

Registered number: 12804417

VMED O2 UK FINANCING II PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



VMED O2 UK FINANCING II PLC

COMPANY INFORMATION

Directors	J L Boyle M D Hardman
Company secretary	V Aziba
Registered number	12804417
Registered office	Griffin House 161 Hammersmith Road London United Kingdom W6 8BS
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

VMED O2 UK FINANCING II PLC

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VMED O2 UK FINANCING II PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities and business review

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

The principal activity of the company during the year was, and will continue to be, that of a holding company. The investments of the company are shown in note 15.

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

Further details of Business Overview including 'How We Create Value', 'Our Markets and Regulatory Backdrop' and 'Our Group Strategy' during the financial year ended 31 December 2022 are included in the 2022 Consolidated Annual Report of VMED O2 UK Limited which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU and is published on the website <https://news.virginmediao2.co.uk/>.

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 Consolidated Annual Report of VMED O2 UK Limited.

Key performance indicators (KPIs)

The directors do not use KPIs to assess the performance of the company as its principal activity is that of a holding company and to provide funding to fellow group companies.

Sustainability

Details of 'Sustainability' during the financial year ended 31 December 2022 are included in the 2022 Consolidated Annual Report of VMED O2 UK Limited.

Task Force on Climate-Related Financial Disclosures (TCFD)

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

Future outlook

It is the intention of the directors that this entity will continue to operate as a holding company and hold investments in fellow group companies. The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in the Consolidated Annual Report of VMED O2 UK Limited.

VMED O2 UK FINANCING II PLC

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

Section 172 statement

The directors have acted in good faith in the interest of the shareholders and taken into account the matters set out in section 172 of the Companies Act 2006. This includes the obligation for the directors to have regard for the company's long-term sustainability, and its stakeholders, when making principal decisions of strategic importance during the reporting year. As a responsible business we are committed to conducting our operations with integrity and fairness. Our Code of Conduct sets out our commitment to doing the right thing and maintaining the highest ethical and legal standards.

The company is part of VMED O2 and for administrative efficiencies, the company's key stakeholder engagements are conducted at operational level, led by members of the Executive Management Team (Executives). The Executives have the delegated authority to manage the day-to-day affairs of the operating businesses within the group. Each Executive Sponsor heads a business division, is supported by specialist teams tasked with understanding the needs and priorities of the key stakeholders, and ensures that the Executives are fully briefed on such matters before making strategic decisions. In discharging their duties, each director has adopted the group's governance framework including the interest of the company and group's stakeholders when taking decisions. The directors also considered the relevant matters to the extent necessary for the understanding of the development, performance and position of the company. For example, the directors considered the matters of concerns to the wider stakeholder group when considering the adequacy of its financial commitments to further enable the company to meet its obligations to the group. Further details of how the group considers the matters set out in section 172 of the Companies Act 2006 are set out in the Corporate Governance Statement of the consolidated Annual Report of VMED O2 UK Limited.

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



M D Hardman
Director

Date: 22 June 2023

VMED O2 UK FINANCING II PLC

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

The directors present their report and audited financial statements of the company for the year ended 31 December 2022 (2021 - 17 month period ended 31 December 2021).

Results and dividends

The profit for the year, after tax, amounted to £4,000 (2021 - loss of £4,000).

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

Directors

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

J L Boyle
M D Hardman

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

Political donations

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

UK employee engagement statement

We solely operate in the UK and our employees are based in the UK, details of the group's commitment to employees can be found in the People section of the Consolidated Annual Report of VMED O2 UK Limited.

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

- Quarterly live streams lead by the CEO and the Executives including Questions and Answers sessions;
- Workplace, an interactive social platform two-way communication;
- Executives tour across to country and corporate sites. The focus was to have a dialogue on the cost-of-living with employee; and
- Pulse surveys with a wide range of questions to understand the views and perceptions of employees.

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

Stakeholder statement

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

VMED O2 UK FINANCING II PLC

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

Energy and carbon report

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

Research and Development

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

Corporate governance

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

Going concern

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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 and signed on its behalf.

Julia Boyle

J L Boyle
Director

Date: 22 June 2023

VMED O2 UK FINANCING II PLC

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare the Annual Report and financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant and reliable
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

VMED O2 UK FINANCING II PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING II PLC

Opinion

We have audited the financial statements of VMED O2 UK Financing II plc ("the Company") for the year ended 31 December 2022 which comprise the Statement of 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group's and 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 their 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 director's 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 group's or 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.

VMED O2 UK FINANCING II PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING II PLC
(CONTINUED)**

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to VMED O2 UK Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, 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 there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

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

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

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance 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.

VMED O2 UK FINANCING II PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING II PLC (CONTINUED)

Strategic Report and Directors' report

The directors are responsible for the Strategic Report and Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5 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.

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.

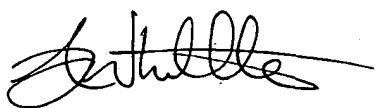
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

VMED O2 UK FINANCING II PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING II PLC
(CONTINUED)**

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 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Date: 23 June 2023

VMED O2 UK FINANCING II PLC

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

		2022	17 month period ended 31 December 2021
	Note	£000	£000
Administrative expenses		-	(2)
Operating profit/(loss)	4	-	(2)
Finance costs		4	(2)
Profit/(loss) before tax		4	(4)
Income tax expense	7	-	-
Profit/(loss) for the year/period		4	(4)

The notes on pages 13 to 21 form part of these financial statements.

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

All results were derived from continuing operations.

VMED O2 UK FINANCING II PLC
REGISTERED NUMBER: 12804417

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments in subsidiaries	8	7,844,694	7,844,694
Current assets			
Debtors: amounts falling due within one year		8	-
Cash and cash equivalents		42	46
Total assets less current liabilities		<u>7,844,744</u>	<u>7,844,740</u>
Net assets		<u><u>7,844,744</u></u>	<u><u>7,844,740</u></u>
Capital and reserves			
Share capital	10	50	50
Share premium	11	7,844,694	7,844,694
Accumulated losses	11	-	(4)
Total shareholder's funds		<u><u>7,844,744</u></u>	<u><u>7,844,740</u></u>

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

Mark Hardman

M D Hardman
 Director

Date: 22 June 2023

The notes on pages 13 to 21 form part of these financial statements.

VMED O2 UK FINANCING II PLC

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

	Share capital £000	Share premium £000	Retained earnings £000	Total shareholder's funds £000
Balance as at 1 January 2022	50	7,844,694	(4)	7,844,740
Profit for the year	-	-	4	4
Balance as at 31 December 2022	50	7,844,694	-	7,844,744

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

	Share capital £000	Share premium £000	Accumulated losses £000	Total Shareholder's funds £000
Balance as at 11 August 2020	-	-	-	-
Loss for the period	-	-	(4)	(4)
Shares issued during the period (see note 10)	50	7,844,694	-	7,844,744
Balance as at 31 December 2021	50	7,844,694	(4)	7,844,740

The notes on pages 13 to 21 form part of these financial statements.

VMED O2 UK FINANCING II PLC

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

1. Company information

The principal activity of VMED O2 UK Financing II plc (the company) was, and will continue to be, that of a holding company.

The company is a public company incorporated, domiciled and registered in the UK. The registered number is 12804417 and the registered address is Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

In accordance with s400 of the Companies Act 2006, consolidated financial statements for this company have not been prepared as the company and its subsidiaries are included in the consolidated financial statements of VMED O2 UK Limited for the period ended 31 December 2021.

2. Accounting policies**2.1 Basis of accounting**

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

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

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

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

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

- a cash flow statement and related notes;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures of transactions with a management entity that provides key management personnel services to the company; and
- disclosures in respect of the compensation of key management personnel.

VMED O2 UK FINANCING II PLC

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

2. Accounting policies (continued)**2.2 Going concern**

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

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

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

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

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

2.3 Investments in subsidiaries

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

VMED O2 UK FINANCING II PLC

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

2. Accounting policies (continued)**2.4 Debtors**

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

The allowance for impairment of trade receivables is estimated based upon the current estimate of lifetime expected credit losses. The company uses a number of factors in determining the allowance, including, amongst other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

2.5 Cash and cash equivalents

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

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

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

Estimates and assumptions***Carrying value of investments***

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

4. Operating profit

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

5. Auditor's remuneration

Auditor's remuneration of £10,925 (2021 - £10,260) for the audit of the financial statements has been borne by a fellow group undertaking and not recharged.

VMED O2 UK FINANCING II PLC

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

6. Employees

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

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

7. Income tax expense

		17 month period ended 31 December
	2022	2021
	£000	£000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit/(loss)	<u>-</u>	<u>-</u>

VMED O2 UK FINANCING II PLC

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

7. Income tax expense (continued)**Factors affecting tax charge for the year/period**

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

	2022	17 month period ended 31 December 2021
	£000	£000
Profit/(loss) before tax	4	(4)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19%	1	(1)
Effects of:		
Group relief (claimed)/surrendered for nil consideration	(1)	1
Tax expense	-	-

Factors that may affect future tax charges

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

8. Investments in subsidiaries

	Investments in subsidiaries £000
Cost and net book value	
At 1 January 2022	7,844,694
At 31 December 2022	7,844,694

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are shown in note 15.

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

VMED O2 UK FINANCING II PLC

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

9. Debtors

	2022	2021
	£000	£000
Due within one year		
Amounts owed by group undertakings	8	-
	<u>8</u>	<u>-</u>
	<u><u>8</u></u>	<u><u>-</u></u>

10. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
50,004 (2021 - 50,004) Ordinary shares of £1.00 each	50,004	50,004
	<u><u>50,004</u></u>	<u><u>50,004</u></u>

On 1 June 2021, the company issued 4 ordinary shares with a nominal value of £4 for a consideration of £7,844,694,000.

11. Reserves**Share capital**

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

Share premium

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

Accumulated losses

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

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12. Guarantees

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2022, this comprised term facilities that amounted to £7,501 million (2021 - £5,916 million) of which £650 million was undrawn (2021 - fully drawn) and revolving credit facilities of £1,378 million (2021 - £1,378 million), which were undrawn as at 31 December 2022 and 2021. Borrowings under the facilities are secured against the assets of certain members of the group.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes at 31 December 2022 amounted to £8,544 million (2021 - £8,066 million). Borrowings under the notes are secured against the assets of certain members of the group.

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 2022 amounted to approximately £1,207 million (2021 - £1,103 million).

The company is a member of the group, which manages its liquidity at the consolidated group level. As such, while the company is not itself a guarantor of the credit facilities, senior secured notes and senior notes discussed above, any action to enforce the guarantees and security given by fellow group undertakings could impact upon the company as a part of that group.

13. Controlling party

The company's immediate parent undertaking is VMED O2 UK Holdco 1 Limited.

The smallest and largest groups of which the company is a member and into which the company's accounts were consolidated at 31 December 2022 are VMED O2 UK Holdings Limited and VMED O2 UK Limited, respectively.

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

VMED O2 UK FINANCING II PLC

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14. List of investments

Name of company		Holdings	Proportion held	Nature of business
Direct shareholdings				
VMED O2 UK Holdco 3 Limited	Ψ	Ordinary	100%	Holding
Indirect shareholdings				
Cellular Radio Limited		Ordinary	100%	Non Trading
Cornerstone Telecommunications Infrastructure Limited	Φ	Ordinary	50%	Joint Venture
Digital Mobile Spectrum Limited	Ξ	Ordinary	25%	Telecoms
DX Communications Limited	Σ	Ordinary	100%	Dormant
giffgaff Limited		Ordinary	100%	Telecoms
O2 Cedar Limited		Ordinary	100%	Non Trading
O2 Communications Limited		Ordinary	100%	Non Trading
O2 Holdings Limited		Ordinary	100%	Holding
O2 Networks Limited		Ordinary	100%	Non Trading
O2 Redwood Limited		Ordinary	100%	Dormant
O2 Unify Limited		Ordinary	100%	IT Consultancy
Statiq Limited		Ordinary	100%	Non Trading
Telefonica Cybersecurity Tech UK Limited		Ordinary	100%	Dormant
Telefónica Europe People Services Limited	Ω/β	Ordinary	100%	HR Services
Telefonica UK Limited		Ordinary	100%	Telecoms
Telefonica UK Pension Trustee Limited		Ordinary	100%	Dormant
Tesco Mobile Limited	μ	Ordinary	50%	Telecoms
The Mobile Phone Store Limited		Ordinary	100%	Dormant
VMED O2 Secretaries Limited		Ordinary	100%	Dormant
VMED O2 UK Holdco 4 Limited	Ψ	Ordinary	100%	Holding
Weve Limited		Ordinary	100%	Non Trading

VMED O2 UK FINANCING II PLC

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

14. List of investments (continued)

All companies are registered at 260 Bath Road, Slough, Berkshire, SL1 4DX, unless otherwise noted below:

- Ψ Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS
- Ξ 24/25 The Shard, 32 London Bridge Street, London, England, SE1 9SG
- Σ The Ca'D'Ore, 45 Gordon Street, Glasgow, United Kingdom, G1 3PE
- Ω South Point Herbert House, Harmony Row, Grand Canal Dock Dublin 2, Dublin. This entity is registered in Ireland.
- μ Shire Park, Welwyn Garden City, United Kingdom, AL7 1GA
- Φ Hive 2, 1530 Arlington Business Park, Theale, Berkshire, RG7 4SA
- β In liquidation