

NTL CABLECOMMS CHESHIRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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NTL CABLECOMMS CHESHIRE

COMPANY INFORMATION

Directors	R D Dunn M O Hifzi
Company secretary	G E James
Registered number	02379804
Registered office	Bartley Wood Business Park Hook Hampshire RG27 9UP

NTL CABLECOMMS CHESHIRE

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NTL CABLECOMMS CHESHIRE

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Principal activities and business review

The principal activity of the company during the year was, and will continue to be, 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.

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 2016, the group provided services to approximately 5.7 million residential cable customers on its network. The group is also one of the largest MVNO by number of customers, providing mobile telephony services to 2.4 million contract mobile customers and 0.6 million prepay mobile customers over third party networks. At 31 December 2016, 83% of residential customers on the group's cable network received multiple services and 62% were "triple-play" customers, receiving broadband internet, video and fixed-line telephony services from the group.

Liberty Global is the largest international cable company with operations in more than 30 countries and its market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 25 million customers subscribing to 50 million television, broadband internet and telephony services. In addition at 31 December 2016, Liberty Global served 10 million mobile subscribers and offered WiFi service across 5 million access points.

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.

	2016	2015	Commentary
Turnover	31,754	30,686	Turnover has increased by 3.5%, primarily due to an increase in the number of telephony and broadband internet subscribers, and selective price increases, offset by a decrease in the number of video cable subscribers.
Operating profit	6,288	6,089	Operating profit has increased by 3.3%, primarily due to an increase in turnover, partially offset by an increase in administrative expenses.

NTL CABLECOMMS CHESHIRE

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Selected statistics for residential cable customers served by the company at 31 December 2016 and 31 December 2015 are shown in the table below:

	2016	2015
Products:		
Video	36,200	36,400
Fixed-line telephony	41,800	41,000
Broadband internet	45,000	42,900
Total	123,000	120,300
Total customers	47,900	46,200
Products per customer	2.57	2.60

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 an increase in both net current assets and net assets for the year ended 31 December 2016 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, including consideration of the impact of the UK referendum in June 2016 and the withdrawal from the European Union, is provided in Virgin Media Inc.'s financial statements and annual report for 2016, 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 20 June 2017 and signed on its behalf.



R D Dunn
Director

NTL CABLECOMMS CHESHIRE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after tax, amounted to £3,876,000 (2015 - £3,168,000).

The directors have not recommended an ordinary dividend (2015 - £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.

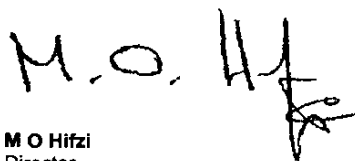
Going concern

After making suitable enquiries, 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 2016, 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 2016 by virtue of section 479A of the Companies Act 2006.

This report was approved by the board on 20 June 2017 and signed on its behalf.



M O Hifzi
Director

NTL CABLECOMMS CHESHIRE

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 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 CABLECOMMS CHESHIRE

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Turnover		31,754	30,686
Cost of sales		(9,057)	(8,266)
Gross profit		22,697	22,420
Administrative expenses		(16,409)	(16,331)
Operating profit	4	6,288	6,089
Interest payable and similar expenses	6	(1,079)	(887)
Profit before tax		5,209	5,202
Tax on profit	7	(1,333)	(2,034)
Profit for the year		3,876	3,168

The notes on pages 8 to 17 form part of these financial statements.

There was no other comprehensive income or expenditure for 2016 or 2015 other than that included in the profit and loss account.

All results were derived from continuing operations.

NTL CABLECOMMS CHESHIRE
REGISTERED NUMBER: 02379804

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	8	23,569	22,992
Current assets			
Debtors due after one year	9	6,883	8,216
Debtors due within one year	9	49,806	61,694
		56,689	69,910
Creditors: amounts falling due within one year	10	(2,005)	(18,525)
Net current assets		54,684	51,385
Total assets less current liabilities		78,253	74,377
Creditors: amounts falling due after more than one year	11	(9,884)	(9,884)
Net assets		68,369	64,493
Capital and reserves			
Share capital	13	124,615	124,615
Profit and loss account	14	(56,246)	(60,122)
Shareholder's funds		68,369	64,493

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 responsibility for complying with 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 20 June 2017.



R D Dunn
Director

The notes on pages 8 to 17 form part of these financial statements.

NTL CABLECOMMS CHESHIRE

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Profit and loss account	Shareholder's funds
	£000	£000	£000
At 1 January 2016	124,615	(60,122)	64,493
Comprehensive income for the year			
Profit for the year	-	3,876	3,876
Total comprehensive income for the year	-	3,876	3,876
At 31 December 2016	124,615	(56,246)	68,369

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

	Share capital	Profit and loss account	Shareholder's funds
	£000	£000	£000
At 1 January 2015	124,615	(63,290)	61,325
Comprehensive income for the year			
Profit for the year	-	3,168	3,168
Total comprehensive income for the year	-	3,168	3,168
At 31 December 2015	124,615	(60,122)	64,493

The notes on pages 8 to 17 form part of these financial statements.

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Company information

ntl CableComms Cheshire (the "company") is a private company incorporated, domiciled and registered in the UK. The registered number is 02379804 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 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"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

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 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 and tangible fixed assets;
- disclosures in respect of 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 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 telecommunication systems over which they are provided. All turnover is derived from operations in the United Kingdom and is recognised as the services are provided to customers. The directors consider this to be a single class of business.

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 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.

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

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.

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

2.4 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.

2.5 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.

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

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.

2.6 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 IAS 32 "Financial Instruments: Disclosure and Presentation".

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

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:

Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an assets useful economic life has a significant effect on the annual depreciation charge.

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.

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.

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. Operating profit

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

	2016 £000	2015 £000
Depreciation of tangible fixed assets	4,027	3,791
Release of intercompany debtor impairment provision	(66)	-
	<u>3,961</u>	<u>3,791</u>

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.

Recoverability of inter-company debtors is assessed annually. Based on the impairment review of inter-company indebtedness as at 31 December 2016, and a wider group restructure, the directors concluded on a release of provision against amounts due from group undertakings totalling £66,000 (2015 - £nil).

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.

6. Interest payable and similar expenses

	2016 £000	2015 £000
Interest on amounts owed to group undertakings	617	698
Other finance charges	462	189
	<u>1,079</u>	<u>887</u>

7. Tax on profit

	2016 £000	2015 £000
Current tax		
Foreign tax charge - US	-	61
Total current tax	<u>-</u>	<u>61</u>
Deferred tax		
Origination and reversal of timing differences	1,333	1,973
Total deferred tax	<u>1,333</u>	<u>1,973</u>
Tax on profit	<u>1,333</u>	<u>2,034</u>

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Tax on profit (continued)

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before tax	5,209	5,202
Profit multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	1,042	1,053
Effects of:		
Expenses not deductible for tax purposes	7	13
Depreciation on ineligible fixed assets	7	7
Net effect of tax rate changes on deferred tax asset	290	900
US tax expense	-	61
Income not taxable	(13)	-
Total tax charge for the year	1,333	2,034

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 from 1 April 2020) was substantively enacted on 6 September and fully enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets have been calculated using the now enacted rate of 17% (2015 - 18%).

NTL CABLECOMMS CHESHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Tangible assets

	Network assets £000	Other £000	Total £000
Cost			
At 1 January 2016	103,928	1,381	105,309
Additions	4,050	554	4,604
Disposals	(84)	-	(84)
At 31 December 2016	107,894	1,935	109,829
Depreciation			
At 1 January 2016	81,545	772	82,317
Charge for the year	3,833	194	4,027
Disposals	(84)	-	(84)
At 31 December 2016	85,294	966	86,260
Net book value			
At 31 December 2016	22,600	969	23,569
At 31 December 2015	22,383	609	22,992

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

	2016 £000	2015 £000
Freehold property	58	64

NTL CABLECOMMS CHESHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Debtors

	2016	2015
	£000	£000
Due after one year		
Deferred tax asset (note 12)	6,883	8,216

	2016	2015
	£000	£000
Due within one year		
Amounts owed by group undertakings	49,806	61,694
	49,806	61,694

The analysis of amounts owed by group undertakings is:

	2016	2015
	£000	£000
Amount owed by group undertakings	52,662	64,616
Impairment provision on amounts owed by group undertakings	(2,856)	(2,922)
	49,806	61,694

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

10. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	2,005	18,525

The analysis of amounts owed to group undertakings is:

	2016	2015
	£000	£000
Loans advanced by group undertakings	2,005	18,232
Other amounts owed to group undertakings	-	293
	2,005	18,525

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

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

	2016 £000	2015 £000
Preference share dividend payable to group undertakings	9,884	9,884
Share capital treated as debt	-	-
	<u>9,884</u>	<u>9,884</u>

Details of the preference shares which are held by group undertakings are set out in note 13.

12. Deferred tax

	2016 £000	2015 £000
At 1 January	8,216	10,189
Charged to the profit and loss account	(1,333)	(1,973)
At 31 December	<u>6,883</u>	<u>8,216</u>

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	6,883	8,216
	<u>6,883</u>	<u>8,216</u>

13. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
124,615,385 Ordinary shares of £1 each	<u>124,615,385</u>	<u>124,615,385</u>
	<u>2016 £</u>	<u>2015 £</u>
Shares classified as debt		
Allotted, called up and fully paid		
300 Preference shares of £1 each	<u>300</u>	<u>300</u>

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Share capital (continued)

The preference shares which are held by group undertakings are classified as a liability under IAS 32 "Financial Instruments: Presentation" and shown in note 11.

Shareholders' voting rights

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 shareholder

The company's Articles of Association provide for a fixed cumulative dividend at the rate of £494,000 per annum. This dividend accrued on a daily basis from 11 October 1994 until 11 October 2014. After payment of the preference dividend, the preference shareholder is entitled to 15% of the remaining distributable profits on winding up.

All Ordinary shareholders

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

14. Reserves

Profit and loss account

Includes all current and prior year retained profits and losses.

15. 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 2016, this comprised term facilities that amounted to £3,595 million (2015 - £2,198 million) and an outstanding balance of £nil (2015 - £148 million) which was borrowed under a revolving facility of £675 million (2015 - £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 2016 amounted to £5,024 million (2015 - £5,132 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

In January 2017, a fellow group undertaking issued senior secured notes with a principal amount of £675 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 £640.0 million outstanding principal amounts of existing senior secured notes.

In February 2017, a fellow group undertaking entered into a new term loan facility with an aggregate principal amount of £865 million. The new term loan facility will rank pari 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. The net proceeds were used to repay in full £849.4 million outstanding principal amounts under the senior secured credit facility.

In March 2017, a fellow group undertaking completed an offer to exchange existing senior secured notes with an aggregate principal amount of £521 million due January 2021 for new senior secured notes with an aggregate principal amount of £521 million due January 2025. 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 company has joint and several liabilities under a group VAT registration.

NTL CABLECOMMS CHESHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. Parent undertaking and controlling party

The company's immediate parent undertaking is ntl CableComms Holdings No 1 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 2016 are Virgin Media Finance PLC and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2016 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.