

Registered number: 01785381

VIRGIN MEDIA BUSINESS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



VIRGIN MEDIA BUSINESS LIMITED

COMPANY INFORMATION

Directors	P Cobian E Medina Malo L M Schuler
Company secretary	VMED O2 Secretaries Limited
Registered number	01785381
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU

VIRGIN MEDIA BUSINESS LIMITED

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VIRGIN MEDIA BUSINESS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal activities and business review

Virgin Media Business Limited, (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, the provision of broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organisations and service providers in the UK across its fixed-line network.

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 published on the website <https://news.virginmediao2.co.uk/>.

Principle 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, which is available from company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Key performance indicators (KPIs)

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

	2022 £000	2021 £000	Commentary
Revenue	275,010	289,243	Revenue has decreased by 4.9% due to decrease in broadband internet customers, offset by an increase in the number of mobile telephony customers.
Operating loss	(26,516)	(11,409)	Operating loss has increased by 5.83% in 2022 driven by decrease in revenue and an increase in administrative costs.

The company reported a decrease in both net current assets and net assets for the year ended 31 December 2022 as a result of normal operations. During the year, no new external finance was arranged and there was no movement in the called up equity share capital of the company. Operations were financed through the company's inter-company balances with fellow group undertakings.

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.

VIRGIN MEDIA BUSINESS LIMITED

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

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 trading company. 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.

VIRGIN MEDIA BUSINESS LIMITED

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

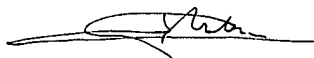
Section 172 Statement

This statement explains how 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 to 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 the administrative efficiencies the Company's key stakeholder engagements are conducted at operational level led by members of the Executive Management Team (Executives, each referred to as Executive Sponsor). 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 and is supported by specialist teams tasked with understanding the needs and priorities of the key stakeholders and ensuring that the Executives are fully briefed on such matters before making strategic decisions. In discharging their director's duties, the directors have adopted the group's governance framework and the interest of the groups stakeholders when taking decision. The directors also considered the relevant matters to the extent necessary for the understanding of the development, performance, position of the Company. As an example, the Board is committed to matters of concerns to the wider stakeholder and received the appropriate information to enable them the consideration and approval of the Group's Modern Slavery Statement and the Company's payment practices report as required by law. Further details of how the group considers the matters set out in section 172 of the Companies Act 2006 are set out in the Section 172 of the consolidated Annual Report of VMED O2 UK Limited.

Further detail is provided in the Consolidated Annual Report of VMED O2 UK Limited.

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



E Medina Malo
Director

Date: 22 June 2023

VIRGIN MEDIA BUSINESS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and non-audited financial statements of Virgin Media Business limited (the company) for the year ended 31 December 2022.

Results and dividends

The loss for the year, after tax, amounted to £19,808,000 (2021 - loss of £1,153,000).

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

Directors

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

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

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

Political donations

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

UK employee engagement statement

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

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

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

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

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.

VIRGIN MEDIA BUSINESS LIMITED

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

Stakeholder statement

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

Energy and carbon report

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

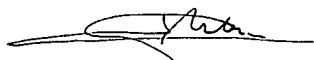
Research and development

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

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.

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



E Medina Malo
Director

Date: 22 June 2023

VIRGIN MEDIA BUSINESS LIMITED

**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 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 Group 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.

VIRGIN MEDIA BUSINESS LIMITED

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

	Note	2022 £000	2021 £000
Revenue		275,010	289,243
Cost of sales		(126,574)	(120,070)
Gross profit		148,436	169,173
Administrative expenses		(174,952)	(180,582)
Operating loss	4	(26,516)	(11,409)
Finance income	6	8,908	8,370
Finance costs	7	(1,398)	(1,318)
Loss before tax		(19,006)	(4,357)
Tax on loss	8	(802)	3,204
Loss for the year		(19,808)	(1,153)

The notes on pages 11 to 26 form part of these financial statements.

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

All results were derived from continuing operations.

VIRGIN MEDIA BUSINESS LIMITED
REGISTERED NUMBER: 01785381

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	9	1,831	1,462
Tangible assets	10	193,041	193,394
		<u>194,872</u>	<u>194,856</u>
Current assets			
Stocks	11	678	5,467
Debtors: amounts falling due after more than one year	12	-	802
Debtors: amounts falling due within one year	12	229,060	240,240
		<u>229,738</u>	<u>246,509</u>
Creditors: amounts falling due within one year	14	(1,816)	(996)
Net current assets		<u>227,922</u>	<u>245,513</u>
Total assets less current liabilities		<u>422,794</u>	<u>440,369</u>
Creditors: amounts falling due after more than one year	15	(30,370)	(28,137)
Net assets		<u><u>392,424</u></u>	<u><u>412,232</u></u>
Capital and reserves			
Share capital	17	1	1
Retained earnings	18	392,423	412,231
Total shareholder's funds		<u><u>392,424</u></u>	<u><u>412,232</u></u>


VIRGIN MEDIA BUSINESS LIMITED
REGISTERED NUMBER: 01785381

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

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

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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



P Cobian
Director

Date: 22 June 2023

The notes on pages 11 to 26 form part of these financial statements.

VIRGIN MEDIA BUSINESS LIMITED
REGISTERED NUMBER: 01785381

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

	Share capital	Retained earnings	Total shareholder's funds
	£000	£000	£000
Balance as at 1 January 2022	1	412,231	412,232
Comprehensive income for the year			
Loss for the year	-	(19,808)	(19,808)
Balance as at 31 December 2022	1	392,423	392,424

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

	Share capital	Retained earnings	Total shareholder's funds
	£000	£000	£000
Balance as at 1 January 2021	1	413,384	413,385
Comprehensive income for the year			
Loss for the year	-	(1,153)	(1,153)
Balance as at 31 December 2021	1	412,231	412,232

The notes on pages 11 to 26 form part of these financial statements.

VIRGIN MEDIA BUSINESS LIMITED

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

1. Company information

The principal activity of Virgin Media Business Limited (the 'company') is the provision of broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organisations and service providers in the UK across its fixed-line network.

The company is a private company incorporated, domiciled and registered in the UK. The registered number is 01785381 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

2. Accounting policies

2.1 Basis of accounting

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

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

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

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

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

- a cash flow statement and related notes;
- comparative period reconciliations for property, plant and equipment and intangible assets;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel;
- disclosures of transactions with a management entity that provides key management personnel services to the company; and
- Certain disclosures required under IFRS 15 revenue from contracts with customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations.

VIRGIN MEDIA BUSINESS LIMITED

**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.

VIRGIN MEDIA BUSINESS LIMITED

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

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

Revenue represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of video, fixed-line telephony, broadband internet and other telecommunication services and to run certain telecommunication systems over which they are provided. All revenue is derived from operations in the United Kingdom and is recognised as the services are provided to customers. The directors consider this to be a single class of business.

Revenue recognition

Revenue is recognised to the extent that it is realised or realisable and earned. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. The following criteria must also be met before revenue is recognised:

- persuasive evidence of an arrangement exists between the company and the company's customer;
- delivery has occurred or the service has been rendered;
- the price for the service is fixed or determinable; and
- recoverability is reasonably assured.

Revenue earned from contracts is recognised in line with performance obligations based on a five-step model.

On inception of the contract we identify a "performance obligation" for each of the distinct goods or services we have promised to provide to the customer. The consideration specified in the contract is allocated to each performance obligation based on their relative standalone selling prices, and is recognised in revenue as they are satisfied. The following table summarises the performance obligations we have identified for our major revenue lines and provides information on the time of when they are satisfied and the related revenue recognition policy.

2.3.1. B2B revenue

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

The company defers upfront installation and certain non-recurring fees received on B2B contracts where the company maintains ownership of the installed equipment. The deferred fees are amortised into revenue on a straight-line basis, generally over the longer of the term of the arrangement or the expected period of performance.

From time to time, the company also enters into agreements with certain B2B customers pursuant to which they are provided the right to use certain elements of our network. If these agreements are determined to contain a lease that meets the criteria to be considered a finance lease-out, the company recognises revenue from the lease component when control of the network element is transferred to the customer.

VIRGIN MEDIA BUSINESS LIMITED

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

2. Accounting policies (continued)

2.4 Finance Income

Finance income is recognised as interest accrues according to the effective interest rate method, which uses the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

2.5 Intangible assets

Our primary intangible assets relate to software costs.

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

Software costs are amortised over their useful economic lives, up to a maximum of five years, on a straight line basis.

VIRGIN MEDIA BUSINESS LIMITED

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

2. Accounting policies (continued)**2.6 Property, plant and equipment**

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

- Network assets	3 - 30 years
- Leasehold property	Period of lease
- Other	3-12 years

No depreciation is provided on freehold land.

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

Network assets includes construction in progress which is not depreciated and comprises of materials, consumables and direct labour relating to network construction and is stated at the cost incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables	- purchase cost
Work in progress	- cost of direct materials and labour

Labour and business process outsourcing cost relating to the design, construction and development of the network, capital projects, and related services are capitalised and depreciated on a straight-line basis over the life of the relevant assets.

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

VIRGIN MEDIA BUSINESS LIMITED

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

2. Accounting policies (continued)

2.8 Trade receivables and debtors

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

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

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

2.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

VIRGIN MEDIA BUSINESS LIMITED

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

2. Accounting policies (continued)**2.10 Deferred taxation**

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 BUSINESS LIMITED

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

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
Useful economic life of property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an assets useful economic life has a significant effect on the annual depreciation charge. The useful life and carrying values are reviewed annually for impairment and where adjustments are required, these are made prospectively.

Recoverability of intercompany receivables

Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the receivables are not considered recoverable.

4. Operating loss

The operating loss is stated after charging:

	2022	2021
	£000	£000
Depreciation of property, plant and equipment	31,491	36,659
Amortisation of intangible assets	1,518	3,522
	<u>33,009</u>	<u>40,181</u>

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

5. Employees

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

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2022 and 2021 is disclosed in the Consolidated Annual Report of VMED O2 UK Holdings Limited.

VIRGIN MEDIA BUSINESS LIMITED

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

6. Finance income

	2022	2021
	£000	£000
Interest on amounts owed by group undertakings	8,908	8,370

7. Finance costs

	2022	2021
	£000	£000
Interest on amounts owed to group undertakings	1,398	1,318

VIRGIN MEDIA BUSINESS LIMITED

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

8. Income tax (benefit)/expense

Tax expense included in profit or loss:

	2022	2021
	£000	£000
Current tax		
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	5,246	2,361
Adjustment in respect of prior periods	(6,100)	(4,806)
Effect of change in tax rates on opening balance	1,656	(759)
Total deferred tax	<u>802</u>	<u>(3,204)</u>
Tax on loss	<u>802</u>	<u>(3,204)</u>

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

	2022	2021
	£000	£000
(Loss)/profit before tax	<u>(19,006)</u>	<u>(4,357)</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(3,611)	(828)
Effects of:		
Fixed asset temporary differences	(1,261)	(440)
Change in tax rates	1,656	(192)
Group relief surrendered	2,805	3,062
Movement in deferred tax not recognised	7,313	-
Adjustment in respect of prior periods	(6,100)	(4,806)
Tax (benefit)/expense	<u>802</u>	<u>(3,204)</u>

VIRGIN MEDIA BUSINESS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Income tax (benefit)/expense (continued)**Factors affecting current and future tax charges**

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

Deferred tax assets in respect of depreciation in excess of capital allowances of £7,999,168 (2021 - £nil) and tax rate changes of 1,656,503 (2021 - £nil) have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse.

9. Intangible assets

	IT Software £000
Cost	
At 1 January 2022	14,376
Additions	1,887
Reclassification to property, plant and equipment	(1,267)
At 31 December 2022	14,996
Amortisation	
At 1 January 2022	12,914
Amortisation	1,518
Reclassification to property, plant and equipment	(1,267)
At 31 December 2022	13,165
Net book value	
At 31 December 2022	1,831
At 31 December 2021	1,462

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10. Property, plant and equipment

	Plant and machinery £000	Other fixed assets £000	Total £000
Cost			
At 1 January 2022	348,686	7,017	355,703
Additions	30,878	260	31,138
Disposals	(49)	-	(49)
Reclassification from intangibles	-	1,267	1,267
At 31 December 2022	379,515	8,544	388,059
Depreciation			
At 1 January 2022	156,543	5,766	162,309
Charge for the year on owned assets	30,820	671	31,491
Disposals	(49)	-	(49)
Reclassification from intangibles	-	1,267	1,267
At 31 December 2022	187,314	7,704	195,018
Net book value			
At 31 December 2022	192,201	840	193,041
At 31 December 2021	192,143	1,251	193,394

Included in "Other fixed assets" are the following net book value of land and buildings:

	2022 £000	2021 £000
Long leasehold	-	33

VIRGIN MEDIA BUSINESS LIMITED

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11. Inventories

	2022	2021
	£000	£000
Goods for resale	678	5,467

Inventories are stated after provisions for impairment of £4,346,000 (2021: £4,251,000).

12. Trade receivables and debtors

	2022	2021
	£000	£000
Due after more than one year		
Deferred tax asset	-	802
Due within one year		
Trade debtors	468	3,541
Amounts owed by group undertakings	228,167	236,699
Prepayments and accrued income	425	-
	229,060	240,240

The analysis of amounts owed to group undertakings is:

	2022	2021
	£000	£000
Loans advanced to group undertakings	191,330	182,422
Other amounts owed to group undertakings	36,837	54,277
	228,167	236,699

Amounts owed by group undertakings due within one year include loan notes which had a carrying value of £191,330,000 (2021 - £184,422,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 4.6%, and are repayable on demand.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Finance lease receivable

The company has entered into lease agreements for the provision of dark fibre to third parties. The future minimum lease payments receivable under non-cancellable leases total £468,000 (2021 - £3,541,000). The whole balance is within one year.

The profit and loss account includes selling profit on dark fibre leases of £2,502,000 (2021 - £13,807,000).

14. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Amounts owed to group undertakings	1,816	330
Deferred income	-	666
	<u>1,816</u>	<u>996</u>

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

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

	2022	2021
	£000	£000
Amounts owed to group undertakings	30,370	28,137
	<u>30,370</u>	<u>28,137</u>

Amounts owed to group undertakings falling due after one year represents loan notes which had a carrying value of £30,370,000 (2021 - £28,137,000) at the balance sheet date. Loan notes are denominated in sterling which bear interest of 4.95%, and mature in 2028.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Deferred taxation

	2022 £000	2021 £000
Deferred tax asset/(liability)		
At 1 January 2022	802	(2,403)
Charged to profit or loss	(802)	3,205
At 31 December 2022	<u>-</u>	<u>802</u>

The deferred taxation balance is made up as follows:

	2022 £000	2021 £000
Fixed asset temporary differences	-	(1,142)
Losses and other deductions	-	1,944
	<u>-</u>	<u>802</u>

17. Share capital

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

18. 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.

Retained earnings

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

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Guarantees

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

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

Furthermore, a fellow group undertaking has issued senior notes for which the company, along with certain fellow group undertakings, has guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2022 amounted to approximately £1,207 million (2021 - £1,103 million).

20. Controlling party

The company's immediate parent undertaking is Virgin Media Operations Limited.

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

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