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COMPANY REGISTRATION NUMBER 02379804

ntl CableComms Cheshire

Financial Statements

31 December 2012

ntl CableComms Cheshire

Financial Statements

Year ended 31 December 2012

ntl CableComms Cheshire

Company Information

The board of directors	R C Gale C B E Withers
Company secretary	G E James
Registered office	Bartley Wood Business Park Hook Hampshire RG27 9UP

ntl CableComms Cheshire

The Directors' Report

Year ended 31 December 2012

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2012

Principal activities and business review

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

At 31 December 2012 the company was a wholly owned subsidiary undertaking of Virgin Media Inc On 5 February 2013, Liberty Global, Inc and Virgin Media Inc entered into a merger agreement ("the Merger Agreement") Pursuant to the Merger Agreement, Liberty Global, Inc and Virgin Media Inc completed a series of mergers on 7 June 2013 that resulted in the surviving corporations in the mergers becoming wholly owned subsidiaries of Liberty Global plc This is referred to 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

The Virgin Media group ("the group") will continue to operate under the Virgin Media brand in the UK

The group is a leading entertainment and communications business, being a "quad play" provider of broadband internet, television, mobile telephony and fixed line telephony services

As of 31 December 2012, the group provided services to approximately 4 9 million residential cable customers on its network The group is also one of the UK's largest mobile virtual network operators by number of customers, providing mobile telephony service to 1 7 million contract mobile customers and 1 3 million prepay mobile customers over third party networks As of 31 December 2012, 85% of residential customers on the group's cable network received multiple services from the group, and 65% were "triple play" customers, receiving broadband internet, television and fixed line telephony services from the group

The group believes that its advanced, deep fibre 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 TV on-demand services available in the UK market

Through Virgin Media Business, the group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organisations and service providers in the UK

Key performance indicators (KPI's)
The company's key financial and other performance indicators for the year are considered below

	2012	2011	Comments
Turnover (£000)	**27,183**	22,955	Turnover has increased by 18 4% primarily due to recognition of premium television services revenue in the company, together with the increased uptake of broadband, television and telephony services from both new and existing customers, partially offset by higher price discounting to stimulate customer activity and retention in light of competitive factors in the market place
Gross profit margin (%)	**73.7**	83 7	Gross profit margin has decreased due mainly to the increase in revenue from premium television services, which have a low gross margin, partially offset by an increase in customers subscribing to the higher margin broadband product, together with selective price increases
Administrative expenses (£000)	**15,597**	14,505	Administrative expenses have increased by 7 5% during 2012 primarily due to increased marketing costs, together with an increase in depreciation expense due to fixed asset additions, partially offset by a release of the provision against amounts due from group undertakings £217,000 (2011 - nil)

Selected statistics for residential cable customers served by the company at 31 December 2012 and 31 December 2011 are shown in the table below

	2012	2011
Products		
Television	**35,300**	34,100
Fixed line telephone	**38,600**	37,300
Broadband	**38,200**	36,100
Total	**112,100**	107,500
Total customers	**43,200**	41,900
Products per customer	**2.59**	2 57

Each television, telephone and broadband internet subscriber directly connected to the company's network counts as one product Accordingly, a subscriber who receives both telephone and television 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 2012 as a result of normal operations and the impact of recognising a deferred tax asset in the year 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

Detail of the future outlook of the group is provided in Virgin Media Inc 's financial statements and annual report for 2012, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

Results and dividends

The profit for the financial year amounted to £16,585,000 (2011 - profit of £3,606,000) The directors have not recommended an ordinary dividend (2011 - £nil)

A deferred tax asset of £13,660,000 has been recognised in the year This is considered in more detail in note 9

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

Directors

The directors who served the company during the year were as follows

R C Gale	
C B E Withers	(Appointed 31 December 2012)
J C Tillbrook	(Resigned 31 December 2012)

Virgin Media Inc has indemnified the directors of the company 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 as at the date of approving the Directors' Report

Going concern

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing these financial statements

Audit exemption

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2012, 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 2012 by virtue of Section 479A of the Companies Act 2006

Signed on behalf of the directors

C B E Withers
Director

Approved by the directors on 30 August 2013

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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,
- 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

ntl CableComms Cheshire

Profit and Loss Account

Year ended 31 December 2012

	Note	2012 £000	2011 £000
Turnover		**27,183**	22,955
Cost of sales		**(7,162)**	(3,746)
Gross profit		**20,021**	19,209
Administrative expenses		**(15,597)**	(14,505)
Other operating income	2	-	593
Operating profit	3	**4,424**	5,297
Attributable to			
Operating profit before exceptional items		**4,207**	5,297
Exceptional items	3	**217**	–
		4,424	5,297
Interest payable and similar charges	5	**(1,415)**	(1,520)
Profit on ordinary activities before taxation		**3,009**	3,777
Tax on profit on ordinary activities	6	**13,576**	(171)
Profit for the financial year		**16,585**	3,606

The company has no other gains or losses and therefore no separate statement of total recognised gains or losses is presented

All results relate to continuing operations

The notes on pages 9 to 18 form part of these financial statements.

COMPANY REGISTRATION NUMBER: 02379804

ntl CableComms Cheshire

Balance Sheet

31 December 2012

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	7	**23,742**	23,782
Current assets			
Debtors due after one year - Deferred tax	8,9	**13,660**	–
Debtors due within one year	8	**43,821**	40,399
		57,481	40,399
Creditors: Amounts falling due within one year	10	**(18,347)**	(18,384)
Net current assets		**39,134**	22,015
Total assets less current liabilities		**62,876**	45,797
Creditors: Amounts falling due after more than one year	11	**(9,005)**	(8,511)
Net assets		**53,871**	37,286
Capital and reserves			
Share capital	14	**124,615**	124,615
Profit and loss account	15	**(70,744)**	(87,329)
Total shareholders' funds	15	**53,871**	37,286

For the year ending 31 December 2012 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

(i) the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
(ii) the directors acknowledge their responsibilities for complying with the Act with respect to accounting records and the preparation of accounts

These financial statements were approved by the directors on 30 August 2013 and are signed on their behalf by

R C Gale

R C Gale
Director

The notes on pages 9 to 18 form part of these financial statements.

1. Accounting policies

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

Basis of accounting
The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, and applicable UK accounting standards

Classification of shares as debt or equity
The company has financial instruments in the form of preference shares As a condition of the shares there is a contractual obligation to accrue for dividends, regardless of performance As this condition is potentially unfavourable the preference shares have been classified in the Balance Sheet as financial liabilities, rather than equity, in accordance with FRS 25 "Financial Instruments Disclosure and Presentation"

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges

Cash flow statement
The company is exempt from publishing a cash flow statement as permitted by FRS 1 "Cash flow statements (revised 1996)", as it is a wholly owned subsidiary of its ultimate parent company

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 cable television, telephony, broadband internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided, all of which is derived from operations in the United Kingdom The directors consider this to be a single class of business

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

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

1 Accounting policies *(continued)*

Deferred tax
Deferred tax is recognised, as appropriate, in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- provision is made for deferred tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

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. Other operating income

	2012	2011
	£000	£000
Other operating income	–	593

Other operating income represents an allocation of a VAT rebate received by the group during 2011

3. Operating profit

Operating profit is stated after charging

	2012	2011
	£000	£000
Depreciation of owned tangible fixed assets	3,146	2,812
Loss on disposal of fixed assets	63	42
Net profit on foreign currency translation	–	(63)
Release of provision against amounts owed by group undertakings	(217)	–

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually The provision for non-recoverability may increase or decrease as a result of that review The impairment review of inter-company indebtedness as at 31 December 2012 concluded that a release of provision against amounts due from group undertakings totalling £217,000 should be made (2011 - £nil)

Auditor's remuneration of £nil (2011 - £2,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group

The directors received remuneration for the year of £2,644 (2011 - £2,677) in relation to qualifying services as directors of this company, all of which was paid by 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

4. 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

5. Interest payable and similar charges

	2012	2011
	£000	£000
Preference share dividend payable	494	494
Interest on amounts owed to group undertakings	921	1,026
	1,415	1,520

6 Tax on profit on ordinary activities

The tax credit is made up as follows

	2012 £000	2011 £000
Current tax charge:		
Current tax on profit for the year - United Kingdom	-	-
Foreign taxes	84	171
Total current tax	84	171
Deferred tax:		
Origination and reversal of timing differences	(13,660)	-
Total deferred tax (note 9)	(13,660)	-
Total tax credit on profit on ordinary activities	(13,576)	171

The tax assessed on the profit on ordinary activities for the year is lower than (2011 - lower) the standard rate of corporation tax in the UK of 24 50% (2011 - 26 50%) The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before taxation	3,009	3,777
Profit on ordinary activities multiplied by rate of tax	737	1,001
Effects of		
Net expenses not deductible for tax purposes/(income not taxable)	298	(21)
Depreciation in excess of capital allowances	230	765
Utilisation of tax losses and other deductions	(1,265)	(1,745)
US tax expense	84	171
Total current tax	84	171

Factors affecting current and future tax charges

During the year the main rate of corporation tax reduced from 26% to 24% with effect from 1 April 2012 A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement The Finance Act 2012, which was enacted and received Royal Assent on 17 July 2012, reduced the main rate of corporation tax to 23% from 1 April 2013 Deferred tax has been calculated using the enacted rate of 23%

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 was included in the Finance Act 2013 which was enacted in July 2013 These rate reductions had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements It is expected that the changes would reduce the value of the company's deferred tax asset as at 31 December 2012 by £1,782,000

7. Tangible fixed assets

	Network £000	Other £000	Total £000
Cost			
At 1 January 2012	93,527	1,245	94,772
Additions	3,169	–	3,169
Disposals	(700)	–	(700)
At 31 December 2012	95,996	1,245	97,241
Depreciation			
At 1 January 2012	70,216	774	70,990
Charge for the year	3,100	46	3,146
On disposals	(637)	–	(637)
At 31 December 2012	72,679	820	73,499
Net book value			
At 31 December 2012	23,317	425	23,742
At 31 December 2011	23,311	471	23,782

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

	2012 £000	2011 £000
Freehold	259	274
Short leasehold improvements	160	191

8. Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	43,821	40,399
Deferred tax (note 9)	13,660	–
	57,481	40,399

8. Debtors *(continued)*

The debtors above include the following amounts falling due after more than one year

	2012 £000	2011 £000
Deferred tax	**13,660**	–

The analysis of amounts owed by group undertakings is

	2012 £000	2011 £000
Amounts owed by group undertakings	**50,347**	47,142
Impairment provision on amounts owed by group undertakings	**(6,526)**	(6,743)
	43,821	40,399

Amounts owed by group undertakings are unsecured and repayable on demand

9. Deferred tax

The deferred tax included in the balance sheet is as follows

	2012 £000	2011 £000
Included in debtors (note 8)	**13,660**	-

The movement in the deferred tax account during the year was

	2012 £000	2011 £000
Profit and loss account movement arising during the year	**13,660**	-
Balance carried forward	**13,660**	-

The balance of the deferred tax account consists of the tax effect of timing differences in respect of

	2012		2011	
	Provided £000	**Unprovided £000**	Provided £000	Unprovided £000
Depreciation in excess of capital allowances	**13,660**	-	-	14,624
Tax losses	-	-	-	1,696
	13,660	-	-	16,320

A deferred tax asset has been recognised in the year as it is now considered, based upon all available evidence, more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

10. Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	**18,347**	18,384

The analysis of amounts owed to group undertakings is

	2012 £000	2011 £000
Loans advanced by group undertakings	**18,347**	18,375
Other amounts owed to group undertakings	–	9
	18,347	18,384

Amounts owed to group undertakings are unsecured and repayable on demand

11. Creditors: Amounts falling due after more than one year

	2012 £000	2011 £000
300 Preference shares of £1 each	–	–
Preference share dividend payable to group undertakings	**9,005**	8,511
	9,005	8,511

Details of the preference shares which are held by group undertakings, are set out in note 14

12. 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 2012 this comprised a term facility of £750 million and a revolving facility of £450 million Borrowings under the facility are secured against the assets of certain members of the group including those of the 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 credit facility The amount outstanding under the senior secured notes at 31 December 2012 amounted to £2,582 million (2011 - £2,575 million) Borrowings under the notes are secured against the assets of certain members of the group including those of the company

12. Contingent liabilities *(continued)*

On 7 June 2013, fellow group undertakings entered into a new senior secured credit facility agreement, pursuant to which the lenders agreed to provide the borrowers with i) a £375 million term loan (Facility A), ii) a $2,755 million term loan (Facility B), iii) a £600 million term loan (Facility C) and iv) a £660 million revolving credit facility With the exception of the revolving credit facility, all available amounts were borrowed under the new senior secured credit facility in June 2013, with an equivalent aggregate value of £2,733 million The new senior secured credit facility ranks pari passu with the group's existing senior secured notes, and subject to certain exceptions, shares in the same guarantees and security granted in favour of its existing senior secured notes The borrowings on the new senior secured credit facility were used in part to repay in full the borrowings on the previous senior secured credit facility

On 7 June 2013, upon completion of the merger, two senior secured notes issued by a subsidiary of Liberty Global, Inc on 22 February 2013, with an equivalent aggregate principal amount of £1,744 million due in 2021, were pushed down to Virgin Media Secured Finance PLC, a fellow group undertaking of the company The notes are split into a $1,000 million U S dollar denominated tranche and a £1,100 million sterling denominated tranche 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 On 11 June 2013, the net proceeds of the issuance of the senior secured notes were in part used to repay an equivalent aggregate amount of £55 million of the group's existing senior secured notes

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

13. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Virgin Media Inc , and its subsidiaries (see note 16)

14. Share capital

Authorised share capital:

	2012 £000	2011 £000
124,615,385 Ordinary 'A' shares of £1 each	**124,615**	124,615
300 Preference shares of £1 each	-	-
	124,616	124,616

Allotted, called up and fully paid:

	2012 No	2012 £000	2011 No	2011 £000
Ordinary 'A' shares of £1 each	**124,615,385**	**124,615**	124,615,385	124,615

14. Share capital *(continued)*

The preference shares which are held by group undertakings are classified as a liability under FRS 25 and shown in note 11

Shareholders' voting rights
In the opinion of the directors, the primary rights attached to the various classes of shares are as follows

£1 preference shares
The right to attend and speak, but not vote at all general meetings of the company

£1 'A' ordinary shares
The right to attend, speak and vote at all general meetings of the company

Distributable profits
Distributable profits are allocated on the following basis

Preference shareholders
The company's Articles of Association provide for a fixed cumulative dividend at the rate of £494,000 per annum This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2014 After payment of the preference dividend, the preference shareholder is entitled to 15% of the remaining distributable profits on winding up

Ordinary Shareholders
After payment of the preference dividend, all ordinary shareholders are entitled to 85% of the remaining distributable profits on winding up

Dividends
The preference dividend payable to group undertakings of £494,000 due to the non-equity shareholder for each of the years ended 31 December 2011 and 2012 has been treated as an expense in the Profit and Loss Account in accordance with FRS 25 "Financial Instruments Disclosure and Presentation"

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
At 1 January 2011	124,615	(90,935)	33,680
Profit for the year	-	3,606	3,606
At 31 December 2011 and 1 January 2012	124,615	(87,329)	37,286
Profit for the year	-	16,585	16,585
At 31 December 2012	124,615	(70,744)	53,871

16. Parent undertakıng and controlling party

The company's ımmedıate parent undertakıng ıs ntl CableComms Holdıngs No 1 Lımıted

The smallest and largest groups of whıch the company ıs a member and ın to whıch the company's accounts were consolıdated at 31 December 2012 are Vırgın Medıa Fınance PLC and Vırgın Medıa Inc , respectıvely

The company's ultımate parent undertakıng and controllıng party at 31 December 2012 was Vırgın Medıa Inc , a company ıncorporated ın the state of Delaware, Unıted States of Amerıca

On 7 June 2013 pursuant to the merger agreement, Lıberty Global, Inc and Vırgın Medıa Inc completed a serıes of mergers, whıch resulted ın the company's ultımate parent and controllıng party changıng to Lıberty Global plc

Copıes of all sets of group accounts whıch ınclude the results of the company are avaılable from the company secretary, Vırgın Medıa, Bartley Wood Busıness Park, Hook, Hampshıre, RG27 9UP