

**NTL MIDLANDS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**NTL MIDLANDS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	R D Dunn M O Hifzi
<b>Company secretary</b>	G E James
<b>Registered number</b>	02357645
<b>Registered office</b>	Bartley Wood Business Park Hook Hampshire RG27 9UP

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**NTL MIDLANDS LIMITED**

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## NTL MIDLANDS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### Principal activities and business review

The principal activity of the company during the year was, and will continue to be, the provision of digital cable, fixed-line telephony, broadband internet and other telecommunication services as well as running some of the telecommunication services over which they are provided

The company is a wholly owned subsidiary undertaking of Virgin Media Inc (Virgin Media) which is itself a wholly owned subsidiary of Liberty Global plc (Liberty Global)

The Virgin Media Inc consolidated group (the group) operates under the Virgin Media brand in the United Kingdom (UK) and Republic of Ireland (Ireland), following the acquisition of a controlling interest in Virgin Media Ireland Limited from a fellow subsidiary of Liberty Global in February 2015

The group provides digital cable, broadband internet, fixed-line telephony and mobile services in the UK and Ireland to both residential and business-to-business (B2B) customers. The group is one of the largest providers of residential digital cable, broadband internet and fixed-line telephony services in terms of the number of customers in the UK and Ireland. The group believes its advanced, deep-fibre cable access network enables it to offer faster and higher quality broadband services than its digital subscriber line, or DSL, competitors. As a result, it provides its customers with a leading, next-generation broadband service and one of the most advanced interactive TV services available in the UK and Irish markets.

The group provides mobile services to its customers using third-party networks through mobile virtual network operator (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 2015, the group provided services to approximately 5.6 million residential cable customers on its network. The group is also one of the largest MVNOs by number of customers, providing mobile telephony services to 2.3 million contract mobile customers and 0.7 million prepay mobile customers over third party networks. At 31 December 2015, 83% of residential customers on the group's cable network received multiple services and 63% were "triple-play" customers, receiving broadband internet, digital cable and fixed-line telephony services from the group.

Liberty Global is the largest international cable company. As at 31 December 2015, it had operations in 14 countries and its market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 56 million television, broadband internet and telephony services. In addition at 31 December 2015, Liberty Global served 5 million mobile subscribers and offered WiFi service across six million access points.

The company has not received any dividends from its subsidiaries during the year (2014 - £nil).

#### 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 financial statements of Virgin Media Inc which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

#### Key performance indicators (KPIs)

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

	2015 £000	2014 £000	Commentary
Turnover	217,512	213,064	Turnover has increased by 2.1%, primarily due to an increase in the number of telephony and broadband internet subscribers and selective price increases partially offset by a fall in the number of digital cable subscribers.
Operating profit	54,524	52,066	Operating profit has increased 4.7%, primarily due to an increase in turnover, and a decrease in administrative expenses, partially offset by a decrease in gross profit margin.

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**NTL MIDLANDS LIMITED**

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**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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Selected statistics for residential cable customers served by the company at 31 December 2015 and 31 December 2014 are shown in the table below

	2015	2014
Products		
Digital cable	260,600	263,600
Fixed-line telephony	307,600	303,300
Broadband internet	335,300	327,200
	<hr/>	<hr/>
Total	903,500	894,100
	<hr/>	<hr/>
Total customers	365,900	361,700
	<hr/>	<hr/>
Products per customer	2.47	2.47
	<hr/>	<hr/>

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

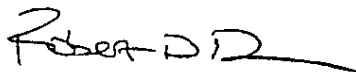
The company reported a decrease in net current liabilities and an increase in net assets for the year ended 31 December 2015 as a result of normal operations. During the year, no new external finance was arranged and there was no movement in the called up equity share capital of the company. Operations were financed through the company's inter-company balances with fellow group undertakings.

**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 Inc's financial statements and annual report for 2015, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

On 23 June 2016, the UK voted to leave the European Union, the implications of which are uncertain as of the date of signing these financial statements. Based on information currently available, we do not expect that this matter will have a material impact on our business. Accordingly, no adjustments have been made to these financial statements.

This report was approved by the board on 11 July 2016 and signed on its behalf



**R D Dunn**  
Director

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**NTL MIDLANDS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015

**Results and dividends**

The profit for the year, after tax, amounted to £20 571,000 (2014 - £10,257,000)

The directors have not recommended an ordinary dividend (2014 - £nil)

**Directors**

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

R D Dunn  
M O Hifzi

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

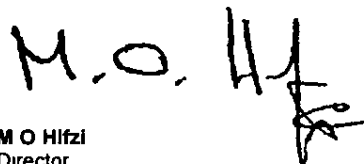
**Going concern**

After making suitable enquiries and obtaining the necessary assurances from Virgin Media Inc., a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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. On this basis the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

**Audit exemption**

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2015, until they are satisfied in full. The guarantee is enforceable against Virgin Media Finance PLC by any person to whom the company is liable in respect of those liabilities. Since Virgin Media Finance PLC is the smallest group to which the company's accounts are consolidated, the company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2015 by virtue of section 479A of the Companies Act 2006.

This report was approved by the board on 11 July 2016 and signed on its behalf

  
M O Hifzi  
Director

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## NTL MIDLANDS LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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**NTL MIDLANDS LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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		<b>2015 £000</b>	<b>2014 £000</b>
Turnover		<b>217,512</b>	213,064
Cost of sales		<b>(47,065)</b>	(44,001)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>170,447</b>	169,063
Administrative expenses		<b>(115,923)</b>	(116,997)
		<hr/>	<hr/>
<b>Operating profit</b>	4	<b>54,524</b>	52,066
Other interest receivable and similar income	6	<b>244</b>	277
Interest payable and similar charges	7	<b>(27,000)</b>	(28,733)
		<hr/>	<hr/>
<b>Profit on ordinary activities before tax</b>		<b>27,768</b>	23,610
Tax on profit on ordinary activities	8	<b>(7,197)</b>	(13,353)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>20,571</b>	10,257
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The notes on pages 9 to 21 form part of these financial statements

All results were derived from continuing operations



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NTL MIDLANDS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015

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	Note	2015 £000	2014 £000
Profit for the financial year		20,571	10,257
<b>Items that will not be reclassified to profit or loss</b>			
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount		93	93
<b>Total comprehensive income for the year</b>		<b>20,664</b>	<b>10,350</b>

The notes on pages 9 to 21 form part of these financial statements

**NTL MIDLANDS LIMITED**  
**REGISTERED NUMBER:02357645**

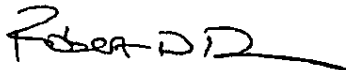
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	9	188,838	196,777
Investments	10	9,078	9,078
		<u>197,716</u>	<u>205,855</u>
<b>Current assets</b>			
Debtors due after more than one year	11	11,701	18,655
Debtors due within one year	11	169,592	133,400
		<u>181,293</u>	<u>152,055</u>
Creditors' amounts falling due within one year	12	(271,381)	(268,835)
Net current liabilities		<u>(90,088)</u>	<u>(116,780)</u>
Total assets less current liabilities		<u>107,628</u>	<u>89,075</u>
Creditors' amounts falling due after more than one year	13	(2,145)	(4,163)
Net assets		<u>105,483</u>	<u>84,912</u>
<b>Capital and reserves</b>			
Share capital	16	725	725
Share premium account	17	1,042,612	1,042,612
Revaluation reserve	17	1,356	1,449
Capital reserve	17	5,494	5,494
Profit and loss account	17	(944,704)	(965,368)
Shareholder's funds		<u>105,483</u>	<u>84,912</u>

For the year ended 31 December 2015 the company was entitled to exemption under section 479A of the Companies Act 2006 ("the Act") No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 July 2016



**R D Dunn**  
**Director**

The notes on pages 9 to 21 form part of these financial statements

**NTL MIDLANDS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital	Share premium account	Revaluation reserve	Capital reserve	Profit and loss account	Shareholder's funds
	£000	£000	£000	£000	£000	£000
At 1 January 2015	725	1,042,612	1,449	5,494	(965,368)	84,912
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	20,571	20,571
Surplus on revaluation of freehold property	-	-	-	-	93	93
Transfer to profit and loss account	-	-	(93)	-	-	(93)
<b>Other comprehensive income for the year</b>	-	-	(93)	-	93	-
<b>Total comprehensive income for the year</b>	-	-	(93)	-	20,664	20,571
<b>At 31 December 2015</b>	<b>725</b>	<b>1,042,612</b>	<b>1,356</b>	<b>5,494</b>	<b>(944,704)</b>	<b>105,483</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital	Share premium account	Revaluation reserve	Capital reserve	Profit and loss account	Shareholder's funds
	£000	£000	£000	£000	£000	£000
At 1 January 2014	725	1,042,612	1,542	5,494	(975,718)	74,655
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	10,257	10,257
Surplus on revaluation of freehold property	-	-	-	-	93	93
Transfer to profit and loss account	-	-	(93)	-	-	(93)
<b>Other comprehensive income for the year</b>	-	-	(93)	-	93	-
<b>Total comprehensive income for the year</b>	-	-	(93)	-	10,350	10,257
<b>At 31 December 2014</b>	<b>725</b>	<b>1,042,612</b>	<b>1,449</b>	<b>5,494</b>	<b>(965,368)</b>	<b>84,912</b>

The notes on pages 9 to 21 form part of these financial statements

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## NTL MIDLANDS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Company information

ntl Midlands Limited (the "company") is a company incorporated and domiciled in the United Kingdom. The registered office of the company during the year was Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

#### 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 and transition from UK GAAP

These financial statements were prepared under the historical cost convention in accordance with the Companies Act 2006 and the 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 Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the company is provided in note 20.

The company's ultimate parent undertaking, Liberty Global plc, includes the company in its consolidated financial statements. The consolidated financial statements of Liberty Global plc are prepared in accordance with US Generally Accepted Accounting Principles and are available to the public and may be obtained from Liberty Global's website at [www.libertyglobal.com](http://www.libertyglobal.com).

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- a cash flow statement and related notes,
- comparative period reconciliations for share capital and tangible fixed 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,
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy,
- disclosures in respect of the compensation of Key Management Personnel, and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

##### 2.2 Changes in accounting policies

This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 January 2014. An explanation of the transition is included in note 20 to the financial statements. In applying FRS 101 for the first time the company has applied early the amendment to FRS 101 which permits a first time adopter not to present an opening balance sheet at the beginning of the earliest comparative period presented.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2. Accounting policies (continued)

2.3 Fundamental accounting concept

After making suitable enquiries and obtaining the necessary assurances from Virgin Media Inc, a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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. On this basis the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2.4 Group accounts

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.

2.5 Turnover

Turnover represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of digital cable, fixed-line telephony, broadband internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided. Turnover is all 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.

2.6 Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than land, so as to write off the cost of a tangible fixed asset on a straight line basis over the expected useful economic life of that asset as follows:

Network assets	3 - 30 years
Other fixed assets	
- Freehold property	30 years
- Leasehold property	period of lease
- Other	3 - 12 years

No depreciation is provided on freehold land.

The carrying values of tangible fixed assets 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.

**Capitalised labour**

Labour relating to the design, construction and development of the network, capital projects, and related services have been capitalised. Depreciation of capitalised labour is provided on a straight-line basis over 15 years or the life of the relevant assets.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

2.7 Investments

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.

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## NTL MIDLANDS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 2 Accounting policies (continued)

##### 2.8 Trade and other debtors

Trade and other debtors are stated at their recoverable amount. Provision is made when the amount receivable is not considered recoverable and the amount is fully written off when the probability for recovery of a balance is assessed as being remote.

##### 2.9 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.

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## NTL MIDLANDS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 2 Accounting policies (continued)

##### 2 10 Finance leases

Where the company enters into a lease under which it takes substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease

The assets are recorded in the Balance sheet as a tangible fixed asset and are depreciated over their useful economic lives. Finance lease debtors are recorded in the Balance sheet, and future installments payable under finance leases are included within creditors, net of finance charges. Rentals receivable and payable under these finance lease arrangements are apportioned: the finance elements are recorded in the Profit and loss account on a reducing balance basis and the capital elements reduce the outstanding liability or asset in accordance with the terms of the contract.

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

In the process of applying the company's accounting policies, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements, except for

##### 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.

##### 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 Operating profit

The operating profit is stated after charging

	2015 £000	2014 £000
Depreciation of owned tangible fixed assets	17,573	13,372
Depreciation of tangible fixed assets held under finance lease agreements	16,002	21,139

The directors received no remuneration for qualifying services as directors of this company. All directors' remuneration is paid by and disclosed in the financial statements of Virgin Media Limited.

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.

#### 5 Staff costs

The company does not have any directly employed staff but is charged an allocation of staff costs by the group. Details of staff numbers and staff costs of the group are disclosed in the group accounts of Virgin Media Finance PLC.

**NTL MIDLANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**6 Other interest receivable and similar income**

	<b>2015 £000</b>	<b>2014 £000</b>
Lease interest receivable owed by group undertaking	<b>244</b>	<b>277</b>

Lease arrangements were made with ntl Midlands Leasing Limited and are referred to in more detail in note 14

**7. Interest payable and similar charges**

	<b>2015 £000</b>	<b>2014 £000</b>
Interest on amounts owed to group undertakings	<b>24,742</b>	<b>24,712</b>
Lease interest payable on amounts owed to group undertakings	<b>278</b>	<b>391</b>
Other finance charges	<b>1,980</b>	<b>3,630</b>
	<b>27,000</b>	<b>28,733</b>

Lease arrangements were made with ntl Midlands Leasing Limited and are referred to in more detail in note 14

**8 Tax on profit on ordinary activities**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Current tax</b>		
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>7,197</b>	<b>13,353</b>
<b>Total deferred tax</b>	<b>7,197</b>	<b>13,353</b>
<b>Tax on profit on ordinary activities</b>	<b>7,197</b>	<b>13,353</b>



**NTL MIDLANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8 Tax on profit on ordinary activities (continued)**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below

	2015 £000	2014 £000
Profit on ordinary activities before tax	27,768	23,610
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	5,623	5,074
<b>Effects of</b>		
Expenses not deductible for tax purposes	86	-
Depreciation in excess of capital allowances	2,499	4,733
Net effect of tax rate change on deferred tax asset	553	(654)
Adjustment in respect of prior periods	(1,196)	4,590
Income not taxable	(368)	(390)
<b>Total tax charge for the year</b>	<b>7,197</b>	<b>13,353</b>

**Factors affecting current and future tax charges**

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 8 July 2015. This will reduce the company's future current tax charge accordingly. The deferred tax assets have been calculated using the enacted rate of 18% (2014 - 20%). A further reduction to 17% (effective from 1 April 2020) was announced in Budget 2016. This represents an additional 1% reduction on top of the previously announced rate reductions. The future rate reduction to 17% is expected to be included in Finance Bill 2016, which was not substantively enacted at the balance sheet date, therefore this has not been reflected in these financial statements.

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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9 Tangible fixed assets

	Network assets £000	Other £000	Total £000
<b>Cost</b>			
At 1 January 2015	749,522	8,582	758,104
Additions	22,072	3,364	25,436
Disposals	(12,012)	(1)	(12,013)
<b>At 31 December 2015</b>	<b>759,582</b>	<b>11,945</b>	<b>771,527</b>
<b>Depreciation</b>			
At 1 January 2015	556,138	5,189	561,327
Charge for the year	32,734	841	33,575
Disposals	(12,012)	(1)	(12,013)
<b>At 31 December 2015</b>	<b>576,860</b>	<b>6,029</b>	<b>582,889</b>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>182,722</b>	<b>5,916</b>	<b>188,638</b>
At 31 December 2014	193,384	3,393	196,777

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

	2015 £000	2014 £000
Freehold property	2,313	2,491

Included within the net book value of £188,638,000 is £123,233,000 (2014 - £139,234,000) relating to the assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £16,002,000 (2014 - £21,139,000). As the rights of use of these assets remained with the company, the assets have not been derecognised and presented as reacquired.

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FOR THE YEAR ENDED 31 DECEMBER 2015

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10. Investments

	Investments in subsidiary undertakings £000
<b>Cost</b>	
At 1 January 2015	9,078
<b>At 31 December 2015</b>	<b>9,078</b>
<b>Net book value</b>	
At 31 December 2015	9,078
At 31 December 2014	9,078

**Subsidiary undertakings**

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

The investment in which the company holds at least 20% of the nominal value of any class of share capital, which is unlisted, follows

Name of company	Holdings	Proportion held	Nature of business
<b>Direct shareholdings</b>			
ntl Midlands Leasing Limited	Ordinary	100%	Leasing

The company disclosed above is incorporated in England and Wales

**NTL MIDLANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11 Debtors**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Due after more than one year</b>		
Net investment in finance lease with group undertakings	<b>5,862</b>	5,619
Deferred tax asset (note 15)	<b>5,839</b>	13,036
	<b>11,701</b>	18,655

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Due within one year</b>		
Amounts owed by group undertakings	<b>169,592</b>	133,400

The analysis of amounts owed by group undertakings is

	<b>2015 £000</b>	<b>2014 £000</b>
Net investment in finance lease with group undertakings	<b>5,862</b>	5,619
Amount owed by group undertakings	<b>169,592</b>	133,400
	<b>175,454</b>	139,019

Amounts owed by group undertakings are unsecured and repayable on demand

Net investment in finance lease comprises

	<b>2015 £000</b>	<b>2014 £000</b>
Total amounts receivable	<b>6,233</b>	6,234
Less Interest allocated to future periods	<b>(371)</b>	(615)
	<b>5,862</b>	5,619

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**NTL MIDLANDS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**12 Creditors amounts falling due within one year**

	<b>2015 £000</b>	<b>2014 £000</b>
Amounts owed to group undertakings	<b>271,381</b>	<b>268,835</b>

The analysis of amounts owed to group undertakings is

	<b>2015 £000</b>	<b>2014 £000</b>
Loans advanced by group undertakings	<b>269,363</b>	<b>266,937</b>
Obligations under leases with group undertakings	<b>2,018</b>	<b>1,898</b>
	<b>271,381</b>	<b>268,835</b>

Amounts owed to group undertakings are unsecured and repayable on demand

Finance lease arrangements are referred to in more detail in note 14

**13 Creditors amounts falling due after more than one year**

	<b>2015 £000</b>	<b>2014 £000</b>
Obligations under leases with group undertakings	<b>2,145</b>	<b>4,163</b>

Finance lease arrangements are referred to in more detail in note 14

**NTL MIDLANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**14. Commitments under hire purchase and finance lease agreements**

Future commitments under hire purchase and finance lease agreements are as follows

	2015 £000	2014 £000
Amounts payable within one year	2,176	2,176
Amounts payable between one and five years	2,175	4,351
	<u>4,351</u>	<u>6,527</u>
Less interest and finance charges relating to future periods	(188)	(466)
	<u>4,163</u>	<u>6,061</u>

The present value of minimum lease payments is analysed as follows

Amounts payable within one year	2,146	2,146
Amounts payable between one and five years	2,017	3,915
	<u>4,163</u>	<u>6,061</u>

Commitments under finance lease agreements relate to a lease and leaseback transaction. The transaction took place on 23 March 2012 with ntl Midlands Leasing Limited, the company's subsidiary, whereby a 10 year headlease was granted over certain of the network fixed assets of the company. The headlease has an implicit interest rate of 4.35%.

On the same date, ntl Midlands Leasing Limited entered into a 5 year sublease agreement over the same assets with the company in return for the company contributing capital to partially fund ntl Midlands Leasing Limited's headlease obligations. The intercompany lease debtor is stated at an amount equal to the net investment in the lease, which equates to the present value of the lease payments, discounted at 6.35%, which is the rate of interest implicit in the lease.

**15. Deferred taxation**

	Deferred tax £000
At 1 January 2015	13,036
Charged to the profit and loss account	(7,197)
At 31 December 2015	<u>5,839</u>

**NTL MIDLANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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In respect of prior year

	<b>Deferred tax £000</b>
At 1 January 2014	26,389
Charged to the profit and loss account	(13,353)
<b>At 31 December 2014</b>	<b>13,036</b>

The deferred tax asset is made up as follows

	<b>2015 £000</b>	<b>2014 £000</b>
Depreciation in excess of capital allowances	-	3,961
Tax losses	5,839	9,075

**16 Share capital**

	<b>2015 £</b>	<b>2014 £</b>
<b>Allotted, called up and fully paid</b>		
29,016,691 Ordinary shares of £0.025 each	725,417	725,417

**17 Reserves**

**Share premium account**

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

**Revaluation reserve**

Includes the uplift in valuation on assets held by the company.

**Capital reserve**

Includes amounts reserved for long-term capital investment projects or any other large and anticipated expense(s) that will be incurred in the future.

**Profit and loss account**

Includes all current and prior year retained profits and losses.

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## NTL MIDLANDS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 18 Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2015, this comprised term facilities that amounted to £2,198 million (2014 - £3,083 million) and an outstanding balance of £148 million (2014 - £nil) which was borrowed under a revolving facility of £675 million (2014 - £660 million). 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 2015 amounted to £5,132 million (2014 - £3,760 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

On 31 March 2016, a fellow group undertaking entered into two new term loan facilities with an aggregate principal amount of euros 100 million (£79 million). The new term facilities will rank *par passu* with the group's existing senior secured notes and senior secured credit facility, and subject to certain exemptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

On 26 April 2016, a fellow group undertaking issued senior secured notes with a principal amount of US dollars 750 million (£514 million). The new senior secured notes rank *par passu* with the group's existing senior secured notes and senior secured credit facility, 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.

#### 19 Controlling party

The company's immediate parent undertaking is Diamond Cable Communications 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 2015 are Virgin Media Finance PLC and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2015 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, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

In addition, copies of the consolidated Liberty Global plc accounts are available on Liberty Global's website at [www.libertyglobal.com](http://www.libertyglobal.com).

#### 20 First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not had an impact on equity or profit or loss.