute to a defined contribution plan. Only our defined contributions schemes remain open to new participants.

For the company's defined benefit plans, the company recognises each pension or post retirement plan's funded status as either an asset or liability in the consolidated balance sheet. The net pension asset or net pension liability recognised represents the present value of the projected benefit obligation less the fair value of the plan assets at the reporting date. The projected benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the projected benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds. The corporate bonds used for this calculation are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the term of the projected benefit obligation. Expected return on plan assets is determined by applying the return on assets assumptions to the actual fair value of plan assets. Also, the company measures any unrecognised prior service costs and credits that arise during the period as a component of accumulated other comprehensive income, net of applicable income tax.

2. Accounting policies (continued)

2.9 Share-based compensation

The company recognises all share-based payments from Liberty Global to the company's employees, including grants of employee share-based incentive awards, based on their grant-date fair values and our estimates of forfeitures. The company recognises share-based compensation expense as a charge to operations over the vesting period based on the grant-date fair value of outstanding awards, which may differ from the fair value of such awards on any given date. Where borne by the group, payroll taxes incurred in connection with the vesting or exercise of share-based incentive awards are recorded as a component of share-based compensation expense in the profit and loss account. The fair value of share-based payments are calculated at the grant date using an adjusted statistical model. The company considers historical trends in our calculation of the expected life of options, where applicable. The company uses the straight-line method to recognise share-based compensation expense for outstanding share awards to employees that do not contain a performance condition and the accelerated expense attribution method for our outstanding share awards that contain a performance condition and vest on a graded basis.

2.10 Inventories

Inventories comprise mainly handsets and are stated at the lower of cost and net realisable value on a first-in, first-out basis, after provisions for obsolescence. Cost comprises costs of purchase and costs incurred in bringing inventory to its current location and condition.

2.11 Trade receivables and other 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 allowance for impairment of trade receivables is estimated based upon the current estimate of lifetime expected credit losses. The company uses a number of factors in determining the allowance, including, amongst 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.

Concentration of credit risk with respect to trade receivables is limited due to the large number of residential and business customers. The company manages this risk by disconnecting services to customers whose accounts are delinquent.

2.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.13 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)

2.14 Provisions

A provision is recognised when a present legal or constructive obligation as a result of a past event exists, it is probable (more likely than not) that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate reflecting, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

A provision for asset retirement obligations is recognised related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting its obligations under 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 with the contract. Before a provision is established, we recognise an impairment loss on the assets associated with the respective contract.

2.15 Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs using the effective interest method.

Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

2. Accounting policies (continued)

2.16 Deferred tax

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.

2. Accounting policies (continued)

2.17 Non derivative financial instruments

Cash and cash equivalents, current trade and other receivables, related-party receivables and payables, certain other current assets, accounts payable, certain accrued liabilities and value-added taxes (VAT) payable represent financial instruments that are initially recognised at fair value and subsequently carried at amortised cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The company initially recognises loans and receivables on the date they are originated. All other financial assets (including assets designated as fair value through the statement of profit or loss) are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

The company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.18 Derivative financial instruments

The group has established policies and procedures to govern the management of its exposure to interest rate and foreign currency exchange rate risks, through the use of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and foreign currency forward rate contracts.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each balance sheet date.

Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative.

The foreign currency forward rate contracts, interest rate swaps and cross-currency interest rate swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk. Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps. Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty.

2. Accounting policies (continued)

2.18 Derivative financial instruments (continued)

While these instruments are subject to the risk of loss from changes in exchange rates and interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. The group does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

Derivatives that are not part of an effective hedging relationship, as set out in IFRS 9 Financial Instruments (IFRS 9), must be classified as held for trading and measured at fair value through profit or loss.

2.19 Leases

On the lease commencement date, (i) a Right Of Use (ROU) asset is recognised representing the right to use an underlying asset and (ii) lease liabilities representing the company's obligation to make lease payments over the lease term. Lease and non-lease components in a contract are generally accounted for separately.

The company initially measures lease liabilities at the present value of the remaining lease payments over the lease term. Options to extend or terminate the lease are included only when it is reasonably certain that the option will be exercised. As most of the company's leases do not provide enough information to determine an implicit interest rate, a portfolio level incremental borrowing rate is used in the present value calculation. ROU assets are initially measured at the value of the lease liability, plus any initial direct costs and prepaid lease payments, less any lease incentives received.

ROU assets are generally depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset. Interest expense on the lease liability is recorded using the effective interest method.

2.20 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

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

Carrying value of investments
Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

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 are not considered recoverable.

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.

Fair value measurement of financial instruments
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 20).

Provisions
Provisions are recorded when the company has a legal or constructive obligation as a result of a past event for which is probable that the group will be required to settle by an outflow of economic benefits and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Leases
As most of the company's leases do not provide enough information to determine an implicit interest rate, a portfolio level incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Judgements

Recoverability of deferred tax assets
Deferred tax assets are recognised for unused tax losses and allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. Other operating income

	2022 £000	2021 £000
Recharge to group undertakings	**452,485**	492,747

5. Operating profit

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

	2022 £000	2021 £000
Gain on disposal of property, plant and equipment	**(4,460)**	(5,126)
Provision for impairment of investments	**-**	6,035
Depreciation of property, plant and equipment	**832,237**	865,699
Depreciation of right-of-use assets	**34,069**	37,448
Amortisation of intangible assets	**121,761**	134,283

The carrying value of investments is assessed annually. Based on these reviews, and following a wider group restructure, the directors concluded on a provision for impairment of £nil (2021 - £6,035,000).

Certain expenses are specifically attributable 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.

6. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2022 £000	2021 £000
Fees for the audit of the company	**23**	22

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 **£000**	2021 £000
Wages and salaries	**623,564**	637,432
Social security costs	**61,268**	60,552
Cost of defined benefit scheme	**1,300**	1,400
Cost of defined contribution scheme	**31,569**	29,846
	717,701	729,230

The average monthly number of employees, including the directors, during the year was as follows:

	2022 **No.**	2021 No.
Business	**1,352**	1,404
Consumer	**5,640**	6,125
Support, technology and innovation	**2,895**	2,911
Network expansion	**1,491**	1,345
	11,378	11,785

8. Directors' remuneration

	2022 **£000**	2021 £000
Directors' emoluments	**4,500**	6,434
Directors gains on long term incentive schemes	**3,005**	8,121
Company contributions to defined contribution pension schemes	**11**	238
	7,516	14,793

The highest paid director received remuneration of £5,288,000 (2021 - £7,755,000).

During the year 5 directors received shares under the long term incentive schemes (*2021 - 6*).

9. Finance income

	2022 £000	2021 £000
Interest on amounts owed by group companies	**77,591**	72,679
Interest on pensions	**1,300**	1,200
Gain on derivative financial instruments	**1,193**	-
Other finance income	**732**	211
	80,816	74,090

10. Finance costs

	2022 £000	2021 £000
Interest charges	**15,029**	17,805
Unwinding of discounts on provisions	**804**	318
Interest on amounts owed to group undertakings	**402**	390
Loss on foreign currency translation	**12,773**	4,451
Loss on derivative financial instruments	**-**	2,170
	29,008	25,134

11. Income tax (expense)/benefit

Tax (expense)/benefit included in profit or loss:

	2022	2021
	£000	£000
Current tax		
Current tax on profit for the year	**402**	456
Adjustments in respect of prior periods	**78**	-
	480	456
Total current tax	**480**	456
Deferred tax		
Origination and reversal of timing differences	**(7,074)**	204,563
Changes to tax rates	**9,529**	(489,398)
Adjustments in respect of prior periods	**(33,567)**	10,966
Total deferred tax	**(31,112)**	(273,869)
Tax on profit	**(30,632)**	(273,413)

11. Income tax (expense)/benefit (continued)

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	**444,022**	424,425
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**84,364**	80,641
Effects of:		
Adjustments to tax charge in respect of prior periods	**(33,489)**	10,966
Fixed asset differences	**(45,032)**	(11,108)
Income not taxable	**(2,184)**	3,475
Tax charge on R&D credit	**402**	456
Other timing differences	**4,742**	2,494
Changes in tax rates	**9,529**	(439,828)
Group relief (claimed)/surrendered	**(48,964)**	79,491
Total benefit	**(30,632)**	(273,413)

Factors that may affect 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 2022.

12. Intangible assets

	IT software £000
Cost	
At 1 January 2022	**631,362**
Additions	**136,773**
Reclassification to property, plant and equipment	**(29,321)**
At 31 December 2022	**738,814**
Accumulated amortisation	
At 1 January 2022	**425,605**
Amortisation	**121,761**
Reclassification to to property, plant and equipment	**(29,320)**
At 31 December 2022	**518,046**
Net book value	
At 31 December 2022	**220,768**
At 31 December 2021	205,757

13. Property, plant and equipment

	Network assets £000	Other £000	Total £000
Cost or valuation			
At 1 January 2022	**15,285,817**	**1,366,307**	**16,652,124**
Additions	**963,557**	**208,583**	**1,172,140**
Disposals	**(242,593)**	**(80,341)**	**(322,934)**
Reclassification from assets	**(1,104)**	**27,636**	**26,532**
At 31 December 2022	**16,005,677**	**1,522,185**	**17,527,862**
Depreciation			
At 1 January 2022	**11,081,074**	**465,806**	**11,546,880**
Charge for the year on owned assets	**734,087**	**98,150**	**832,237**
Disposals	**(230,126)**	**(29,411)**	**(259,537)**
Reclassification from assets	**(138)**	**28,138**	**28,000**
At 31 December 2022	**11,584,897**	**562,683**	**12,147,580**
Net book value			
At 31 December 2022	**4,420,780**	**959,502**	**5,380,282**
At 31 December 2021	4,204,743	900,501	5,105,244

14. Investments in subsidiaries

	Investments in subsidiaries £000
Cost	
At 1 January 2022	**2,664,373**
At 31 December 2022	**2,664,373**
Accumulated impairment	
At 1 January 2022	**2,654,347**
At 31 December 2022	**2,654,347**
Net book value	
At 31 December 2022	**10,026**
At 31 December 2021	10,026

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are shown in note 30.

In the opinion of the directors the aggregate value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

During 2021 the company subscribed to 2 additional shares in Cullen Broadcasting Limited, a fellow group company, in exchange for the value of the loan receivable of €6,564,472 from Cullen Broadcasting Limited.

On 4 March 2021, as part of the JV transaction, Virgin Media Limited disposed of its investment in Cullen Broadcasting Limited and Tullamore Beta Limited, held at a net book value of £nil. The company received no consideration in respect of this and therefore did not make a profit or loss on disposal.

On 16 March 2021, Virgin Media Limited disposed of its investment in Virgin Media PCHC II Limited, held at a net book value of £nil, following the company's application to be dissolved The company received no consideration in respect of this and therefore did not make a profit or loss on disposal.

15. Inventories

	2022 £000	2021 £000
Finished goods and goods for resale	**16,310**	1,966

Inventories are stated after provisions for impairment of £1,000 (2021: £129,000).

16. Trade receivables and debtors

	2022 £000	2021 £000
Due after one year		
Amounts owed by group undertakings	**1,459,471**	1,618,627
Deferred tax asset	**1,872,766**	1,833,868
Other debtors	**85,985**	61,919
	3,418,222	3,514,414

	2022 £000	2021 £000
Due within one year		
Trade receivables	**329,296**	315,029
Amounts owed by group undertakings	**986,508**	515,215
Other debtors	**499**	-
Prepayments and accrued income	**157,545**	119,884
Other debtors	**5,200**	6,504
	1,479,048	956,632

The analysis of amounts owed by group undertakings is:

	2022 £000	2021 £000
Loans advanced by group undertakings	**1,460,548**	1,619,436
Other amounts owed by group undertakings	**985,431**	514,406
	2,445,979	2,133,842

Amounts owed by group undertakings due after one year represents loan notes which had a carrying value of £1,459,471,000 at the balance sheet date (2021 - £1,618,627,000). Loan notes are denominated in sterling and euro, which bear interest of 4.85% and mature between 2026 and 2028.

Amounts owed by group undertakings due within one year include loan notes which had a carrying value of £1,077,000 (2021 - £809,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 4.60% and are repayable on demand.

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

17. Creditors: amounts falling due within one year

	2022 **£000**	2021 £000
Trade payables	**300,151**	293,814
Amounts owed to group undertakings	**2,050,237**	1,855,547
Accruals and deferred income	**904,806**	823,753
Corporation tax	**-**	499
Lease liabilities	**29,016**	31,412
Taxation and social security	**103,757**	137,933
Derivative financial instruments	**-**	1,680
Other creditors	**60**	369
	3,388,027	3,145,007

The analysis of amounts owed to group undertakings is:

	2022 **£000**	2021 £000
Loans advanced from group undertakings	**227**	216
Other amounts owed to group undertakings	**2,050,010**	1,855,331
	2,050,237	1,855,547

Amounts owed to group undertakings due within one year include loan notes which had a carrying value of £227,000 (2021 - £216,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 4.80% and are repayable on demand.

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

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

	2022 £000	2021 £000
Lease liabilities	**254,885**	261,632
Amounts owed to group undertakings	**22,631**	13,224
Accruals and deferred income	**6,051**	5,729
Other creditors	**391**	1,173
	283,958	281,758

The analysis of amounts owed to group undertakings is:

	2022 £000	2021 £000
Loans advanced from group undertakings	**13,605**	13,224
	13,605	13,224

Amounts owed to group undertakings falling due after more than one year represents loan notes which had a carrying value of £13,605,000 (2021 - £13,224,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 2.88% and mature in 2027.

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

19. Leases

General

The company enters into leases for network equipment, real estate and vehicles.

ROU assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	2022 £000	2021 £000
Network	**7,346**	8,838
Land and buildings	**220,530**	228,380
Other	**18,223**	20,019
	246,099	257,237

Additions to the right-of-use assets during the year were £22,671,000 (2021 - £22,570,000).

Amounts recognised in the profit or loss account

The profit and loss accounts shows the following amounts relating to leases:

	2022 £000	2021 £000
Depreciation charge on right-of use assets		
Network	**1,973**	1,919
Other	**32,096**	35,529
	34,069	37,448
Interest expense	**17,822**	18,121
	51,891	55,569

The total cash outflow for leases in 2022 was £39,463,000 (2021 - £51,716,000).

19. Leases (continued)

Maturities of the company's lease liabilities as of 31 December 2022 are presented below:

	2022 £000	2021 £000
Less than one year	**46,695**	49,198
One to five years	**123,680**	128,675
More than five years	**336,546**	344,638
	506,921	522,511
Impact of finance expenses	**(223,019)**	(229,467)
	283,902	293,044

	2022 £000	2021 £000
Lease liabilities		
Current	**29,017**	31,412
Non current	**254,885**	261,632
	283,902	293,044

20. Financial instruments

	2022	2021
	£000	£000
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	**-**	(1,680)

Financial assets measured at fair value through profit or loss comprise foreign currency forward contracts.

The company has obligations in pounds sterling. As a result, the company is exposed to variability in its cash flows and earnings resulting from changes in foreign exchange rates.

The company's objective in managing its exposure to foreign currency exchange rates is to decrease the volatility of its earnings and cash flows caused by changes in the underlying rates. The company has established policies and procedures to govern these exposures and has entered into derivative financial instruments including foreign currency contracts. It is the company's policy not to enter into derivative financial instruments for speculative trading purposes, nor to enter into derivative financial instruments with a level of complexity or with risk that is greater than the exposure managed.

21. Provisions

	Property related costs £000	**Other provisions £000**	**Total £000**
At 1 January 2022	**78,873**	**11,910**	**90,783**
Provided during the year	**2,461**	**31,805**	**34,266**
Released in the year	**(1,771)**	**-**	**(1,771)**
Movement in discount rate	**(26,609)**	**-**	**(26,609)**
Utilised in the year	**(271)**	**(27,825)**	**(28,096)**
At 31 December 2022	**52,683**	**15,890**	**68,573**

Property related costs

Property related costs expected to be incurred are mainly in relation to dilapidations costs on leasehold properties. The majority of the costs are expected to be incurred over the next 25 years.

Other provisions

Other provision elements mainly consist of national insurance contributions on share options and restricted stock unit grants and redundancy costs resulting from restructuring programmes.

22. Deferred tax

	2022 £000	2021 £000
At 1 January 2022	**1,833,868**	1,562,123
Credited to profit or loss account	**31,112**	273,869
Charged to other comprehensive income	**12,700**	(5,130)
Credited to equity	**(4,914)**	3,006
At 31 December 2022	**1,872,766**	1,833,868

	2022 £000	2021 £000
Deferred tax is made up as follows:		
Depreciation in excess of capital allowances	**1,639,736**	1,611,984
Share-based payments	**4,619**	10,725
Pension scheme asset	**(17,775)**	(30,025)
Losses carried forward	**208,478**	208,191
Other timing differences	**37,708**	32,993
	1,872,766	1,833,868

Movements in deferred tax during the year:

	1 January 2022 £000	**Recognised in profit and loss account £000**	**Recognised in other comprehensive income £000**	**Recognised in equity £000**	**31 December 2022 £000**
Depreciation and amortisation	1,611,984	27,753	-	-	**1,639,737**
Share-based payments	10,725	(1,192)	-	(4,914)	**4,619**
Pensions scheme asset	(30,025)	(450)	12,700	-	**(17,775)**
Other timing differences	32,993	4,714	-	-	**37,707**
Losses carried forward	208,191	287	-	-	**208,478**
	1,833,868	**31,112**	**12,700**	**(4,914)**	**1,872,766**

22. Deferred tax (continued)

Movements in deferred tax during the prior year:

	1 January 2021	Recognised in profit and loss account	Recognised in other comprehensive income	Recognised in equity	31 December 2021
	£000	£000	£000	£000	£000
Depreciation and amortisation	1,392,847	219,137	-	-	**1,611,984**
Share-based payments	6,815	904	-	3,006	**10,725**
Pensions scheme asset	(17,556)	(7,339)	(5,130)	-	**(30,025)**
Losses carried forward	158,497	49,694	-	-	**208,191**
Other timing differences	21,520	11,473	-	-	**32,993**
	1,562,123	**273,869**	**(5,130)**	**3,006**	**1,833,868**

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,179,810 (2021 - 5,179,810) Ordinary shares fully paid of £0.01 each -	**51,798**	51,798
5,179,680 (2021 - 5,179,680) Ordinary shares fully paid of $0.20 each (converted at exchange rate in place at the date of issue of shares) -	**673,866**	673,866
	725,664	725,664

£0.01 Ordinary shares
The right to attend, speak and vote at all general meetings of the company.

$0.20 Ordinary shares
The right to attend and speak, but not vote at all general meetings of the company.

24. Post-employment benefits

Defined contribution plans

The company contributes to the Virgin Media sponsored group personal pension plans of eligible employees. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the plans.

Contributions to the defined contribution plans during the year were £31,569,000 (2021 - £29,846,000).

Defined benefit plans

The company operates two plans which are defined benefit plans that pay out pensions at retirement based on services and final pay.

The company recognises any actuarial gains and losses in each period in the statement of other comprehensive income. Service costs and finance costs are recognised through the profit and loss account.

- **ntl Pension Plan**
  The company operates a funded pension plan providing defined benefits ('ntl Pension Plan'). The pension plan was closed to new entrants as of 6 April 1998 and to further accrual as of 31 January 2014. The assets of the plan are held separately from those of the company, in an independently administered trust. The plan is funded by the payment of contributions to this separately administered trust. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

- **ntl 1999 Pension Scheme**
  The company operates a funded pension plan providing defined benefits ('ntl 1999 Pension Scheme'). The scheme has never been opened to new entrants except when the scheme began and subsequently on 31 May 2007, on both occasions new members were transferred from other existing plans. The scheme was closed to future accrual on 31 January 2014. The assets of the scheme are held separately from those of the company, being invested in units of exempt unit trusts. The scheme is funded by the payment of contributions to separately administered trust funds. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method with a control period.

The plans' assets are measured at fair value. The plans' liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond.

24. Post-employment benefits (continued)

	2022 £000	2021 £000
Fair value of combined pension plan assets	**460,300**	711,400
Present value of combined pension plan liabilities	**(389,200)**	(591,300)
Net combined pension plan asset	**71,100**	120,100
(Income)/expense recognised in profit and loss	**(900)**	200
Total gain/(loss) on remeasurement of pension assets and liability shown in Other Comprehensive Income (OCI)	**50,800**	(27,000)

24. Post-employment benefits (continued)

Movements in the defined benefit assets and liabilities can be shown as follows:

	Defined benefit obligation 2022 £000	Defined benefit obligation 2021 £000	**Fair value of plan assets 2022 £000**	Fair value of plan assets 2021 £000	**Net defined benefit asset 2022 £000**	Net defined benefit asset 2021 £000
Balance at 1 January	**(591,300)**	(635,500)	**711,400**	727,900	**120,100**	92,400
Included in income statement	-	-	-	-	-	-
Current admin/service cost	-	-	**(1,300)**	(1,400)	**(1,300)**	(1,400)
Past service cost	-	-	-	-	-	-
Interest (cost)/income	**(10,600)**	(7,500)	**12,800**	8,700	**2,200**	1,200
Included in OCI						
Actuarial gain/(loss) arising from:						
Changes in demographic assumptions	**(1,500)**	(6,200)	-	-	**(1,500)**	(6,200)
Changes in financial assumptions	**213,600**	37,000	-	-	**213,600**	37,000
Experience adjustments	**(20,200)**	(1,900)	-	-	**(20,200)**	(1,900)
Return on plan assets excluding interest income	-	-	**(242,700)**	(1,900)	**(242,700)**	(1,900)
Other						
Contributions paid by the employer	-	-	**900**	900	**900**	900
Benefits paid	**20,800**	22,800	**(20,800)**	(22,800)	-	-
Balance at 31 December	**(389,200)**	(591,300)	**460,300**	711,400	**71,100**	120,100

24. Post-employment benefits (continued)

The company's pension plan weighted-average asset allocations by asset category at 31 December 2022 and 31 December 2021 were as follows:

2022	**Long term rate of return**	**Total £000**
Equities	7.60%	**13,080**
Corporate bonds	4.78%	**128,595**
Government bonds	4.10%	**184,855**
Property	5.20%	**1,240**
Hedge Funds/DGFs	6.05%	**100**
Cash holding	4.10%	**15,580**
Swaps	3.50%	**(11,650)**
Insurance policies	4.78%	**128,500**
Total market value of assets		**460,300**
Present value of plan liabilities		**(389,200)**
Net pension asset		**71,100**

2021	**Long term rate of return**	**Total £000**
Equities	5.19%	**153,200**
Structured Equity	4.69%	**42,900**
Corporate bonds	1.83%	**336,100**
Government bonds	1.19%	**109,400**
Property	5.19%	**1,500**
Hedge Funds/DGFs	4.69%	**100**
Cash holding	1.19%	**4,800**
Swaps	0.92%	**(118,000)**
Insurance policies	1.83%	**181,400**
Total market value of assets		**711,400**
Present value of plan liabilities		**(591,300)**
Net pension asset		**120,100**

The trustees of NTL Pension Scheme purchased an insurance contract that will pay an income stream to the plan which is expected to match all future cash outflows in respect of certain liabilities. The fair value of this insurance contract is presented as an asset of the plan and is measured based on the future cash

24. Post-employment benefits (continued)

flows to be received under the contract discounted using the same discount rate used to measure the associated liabilities.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2022	2021
Discount rate	**4.80%**	1.83%
Future salary increases	**3.23%**	3.32%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60- year old to live for a number of years as follows:

	2022	2021
Current pensioner aged 60 (male)	**27.3**	27.5
Current pensioner aged 60 (female)	**29.4**	29.6
Future retiree upon reaching 60 (male)	**28.8**	29.0
Future retiree upon reaching 60 (female)	**30.9**	31.0

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by 0.25%.

	2022	2021
	£000	£000
Discount rate	**12,290**	(24,700)
Inflation	**8,650**	2,400

In valuing the liabilities of the pension fund at 31 December 2022, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all the members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2022 would have increased by £14,020,000 before deferred tax for the pensions.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2022 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The company expects to contribute £900,000 (2021: £900,000 paid) to the defined benefit pension plans in 2022.

25. Share-based compensation

The company's share-based compensation expense relates to (i) charges for share-based incentive awards associated with ordinary shares of Liberty Global held by certain employees of the company and (ii) charges for incentive awards associated with the performance of VMED O2, under VMED O2's long term incentive plan, held by certain employees of the company.

All the outstanding share-based incentive awards from Liberty Global will vest by the end of 2024. Share-based compensation expense allocated to the company by Liberty Global is reflected as an increase to consolidated equity, offset by any amounts recharged to the company, and is included within administrative expenses in the profit and loss account.

All the outstanding incentive awards for the VMED O2 long term incentive plan will vest by the end of 2025. The associated expense is included within administrative expenses in the profit and loss account.

26. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £3,671,500,000 (2021 - 2,630,200,000).

	Payments due during:						
	2023	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Programming commitments	619.7	537.8	396.1	387.5	366.5	179.9	2,487.5
Network and connectivity commitments	394.2	14.3	5.4	2.6	1.9	7.7	426.1
Purchase commitments	690.8	32.9	4.8	4.3	4.0	2.2	739.0
Other commitments	13.5	5.4	-	-	-	-	18.9
Total	1,718.2	590.4	406.3	394.4	372.4	189.8	3,671.5

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amount includes commitments entered into on behalf of these companies.

27. Reserves

Share capital

The balance classified as share capital represents the nominal value on issue of the company's share capital, comprising £0.01 and $0.20 ordinary shares.

Retained earnings

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

Other reserves

Other distributable reserves relate to capital contributions from parent undertakings.

Share option reserve

Includes the cumulative reserves generated from share option awards undertaken in previous years.

28. 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 2022, this comprised term facilities that amounted to £7,501 million (2021 - £5,916 million) of which £650 million was undrawn (2021 - fully drawn) and revolving credit facilities of £1,378 million (2021 - £1,378 million), which were undrawn as at 31 December 2022 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 2022 amounted to £8,544 million (2021 - £8,066 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 2022 amounted to approximately £1,207 million (2021 - £1,103 million).

29. Controlling party

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 2022 are VMED O2 UK Holdings Limited and VMED O2 UK Limited, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2022 was VMED O2 UK Limited.

30. List of investments

Name of company		Holdings	Proportion held	Nature of business
Direct shareholdings				
CableTel Herts and Beds Limited		Ordinary	100%	Dormant
CableTel Northern Ireland Limited	Ψ	Ordinary	100%	Dormant
CableTel Surrey and Hampshire Limited		Ordinary	100%	Telecoms
ntl Pension Trustees II Limited		Ordinary	100%	Corporate Trustee
ntl Pension Trustees Limited		Ordinary	100%	Corporate Trustee
ntl South Central Limited		Ordinary	100%	Dormant
ntl Trustees Limited		Ordinary	100%	Corporate Trustee
Virgin Media Payments Limited		Ordinary	100%	Holding
Virgin Media Secretaries Limited		Ordinary	100%	Dormant
Virgin WiFi Limited		Ordinary	100%	Telecoms

All companies are registered at 500 Brook Drive, Reading, United Kingdon, RG2 6UU, unless otherwise noted below:

Ψ Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP