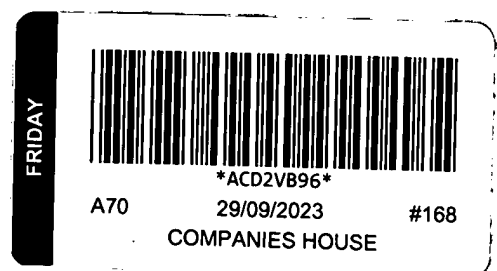


Registration number: 07113794

# Verizon Connect Telo UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



**Verizon Connect Telo UK Limited**

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## **Verizon Connect Telo UK Limited**

### **Company Information**

<b>Directors</b>	C Aitkenhead F De Maio
<b>Registered office</b>	Reading International Business Park Basingstoke Road Reading RG2 6DA
<b>Registered number</b>	07113794
<b>Auditors</b>	Ernst & Young LLP Statutory Auditor R+, 2 Blagrove Street Reading RG1 1AZ

## Verizon Connect Telo UK Limited

### Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for the year ended 31 December 2022.

#### Business review

Following the transfer of all of the Company's employees to other group companies on 1 August 2021, the sales and development support those employees had previously provided ceased as of the same date and the Company therefore generated no revenue during the financial year ended 31 December 2022.

The Company's loss for the year ended 31 December 2022 before taxation was £1,323 (2021: profit £56,418). In comparison with the preceding year, the 2022 operating profit has decreased by £57,741.

#### Key performance indicators

Due to the cease of sales and development support the use of key performance indicators were not considered necessary.

#### Principal risks and uncertainties

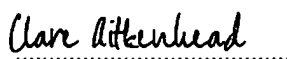
The Company has exposure to foreign currency risk which is managed at a global and a European regional level, and are significantly mitigated by being an integral part of a leading global communications provider, delivering innovative, cost-effective, advanced communications connectivity to businesses, governments and consumers.

#### Effect of the Ukraine Situation

Verizon continues to monitor the developing situation in Ukraine and the region. The US and other governments have adopted a series of sanctions and export control measures. Verizon is committed to adhere to all applicable laws and regulations and we are continually evaluating the impact on Verizon's limited operations in Russia and Ukraine.

Although neither the Company's performance nor operations, at the date of this report, have been significantly impacted by the above, Management continues to monitor the evolving situation and its impact on the financial position and results of the Company.

Approved by the Board on 27 September 2023 and signed on its behalf by:



C Aitkenhead  
Director

## **Verizon Connect Telo UK Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

The audited financial statements for the year ended 31 December 2022 are set out on pages 10 to 24.

#### **Directors of the Company**

The directors, who served during the year and to the date of this report, were as follows:

C Aitkenhead

F De Maio

#### **Future developments**

The employees of the Company transferred to other group companies on 1 August 2021. The directors are however evaluating the possibility of taking steps to dissolve the Company via a strike-off. No definitive decision has been made at this time.

#### **Going concern**

The Company's business activities are set out in the Strategic Report.

As the service agreement with Verizon Connect Telo Inc. was terminated as of 31 December 2021, the Company effectively ceased to trade with no third party customers, suppliers or leases nor any direct employees. In addition, directors continue to evaluate the possibility of taking steps to dissolve the Company via a strike-off. No definitive decision to strike the Company off has been made at this time.

In the event that a plan to apply for strike-off of the Company does proceed, this would only occur following settlement in full of any liabilities of the Company and the directors do not consider that any plan to prepare the Company for strike-off would in any way impact the Company's ability to meet such liabilities.

Due to this change in circumstance, it is not appropriate to prepare the financial statements on a going concern basis.

#### **Dividends**

No interim dividends (2021: £nil) were paid during the year. The directors do not recommend the payment of a final dividend (2021: £nil).

#### **Events since the balance sheet date**

There were no significant events after the end of the reporting period.

#### **Directors' liabilities**

The Company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to those conditions as set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

#### **Disclosure of information to the auditors**

So far as the directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Verizon Connect Telo UK Limited**

**Directors' Report for the Year Ended 31 December 2022 (continued)**

**Auditors**

The directors have appointed Ernst & Young LLP as auditors for the Company in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 27 September 2023 and signed on its behalf by:

*Clare Aitkenhead*

C Aitkenhead  
Director

## **Verizon Connect Telo UK Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations.

## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited**

### **Opinion**

We have audited the financial statements of Verizon Connect Telo UK Limited for the year ended 31 December 2022, which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

We draw attention to Note 2 in the financial statements, which explains that the company has effectively ceased trading, and its directors are exploring the potential dissolution of the company via strike-off. As a result, the directors do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern, as described in Note 2. Our opinion is not modified in respect of this matter.



## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited (continued)**

### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, data protection and anti-bribery and corruption.
- We understood how Verizon Connect Telo UK Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas, and to understand the culture and whether there is a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place as well as fraud deterrence. We corroborated our enquiries through our inspection of Board minutes, inquiry and, if any, review of correspondence with relevant authorities, and made consideration of the results of our audit procedures performed to either corroborate or provide contrary evidence which was then followed up.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We considered the procedures and controls that the Company has established to address risks identified, or that otherwise prevent, detect and deter fraud; and how senior management monitors those procedures and controls. Where this risk was higher, we performed incremental audit procedures to address each identified fraud risk. These procedures included the deployment of data analytics in our execution of journal entry testing procedures.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of the Board minutes to identify any non-compliance with laws and regulation, enquiries of management and testing of journal postings by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited  
(continued)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

*Ernst & Young LLP*

.....  
Evangelos Gkirtsos (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

27 September 2023  
Date:.....

# Verizon Connect Telo UK Limited

## Statement of Profit or Loss Account and Other Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
<b>Revenue</b>	3	-	1,184,774
<b>Expenditure</b>			
Distribution costs		(1,323)	(1,086,037)
Administrative expenses		-	(42,319)
<b>Operating (loss)/profit</b>	4	<u>(1,323)</u>	<u>56,418</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		(1,323)	56,418
Tax on (loss)/profit on ordinary activities	7	<u>(2,178)</u>	<u>(789)</u>
<b>(Loss)/profit for the year</b>		(3,501)	55,629
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(3,501)</u></u>	<u><u>55,629</u></u>

The notes on pages 13 to 24 form an integral part of these financial statements.

## Verizon Connect Telo UK Limited

### Balance Sheet as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
<b>Current assets</b>			
Debtors - due within one year	9	1,132,323	1,335,013
Cash at bank and in hand	10	<u>389,633</u>	<u>226,445</u>
		1,521,956	1,561,458
<b>Creditors: Amounts falling due within one year</b>	11	<u>(686,883)</u>	<u>(722,884)</u>
<b>Net assets</b>		<u>835,073</u>	<u>838,574</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Retained earnings		<u>834,973</u>	<u>838,474</u>
<b>Shareholders' funds</b>		<u>835,073</u>	<u>838,574</u>

Approved by the Board on 27 September 2023 and signed on its behalf by:

*Clare Aitkenhead*  
.....

C Aitkenhead

Director

The notes on pages 13 to 24 form an integral part of these financial statements.

# Verizon Connect Telo UK Limited

## Statement of Changes in Equity for the Year Ended 31 December 2022

	<b>Called-up Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2022	100	838,474	838,574
Loss for the year	-	(3,501)	(3,501)
At 31 December 2022	<u>100</u>	<u>834,973</u>	<u>835,073</u>

	<b>Called-up Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2021	100	782,845	782,945
Profit for the year	-	55,629	55,629
At 31 December 2021	<u>100</u>	<u>838,474</u>	<u>838,574</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 1 Authorisation of financial statements and statement of compliance

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue by the Board of directors on 27 September 2023 and the Balance Sheet was signed on the Board's behalf by Clare Aitkenhead. The Company is a private company limited by shares, incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling.

The results of the Company are included in the consolidated financial statements of Verizon Communications Inc.. Copies of Verizon Communications Inc.'s annual report are available at <https://www.verizon.com/about/investors/annual-report> or on written request at the address of the principal executive offices; 1095 Avenue of the Americas, New York, New York 10036, USA.

The principal accounting policies adopted by the Company are set out in note 2.

#### 2 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

##### Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- (ii) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (iii) the requirements of IAS 7 Statement of Cash Flows
- (iv) the requirements of paragraphs 45b and 46-52 of IFRS 2 Share Based Payment because the share based payment arrangement concerns the instruments of another group entity
- (v) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- (vi) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 Property Plant and Equipment
- (vii) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements
- (viii) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Summary of disclosure exemptions (continued)

- (ix) the requirements of IFRS 7 Financial Instruments: Disclosures
- (x) the requirements of IFRS 9 Financial Instruments: Disclosures

##### Going concern

As the service agreement with Verizon Connect Telo Inc. was terminated as of 31 December 2021, the Company effectively ceased to trade with no third party customers, suppliers or leases nor any direct employees. In addition, directors continue to evaluate the possibility of taking steps to dissolve the Company via a strike-off. No definitive decision to strike the Company off has been made at this time.

In the event that a plan to apply for strike-off of the Company does proceed, this would only occur following settlement in full of any liabilities of the Company and the directors do not consider that any plan to prepare the Company for strike-off would in any way impact the Company's ability to meet such liabilities.

Due to this change in circumstance, it is not appropriate to prepare the financial statements on a going concern basis.

##### New standards, interpretations and amendments effective 1 January 2022

The following amendments to accounting standards have been effective from 1 January 2022. However, these amendments do not have an impact on the financial statements of the Company.

- Reference to the conceptual framework (Amendments to IFRS 3)
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16)
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)
- Financial instruments - Fees in the '10 per cent' test for derecognition of financial liabilities (IFRS 9)

Several other amendments and interpretations were applied for the first time in 2022 and continue to apply for subsequent years, but do not have an impact on the financial statements of the Company. The Company has not yet adopted any standards, interpretations or amendments that have been issued but which are not yet effective.

##### Revenue from contracts with customers

The Company had a service agreement with Verizon Connect Telo Inc. for the provision of promotion and marketing services. The service agreement was terminated with effect from 1 January 2022 and therefore no service fees were charged from 1 January 2022.

Before the agreement was terminated, expenses incurred by the Company in the performance of agreed upon services and any other expenses as agreed between the parties, except income taxes, were incorporated into the service agreement.

Revenue was recognised on an accruals basis when the underlying services were performed and expenses were incurred.

IFRS 15 requires the deferral of incremental costs incurred to obtain a customer contract, which were then amortised to expense, over the respective period. 50% of sales commissions' costs were deferred and amortised over the weighted-average contract term.



## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted substantively at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Profit or Loss.

##### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Profit or Loss.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### **Tangible fixed assets and depreciation**

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and any provisions for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful lives using the straight line basis.

Fixtures and equipment 5 years.

##### **Financial Instruments**

###### Financial Assets

The Company has applied IFRS 9 with effect from 1 January 2018 and going forward.

The Company has availed of the disclosure exemptions available in accordance with FRS 101 as mentioned in the summary of disclosure exemptions.

Following review of the Company's financial assets and financial liabilities, no material recognition, measurement or transition impacts from the application of IFRS 9 have been identified with financial assets and liabilities being recognised in the same manner under IFRS 9 as was recognised under the previously applicable standard IAS 39, Financial Instruments.

###### *Initial recognition and measurement*

Financial assets within the scope of IFRS 9 are classified as financial assets at amortized cost, and financial assets at fair value through profit or loss.

###### *Derecognition of financial assets:*

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Financial Instruments (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company's financial assets are classified as loans and receivables and include cash, intercompany and other receivables.

##### *Cash at bank and in hand*

Cash in the balance sheet comprises cash at banks and in hand.

##### *Intercompany and other debtors*

The Company impairs intercompany receivables using the IFRS 9 general impairment approach, which involves calculating an amount equal to 12 months expected credit losses where the Credit Risk is assessed below.

Changes in the credit risk associated with these assets are assessed on both an individual basis and collective basis. To date, there has been no indication of impairment on a collective basis.

##### Financial Liabilities

##### *Initial recognition and measurement*

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement, financial guarantee contracts, commitments to provide a loan at a below market interest rate, and contingent consideration recognized by an acquirer in accordance with IFRS 3, Business Combinations.

##### *Derecognition of financial liabilities:*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Verizon Connect Telo UK Limited****Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****2 Accounting policies (continued)****Financial Instruments (continued)***Trade and other creditors*

Trade and other short term creditors are carried at the lower of their original invoiced value and payable amount.

*Loans and borrowings*

Loans and borrowings are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

**Defined contribution pension obligation**

The Company operated a defined contribution pension scheme up until the employees were transferred to other group companies on 1 August 2021. The assets of the scheme were held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Profit or Loss represented the contributions payable to the scheme in respect of the accounting period.

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets recoverable amount in order to determine the extent of the impairment loss. An assets recoverable amount is the higher of an assets or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment losses is recognised immediately in the Statement of Profit or Loss, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Share based payments

No share based payments were made in the financial year ending 31 December 2022 as the Company had no employees during the year following their transfer to other group companies on 1 August 2021.

In respect of share based payments made in the financial year ending 31 December 2021, the cost of equity settled transactions with employees were measured by reference to the fair value at the date on which they were granted and were recognised as an expense over the vesting period, which ended on the date on which the relevant employees became fully entitled to the award. Fair value was determined by using an appropriate pricing model.

No expense was recognised for awards that did not ultimately vest. At each balance sheet date before vesting, the cumulative expense was calculated, representing the extent to which the vesting period had expired and management's best estimate of the number of equity instruments which would have ultimately vested. The movement in cumulative expense since the previous balance sheet date was recognised in the Statement of Profit or Loss with a corresponding entry in equity.

Where the terms of an equity settled award were modified or a new award was designated as replacing a cancelled or settled award, the cost based on the original award terms continued to be recognised over the original vesting period.

In addition, an expense was recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction was recognised if the difference was negative.

Where an equity settled award was cancelled it was treated as if it had vested on the date of the cancellation and any cost not yet recognised in the Statement of Profit or Loss for the award was expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date was deducted from equity, with any excess over fair value being treated as an expense in the Statement of Profit or Loss.

#### 3 Revenue

An analysis of the Company's revenue which was wholly derived from its US parent is as follows:

	2022	2021
	£	£
Cost plus basis on expenses	-	1,184,774

No service fees were charged from 1 January 2022 due to the termination of the service agreement with Verizon Connect Telo Inc.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 4 Operating (loss)/profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of property, plant and equipment	-	3,884
Foreign exchange losses	-	1,509
Rental expense	-	74,338
Staff costs	507	920,042
<b>Auditor's remuneration</b>		
- audit of the financial statements	-	36,000
- other services	-	-

Auditors' remuneration for 2022 audit services was borne by another group company, Verizon UK Limited.

#### 5 Staff costs

The average number of persons employed by the Company during the year, was:

	2022	2021
	No.	No.
Sales and administrative employees	-	9

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	-	778,358
Social security costs	507	99,890
Other pension costs	-	41,794
	507	920,042

The employees of the Company transferred to other group companies on 1 August 2021.

Social security costs represent Class 1 NICs paid by the Company during 2022.

#### 6 Directors' remuneration

The directors are employed by Verizon group companies and their service as directors is incidental to their main employment. Consequently, the directors do not receive emoluments for their services as directors of the Company.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 7 Income tax

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	-	-
Total current income tax	-	-
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	-	789
Adjustment in respect of prior periods	2,178	-
Total deferred taxation	2,178	789
Tax charge in the profit and loss account	2,178	789

#### Reconciliation of the total tax charge

	2022 £	2021 £
(Loss)/profit before tax	(1,323)	56,418
Tax at UK statutory rate of 19% (2021:19%)	(251)	10,719
Fixed asset timing differences	-	260
Other timing differences	-	(1,048)
Deferred tax liability/(asset) recognised during the year	-	789
Group relief claimed	251	(9,931)
Adjustments in respect of prior periods	2,178	-
Total tax charge	2,178	789

#### Change in Corporation Tax Rate

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

#### Deferred tax

	2022 £	2021 £
<b>Deferred tax (asset)/liability included in the balance sheet as follows</b>		
Deferred tax	-	(2,178)
	-	(2,178)

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 8 Tangible assets

	Furniture, fittings and equipment £
<b>Cost or valuation</b>	
At 1 January 2022	55,407
At 31 December 2022	55,407
<b>Depreciation</b>	
At 1 January 2022	55,407
Charge for the year	-
At 31 December 2022	55,407
<b>Carrying amount</b>	
At 31 December 2022	-
At 31 December 2021	-

#### 9 Trade and other debtors

	2022 £	2021 £
<b>Due within one year:</b>		
Amounts due from parent company	1,132,323	1,132,323
Amounts due from other group undertakings	-	200,512
Deferred tax	-	2,178
	<u>1,132,323</u>	<u>1,335,013</u>

Amounts due from the parent company are repayable on demand.

Amounts due from a group company on the transfer of employees on 1 August 2021 were settled in December 2022.

#### 10 Cash at bank and in hand

	2022 £	2021 £
Cash at bank	<u>389,633</u>	<u>226,445</u>



## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 11 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts due to group undertakings	686,883	686,882
Accrued expenses	-	36,002
	<u>686,883</u>	<u>722,884</u>

Auditors' remuneration for 2022 audit services was borne by another group company, Verizon UK Limited. The 2021 audit fee of £36,000 was borne by the Company.

#### 12 Share capital

	2022 £	2021 £
<b>Issued</b>		
100 (2021:100) ordinary shares of GBP 1 each	<u>100</u>	<u>100</u>

#### 13 Pension and other schemes

##### Defined contribution pension scheme

The Company operated a defined contribution pension scheme up until the employees were transferred to other group companies on 1 August 2021. There was no pension charge for the year (2021:£41,794) and no contributions payable outstanding at 31 December 2022 or 2021.

## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **14 Share-based payments**

##### **Stock Together**

From 2 March 2020, the Company participated in the Verizon Communications Inc. (“Verizon”) Stock Together Plan (“the Stock Together Plan”). The Stock Together Plan permitted the granting of restricted stock units (RSUs).

The Stock Together Plan was a broad-based equity award program that created an opportunity for employees to share in the success of Verizon and the value created through a discretionary award of RSUs.

Eligible employees received an award of RSUs in a fixed dollar amount based on their job level, work location, and scheduled hours on the grant date. The actual number of RSUs each employee received was determined by dividing the employee’s fixed dollar award amount by the closing price of a share of Verizon Communications Inc. common stock on the NYSE on the grant date.

The award would have vested over a 3-year period, with a third of the units vesting each year. If an employee satisfied the vesting requirements for the award they would have received a cash payment equal to the value of the vested RSUs plus quarterly dividend equivalent units on the applicable vesting dates.

The RSU award liability was measured at its fair value at the end of each reporting period and, therefore, would have fluctuated based on the performance of Verizon’s stock.

No Stock Together payments were made in the financial year ending 31 December 2022 as the Company had no employees during the year following their transfer to other group companies on 1 August 2021.

The charge for the year amounted to £nil (2021: £2,937).

The carrying amount of the liability is £nil (2021: £nil).

#### **15 Parent and ultimate parent undertaking**

The Company is a wholly owned subsidiary undertaking of Verizon Connect Telo Inc., a company incorporated in the USA. The Company is a wholly owned indirect subsidiary of Verizon Communications Inc., a company incorporated in Delaware in the United States of America, whose principal place of business is 1095 Avenue of the Americas, New York, New York 10036 USA and is the ultimate parent undertaking and controlling party of the Company.

Verizon Communications Inc. is the ultimate parent company of the largest and smallest group in which the results of the Company are consolidated.

#### **16 Events since the balance sheet date**

There were no significant events after the end of the reporting period.