

**Sheffield Cable Communications Limited**

**Financial Statements**

**31 December 2014**



# **Sheffield Cable Communications Limited**

## **Financial Statements**

**Year ended 31 December 2014**

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# **Sheffield Cable Communications Limited**

## **Company Information**

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### **The board of directors**

R D Dunn  
M O Hifzi

### **Company secretary**

G E James

### **Registered office**

Bartley Wood Business Park  
Hook  
Hampshire  
RG27 9UP

# Sheffield Cable Communications Limited

## Strategic Report

Year ended 31 December 2014

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### Principal activities and business review

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

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

The Virgin Media Inc consolidated group (the group) operates under the Virgin Media brand in the United Kingdom (U K )

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

The group provides mobile services to our customers using a third-party network through an MVNO arrangement.

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 U K.

At 31 December 2014, the group provided services to approximately 5.0 million residential cable customers on its network. The group is also one of the largest mobile virtual network operators by number of customers, providing mobile telephony services to 2.1 million contract mobile customers and 1.0 million prepay mobile customers over third party networks. At 31 December 2014, 84% of residential customers on the group's cable network received multiple services and 66% were "triple-play" customers, receiving broadband internet, digital cable and fixed-line telephony services from the group.

Liberty Global is the largest international cable company with operations in 14 countries. At 31 December 2014, Liberty Global's market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 56 million television, broadband internet and telephony services. In addition, Liberty Global served 5 million mobile subscribers across nine countries at 31 December 2014.

# Sheffield Cable Communications Limited

## Strategic Report (continued)

Year ended 31 December 2014

### Key performance indicators (KPI's)

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

	2014	2013	Comments
Turnover (£000)	23,887	23,768	Turnover has increased by 0.5%, primarily due to an increase in the number of broadband internet subscribers and selective price increases, partially offset by a decrease in the number of digital cable and telephony subscribers
Operating profit (£000)	5,286	3,979	Operating profit has increased by 32.8%, primarily due to a decrease in administrative expenses, driven by a decrease in management recharges from fellow group undertakings, and an increase in turnover

Selected statistics for residential digital cable customers served by the company at 31 December 2014 and 31 December 2013 are shown in the table below

	2014	2013
Products		
Digital cable	27,100	27,700
Fixed-line telephone	30,300	30,400
Broadband internet	32,100	31,500
Total	<u>89,500</u>	<u>89,600</u>
Total customers	<u>36,000</u>	<u>35,900</u>
Products per customer	<u>2.49</u>	<u>2.50</u>

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

The company reported a decrease in net current liabilities and a decrease in total assets less current liabilities for the year ended 31 December 2014 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.

# Sheffield Cable Communications Limited

## Strategic Report *(continued)*

Year ended 31 December 2014

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### 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 2014, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

### 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.

Signed on behalf of the directors



G E James  
Company Secretary

Approved by the directors on 17 June 2015

# Sheffield Cable Communications Limited

## Directors' Report

Year ended 31 December 2014

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The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2014

### Results and dividends

The loss for the financial year amounted to £1,008,000 (2013 - loss of £4,149,000) The directors have not recommended an ordinary dividend (2013 - £nil)

### Directors

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

R D Dunn

M O Hifzi

C B E Withers

(Appointed 31 March 2014)

(Resigned 31 March 2014)

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

### Going concern

After making suitable enquiries and obtaining the necessary assurances from Virgin Media Inc , a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so On this basis the directors believe that it remains appropriate to prepare the financial statements on a going concern basis

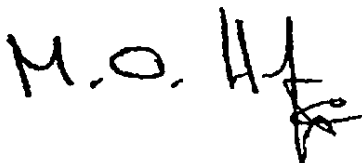
### Audit exemption

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject at 31 December 2014, 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 2014 by virtue of Section 479A of the Companies Act 2006

Signed on behalf of the directors

M O Hifzi

Director



Approved by the directors on 17 June 2015

# Sheffield Cable Communications Limited

## Directors' Responsibilities Statement

Year ended 31 December 2014

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The directors are responsible for preparing the Strategic Report, 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 these financial statements, the directors are required to

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



# Sheffield Cable Communications Limited

## Profit and Loss Account

Year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover		23,887	23,768
Cost of sales		(5,349)	(5,414)
Gross profit		18,538	18,354
Administrative expenses		(13,252)	(14,375)
Operating profit	2	5,286	3,979
Interest payable and similar charges	4	(6,547)	(6,205)
Loss on ordinary activities before tax		(1,261)	(2,226)
Tax on loss on ordinary activities	5	253	(1,923)
Loss for the financial year	13	(1,008)	(4,149)

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 15 form part of these financial statements.

**Sheffield Cable Communications Limited****Balance Sheet****31 December 2014**

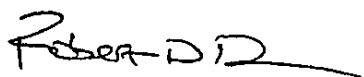
	Note	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	6	<u>26,029</u>	<u>29,009</u>
<b>Current assets</b>			
Debtors due after one year - Deferred tax	7,8	13,264	13,011
Debtors due within one year	7	<u>1,514</u>	<u>—</u>
		14,778	13,011
<b>Creditors: Amounts falling due within one year</b>	9	<u>(110,556)</u>	<u>(110,761)</u>
<b>Net current liabilities</b>		(95,778)	(97,750)
<b>Total assets less current liabilities</b>		<u>(69,749)</u>	<u>(68,741)</u>
<b>Capital and reserves</b>			
Share capital	12	1,531	1,531
Share premium account	13	66	66
Profit and loss account	13	<u>(71,346)</u>	<u>(70,338)</u>
<b>Deficit</b>	13	<u>(69,749)</u>	<u>(68,741)</u>

For the year ended 31 December 2014 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

**Directors' responsibilities**

- (i) the member has 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 17 June 2015 and are signed on their behalf by



R D Dunn  
Director

The notes on pages 9 to 15 form part of these financial statements.

# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

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### 1. Accounting policies

A summary of the principal accounting 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.

#### **Fundamental accounting concept**

After making suitable enquiries and obtaining the necessary assurances from Virgin Media Inc, a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so. On this basis the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### **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 digital cable, fixed-line telephony, broadband internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided. Turnover is all derived from operations in the United Kingdom and is recognised as the services are provided to customers. The directors consider this to be a single class of business.

#### **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	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.

#### **Capitalised labour**

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

# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

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### 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

#### 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

#### Future accounting pronouncements

From 1 January 2015 the company will be required to adopt FRS 101 or FRS 102

### 2. Operating profit

Operating profit is stated after charging

	2014	2013
	£000	£000
Depreciation of owned tangible fixed assets	5,704	5,707
Loss on disposal of fixed assets	—	3

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.

### 3. 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.

# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

### 4. Interest payable and similar charges

	2014	2013
	£000	£000
Interest on amounts owed to group undertakings	6,140	6,037
Other finance charges	407	168
	<u>6,547</u>	<u>6,205</u>

### 5. Tax on loss on ordinary activities

The tax (credit)/charge is made up as follows

	2014	2013
	£000	£000
<b>Current tax charge:</b>		
Current tax on loss for the year	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(253)	(25)
Effect of tax rate change on opening balances	-	1,948
Total deferred tax (note 8)	<u>(253)</u>	<u>1,923</u>
Total tax (credit)/charge on loss on ordinary activities	<u>(253)</u>	<u>1,923</u>

The tax assessed on the loss on ordinary activities for the year is higher than (2013 - higher) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below

	2014	2013
	£000	£000
Loss on ordinary activities before tax	<u>(1,261)</u>	<u>(2,226)</u>
Loss on ordinary activities multiplied by rate of tax	(271)	(518)
Effects of		
Expenses not deductible for tax purposes	-	489
Depreciation in excess of capital allowances	271	29
Total current tax	<u>-</u>	<u>-</u>

### Factors affecting current and future tax charges

Reductions in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax assets have been calculated using the enacted rate of 20% (2013 - 20%).

# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

### 6. Tangible fixed assets

	Network assets £000	Other £000	Total £000
<b>Cost</b>			
At 1 January 2014	110,890	–	110,890
Additions	2,649	75	2,724
Disposals	(170)	–	(170)
<b>At 31 December 2014</b>	<b>113,369</b>	<b>75</b>	<b>113,444</b>
<b>Depreciation</b>			
At 1 January 2014	81,881	–	81,881
Charge for the year	5,702	2	5,704
On disposals	(170)	–	(170)
<b>At 31 December 2014</b>	<b>87,413</b>	<b>2</b>	<b>87,415</b>
<b>Net book value</b>			
At 31 December 2014	25,956	73	26,029
At 31 December 2013	29,009	–	29,009

### 7. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	1,514	–
Deferred tax (note 8)	13,264	13,011
	<b>14,778</b>	<b>13,011</b>

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

	2014 £000	2013 £000
Deferred tax	13,264	13,011

The analysis of amounts owed by group undertakings is

	2014 £000	2013 £000
Other amounts owed by group undertakings	1,514	–

Amounts owed by group undertakings are unsecured and repayable on demand

# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

### 8. Deferred tax

The deferred tax included in the balance sheet is as follows

	2014 £000	2013 £000
Included in debtors (note 7)	<u>13,264</u>	<u>13,011</u>

The movement in deferred tax during the year was

	2014 £000	2013 £000
Balance at 1 January	13,011	14,934
Profit and loss account movement arising during the year	253	(1,923)
Balance at 31 December	<u>13,264</u>	<u>13,011</u>

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

	2014 £000	2013 £000
Depreciation in excess of capital allowances	<u>13,264</u>	<u>13,011</u>
	<u>13,264</u>	<u>13,011</u>

A deferred tax asset has been recognised as it is 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

### 9. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>110,556</u>	<u>110,761</u>

The analysis of amounts owed to group undertakings is

	2014 £000	2013 £000
Loans advanced by group undertakings	90,933	90,738
Other amounts owed to group undertakings	19,623	20,023
	<u>110,556</u>	<u>110,761</u>

Amounts owed to group undertakings are unsecured and repayable on demand

### 10. Contingent liabilities

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2014 this comprised term facilities that amounted to £3,083 million (2013 - £2,638 million) and a revolving facility of £660 million (2013 - £660 million). Borrowings under the facilities are secured against the assets of certain members of the group.

# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

### 10. Contingent liabilities (*continued*)

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 2014 amounted to £3,760 million (2013 - £4,081 million). Borrowings under the notes are secured against the assets of certain members of the group.

On 28 January 2015, a fellow group undertaking issued senior secured notes with an aggregate principal amount of £300 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.

On 30 March 2015, a fellow group undertaking issued senior secured notes with an aggregate principal amount of £862 million. There was a further issue of these senior secured notes on 30 April 2015 of £326 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 repay existing debt obligations within the group.

On 5 June 2015, a fellow group undertaking transferred \$1,855 million (£1,214 million) of its existing term facility due 2020 to a new dollar denominated term facility due 2023, under the existing senior secured credit facility. The new term 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 company has joint and several liabilities under a group VAT registration.

### 11. 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 Liberty Global plc and its subsidiaries (see note 14).

### 12. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£000	No	£000
Ordinary shares of £1 each	<u>1,530,750</u>	<u>1,531</u>	<u>1,530,750</u>	<u>1,531</u>

### 13. Reconciliation of deficit and movement on reserves

	Share capital	Share premium account	Profit and loss account	Deficit
	£000	£000	£000	£000
At 1 January 2013	1,531	66	(66,189)	(64,592)
Loss for the year	—	—	(4,149)	(4,149)
At 31 December 2013 and 1 January 2014	1,531	66	(70,338)	(68,741)
Loss for the year	—	—	(1,008)	(1,008)
At 31 December 2014	<u>1,531</u>	<u>66</u>	<u>(71,346)</u>	<u>(69,749)</u>



# Sheffield Cable Communications Limited

## Notes to the Financial Statements

Year ended 31 December 2014

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### 14. Parent undertaking and controlling party

The company's immediate parent undertaking is The Yorkshire Cable Group 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 2014 are Virgin Media Finance PLC and Liberty Global plc, respectively

The company's ultimate parent undertaking and controlling party at 31 December 2014 was Liberty Global plc

Copies of group accounts referred to above which include the results of the company are available from the company secretary, Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

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