

Registered number: 09058868

VIRGIN MEDIA MOBILE FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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VIRGIN MEDIA MOBILE FINANCE LIMITED

COMPANY INFORMATION

Directors	J N Dodds D Higgins
Company secretary	G E James
Registered number	09058868
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU
Independent auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE

VIRGIN MEDIA MOBILE FINANCE LIMITED

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VIRGIN MEDIA MOBILE FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activities and business review

The principal activity of the company during the year was, and will continue to be, the provision of financing to UK customers to facilitate the purchase of mobile handsets, which are supplied to customers by Virgin Mobile Telecoms Limited, a fellow group undertaking.

As at 31 December 2020, the company is a wholly owned subsidiary undertaking of Virgin Media Inc. (Virgin Media), which is itself a wholly owned subsidiary undertaking of Liberty Global plc ("Liberty Global"). As at 31 December 2020, the financial information of Virgin Media and its subsidiaries are included in the combined financial statements of the 'Virgin Media Group'. Virgin Media Group comprises of (i) Virgin Media and its subsidiaries and (ii) NewCo Holdco 5 Limited and its subsidiaries (Virgin Media Ireland). The combined financial statements of Virgin Media Group are available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

In September 2020 Virgin Media Mobile Finance Limited entered into an agreement to sell certain of its mobile handset receivables to VM Receivables Financing II PLC, a third-party special purpose financing entity outside of the Virgin Media Group. Proceeds from the initial sale of handset loan receivables were used to redeem £200m of Class A and B Variable Funding Notes in full.

The Virgin Media Inc. group (the group) operates under the Virgin Media brand in the United Kingdom (UK).

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

The group provides mobile services to its customers using a third-party network through mobile virtual network operators (MVNO) arrangements.

In addition, through the Virgin Media Business brand, the group offers a broad portfolio of B2B voice, data, internet, broadband and managed services solutions to small, medium and large enterprises and public sector organisations in the UK.

At 31 December 2020, the group provided services to 6 million residential cable customers on its network. The group provides mobile telephony services to 3 million contract mobile customers and 0.1 million prepay mobile customers over third party networks. As of 31 December 2020, 80% of the group's cable customers received multiple services and 58% were "triple-play" customers, receiving broadband internet, video and fixed-line telephony services.

Liberty Global is an international converged broadband internet, video, fixed-line telephony and mobile services company operating under the consumer brands Virgin Media, Telenet, UPC, the combined Sunrise UPC, as well as VodafoneZiggo, which is owned through a 50:50 joint venture. Liberty Global's substantial scale and commitment to innovation enable it to invest in the infrastructure and digital platforms that empower its customers to make the most of the digital revolution. Liberty Global delivers market-leading products through next-generation networks that connect customers subscribing to 49 million (at 31 December 2020) broadband internet, video, fixed-line telephony and mobile services across its brands. Liberty Global also has significant investments in ITV, All3Media, CANAL+ Polska, LionsGate, the Formula E racing series and several regional sports networks.

On 7 May 2020, Liberty Global entered into a contribution agreement with, among others, Telefonica, SA (Telefonica). Pursuant to this agreement, Liberty Global and Telefonica agreed to form a 50:50 joint venture, which will combine Virgin Media's operations in the UK with Telefonica's mobile business in the UK to create a nationwide integrated communications provider. The formation of the joint venture was completed on 1 June 2021.

VIRGIN MEDIA MOBILE FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the Annual Report of Virgin Media Group, which is available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

Brexit

The UK's departure from the European Union (EU) could have a material adverse effect on our business, financial condition, results of operations or liquidity. On 23 June 2016, the UK held a referendum in which voters approved, on an advisory basis, an exit from the EU, commonly referred to as "Brexit".

The UK formally exited the EU on 31 January 2020. On 24 December 2020, the UK and the EU reached the "Trade and Cooperation Agreement," referred to as the EU-UK Agreement. On 30 December 2020, the EU-UK Agreement was approved by the UK Parliament, with retrospective ratification from the EU Parliament expected to follow in 2021.

In the meantime, the EU-UK Agreement has been provisionally brought into effect. The EU-UK Agreement focuses on four main sectors, namely trade, economic and social cooperation, security and governance.

Examples of the potential impact Brexit could have on Liberty Global group's business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital market;
- shortages of labour necessary to conduct our business, including our Network Extension in the UK;
- disruption to our UK supply chain and related increased cost of supplies;
- a weakened UK economy resulting in decreased consumer demand for our products and services in the UK;
- legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws and directives to replace or replicate, or where previously implemented by enactment of UK laws or regulations, to retain, amend or repeal; and
- various geopolitical forces may impact the global economy and our business, including, for example, other EU member states (in particular those member states where we have operations) proposing referendums to, or electing to, exit the EU.

COVID-19

In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. In response to the COVID-19 pandemic, emergency measures have been imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses.

These measures have adversely impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. While it is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact on our business, financial condition and results of operations in future periods.

VIRGIN MEDIA MOBILE FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators (KPIs)

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

	2020 £000	2019 £000	Commentary
Revenue	20,727	22,951	Revenue has decreased by 9.7% as income relating to handset receivables that have been sold, is recognised as a reduction to administrative expenses rather than within revenue.
Operating profit	3,434	11,229	Operating profit has decreased primarily due to costs associated with the sale of certain mobile handset receivables.

The company reported a decrease in both net current assets and net assets for the year ended 31 December 2020 as a result of normal operations. There was no movement in the called up equity share capital of the company.

Selected statistics for the company at 31 December 2020 and 31 December 2019 are shown in the table below:

	2020	2019
Loan additions in the year	361,000	368,000
Average loan value added (£)	714	661

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in Virgin Media Group's Annual Report for 2020, which is available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

Section 172 Statement

This statement is intended to disclose how our directors have approached and met their responsibilities under s172 Companies Act 2006.

In line with group's goal of enhancing the long-term value for the benefit of its shareholders, the directors of the company have been elected by our shareholders to oversee the management of the company, to help assure that the interests of our shareholders are served.

The following factors are considered as part of group operations as a whole, to maintain highest standards of corporate governance, essential to our business integrity and performance:

- long-term consequences of decisions;
- employees' interests;
- business relationships with suppliers and customers;
- the impact of our operations on the environment and communities in which we operate; and
- the need to act fairly between shareholders.

Consideration of these factors and other relevant matters is embedded into all Virgin Media group decision-making, strategy development and risk assessment throughout the year. Further information is considered in more detail in the Annual Report of Virgin Media Finance PLC which is available from the company secretary at Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

VIRGIN MEDIA MOBILE FINANCE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board and signed on 28 June 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J N Dodds', with a stylized flourish at the end.

J N Dodds
Director

VIRGIN MEDIA MOBILE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after tax, amounted to £1,070,000 (2019 - profit £4,322,000).

The directors have not recommended an ordinary dividend (2019 - £nil).

Directors

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

W T Castell (resigned 9 March 2020)
J N Dodds (appointed 14 October 2020)
D Higgins
R G McNeil (appointed 9 March 2020, resigned 14 October 2020)
S-P Pascu (appointed 3 March 2020, resigned 16 November 2020)
C B E Withers (appointed 23 April 2020, resigned 21 July 2020)

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.

Going concern

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

Disclosure of information to the auditor

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

Auditor

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

This report was approved by the board on 28 June 2021 and signed on its behalf.



J N Dodds
Director

VIRGIN MEDIA MOBILE FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless 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 accounting 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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

VIRGIN MEDIA MOBILE FINANCE LIMITED

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

Opinion

We have audited the financial statements of Virgin Media Mobile Finance Limited ("the company") for the year ended 31 December 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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, and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the company.

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, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that 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 single revenue stream driven by the loan assets.

We 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 to unusual accounts.

VIRGIN MEDIA MOBILE FINANCE LIMITED

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

Identifying and responding to risks of material misstatement due to non-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, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management 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 and 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.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 the 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 the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

VIRGIN MEDIA MOBILE FINANCE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MEDIA MOBILE FINANCE LIMITED
(CONTINUED)**

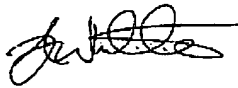
Auditor's responsibilities

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 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.



Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

29 June 2021

VIRGIN MEDIA MOBILE FINANCE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Revenue		20,727	22,951
Gross profit		20,727	22,951
Administrative expenses		(17,293)	(11,722)
Operating profit	4	3,434	11,229
Finance income	7	4	19
Finance costs	8	(4,525)	(6,899)
(Loss) / profit before tax		(1,087)	4,349
Income tax benefit/(expense)	9	17	(27)
(Loss) / profit for year		(1,070)	4,322

The notes on pages 13 to 26 form part of these financial statements.

There was no other comprehensive income or expenditure for 2020 or 2019 other than that included in the profit and loss account.

All results were derived from continuing operations.

VIRGIN MEDIA MOBILE FINANCE LIMITED
REGISTERED NUMBER:09058868

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	30	46
Current assets			
Debtors: amounts falling due after more than one year	11	52,820	168,665
Debtors: amounts falling due within one year	11	58,504	152,989
Cash and cash equivalents		392	553
		<u>111,716</u>	<u>322,207</u>
Creditors: amounts falling due within one year	12	(73,843)	(2,204)
		<u>37,873</u>	<u>320,003</u>
Net current assets		37,873	320,003
Total assets less current liabilities		37,903	320,049
Creditors: amounts falling due after more than one year	13	-	(281,076)
		<u>37,903</u>	<u>38,973</u>
Net assets		37,903	38,973
Capital and reserves			
Ordinary shares	16	-	-
Share premium	17	20,000	20,000
Retained earnings	17	17,903	18,973
Total shareholder's funds		37,903	38,973

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2021.



J N Dodds
Director

The notes on pages 13 to 26 form part of these financial statements.

VIRGIN MEDIA MOBILE FINANCE LIMITED

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

	Ordinary shares	Share premium account	Retained earnings	Total shareholder's funds
	£000	£000	£000	£000
Balance as at 1 January 2020	-	20,000	18,973	38,973
Comprehensive income for the year				
Loss for the financial year	-	-	(1,070)	(1,070)
Balance as at 31 December 2020	-	20,000	17,903	37,903

The notes on pages 13 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Ordinary shares	Share premium account	Retained earnings	Total shareholder's funds
	£000	£000	£000	£000
Balance as at 1 January 2019	-	20,000	14,651	34,651
Comprehensive income for the year				
Profit for the financial year	-	-	4,322	4,322
Balance as at 31 December 2019	-	20,000	18,973	38,973

The notes on pages 13 to 26 form part of these financial statements.

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Company information

Virgin Media Mobile Finance Limited (the "company") is a private company incorporated, domiciled and registered in the UK. The registered number is 09058868 and the registered address is 500 Brook Drive, Reading RG2 6UU.

2. Accounting policies

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

2.1 Basis of accounting

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

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

The company's ultimate parent undertaking, Liberty Global plc, includes the company in its consolidated financial statements. The consolidated financial statements of Liberty Global plc are prepared in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006 and are available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

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 and intangible assets;
- disclosures in respect of 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; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Liberty Global plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 fair value measurement, the disclosures required by IFRS 7 financial instrument disclosures and disclosures required by IFRS 15 revenue from contracts with customers.

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Going concern

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

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

Forecasts and projections prepared for the Virgin Media group as a whole, indicate that cash on hand, together with cash from operations, repayment of amounts due to Virgin Media from the Liberty Global group and undrawn revolving credit facilities, are expected to be sufficient for the Virgin Media group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements. The group has indicated its intention to continue to make such funds available to the company as are needed. In addition Virgin Media Inc has formally indicated its intention to continue to support the Company financially for at least this period.

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

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis. Consideration of the on-going impact of COVID-19 and the Contribution Agreement (referred to in note 20) has not altered this conclusion.

2.3 Revenue recognition

Loan assets are financial instruments that are measured at amortised cost. As per IFRS 9 financial instruments the company classifies its financial assets at amortised cost (and are not designated at 'fair value through profit or loss' (FVPL)), as the assets are held with the objective to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition the loan assets are measured at amortised cost using the effective interest rate (EIR) method. The interest income is recorded as revenue in the financial statements. The EIR is the rate that discounts estimated future loan cash receipts through the expected life of the loan asset. The EIR is determined at the time of purchase of the loans and then reassessed and adjusted after the purchase of the loans to reflect refinements made to our estimates of future cash flows based on enhanced data and analysis considered during that time period. When an individual portfolio's carrying value is completely recovered, we recognise any subsequent collections as revenue as it is received.

Loan assets are analysed between falling due within one year and after one year in the balance sheet. The current asset is determined using the expected cash flows arising in the 12 months after the balance sheet date. The residual amount is classified as due after one year.

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

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

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

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Trade and other receivables

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

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

2.7 Impairment of loan assets

Loan assets are measured at amortised cost. Therefore impairment is assessed using the general approach to measuring expected credit losses (ECL). The company measures loss allowances at an amount equal to 12 month ECLs.

2.8 Cash and cash equivalents

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

2.9 Restricted cash

Restricted cash represents funds held by the company in bank accounts which cannot be withdrawn until certain conditions have been fulfilled. The aggregate restricted funds balance is disclosed by way of a note to these financial statements and is classified as a current asset based on the estimated remaining length of the restriction.

2.10 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.

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Tax

Current income 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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account. The directors periodically evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate. Income tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to Other Comprehensive Income.

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.

VIRGIN MEDIA MOBILE FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.12 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 remeasured 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.

An interest rate cap agreement has been entered into to cap the interest rate on the Variable Funding Notes (VFNs) at a maximum level but allowing the benefits from decreases in market interest rates below this level.

The interest rate cap is 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.

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.

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Estimation of future cash flows

Estimates of future cash flows are key elements of our revenue recognition and impairment of loan asset policies.

Revenue from loan assets is calculated using the EIR method. The EIR is determined at the time of purchase of the loans and then subsequently reassessed and adjusted to reflect refinements made to our estimates of future cash flows.

Adverse changes to estimates of future cash flows are a key indication of impairment of the carrying value of loan assets. Estimates of future cash flows are used in the calculation of the amount of any required impairment.

Estimates of future cash flows are based on the current ageing of loan assets, prior collection experience and future expectations of conditions that might impact recoverability. Estimates of future cash flows are reviewed on a regular basis.

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 14).

Judgements

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.

Sale of handset receivables

The company has entered into a series of transactions to agree to sell certain of its handset receivables, into Special Purpose Vehicles (SPVs). Management apply judgement on the consolidation and deconsolidation of the SPVs into company's accounts and on the sale of financial assets to the SPVs, as required by IFRS 10 consolidated financial statements and IFRS 12 disclosure of interests in other entities.

4. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Amortisation of intangible assets	16	3

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

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2020 and 2019 was paid by and disclosed in the financial statements of Virgin Media Limited.

5. Auditor's remuneration

Auditor's remuneration of £10,000 (2019 - £10,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group.

VIRGIN MEDIA MOBILE FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Employees

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group.

7. Finance income

	2020 £000	2019 £000
Other finance income	4	19

8. Finance costs

	2020 £000	2019 £000
Interest payable on VFN	2,516	5,029
Interest on amounts owed to group undertakings	2,009	1,870
	4,525	6,899

9. Income tax (benefit)/expense

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

	2020 £000	2019 £000
Total current tax	-	-
Deferred tax		
Deferred tax	(17)	27
Total deferred tax	(17)	27
Tax on (loss)/profit	(17)	27

VIRGIN MEDIA MOBILE FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit before tax	(1,087)	4,349
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(207)	826
Effects of:		
Changes in rate	(14)	(3)
Group relief surrendered	204	-
Group relief claimed without payment	-	(796)
Tax (benefit)/expense	(17)	27

Factors that may affect future tax charges

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19% and not reduce to 17% from 1 April 2020. The 19% rate was substantively enacted in the Finance Bill 2020 on 17 March 2020. In the 3 March 2021 Budget, it was announced that the UK tax rate would increase to 25% from 1 April 2023, substantively enacted on 24 May 2021. This will increase the group's future current tax charge accordingly and increase the deferred tax asset by approximately £42,146.

The deferred tax assets and liabilities have been calculated using the enacted rate of 19% as at the current balance sheet date (2019 - 17%).

VIRGIN MEDIA MOBILE FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Intangible assets

	IT Software £000
Cost	
At 1 January 2020	49
At 31 December 2020	49
Amortisation	
At 1 January 2020	3
Accumulated amortisation	16
At 31 December 2020	19
Net book value	
At 31 December 2020	30
At 31 December 2019	46

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Debtors

	2020 £000	2019 £000
Due after one year		
Loan assets	52,686	144,079
Series 2018 VFN-1 Class C	-	24,241
Derivative financial instruments	-	228
Deferred taxation	134	117
	<u>52,820</u>	<u>168,665</u>
	2020 £000	2019 £000
Due within one year		
Loan assets	37,371	150,399
Amounts owed by group undertakings	21,091	567
Other debtors	42	2,023
	<u>58,504</u>	<u>152,989</u>

In September 2020 Virgin Media Mobile Finance Limited entered into an agreement to sell certain of its mobile handset loan receivables to VM Receivables Financing II PLC, a third party special purpose financing entity outside of the Virgin Media group. Proceeds from the initial sale of handset loan receivables were used to redeem in full £200m of Class A and B Variable Funding Notes and settle in full the Class C Variable Funding Notes (see note 13).

Loan assets are repayable over the term of the loan, which is generally 24 or 36 months, and are stated net of provision for impairment.

The directors consider that there was no material difference between the carrying value and fair value of loan assets as at 31 December 2020.

Concentrations of credit risk with respect to loan assets are limited because of the large number of customers and their dispersion across geographic areas within the UK. Virgin Media performs credit checks on new customers and cash collections are continually monitored. The maximum credit risk exposure in relation to financial assets is £137,404,000 (2019 - £350,484,000).

Prior to their redemption in September 2020, certain loans held in the company portfolio were pledged as security in respect of the Series 2018 VFN-1 Class A and B.

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

Other debtors represents restricted cash.

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Accruals and deferred income	30	81
Amounts owed to group undertakings	73,813	2,123
	<u>73,843</u>	<u>2,204</u>

The analysis of amounts owed to group undertakings is:

	2020 £000	2019 £000
Loans advanced by group undertakings	27,893	2,123
Other amounts owed to group undertakings	45,920	-
	<u>73,813</u>	<u>2,123</u>

Loans advanced by group undertakings are unsecured, interest bearing at 3.93% and repayable in December 2021. Other amounts owed to group undertakings, which include trading inter-company balances, are unsecured, interest free and repayable on demand.

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

	2020 £000	2019 £000
Series 2018-VFN Class A	-	189,842
Series 2018-VFN Class B	-	9,436
Series 2018-VFN Class C	-	24,241
Amounts owed to group undertakings	-	57,557
	<u>-</u>	<u>281,076</u>

In July 2018, Series 2018 VFN-1 Class A, Class B and Class C were issued in connection with the securitisation of certain off the company's loan assets. The maximum borrowing capacity under Series 2018 VFN-1 Class A was £190,692,000 and under Series 2018 VFN-1 Class B was £9,308,000. The Variable Funding Notes were redeemed in September 2020 (see note 11).

Series 2018 VFN-1 Class A

The Series 2018 VFN-1 Class A incurred interest charges made up of a yield rate capped at 0.8947% and margin of 0.9000% on utilised amounts as well as 0.45% on unutilised amounts.

Series 2018 VFN-1 Class B

The Series 2018 VFN-1 Class B incurred interest charges made up of a yield rate capped at 0.8947% and margin of 1.6000% on utilised amounts as well as 0.45% on unutilised amounts.

Series 2018 VFN-1 Class C

The Series 2018 VFN-1 Class C were non interest bearing.

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Creditors: amounts falling due after more than one year (continued)

The analysis of amounts owed to group undertakings is:

	2020 £000	2019 £000
Loans advanced by group undertakings	-	56,661
Other amounts owed to group undertakings	-	896
	<u>-</u>	<u>57,557</u>

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

14. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	393	2,804
Financial assets that are debt instruments measured at amortised cost	111,190	319,286
	<u>111,583</u>	<u>322,090</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(73,843)</u>	<u>(283,280)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank, restricted cash and derivative financial instruments, relating to an interest cap agreement.

Financial assets measured at amortised cost comprise loan assets and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise VFN Class A, B and C, accruals & deferred income and amounts owed to group undertakings.

An interest rate cap agreement had been entered into to cap the interest rate on the VFNs at a maximum level but allowing the benefits from decreases in market interest rates below this level. The notional amount of the interest rate cap was £200,000,000. The interest rate cap was redeemed in September 2020.

Derivative financial instruments are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

VIRGIN MEDIA MOBILE FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Deferred tax

	2020 £000	2019 £000
At 1 January	117	144
Credited/(charged) to profit or loss	17	(27)
At 31 December	134	117

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Depreciation in excess of capital allowances	134	117

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,020 (2019 - 1,020) Ordinary shares of £0.01 each	10	10

17. Reserves

Share premium account

Includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings

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

18. Guarantees

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2020, this comprised term facilities that amounted to £3,982 million (2019 - £4,015 million) and revolving credit facilities of £1,000 million (2019 - £1,000 million), which were undrawn as at 31 December 2019 and 2020. Borrowings under the facilities are secured against the assets of certain members of the group.

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 2020 amounted to £4,400 million (2019 - £4,491 million). Borrowings under the notes are secured against the assets of certain members of the group.

Furthermore, a fellow group undertaking has issued senior notes for which certain fellow group undertakings, have guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2020 amounted to approximately £1,127 million (2019 - £1,194 million).

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

VIRGIN MEDIA MOBILE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Controlling parties

The company's immediate parent undertaking is Virgin Media Inc.

The smallest and largest group of which the company is a member and in to which the company's accounts were consolidated at 31 December 2020 are combined financial statements of the 'Virgin Media Group' and the consolidated accounts of Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2020 was Liberty Global plc.

Copies of the combined financial statements of the 'Virgin Media Group' and the consolidated accounts of Liberty Global plc are available on Liberty Global's website at www.libertyglobal.com or from the company secretary, Liberty Global plc, Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

20. Post balance sheet events

Joint venture transaction

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefonica, SA (Telefonica). Pursuant to this agreement, Liberty Global and Telefonica agreed to form a 50:50 joint venture, which will combine Virgin Media's operations in the UK with Telefonica's mobile business in the UK to create a nationwide integrated communications provider. The formation of the joint venture was completed on 1 June 2021.