

Registered number: 02357645

NTL MIDLANDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



NTL MIDLANDS LIMITED

COMPANY INFORMATION

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

NTL MIDLANDS LIMITED

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NTL MIDLANDS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities and business review

The principal activity of the company during the year was the provision of video, fixed-line telephony, broadband internet and other telecommunication services as well as running some of the telecommunication services over which they are provided. On 1 March 2018 the trade and assets of the company were acquired by Virgin Media Limited, a fellow group undertaking. Since this date the company has not had any operations.

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).

The group provides video, 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 video, 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 television services available in the UK and Irish 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 and Ireland.

At 31 December 2018, the group provided services to over 5.9 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 2.7 million contract mobile customers and 0.4 million prepay mobile customers over third party networks. At 31 December 2018, over 84% of residential customers on the group's cable network received multiple services and 63% were 'triple-play' customers receiving broadband internet, video and fixed-line telephony services from the group.

Liberty Global is the world's largest international TV and broadband company with operations in 10 European countries. Its substantial scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that, as of 31 December 2018, connected over 21 million customers subscribing to 45 million television, broadband internet and telephony services. In addition, at 31 December 2018, Liberty Global served over 6 million mobile subscribers.

The company has received dividends of £11,852,000 from its subsidiaries during the year (2017 - £nil).

NTL MIDLANDS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 and are available at Liberty Global's website at www.libertyglobal.com.

The UK referendum advising for the exit of the UK from the 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". Following the failure to reach a separation deal by the original deadline of 29 March 2019, the EU granted the UK an extension until 31 October 2019. Uncertainty remains as to what kind of separation agreement, if any, may be agreed and approved by the UK Parliament. It is possible that the UK will again fail to agree to a separation agreement with the EU by the new 31 October 2019 deadline which, in the absence of another extension, would require the UK to leave the EU under a so-called "hard Brexit" or "no-deal Brexit" without agreements on trade, finance and other key elements. The foregoing has caused considerable uncertainty as to Brexit's impact on the free movement of goods, services, people and capital between the UK and the EU, customer behaviour, economic conditions, interest rates, currency exchange rates, and availability of capital. Examples of the potential impact Brexit could have on Virgin Media Group's 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
- 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
- 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.

NTL MIDLANDS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Key performance indicators (KPI's)

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

	2018 £000	2017 £000	Commentary
Turnover	40,464	236,890	Turnover has decreased by 82.9%, primarily due to only 2 months trading in 2018
Operating profit before exceptional items	9,975	52,211	Operating profit before exceptional items has decreased by 81.0% primarily due to only 2 months trading in 2018.

Selected statistics for residential cable customers served by the company at 31 December 2018 and 31 December 2017 are shown in the table below

	2018	2017
Products		
Video	-	268,900
Fixed-line telephony	-	314,500
Broadband internet	-	361,200
	<hr/>	<hr/>
Total	-	944,600
	<hr/>	<hr/>
Total customers	-	385,200
	<hr/>	<hr/>
Products per customer	-	2.45
	<hr/>	<hr/>

Each video, 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 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 a decrease in both net current assets and net assets for the year ended 31 December 2018 as a result of dividends paid following the sale of its trade and assets to Virgin Media Limited.

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 2018 which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

This report was approved by the board on 6 September 2019 and signed on its behalf



R D Dunn
Director

NTL MIDLANDS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018

Results and dividends

The profit for the year after tax, amounted to £860 951 000 (2017 - £58,445 000)

On 2 May 2018, the company paid a dividend of £1,145 746 000 (2017 - £nil)

Directors

The directors who served the company 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

In previous years the financial statements have been prepared on a going concern basis. However on 1 March 2018 the company transferred its trade and assets to a fellow group company Virgin Media Limited. As a result the company does not currently have any operations and these financial statements for the year ended 31 December 2018 have not been prepared on a going concern basis. In applying this basis of preparation no adjustments were necessary to the amounts at which the remaining net assets are included or presented in the financial statements. It is Virgin Media practice to periodically review its organisation structure and, where considered appropriate, to take action to simplify that structure. As a result the directors may in future decide to dissolve the company, having taken steps to enable it to meet any existing liabilities or to repurpose its activities.

Audit exemption

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2018 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 2018 by virtue of section 479A of the Companies Act 2006.

This report was approved by the board on 6 September 2019 and signed on its behalf


M O Hifzi
Director

NTL MIDLANDS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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
- 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.

NTL MIDLANDS LIMITED

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover		40,464	236 890
Cost of sales		(8,957)	(54 903)
Gross profit		31,507	181 987
Administrative expenses		(21,532)	(129 776)
Exceptional administrative income		835,523	-
Operating profit	4	845,498	52,211
Income from shares in group undertakings	6	11,852	-
Other interest receivable and similar income	7	4,713	63
Interest payable and similar expenses	8	(1,112)	(19 602)
Profit before tax		860,951	32 672
Tax on profit	9	-	25 773
Profit for the year		860,951	58 445
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount		-	93
Total comprehensive income for the year		860,951	58 538

The notes on pages 10 to 21 form part of these financial statements

All results were derived from continuing operations however during the year the trade and assets of the company were acquired by a fellow group undertaking and it is the intention of the directors that the company will become dormant

NTL MIDLANDS LIMITED
REGISTERED NUMBER:02357645

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	10	-	2 352
Tangible assets	11	-	216 115
Investments	12	-	9 078
		<u>-</u>	<u>227 545</u>
Current assets			
Debtors due after one year	13	-	125 492
Debtors due within one year	13	-	7 132
		<u>-</u>	<u>132,624</u>
Creditors: amounts falling due within one year	14	-	(75 374)
Net current assets		<u>-</u>	<u>57 250</u>
Net assets		<u>-</u>	<u>284 795</u>
Capital and reserves			
Share capital	16	-	725
Share premium account	17	-	1 042,612
Revaluation reserve	17	-	1 170
Capital reserve	17	-	5,494
Profit and loss account	17	-	(765 206)
Shareholder's funds		<u>-</u>	<u>284 795</u>

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 September 2019



R D Dunn
Director

The notes on pages 10 to 21 form part of these financial statements.

NTL MIDLANDS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £000	Share premium account £000	Revaluation reserve £000	Capital reserve £000	Profit and loss account £000	Shareholder's funds £000
At 1 January 2018	725	1,042,612	1,170	5,494	(765,206)	284,795
Comprehensive income for the year						
Profit for the year	-	-	-	-	860,951	860,951
Total comprehensive income for the year						
Capital reduction	-	-	-	-	860,951	860,951
Dividends	(725)	(1,042,612)	-	(5,494)	1,048,831	-
	-	-	-	-	(1,145,746)	(1,145,746)
Disposal	-	-	(1,170)	-	1,170	-
At 31 December 2018						
	-	-	-	-	-	-

The notes on pages 10 to 21 form part of these financial statements

NTL MIDLANDS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £000	Share premium account £000	Revaluation reserve £000	Capital reserve £000	Profit and loss account £000	Shareholder's funds £000
At 1 January 2017	725	1,042,612	1,263	5,494	(823,744)	226,350
Comprehensive income for the year						
Profit for the year	-	-	-	-	58,445	58,445
Surplus on revaluation of freehold property	-	-	-	-	93	93
Transfer to profit and loss account	-	-	(93)	-	-	(93)
Other comprehensive income for the year						
	-	-	(93)	-	93	-
Total comprehensive income for the year						
	-	-	(93)	-	58,538	58,445
At 31 December 2017	725	1,042,612	1,170	5,494	(765,206)	284,795

The notes on pages 10 to 21 form part of these financial statements.

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Company information

ntl Midlands Limited (the 'company') is a private company incorporated, domiciled and registered in the UK. The registered number is 02357645 and the registered address is 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

These financial statements have been prepared on a non-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 Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with 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 Financial Reporting Standards and are available to the public and may be obtained from Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

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, tangible fixed assets 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, and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

2.2 Change in accounting policy

The company has adopted the following IFRSs in these financial statements:

- IFRS 15 Revenue from Contracts with Customers

The company has applied IFRS 15 using the retrospective with cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

From a review of existing revenue policies and specific significant contracts in place at the transition date, no adjustment to the opening retained earnings balance was required. The adoption of IFRS 15 has had no significant impact on the current year financial statements.

2.3 Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, on 1 March 2018, the company transferred its trade and assets to a fellow group company, Virgin Media Limited. As a result, the company does not currently have any operations and these financial statements for the year ended 31 December 2018 have not been prepared on a going concern basis. In applying this basis of preparation, no adjustments were necessary to the amounts at which the remaining net assets are included or presented in the financial statements. It is Virgin Media practice to periodically review its organisation structure and, where considered appropriate, to take action to simplify that structure. As a result, the directors may in future decide to dissolve the company, having taken steps to enable it to meet any existing liabilities, or to repurpose its activities.

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 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 video 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.

2.5 Dividend income

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

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.

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 costs 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.

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.

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 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

2.9 Intangible fixed assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. 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

2.10 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

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Recoverability of intercompany debtors

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

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 (crediting)/charging:

	2018 £000	2017 £000
Gain on sale of company trade and assets to fellow group undertakings	(844,601)	-
Loss on disposal of investments	9,078	-
Exceptional administrative income	(835,523)	-
Depreciation of tangible fixed assets	6,444	24,843
Depreciation of tangible fixed assets held under finance lease agreements	-	9,614
Amortisation of intangible assets	85	510

The exceptional administrative income is made up as follows:

On 1 March 2018 the company made a gain on the sale of its trade and assets to Virgin Media Limited, a fellow group undertaking, of £844,601,000 (2017 - £nil).

Loss on disposal of investments of £9,078,000 is disclosed in note 12.

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.

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

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 2018**

6. Income from shares in group undertakings

	2018 £000	2017 £000
Dividends received	11,852	-

On 7 March 2018, the company received dividends of £11,852 000 from ntl Midlands Leasing Limited

7. Other interest receivable and similar income

	2018 £000	2017 £000
Lease interest receivable on amounts owed by group undertakings	-	50
Interest on amounts owed by group undertakings	4,710	-
Other finance income	3	13
	4,713	63

8. Interest payable and similar expenses

	2018 £000	2017 £000
Interest on amounts owed to group undertakings	1,002	15,452
Other finance charges	110	4,119
Lease interest payable on amounts owed to group undertakings	-	31
	1,112	19,602

9. Tax on profit

	2018 £000	2017 £000
Current tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	(25,773)
Total deferred tax	-	(25,773)
Tax on profit	-	(25,773)

NTL MIDLANDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Tax on profit (continued)

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below

	2018 £000	2017 £000
Profit before tax	860,951	32,672
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	163,581	6,289
Effects of:		
Expenses not deductible for tax purposes	1,724	276
Capital allowances in excess of depreciation	(2,579)	-
Adjustment in respect of prior periods	-	(34,729)
Income not taxable	(162,726)	(349)
Net effect of tax rate changes on deferred tax asset	-	2,740
Total tax charge/(credit) for the year	-	(25,773)

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities have been calculated using the now enacted rate of 17% (2017 - 17%).

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Intangible assets

	IT software £000
Cost	
At 1 January 2018	3,061
Disposals	(3,061)
At 31 December 2018	-
Amortisation	
At 1 January 2018	709
Charge for the year	85
On disposals	(794)
At 31 December 2018	-
Net book value	
At 31 December 2018	-
At 31 December 2017	2 352

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Tangible assets

	Network assets £000	Other £000	Total £000
Cost			
At 1 January 2018	844,991	7,507	852,498
Additions	9,820	-	9,820
Disposals	(854,811)	(7,507)	(862,318)
At 31 December 2018	-	-	-
Depreciation			
At 1 January 2018	633,391	2,992	636,383
Charge for the year	6,104	340	6,444
Disposals	(639,495)	(3,332)	(642,827)
At 31 December 2018	-	-	-
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	211,600	4,515	216,115

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

	2018 £000	2017 £000
Freehold property	-	1,196

NTL MIDLANDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Investments

	Investments in subsidiary undertakings £000
Cost	
At 1 January 2018	9,078
Disposals (note 4)	(9,078)
At 31 December 2018	-
At 31 December 2018	-
At 31 December 2017	9 078

Subsidiary undertakings

During the year, as part of a wider group restructure, ntl Midlands Limited disposed of its investment in ntl Midlands Leasing Limited, following the company's application for Members Voluntary Liquidation. The company received no consideration in respect of this and therefore made a loss on disposal of investments of £9 078 000 (see note 4). Prior to entering Members Voluntary Liquidation, ntl Midlands Leasing Limited paid a dividend to the company of £11 852 000 representing its residual net assets. (2017 - £nil).

13. Debtors

	2018 £000	2017 £000
Due after one year		
Deferred tax asset (note 15)	-	125,492
	-	125,492
Due within one year		
Amounts owed by group undertakings	-	7 132
	-	7 132

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

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	-	75 374
	-	75,374

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

15. Deferred tax

	2018 £000	2017 £000
At 1 January 2018	125,492	99 719
Charged to the profit and loss account	-	25,773
Transferred to fellow group undertaking	(125,492)	-
At 31 December 2018	-	125,492

The deferred tax asset is made up as follows

	2018 £000	2017 £000
Depreciation in excess of capital allowances	-	125,492

NTL MIDLANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
40 (2017 - 29,016 680) Ordinary shares of £0.025 each	<u>1</u>	<u>725 417</u>

On 6 April 2018 the company reduced its share capital from £725,417 to £1 by cancelling and extinguishing all but 40 of its Ordinary shares of £0.025 each together with the associated share premium of £1,042,612 000

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. During the year the company cancelled its share premium of £1 042 612 000 and transferred the amount to the profit and loss account

Revaluation reserve

Includes the uplift in valuation on assets held by the company. Following the sale of its trade and assets, the company transferred its revaluation reserve of £1 170 000 to the profit and loss account

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. During the year the company cancelled its capital reserve of £5 494 000 and transferred the amount to the profit and loss account.

Profit and loss account

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

18. 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 2018, this comprised term facilities that amounted to £3,564 million (2017 - £3,410 million) and an outstanding balance of £nil (2017 - £nil) which was borrowed under revolving facilities of £675 million (2017 - £675 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 2018 amounted to £4 938 million (2017 - £4 870 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

In May 2019, a fellow group undertaking issued senior secured notes with principal amounts of £300 million and \$825 million. The new senior secured notes rank pari 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 net proceeds were used to redeem in full £687million and \$355 million outstanding principal amounts of existing senior secured and secured notes.

In July 2019, a fellow group undertaking issued senior secured notes with principal amounts of \$600 million. The new senior secured notes rank pari 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 net proceeds were used to redeem in full £107 million and \$448 million outstanding principal amounts of existing senior secured notes.

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

NTL MIDLANDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Parent undertaking and 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 2018 are Virgin Media Finance PLC and Liberty Global plc respectively

The company's ultimate parent undertaking and controlling party at 31 December 2018 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.