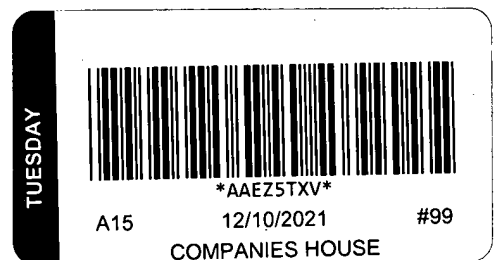


Registered number: 02591237

VIRGIN MEDIA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



VIRGIN MEDIA LIMITED

COMPANY INFORMATION

Directors	J N Dodds M O Hifzi R G McNeil L M Schuler C B E Withers
Company secretary	G E James
Registered number	02591237
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU
Independent auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE

VIRGIN MEDIA LIMITED

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VIRGIN MEDIA 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 broadband internet, video, fixed-line telephony, mobile and broadcasting services as well as running some of the telecommunication services over which they are provided. The company is also the principal employer within the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases, capital commitments and construction in progress.

As at 31 December 2020, the company was a wholly owned subsidiary undertaking of Virgin Media Inc. (Virgin Media) which was itself a wholly owned subsidiary of Liberty Global plc (Liberty Global). As at 31 December 2020, the financial information of Virgin Media and its subsidiaries is 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.

As of 1 June 2021, following the formation of the joint venture (see note 32), the Virgin Media Inc. group (the group) operates under the Virgin Media O2 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 us 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 markets.

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 businesses, 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 December 31, 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 a world leader in converged broadband, video and mobile communication services. It delivers next generation products through advanced fibre and 5G networks that connect 87 million subscribers across Europe and the UK. Liberty Global's consolidated businesses operate under the consumer brands Telenet in Belgium, Sunrise UPC in Switzerland, Virgin Media in Ireland and UPC in Eastern Europe in addition to its two 50:50 joint ventures, VMED O2 in the UK and VodafoneZiggo in the Netherlands. Through Liberty Global's substantial scale and commitment to innovation, it is investing in the infrastructure and platforms that empower its customers to make the most of the digital revolution, while deploying the advanced technologies that nations and economies need to thrive. Liberty Global's consolidated businesses generate annual revenues of more than \$7 billion, while its joint ventures in the UK and the Netherlands generate combined annual revenue of more than \$17 billion.

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefónica, SA (Telefónica). Pursuant to this agreement, Liberty Global and Telefónica agreed to form a 50:50 joint venture (UK JV). The joint venture combines the operations of Virgin Media Inc (Virgin Media) and its subsidiaries and the operations of O2 Holdings Limited and its subsidiaries (O2), to form Virgin Media O2. The formation of the joint venture was completed on 1 June 2021.

Prior to the completion of the UK JV, Virgin Media was a wholly owned subsidiary of Liberty Global plc.

The company has received dividends of £19,498,000 from its subsidiaries during the year (2019 - £2,326,987,000).

VIRGIN MEDIA 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 on 28 April 2021.

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 our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets;
- 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.

The global COVID-19 pandemic continues to adversely impact the economy of the UK. However, during the year ended 31 December 2020, the adverse impact on the group was relatively minimal as demand for our products and services was strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the full adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on our business, financial condition and results of operations in future periods.

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	3,421,408	3,448,506	Revenue has decreased by 0.8%, primarily due to a decrease in the number of telephony and video subscribers, offset by selective price increases and an increase in the number of broadband internet subscribers.
Operating profit	276,549	(1,619,179)	Operating profit has increased by 117.1%, primarily due to a £2.3bn loss on disposal of investments incurred in 2019, offset by an increase in administrative expenses in 2020.

VIRGIN MEDIA LIMITED

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

Selected statistics for residential cable customers served by the company at 31 December 2020 and 31 December 2019 are shown in the table below:

	2020	2019
Products:		
Broadband internet	5,137,200	5,013,100
Fixed-line telephony	4,253,300	4,392,500
Video	3,352,500	3,535,700
Total	<u>12,743,000</u>	<u>12,941,300</u>
Total customers	<u>5,329,700</u>	<u>5,244,100</u>

Each broadband internet, video and fixed-line telephone subscriber directly connected to the company's network counts as one product. Accordingly, a subscriber who receives both telephone and video services counts as two products. Products may include subscribers receiving some services for free or at a reduced rate in connection with promotional offers.

The company reported an increase in both net current assets and net assets for the year ended 31 December 2020. 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.

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.

VIRGIN MEDIA LIMITED

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

Section 172 Statement

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

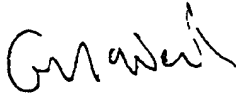
In line with group's goal of enhancing the long-term value for the benefit of its shareholders, the directors of the company have been elected by our shareholders to oversee the management of the company, to help assure that the interests of our shareholders are served.

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.

This report was approved by the board on ³⁰ September 2021 and signed on its behalf.



R G McNeil
Director

VIRGIN MEDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Results and dividends

The profit for the year, after tax, amounted to £446,967,000 (2019 - £750,592,000).

The directors have not recommended an ordinary dividend (2019 - £1,897,023,000).

Directors

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

W T Castell (resigned 9 March 2020)
J N Dodds
M O Hifzi
L Milner (appointed 1 March 2021, resigned 31 August 2021)
R G McNeil (appointed 9 March 2020)
L Milner (appointed 1 March 2021, resigned 31 August 2021)
S-P Pascu (appointed 3 March 2020, resigned 16 November 2020)
L M Schuler
C B E Withers (appointed 23 April 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.

Employment policies and disabled employees

Virgin Media remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs.

Virgin Media aims to ensure that everyone connected to it is treated fairly and equally, whether they are a current or former member of staff, job applicant, customer or supplier.

Nobody should be discriminated against, either directly or indirectly, on the grounds of their gender, gender reassignment, marital status, pregnancy, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or belief, age, political affiliation or trade union membership. The policy applies to anyone who works for, who has worked for or who applies to work for Virgin Media or its partners. That means permanent, temporary, casual or part-time staff, anyone on a fixed-term contract, agency staff and consultants working with the group, ex-employees and people applying for jobs. This applies to all aspects of employment, including recruitment and training.

Virgin Media gives full consideration to applications from employees with disabilities where they can adequately fulfil the requirements of the job. Depending on their skills and abilities, employees with a disability have the same opportunities for promotion, career development and training as other employees. Where existing employees become disabled, it is Virgin Media's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

In line with Liberty Global's 'Code of Business Conduct', the group's employees and directors are expected to display responsible and ethical behaviour, to follow consistently both the meaning and intent of this Code and to act with integrity in all of the group's business dealings. Managers and supervisors are expected to take such action as is necessary and appropriate to ensure that the group's business processes and practices are in full compliance with the code.

VIRGIN MEDIA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Employee involvement

The Virgin Media group is dedicated to increasing the practical involvement of individuals in the running of its business. It seeks to achieve this in two ways, as follows:

- all employees are encouraged to understand the aims of the overall group and their own business area and to contribute to improving business performance through their knowledge, experience, ideas and suggestions. This requires strong communication to ensure that employees are briefed as widely as possible about activities and developments across Virgin Media. The online news channel, open forums, newsletters and team meetings play important roles in this, as does the development of people management skills and the ongoing conversations about performance and development which underpin performance conversations;
- the Virgin Media group ensures that all employees are involved and consulted with through "Voice" which operates at a national, divisional and local level. It enables employees and employers to have an open and transparent relationship with a flow of information. It is focused around sharing information, involving employees in decision making, gaining access to knowledge and experience or resolving differences of opinion. Involving employees in decision making enhances confidence and job satisfaction, creates a sense of belonging and empowerment, reduces stress and imparts positively on wellbeing.

The Virgin Media group fosters a team spirit among employees and their greater involvement by offering participation in bonus or local variable reward schemes and team development opportunities. Virgin Media also operates a recognition scheme designed to reward employees for behaviours which are consistent with the Virgin Media values and has a volunteering scheme which allows employees to take five days each year to volunteer with registered charities or organisations of their choice.

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.

Post balance sheet events

Disposal of investment in subsidiaries

On 4 March 2021, as part of a wider group restructure, the company disposed of its investment in Cullen Broadcasting Limited and Tullamore Beta Limited.

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 Company Act 2006.

This report was approved by the board on 30 September 2021 and signed on its behalf.



C B E Withers
Director

VIRGIN MEDIA 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 of the company in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements of the company for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

In preparing these financial statements of the company, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA LIMITED

Opinion

We have audited the financial statements of Virgin Media Limited ("the company") for the year ended 31 December 2020, which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, 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 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 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.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 straight-forward recognition of revenue over time, and the low value nature of the individual revenue transactions.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA LIMITED (CONTINUED)

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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

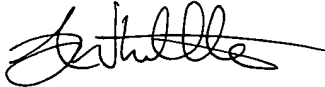
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA LIMITED (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's member 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 member 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 member 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
5 October 2021

VIRGIN MEDIA LIMITED

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Revenue		3,421,408	3,448,506
Cost of sales		(862,123)	(883,291)
Gross profit		2,559,285	2,565,215
Administrative expenses		(2,772,299)	(4,600,723)
Other operating income	4	489,563	416,329
Operating profit/(loss)	5	276,549	(1,619,179)
Income from subsidiary	9	19,498	2,326,987
Finance income	11	52,761	184,538
Finance costs	12	(28,060)	(124,719)
Profit before tax		320,748	767,627
Income tax benefit/(expense)	13	126,219	(17,035)
Profit for the year		446,967	750,592
Other comprehensive income/(expense)			
Remeasurements of defined benefit asset		4,700	(5,000)
Movement on deferred tax relating to defined benefit asset		(893)	950
Loss on cash flow hedges taken to equity		-	(22)
		3,807	(4,072)
Total comprehensive income for the year		450,774	746,520

The notes on pages 15 to 44 form part of these financial statements.

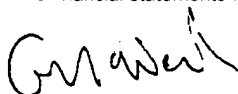
All results were derived from continuing operations.

VIRGIN MEDIA LIMITED
REGISTERED NUMBER:02591237

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	217,761	235,310
Property, plant and equipment	15	5,112,250	5,184,856
Investments in subsidiaries	16	10,007	39,665
Employee benefits	24	92,400	86,400
		<u>5,432,418</u>	<u>5,546,231</u>
Current assets			
Inventories	17	1,829	1,541
Trade receivables	18	368,067	408,819
Debtors: amounts falling due after more than one year	18	2,976,285	1,896,170
Debtors: amounts falling due within one year	18	762,814	514,795
Cash and cash equivalents		39,566	26,814
		<u>4,148,561</u>	<u>2,848,139</u>
Creditors: amounts falling due within one year	19	(3,493,010)	(2,693,826)
Net current assets		<u>655,551</u>	<u>154,313</u>
Total assets less current liabilities		<u>6,087,969</u>	<u>5,700,544</u>
Creditors: amounts falling due after more than one year	20	(291,334)	(302,486)
Provisions for liabilities	22	(78,632)	(133,149)
		<u>5,718,003</u>	<u>5,264,909</u>
Net assets		<u>5,718,003</u>	<u>5,264,909</u>
Capital and reserves			
Share capital	26	726	726
Other reserves	27	11	11
Share options reserve	27	15,115	15,115
Retained earnings	27	5,702,151	5,249,057
Total shareholder's funds		<u>5,718,003</u>	<u>5,264,909</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2021.



R G McNeil
 Director

The notes on pages 15 to 44 form part of these financial statements.

VIRGIN MEDIA LIMITED

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

	Share capital £000	Other reserves £000	Share options reserve £000	Retained earnings £000	Total shareholder's funds £000
Balance as at 1 January 2020	726	11	15,115	5,249,057	5,264,909
Comprehensive income for the year					
Profit for the year	-	-	-	446,967	446,967
Deferred tax on share based remuneration expenses	-	-	-	2,320	2,320
Actuarial gain on pension schemes	-	-	-	4,700	4,700
Deferred tax on defined benefit pension scheme actuarial loss	-	-	-	(893)	(893)
Other comprehensive income for the year	-	-	-	6,127	6,127
Total comprehensive income for the year	-	-	-	453,094	453,094
Balance as at 31 December 2020	726	11	15,115	5,702,151	5,718,003

The notes on pages 15 to 44 form part of these financial statements.

VIRGIN MEDIA LIMITED

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

	Share capital	Share premium account	Hedging reserve	Other reserves	Share options reserve	Retained earnings	Total shareholder's funds
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2019	726	6,185,872	22	11	15,115	2,540,656	8,742,402
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	750,592	750,592
Actuarial loss on pension schemes	-	-	-	-	-	(5,000)	(5,000)
Deferred tax on defined benefit pension scheme actuarial gain	-	-	-	-	-	950	950
Loss on fair value of cash flow hedges	-	-	(22)	-	-	-	(22)
Other comprehensive costs for the year	-	-	(22)	-	-	(4,050)	(4,072)
Total comprehensive income/(costs) for the year	-	-	(22)	-	-	746,542	746,520
Transactions with owners							
Dividends paid	-	-	-	-	-	(1,897,023)	(1,897,023)
Capital reduction	-	(6,185,872)	-	-	-	6,185,872	-
Common control acquisition	-	-	-	-	-	(2,326,990)	(2,326,990)
Balance as at 31 December 2019	726	-	-	11	15,115	5,249,057	5,264,909

The notes on pages 15 to 44 form part of these financial statements.

VIRGIN MEDIA LIMITED

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

1. Company information

Virgin Media Limited (the "company") is a private company incorporated, domiciled and registered in the UK. The registered number is 02591237 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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 intermediate parent undertaking, Virgin Media Finance PLC includes the company in its consolidated financial statements. The consolidated financial statements of Virgin Media Finance PLC are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

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, 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.

As the consolidated financial statements of Virgin Media Finance PLC include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 share based payments in respect of group settled share based payments;
- certain disclosures required by IFRS 13 fair value measurement, the disclosures required by IFRS 7 financial instrument disclosures.

VIRGIN MEDIA 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 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 Virgin Media O2 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 O2 group as a whole, indicate that cash on hand, together with cash from operations 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 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. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

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 broadband internet, video, fixed-line telephony 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.

VIRGIN MEDIA LIMITED

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

2. Accounting policies (continued)

Revenue line	Performance obligation	Revenue recognition policy
Service revenue – cable networks	Provision of video, broadband internet and fixed-line telephony services over our cable network to customers. Performance obligations are identified for each distinct service for which the customer has contracted and are considered to be satisfied over the time period that these services are delivered.	Revenue for these types of services is recognised evenly over the period of the agreement as the services are provided.
Installation and other upfront fees	When the group enters into contracts to provide services to customers, the group often charges installation or other upfront fees. The group is obliged to ensure it can supply services to the customer premise as per the customer contract. This includes cable plant and equipment installation at the customers premise. Installation is not considered a separate performance obligation.	These fees are generally deferred and recognised as revenue over the contractual period, or longer if the upfront fee results in a material renewal right.
B2B revenue	Provision of data, voice and network solution services, including the sale and maintenance of equipment to business customers. Installation charges are charged in relation to the provision of services. The group is obliged to provide the customer with the connectivity services and or equipment stipulated the customer contract. Installation is not considered a separate performance obligation.	The group defer upfront installation and certain nonrecurring fees received on business-to-business contracts where we maintain 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.

There are no material obligations in respect of returns, refunds or warranties.

Incremental revenue is generated based on usage for video on demand. The company has a right to consideration from the customer at an amount that corresponds directly with the value to the customer of the entity's performance completed to date, therefore the entity recognises revenue to the extent which it has a right to invoice.

For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognised uniformly over the contractual period if the contract has substantive termination penalties. If a contract does not have substantive termination penalties, revenue is recognised only to the extent of the discounted monthly fees charged to the subscriber, if any.

Certain upfront costs associated with contracts that have substantive termination penalties and a term of one year or more are recognised as assets and amortised to operating costs and expenses over the applicable period benefited.

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 Dividend income

Dividend income is recognised when the company's right to receive payment is established.

VIRGIN MEDIA LIMITED

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

2. Accounting policies (continued)

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

2.7 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 economic life as follows:

Network assets	3 - 30 years
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Other fixed assets:

- Freehold property	30 years
- Short leasehold property	Period of lease
- Leasehold property	Period of lease
- Other	3 - 12 years

No depreciation is provided on freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

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.

2.8 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.

2.9 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 LIMITED

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

2. Accounting policies (continued)

2.10 Trade receivables and other 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 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.

2.11 Cash and cash equivalents

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

2.12 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.

2.13 Leases

On the lease commencement date, (i) a right-of-use (ROU) asset is recognised representing the right to use an underlying asset and (ii) lease liabilities representing the company's obligation to make lease payments over the lease term. Lease and non-lease components in a contract are generally accounted for separately.

The company initially measures lease liabilities at the present value of the remaining lease payments over the lease term. Options to extend or terminate the lease are included only when it is reasonably certain that the option will be exercised. As most of the company's leases do not provide enough information to determine an implicit interest rate, a portfolio level incremental borrowing rate is used in the present value calculation. ROU assets are initially measured at the value of the lease liability, plus any initial direct costs and prepaid lease payments, less any lease incentives received.

ROU assets are generally depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset. Interest expense on the lease liability is recorded using the effective interest method.

VIRGIN MEDIA LIMITED

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

2. Accounting policies (continued)

2.14 Non derivative financial instruments

Cash and cash equivalents, current trade and other receivables, related-party receivables and payables, certain other current assets, accounts payable, certain accrued liabilities and value-added taxes (VAT) payable represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The company initially recognizes loans and receivables on the date they are originated. All other financial assets (including assets designated as fair value through the statement of profit or loss) are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.15 Provisions for liabilities

A provision is recognised when the company has a present, legal or constructive obligation as a result of a past event for which it is probable that the company will be required to settle by an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

When the effect of the time value of money is material provisions are discounted using a rate that reflects the risks specific to the liability. Where discounting is used, the unwinding of the discount is expensed as incurred and recognised in profit and loss as an interest expense.

VIRGIN MEDIA LIMITED

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

2. Accounting policies (continued)

2.16 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 LIMITED

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

2. Accounting policies (continued)

2.17 Employee benefits

Defined contribution pension plans

The company contributes to the Virgin Media sponsored group personal pension plans for eligible employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of each of the plans.

Defined benefit pension plans

The company operates two defined benefit pension plans. The plans are funded by the payment of contributions to separately administered trust funds and are closed to new entrants and to further accrual.

The regular cost of providing benefits under the defined benefit plans is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related scheme assets are re-measured using the current actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit pension cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on scheme assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect of fair value of the scheme assets of contributions received and benefits paid during the year. The expected return on scheme assets and the interest cost is recognised in the profit and loss account.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each scheme of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price.

Short-term employee benefits

When an employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period. Cash based long-term incentives are accrued at fair value, recognising the movement in the accrual in the financial statements where the conditions and the plan extend beyond a year.

Share-based payments

As at 31 December 2020, the company is an indirect, wholly-owned subsidiary of Virgin Media Inc. and Liberty Global plc. The company has no share-based compensation plans. Employees render services in exchange for shares or rights over shares (equity-settled transactions) of Liberty Global plc. common stock.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of stock options is determined using the Black-Scholes model. These transaction costs are recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, which ends on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, in the opinion of management at that date and based on the best available estimates.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.18 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

VIRGIN MEDIA 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

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.

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 asset's 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.

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.

Provisions

Provisions are recorded when the company has a legal or constructive obligation as a result of a past event for which is probable that the group will be required to settle by an outflow of economic benefits and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Leases

As most of the company's leases do not provide enough information to determine an implicit interest rate, a portfolio level incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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.

4. Other operating income

	2020 £000	2019 £000
Recharge to group undertakings	489,563	416,329

Recharge to group undertakings represents indirect costs incurred by the company and reallocated to fellow group undertakings.

VIRGIN MEDIA LIMITED

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

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting) :

	2020 £000	2019 £000
Gain on disposal of property, plant and equipment	(1,454)	(3,044)
Loss on disposal of investments	-	2,286,312
Provision for impairment of investments	29,658	-
Release of intercompany debtor impairment	(1,978)	(7,756)
Release of impairment of property, plant and equipment	-	(164,420)
Depreciation of property, plant and equipment	835,679	812,605
Depreciation of right-of-use assets	43,744	46,497
Amortisation of intangible assets	136,512	155,532

Recoverability of intercompany receivables is assessed annually. Based on the impairment review of intercompany indebtedness as at 31 December 2020, and a wider group restructure, the directors concluded on a release of provision against amounts due from group undertakings totalling £1,978,000 (2019 - £7,756,000).

The carrying value of investments is assessed annually. Based on these reviews, and following a wider group restructure, the directors concluded on a provision for impairment of £29,658,000 (2019 - £nil).

No release of impairment of fixed assets was recognised in the year (2019 - £164,420,000).

Certain expenses are specifically attributable 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.

6. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2020 £000	2019 £000
Fees for the audit of the company	44	44

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

VIRGIN MEDIA LIMITED

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

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	582,680	528,640
Social security costs	56,534	51,700
Cost of defined benefit scheme	1,700	1,600
Cost of defined contribution scheme	27,004	25,763
	<u>667,918</u>	<u>607,703</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Business	1,327	2,158
Consumer	6,133	5,295
Support, technology and innovation	3,269	3,584
Mobile	-	52
Network expansion	1,132	887
	<u>11,861</u>	<u>11,976</u>

8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	4,269	8,357
Amounts receivable under long-term incentives	3,541	2,034
Directors' pension costs	32	23
	<u>7,842</u>	<u>10,414</u>

During the year retirement benefits were accruing to 3 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £4,472,000 (2019 - £4,310,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,500 (2019 - £5,000).

During the year 6 directors received shares under the long term incentive schemes (2019 - 4).

VIRGIN MEDIA LIMITED

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

9. Income from subsidiary

	2020 £000	2019 £000
Dividends received	19,498	2,326,987

On 2 December 2020, the company received a cash dividend of £19,498,000 from Virgin WiFi Limited. On 17 May 2019, the company received cash dividends of £2,326,987,000 from its subsidiaries.

10. Dividends paid

	2020 £000	2019 £000
Dividends paid	-	1,897,023

The directors have not recommended an ordinary dividend in 2020. On 27 November 2019, the company paid a cash dividend of £1,897,023,000 to Virgin Media Operations Limited.

11. Finance income

	2020 £000	2019 £000
Interest on amounts owed by group undertakings	39,735	181,763
Net gain on foreign currency translation	10,297	-
Interest on pensions	2,100	2,400
Other finance income	194	375
Net gain on derivative financial instruments	435	-
	<u>52,761</u>	<u>184,538</u>

12. Finance costs

	2020 £000	2019 £000
Interest charges	23,918	19,271
Net loss on foreign currency translation	-	5,764
Unwinding of discounts on provisions	3,759	1,637
Interest on amounts owed to group undertakings	383	96,758
Net loss on derivative financial instruments	-	1,289
	<u>28,060</u>	<u>124,719</u>

VIRGIN MEDIA LIMITED

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

13. Income tax (benefit)/expense

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

	2020	2019
	£000	£000
Current tax		
Current tax on profit for the year	532	532
Adjustments in respect of prior periods	-	48
Total current tax	<u>532</u>	<u>580</u>
Deferred tax		
Origination and reversal of temporary differences	9,088	60,272
Changes to tax rates	(165,240)	(6,244)
Adjustments in respect of prior periods	29,401	(37,573)
Total deferred tax	<u>(126,751)</u>	<u>16,455</u>
Tax on profit	<u>(126,219)</u>	<u>17,035</u>

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	2019
	£000	£000
Profit before tax	<u>320,747</u>	<u>767,627</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	60,942	145,849
Effects of:		
Income not taxable	7,728	(2,360)
Adjustments to tax charge in respect of prior periods	29,401	(37,525)
Changes in tax rates	(165,240)	(6,244)
Group relief claimed without payment	(65,757)	(83,217)
Tax charge on R&D credit	532	532
Other timing differences	6,175	-
Tax (benefit)/expense	<u>(126,219)</u>	<u>17,035</u>

VIRGIN MEDIA LIMITED

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

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

Factors affecting current and 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 have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by approximately £390,333,924.

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

14. Intangible assets

	IT Software £000
Cost	
At 1 January 2020	537,121
Additions	118,963
Disposals	(119,463)
At 31 December 2020	<u>536,621</u>
Accumulated amortisation and impairment	
At 1 January 2020	301,811
Charge for the year on owned assets	136,512
On disposals	(119,463)
At 31 December 2020	<u>318,860</u>
Net book value	
At 31 December 2020	<u>217,761</u>
At 31 December 2019	<u>235,310</u>

VIRGIN MEDIA LIMITED

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

15. Property, plant and equipment

	Network assets £000	Other £000	Total £000
Cost			
At 1 January 2020	15,799,210	1,246,202	17,045,412
Additions	764,648	104,657	869,305
Disposals	(548,567)	(147,757)	(696,324)
At 31 December 2020	16,015,291	1,203,102	17,218,393
Depreciation			
At 1 January 2020	11,511,116	349,440	11,860,556
Charge for the year on owned assets	782,086	53,593	835,679
Charge for the year on right-of-use assets	1,731	42,013	43,744
Disposals	(545,367)	(88,469)	(633,836)
At 31 December 2020	11,749,566	356,577	12,106,143
Net book value			
At 31 December 2020	4,265,725	846,525	5,112,250
At 31 December 2019	4,288,094	896,762	5,184,856

Included in "Other" are the following net book values of land and buildings:

	2020 £000	2019 £000
Freehold	1,794	493
Short leasehold	67,553	73,963

The remaining assets included in "Other" consist of furniture and fixtures, computer equipment and motor vehicles.

VIRGIN MEDIA LIMITED

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

16. Investments

	Investments in subsidiaries £000
Cost	
At 1 January 2020	2,674,742
At 31 December 2020	<u>2,674,742</u>
Accumulated impairment	
At 1 January 2020	2,635,077
Provision for impairment	29,658
At 31 December 2020	<u>2,664,735</u>
Net book value	
At 31 December 2020	<u><u>10,007</u></u>
At 31 December 2019	<u><u>39,665</u></u>

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 31.

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.

17. Inventories

	2020 £000	2019 £000
Goods held for resale	<u>1,829</u>	<u>1,541</u>

Inventories are stated after provisions for impairment of £168,000 (2019: £335,000).

VIRGIN MEDIA LIMITED

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

18. Trade receivables and debtors

	2020 £000	2019 £000
Due after one year		
Amounts owed by group undertakings	1,370,120	430,450
Deferred tax asset (note 23)	1,562,123	1,433,945
Other debtors	44,042	31,775
	2,976,285	1,896,170

	2020 £000	2019 £000
Due within one year		
Trade receivables	368,067	408,819
Amounts owed by group undertakings	645,925	391,475
Prepayments and accrued income	113,150	118,587
Other debtors	3,739	4,733
	1,130,881	923,614

The analysis of amounts owed by group undertakings is:

	2020 £000	2019 £000
Loans advanced to group undertakings	1,393,609	517,200
Other amounts owed by group undertakings	622,436	306,703
Impairment provision on amounts owed by group undertakings	-	(1,978)
	2,016,045	821,925

Amounts owed by group undertakings due after one year represents loan notes which had a carrying value of £1,370,120,000 at the balance sheet date (2019 - £430,450,000). Loan notes are denominated in sterling and euro, which bear interest ranging from 3.05% to 13.98% and mature between 2023 and 2026.

Amounts owed by group undertakings due within one year include loan notes which had a carrying value of £23,490,000 (2019 - £86,750,000) at the balance sheet date. Loan notes are denominated in sterling, which bore interest ranging from 4.70% to 4.95% at the balance sheet date, and are repayable on demand.

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

VIRGIN MEDIA LIMITED

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

19. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade payables	335,061	327,383
Amounts owed to group undertakings	2,200,138	1,426,911
Accruals and deferred income	776,107	758,908
Lease liabilities (note 21)	33,509	33,048
Taxation and social security	146,512	147,167
Derivative financial liabilities	-	409
Other creditors	1,683	-
	<u>3,493,010</u>	<u>2,693,826</u>

The analysis of amounts owed to group undertakings is:

	2020 £000	2019 £000
Other amounts owed to group undertakings	2,199,932	1,426,705
Loans advanced by group undertakings	206	206
	<u>2,200,138</u>	<u>1,426,911</u>

Amounts owed to group undertakings due within one year include loan notes which had a carrying value of £206,000 (2019 - £206,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 4.80% and are repayable on demand.

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

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

	2020 £000	2019 £000
Accruals and deferred income	7,297	9,060
Amounts owed to group undertakings	13,005	12,627
Lease liabilities (note 21)	270,449	280,799
Other creditors	583	-
	<u>291,334</u>	<u>302,486</u>

VIRGIN MEDIA LIMITED

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

20. 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	13,005	12,627

Amounts owed to group undertakings falling due after more than one year represents loan notes which had a carrying value of £13,005,000 (2019 - £12,627,000) at the balance sheet date. Loan notes are denominated in sterling, which bear interest of 2.88% and mature in 2027.

21. Leases

General

The company enters into leases for network equipment, real estate and vehicles.

ROU assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

	2020 £000	2019 £000
Network	10,429	6,824
Land and buildings	229,056	248,095
Other	32,532	36,456
	272,017	291,375

Additions to the right-of-use assets during the year were £27,000,000 (2019 - £48,000,000).

The profit and loss accounts shows the following amounts relating to leases:

	2020 £000	2019 £000
Depreciation charge of right-of-use assets		
Network	1,731	3,031
Other	42,013	43,466
	43,744	46,497
Interest expense	18,928	19,247
Expense relating to short-term leases	-	15
	62,672	65,759

The total cash outflow for leases in 2020 was £53,865,000 (2019 - £58,582,000).

VIRGIN MEDIA LIMITED

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

21. Leases (continued)

Maturities of the company's lease liabilities as of 31 December 2020 are presented below:

	2020 £000	2019 £000
Less than one year	51,313	53,552
One to five years	146,545	167,664
More than five years	340,721	353,392
	538,579	574,608
Impact of finance expenses	(234,621)	(260,761)
	303,958	313,847
	2020 £000	2019 £000
Lease liabilities		
Current	33,509	33,048
Non current	270,449	280,799
	303,958	313,847

22. Provisions

The company had the following provisions during the year:

	Property related costs £000	Other provisions £000	Total £000
At 1 January 2020	127,337	5,812	133,149
Provided in the year	3,969	13,227	17,196
Movement in discount rate	(56,314)	-	(56,314)
Revision in cashflow estimates	629	-	629
Released in the year	-	-	-
Utilised in the year	(3,400)	(12,628)	(16,028)
At 31 December 2020	72,221	6,411	78,632

Property related costs

Property related costs expected to be incurred are mainly in relation to dilapidations costs on leasehold properties. The majority of the costs are expected to be incurred over the next 25 years.

Other provisions

Other provision elements mainly consist of national insurance contributions on share options and restricted stock unit grants and redundancy costs resulting from restructuring programmes.

VIRGIN MEDIA LIMITED

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

23. Deferred tax

	2020 £000	2019 £000
At 1 January	1,433,945	1,449,450
Credited/(charged) to profit or loss	126,751	(16,455)
(Charged)/credited to other comprehensive income	(893)	950
Credited to equity	2,320	-
At 31 December	1,562,123	1,433,945

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Depreciation in excess of capital allowances	1,392,847	1,275,838
Share-based payments	6,815	2,425
Pension scheme asset	(17,556)	(14,688)
Losses carried forward	158,497	141,828
Other timing differences	21,520	28,542
	1,562,123	1,433,945

Movements in deferred tax during the year:

	1 January 2020 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	Recognised in equity £000	31 December 2020 £000
Depreciation and amortisation	1,275,838	117,009	-	-	1,392,847
Share-based payments	2,425	2,070	-	2,320	6,815
Pension scheme asset	(14,688)	(1,975)	(893)	-	(17,556)
Losses carried forward	141,828	16,669	-	-	158,497
Other timing differences	25,542	(7,022)	-	-	21,520
Cash flow hedges	-	-	-	-	-
	1,430,945	126,751	(893)	2,320	1,562,123

VIRGIN MEDIA LIMITED

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

23. Deferred tax (continued)

Movements in deferred tax during the prior year:

	1 January 2019 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	31 December 2019 £000
Depreciation and amortisation	1,293,019	(17,181)	-	1,275,838
Share-based payments	2,122	303	-	2,425
Pension scheme asset	(15,249)	(389)	950	(14,688)
Losses carried forward	141,828	-	-	141,828
Other timing differences	27,732	810	-	28,542
Cashflow hedges	(2)	2	-	-
	<u>1,449,450</u>	<u>(16,455)</u>	<u>950</u>	<u>1,433,945</u>

Deferred tax assets in respect of temporary differences on land and buildings of £75,215,219 (2019 - £81,362,919) have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these temporary differences will reverse.

VIRGIN MEDIA LIMITED

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

24. Post-employment benefits

Defined contribution plans

The company contributes to the Virgin Media sponsored group personal pension plans of eligible employees. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the plans.

Contributions to the defined contribution plans during the year were £27,004,000 (2019 - £25,763,000). The amount of outstanding contributions at 31 December 2020 included within creditors: amounts falling due within one year was £4,200,000 (2019 - £4,148,000).

Defined benefit plans

The company operates two plans which are defined benefit plans that pay out pensions at retirement based on services and final pay.

The company recognises any actuarial gains and losses in each period in the statement of other comprehensive income. Service costs and finance costs are recognised through the profit and loss account.

• **ntl Pension Plan**

The company operates a funded pension plan providing defined benefits ("ntl Pension Plan"). The pension plan was closed to new entrants as of 6 April 1998 and to further accrual as of 31 January 2014. The assets of the plan are held separately from those of the company, in an independently administered trust. The plan is funded by the payment of contributions to this separately administered trust. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

• **ntl 1999 Pension Scheme**

The company operates a funded pension plan providing defined benefits ("ntl 1999 Pension Scheme"). The scheme has never been opened to new entrants except when the scheme began and subsequently on 31 May 2007, on both occasions new members were transferred from other existing plans. The scheme was closed to future accrual on 31 January 2014. The assets of the scheme are held separately from those of the company, being invested in units of exempt unit trusts. The scheme is funded by the payment of contributions to separately administered trust funds. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method with a control period.

The plans' assets are measured at fair value. The plans' liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond.

	2020	2019
	£000	£000
Fair value of combined pension plan assets	727,900	667,400
Present value of combined pension plan liabilities	(635,500)	(581,000)
Net combined pension plan asset	92,400	86,400
Income recognised in profit and loss	(400)	(800)
Total (gain)/loss on remeasurement of the net pension asset and liability shown in Other Comprehensive Income (OCI)	(4,700)	5,000

VIRGIN MEDIA LIMITED

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

24. Post-employment benefits (continued)

Movements in the defined benefit assets and liabilities can be shown as follows:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Balance at 1 January	(581,000)	(530,000)	667,400	619,700	86,400	89,700
Included in income statement						
Current admin/service cost	-	-	(1,700)	(1,600)	(1,700)	(1,600)
Past service cost	-	-	-	-	-	-
Interest (cost)/income	(11,400)	(14,600)	13,500	17,000	2,100	2,400
Included in OCI						
Actuarial gain/(loss) arising from:						
Changes in demographic assumptions	3,400	(600)	-	-	3,400	(600)
Changes in financial assumptions	(76,000)	(60,500)	-	-	(76,000)	(60,500)
Experience adjustments	(700)	2,300	-	-	(700)	2,300
Return on plan assets excluding interest income	-	-	78,000	53,800	78,000	53,800
Other						
Contributions paid by the employer	-	-	900	900	900	900
Benefits paid	30,200	22,400	(30,200)	(22,400)	-	-
Balance at 31 December	(635,500)	(581,000)	727,900	667,400	92,400	86,400

VIRGIN MEDIA LIMITED

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

24. Post-employment benefits (continued)

The company's pension plan weighted-average asset allocations by asset category at 31 December 2020 and 31 December 2019 were as follows:

2020	Long term rate of return	Total £000
UK		
Equities	4.70%	198,500
Property	4.70%	1,900
Corporate bonds	1.20%	339,700
Government bonds	0.70%	57,100
Hedge funds	4.20%	100
Insurance policy (buy-in)	1.20%	195,100
Cash and other	0.70%	(64,500)
Total market value of assets		727,900
Present value of plan liabilities		(635,500)
Net pension asset		92,400
2019	Long term rate of return	Total £000
UK		
Equities	5.30%	81,700
Property	5.30%	2,300
Corporate bonds	2.00%	196,700
Government bonds	1.30%	69,000
Hedge funds	4.80%	89,200
Insurance policy (buy-in)	2.00%	182,500
Cash and other	1.30%	46,000
Total market value of assets		667,400
Present value of plan liabilities		(581,000)
Net pension asset		86,400

The trustees of NTL Pension Scheme purchased an insurance contract that will pay an income stream to the plan which is expected to match all future cash outflows in respect of certain liabilities. The fair value of this insurance contract is presented as an asset of the plan and is measured based on the future cash flows to be received under the contract discounted using the same discount rate used to measure the associated liabilities.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2020	2019
Discount rate	1.2%	2.0%
Future salary increases	2.9%	2.9%

VIRGIN MEDIA LIMITED

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

24. Post-employment benefits (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

	2020	2019
Current pensioner aged 60 (male)	27.2	27.4
Current pensioner aged 60 (female)	29.1	29.3
Future retiree upon reaching 60 (male)	28.7	29.0
Future retiree upon reaching 60 (female)	30.6	30.8

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by 0.25 percent.

	2020	2019
	£000	£000
Discount rate	(26,500)	(24,100)
Inflation	2,600	2,300

In valuing the liabilities of the pension fund at 31 December 2020, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all the members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2020 would have increased by £26,200,000 before deferred tax for the pensions.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The company expects to contribute £2,500,000 (2020: £900,000 paid) to the defined benefit pension plans in 2021.

VIRGIN MEDIA LIMITED

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

25. Share-based payments

The company's employees were entitled to partake in Liberty Global plc share-based schemes during the year ended 31 December 2020. These share schemes consist of stock options and performance plans including stock appreciation rights ("SARs"), performance-based share appreciation rights ("PSARs"), restricted stock and restricted stock units ("RSUs"). The fair value of options and SARs are determined using the Black-Scholes model. The fair value of RSUs is determined using either the share price at the grant date or the Monte Carlo model, depending on the conditions attached to the RSUs being granted. The arrangements are equity settled with the employees. Liberty Global recharges the group for share schemes made available to the group employees.

The income statement charge for share based payments for the year was £47,300,000 (2019 - £41,800,000).

26. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
5,179,810 (2019 - 5,179,810) Ordinary shares fully paid of £0.01 each -	51,798	51,798
5,179,680 (2019 - 5,179,680) Ordinary shares fully paid of \$0.20 each (converted at exchange rate in place at the date of issue of shares) -	673,866	673,866
	<u>725,664</u>	<u>725,664</u>

£0.01 Ordinary shares

The right to attend, speak and vote at all general meetings of the company.

\$0.20 Ordinary shares

The right to attend and speak, but not vote at all general meetings of the company.

27. Reserves

Retained earnings

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

Other reserves

Other distributable reserves relate to capital contributions from parent undertakings.

Share options reserve

Includes the cumulative reserves generated from share option awards undertaken in previous years.

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.

On 25 November 2019 the company cancelled its share premium of £6,185,872,000 by way of a capital reduction and transferred the amount to the profit and loss account.

VIRGIN MEDIA LIMITED

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

28. 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 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 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 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 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 2020 amounted to approximately £1,127 million (2019 - £1,194 million).

Following the formation of the UK JV (see note 32), the group form part of the Virgin Media O2 group, as result the group is party to the below loans and borrowings.

In September 2020, a fellow group undertaking outside the Virgin Media Inc. group, entered into (a) a £1,500 million term loan facility and (b) a €750 million term loan facility. A subsidiary of the group entered into a \$1,300 million term loan facility. As at 31 December, the term loan facilities were undrawn and only available to be drawn and utilised upon consummation of the UK JV.

In addition, a fellow group undertaking outside the Virgin Media Inc. group, entered into (a) \$1,350 million senior secured notes, (b) €950 million senior secured notes and (c) £600 million senior secured notes.

In July 2021, a fellow group undertaking outside the Virgin Media Inc. group, entered into (a) \$1,400 million senior secured notes, (b) £675 million senior secured notes.

The new term loan facilities and senior secured notes rank pari-passu with the group's existing senior secured notes and senior secured credit facilities, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

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

29. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £350,713,000 (2019 - £331,727,000).

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amount includes commitments entered into on behalf of these companies.

30. Controlling parties

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

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2020 are Virgin Media Finance PLC and Liberty Global plc, respectively.

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

Copies of group accounts referred to above which include the results of the company are available from the company secretary, Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

In addition copies of the consolidated Liberty Global plc accounts 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.

VIRGIN MEDIA LIMITED

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

31. List of investments

Name of company		Holdings	Proportion held	Nature of business
Direct shareholdings				
CableTel Herts and Beds Limited		Ordinary	100%	Dormant
CableTel Northern Ireland Limited	β	Ordinary	100%	Dormant
CableTel Surrey and Hampshire Limited		Ordinary	100%	Dormant
Cullen Broadcasting Limited	ψ	Ordinary	100%	Telecoms
ntl CableComms Surrey		Ordinary	100%	Dormant
ntl Pension Trustees II Limited		Ordinary	100%	Corporate Trustee
ntl Pension Trustees Limited		Ordinary	100%	Corporate Trustee
ntl South Central Limited		Ordinary	100%	Dormant
ntl Trustees Limited		Ordinary	100%	Corporate Trustee
Tullamore Beta Limited	ψ	Ordinary	100%	Holding
Virgin Media Payments Limited		Ordinary	100%	Collections
Virgin Media Secretaries Limited		Ordinary	100%	Dormant
Virgin WiFi Limited		Ordinary	100%	Telecoms
Indirect shareholdings				
Channel 6 Broadcasting Limited	ψ	Ordinary	100%	Telecoms
Kish Media Limited	ψ	Ordinary	100%	Dormant
TV Three Enterprises Limited	ψ	Ordinary	100%	Dormant
TV Three Sales Limited	ψ	Ordinary	100%	Dormant
Virgin Media Television Limited	ψ	Ordinary	100%	Telecoms

All companies are registered at 500 Brook Drive, Reading, United Kingdom, RG2 6UU, unless otherwise noted below:

β Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP

ψ Macken House, 39/40 Mayor Street Upper, Dublin 1, D01 C9W8

VIRGIN MEDIA LIMITED

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

32. Post balance sheet events

Joint venture transaction

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefónica, SA (Telefónica). Pursuant to this agreement, Liberty Global and Telefónica agreed to form a 50:50 joint venture (UK JV). The joint venture combines the operations of Virgin Media Inc (Virgin Media) and its subsidiaries and the operations of O2 Holdings Limited and its subsidiaries (O2), to form Virgin Media O2. The formation of the joint venture was completed on 1 June 2021.

Prior to the completion of the UK JV, Virgin Media was a wholly owned subsidiary of Liberty Global plc.

Disposal of investment in subsidiaries

On 4 March 2021, as part of a wider group restructure, the company disposed of its investment in Cullen Broadcasting Limited and Tullamore Beta Limited.