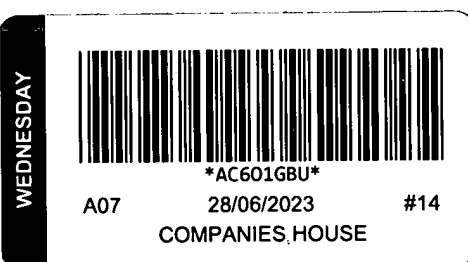


Registered number: 06024812

VIRGIN MEDIA PAYMENTS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



VIRGIN MEDIA PAYMENTS LTD

COMPANY INFORMATION

Directors	P Cobian E Medina Malo L M Schuler
Company secretary	VMED O2 Secretaries Limited
Registered number	06024812
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU

VIRGIN MEDIA PAYMENTS LTD

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VIRGIN MEDIA PAYMENTS LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and non-audited financial statements of the company for the year ended 31 December 2022.

Results and dividends

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

The profit for the year, after tax, amounted to £1,382,000 (2021 - £1,614,000).

The directors have not recommended an ordinary dividend (2021 - £nil).

Directors

The directors who served the company 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

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

Political donations

The company did not make any political donations during the year (2021 - £nil).

UK employee engagement statement

We solely operate in the UK and our employees are based in the UK, details of the group's commitment to employees can be found in the People section of the Consolidated Annual Report of VMED O2 UK Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

The company does not employ individuals directly. The group solely operates in the UK and employees are employed by other group companies based in the UK. For administrative efficiencies employee engagement is conducted at group level, below are a few examples of the group's engagement during the year:

- Quarterly live streams led by the CEO and the Executives including Question and Answer sessions;
- 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; and
- Pulse surveys with a wide range of questions to understand the views and perceptions of employees.

Further examples of how the group has had regard to the interests of its employees and the effect this has had on the decisions taken by the group can be found in the Consolidated Annual Report of VMED O2 UK Limited.

VIRGIN MEDIA PAYMENTS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Corporate governance

The company adopts the same governance framework for the group and full details of the governance arrangement can be found in the Corporate Governance Statement of VMED O2 UK Limited's Consolidated Annual Report.

Stakeholder statement

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

Energy and carbon report

Disclosures concerning greenhouse gas emission, energy consumption and energy efficiency are done at a group level and are contained in the Streamlined Energy and Carbon Statement of VMED O2 UK Limited's Consolidated Annual Report.

Research and Development

Research and development activities are conducted at group level and disclosed in the Consolidated Annual Report of VMED O2 UK Limited.

VIRGIN MEDIA PAYMENTS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Going concern

Notwithstanding net current liabilities of £211,000 as at 31 December 2022 (2021 – net current liabilities of £1,593,000) and a profit for the year then ended of £1,382,000 (2021 – profit of £1,614,000), 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.

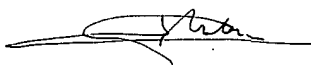
Audit Exemption

VMED O2 UK Holdings Limited issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2022, until they are satisfied in full. The guarantee is enforceable against VMED O2 UK Holdings Limited by any person to whom the company is liable in respect of those liabilities. Since VMED O2 UK Holdings Limited is the smallest group to which the company's accounts are consolidated, the company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2022 by virtue of section 479A of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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



E Medina Malo
Director

Date: 22 June 2023

VIRGIN MEDIA PAYMENTS LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 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 they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

VIRGIN MEDIA PAYMENTS LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Revenue		30,729	28,753
Gross profit		30,729	28,753
Administrative expenses		(30,194)	(28,020)
Other operating income	3	847	881
Operating profit	4	1,382	1,614
Profit before tax		1,382	1,614
Tax on profit	6	-	-
Profit for the year		1,382	1,614

The notes on pages 8 to 14 form part of these financial statements.

There was no other comprehensive income or expenditure for 2022 or 2021 other than that included in the profit and loss account.

All results were derived from continuing operations.

VIRGIN MEDIA PAYMENTS LTD
REGISTERED NUMBER: 06024812

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Current assets			
Cash at bank and in hand		4,531	2,627
		<u>4,531</u>	<u>2,627</u>
Creditors: amounts falling due within one year	7	(4,742)	(4,220)
Net current liabilities		<u>(211)</u>	<u>(1,593)</u>
Total assets less current liabilities		<u>(211)</u>	<u>(1,593)</u>
Net liabilities		<u>(211)</u>	<u>(1,593)</u>
Capital and reserves			
Share capital	8	1	1
Accumulated losses	9	(212)	(1,594)
Deficit		<u>(211)</u>	<u>(1,593)</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibility for complying with requirements of the Act with respect to accounting records and for the preparation of accounts.

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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 8 to 14 form part of these financial statements.

VIRGIN MEDIA PAYMENTS LTD

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

	Share capital £000	Accumulated losses £000	Deficit £000
Balance as at 1 January 2022	1	(1,594)	(1,593)
Comprehensive income for the year			
Profit for the year	-	1,382	1,382
Balance as at 31 December 2022	<u>1</u>	<u>(212)</u>	<u>(211)</u>

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

	Share capital £000	Accumulated losses £000	Deficit £000
Balance as at 1 January 2021	1	(3,208)	(3,207)
Comprehensive income for the year			
Profit for the year	-	1,614	1,614
Balance as at 31 December 2021	<u>1</u>	<u>(1,594)</u>	<u>(1,593)</u>

The notes on pages 8 to 14 form part of these financial statements.

VIRGIN MEDIA PAYMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Company information

The principal activity of Virgin Media Payments Ltd (the company) is the provision of payment handling and collection services for other group companies.

The company is a private company incorporated, domiciled and registered in the UK. The registered number 06024812 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

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;
- 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.

VIRGIN MEDIA PAYMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.2 Going concern

Notwithstanding net current liabilities of £211,000 as at 31 December 2022 (2021 – net current liabilities of £1,593,000) and a profit for the year then ended of £1,382,000 (2021 – profit of £1,614,000), 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.

VIRGIN MEDIA PAYMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.3 Revenue**

Revenue arises from payment charges made to Virgin Media customers who do not pay by direct debit, which is recognised on receipt, and charges to other group companies for the provision of payment, credit and collection services, which is recognised once the service has been provided. All revenue is derived in the United Kingdom.

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.

2.3.1. Other revenue

Other revenue consists of linked sales to the core business discussed above e.g. insurance sales, mobile and accessories. This revenue is recognised on the provision of both goods and services, with revenue recognition on delivery of each separate performance obligation.

2.3.2. Sales and other VAT

Revenue is recorded net of applicable sales and other VAT.

2.3.3. Contract life /timing of recognition

A large portion of the company's 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, one to three years for mobile service contracts and one to five years for B2B service contracts.

The company applies the practical expedient to recognise revenue "as-invoiced" for certain fixed and mobile subscription revenues. Where the company have a right to invoice at an amount that directly corresponds with performance to date, the company recognises revenue at that amount. The company has also adopted the practical expedient not to calculate the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied for these contracts.

VIRGIN MEDIA PAYMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.4 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.

2.5 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.

3. Other operating income

	2022	2021
	£000	£000
Recharge to group undertakings	847	881

4. Operating profit

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

5. Employees

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group. Details of staff numbers and staff costs of the group are disclosed in the Consolidated Annual Report of VMED O2 UK Limited.

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2022 and 2021 is disclosed in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

VIRGIN MEDIA PAYMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Income tax expense

Tax expense included in profit or loss:

	2022 £000	2021 £000
Curent tax	-	-
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on profit	-	-

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	1,382	1,614
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	263	307
Effects of:		
Group relief claimed	(263)	(307)
Tax expense	-	-

Factors affecting current and future tax charges

In March 2021, legislation was introduced to increase the UK corporate income tax rate from 19% to 25% from 1 April 2023. This rate change was substantively enacted on 24 May 2021 and enacted on 10 June 2021 (Finance Bill 2021).

VIRGIN MEDIA PAYMENTS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Amounts owed to group undertakings	4,742	4,220

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

8. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

9. Reserves**Share capital**

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

Accumulated losses

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

10. 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).

The company has joint and several liabilities under a group VAT registration.

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DECEMBER 2022

11.

The parent undertaking is Virgin Media Limited.
Co and largest groups of which the company is a member and into which the company's
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.