

COMPANY REGISTRATION NUMBER 02591237

Virgin Media Limited
Financial Statements
31 December 2014

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Virgin Media Limited

Financial Statements

Year ended 31 December 2014

Contents	Pages
Company information	1
Strategic report	2 to 4
Directors' report	5 to 7
Directors' responsibilities statement	8
Independent auditor's report to the member	9 to 10
Profit and loss account	11
Statement of total recognised gains and losses	12
Balance sheet	13
Notes to the financial statements	14 to 53

Virgin Media Limited

Company Information

The board of directors

R D Dunn
T Mockridge
M O Hifzi
P A Buttery
P J A Kelly

Company secretary

G E James

Registered office

Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

Auditor

KMPG LLP
15 Canada Square
London
E14 5GL

Virgin Media Limited

Strategic Report

Year ended 31 December 2014

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 also the principal employer within the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases and capital commitments..

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.

Virgin Media 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)	494,550	466,967	Turnover has increased by 5.9% as a result of an increase in the uptake of digital cable, telephony and broadband internet services and price increases.
Operating profit (£000)	201,656	81,807	Operating profit has increased 146.5%, primarily due to an increase in turnover and decrease in administrative expenses, driven by gains on foreign currency translation.

Selected statistics for residential 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	599,000	594,871
Fixed-line telephone	656,200	645,028
Broadband internet	712,700	689,452
Total	<u>1,967,900</u>	<u>1,929,351</u>
Total customers	<u>784,000</u>	<u>770,201</u>
Products per customer	<u>2.51</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 an increase in both net current assets and 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.

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.

Virgin Media Limited

Strategic Report *(continued)*

Year ended 31 December 2014

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 6 August 2015.

Virgin Media Limited

Directors' Report

Year ended 31 December 2014

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

Results and dividends

The profit for the financial year amounted to £471,374,000 (2013 - profit of £1,812,958,000). 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	
T Mockridge	
D M Strong	(Resigned 31 January 2015)
M O Hifzi	(Appointed 11 March 2014)
P A Buttery	(Appointed 11 March 2014)
P J A Kelly	(Appointed 30 April 2014)
C B E Withers	(Resigned 11 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.

Employment policies and disabled employees

The group remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs.

The group aims to ensure that everyone connected to it is treated fairly and equally, whether they are a current or former member of staff, job applicant, customer or supplier.

Nobody should be discriminated against, either directly or indirectly, on the grounds of their gender, marital status, gender reassignment, pregnancy, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or belief, age, political affiliation or trade union membership. The policy applies to anyone who works for, who has worked for or who applies to work for Virgin Media or its partners. That means permanent, temporary, casual or part-time staff, anyone on a fixed-term contract, agency staff and consultants working with the group, ex-employees and people applying for jobs. This applies to all aspects of employment, including recruitment and training.

The group gives full consideration to applications from employees with disabilities where they can adequately fulfil the requirements of the job. Depending on their skills and abilities, employees with a disability have the same opportunities for promotion, career development and training as other employees. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

In line with Liberty Global's 'Code of Business Conduct', the groups' employees and directors are expected to display responsible and ethical behaviour, to follow consistently both the meaning and intent of this Code and to act with integrity in all of the group's business dealings. Managers and supervisors are expected to take such action as is necessary and appropriate to ensure that the group's business processes and practices are in full compliance with the Code.

Virgin Media Limited

Directors' Report *(continued)*

Year ended 31 December 2014

Employee involvement

The group is dedicated to increasing the practical involvement of individuals in the running of its business. It seeks to achieve this in two ways, as follows:

- All employees are encouraged to understand the aims of the overall group and their own business segment and to contribute to improving business performance through their knowledge, experience, ideas and suggestions. This requires strong communication to ensure that employees are briefed as widely as possible about activities and developments across the group. The online news channel, open forums, newsletters and team meetings play important roles in this, as does the development of people management skills and the ongoing conversations about performance and development which underpin mid and year end reviews; and
- The group ensures that all employees are involved and consulted with through local and national engagement forums

The group fosters a team spirit among employees and their greater involvement by offering participation in bonus or in local variable reward schemes, through the Virgin Media Sharesave Plan, designed to encourage Virgin Media share ownership, and team development opportunities. The group also operates a recognition scheme, designed to reward employees for behaviours which are consistent with the group's values and has launched a volunteering scheme which allows employees to take a day to volunteer with a charity or organisation of their choice.

Policy on the payment of creditors

It is the group's and company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. The group's trade creditors, at the year-end, represented 30 days (2013 - 32 days) of purchases.

Environmental policies

The Virgin Media group has a long-term commitment to growing a responsible and sustainable business and creating positive impacts for people and communities in the UK. Accountability for delivering the sustainability strategy sits with its Corporate Responsibility Committee. Chaired by the Virgin Media group's Chief Executive Officer, it comprises members of senior management who represent its core business functions. Supported by the Virgin Media group's dedicated Sustainability team, the Corporate Responsibility Committee meets quarterly to review the Virgin Media group's progress.

As part of the Liberty Global Group, in 2014 we published a new global corporate environmental statement, underpinned by multi-year targets to 2020, using 2012 as our base year. The result of a focused process to review and incorporate existing environmental policies from our market operations, our global environmental statement will help drive performance improvements across our business. In developing the statement, we also incorporated feedback from our stakeholders and best practice from our sector. The statement addresses three areas that represent our most significant impacts: energy use, greenhouse gas (GHG) emissions and management of electronic waste (e-waste).

Virgin Media Limited

Directors' Report (continued)

Year ended 31 December 2014

Environmental Statement: key elements

- Increasing energy efficiency: We seek to drive energy efficiency initiatives in all our markets and aim to reduce our consumption of natural resources where possible. Reducing greenhouse gas emissions: We work actively to reduce our emissions by carefully measuring our direct and indirect.
- GHG missions (according to the GHG Protocol), increasing our energy efficiency and procuring renewable energy. We also strive to deliver smarter solutions and products for our customers that help them minimise their energy use and carbon footprint.
- Responsible management of e-waste: Our business relies on the supply of electronic hardware (set-top boxes and modems) to customers. We share responsibility for the safe and environmentally friendly handling of these products when they reach end-of-life, collecting equipment from our customers and refurbishing whenever possible. Where obsolete equipment cannot be refurbished, we ensure disposal according to the Waste Electrical and Electronic Equipment (WEEE) Directive.

The Virgin Media group will continue to share updates on its performance and key highlights on its progress through its award winning sustainability website: <http://www.virginmedia.com/sustainability>.

Donations

During the year the company made the following donations:

	2014	2013
	£	£
Charitable donations	<u>142,442</u>	<u>344,820</u>

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.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors



P A Buttery
Director

Approved by the directors on 6 August 2015

Virgin Media Limited

Directors' Responsibilities Statement

Year ended 31 December 2014

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.

Independent Auditor's Report to the Member of Virgin Media Limited

Year ended 31 December 2014

We have audited the financial statements of Virgin Media Limited for the year ended 31 December 2014 on pages 11 to 53. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

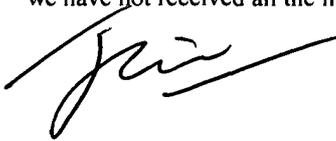
Independent Auditor's Report to the Member of Virgin Media Limited (continued)

Year ended 31 December 2014

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Cain (Senior Statutory Auditor)
for and on behalf of KMPG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL

12 August 2015

Virgin Media Limited

Profit and Loss Account

Year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover		494,550	466,967
Cost of sales		(111,291)	(114,364)
Gross profit		383,259	352,603
Administrative (expenses)/income		(1,384,571)	144,180
Other operating income	2	1,202,968	1,283,631
Operating profit	3	201,656	1,780,414
Attributable to:			
Operating profit before exceptional items		201,656	81,807
Exceptional items	3	–	1,698,607
		201,656	1,780,414
Other interest receivable and similar income	6	226,739	171,842
Interest payable and similar charges	7	(42,970)	(40,860)
Profit on ordinary activities before tax		385,425	1,911,396
Tax on profit on ordinary activities	8	85,949	(98,438)
Profit for the financial year	23	471,374	1,812,958

All results relate to continuing operations.

The notes on pages 14 to 53 form part of these financial statements.

Virgin Media Limited

Statement of Total Recognised Gains and Losses

Year ended 31 December 2014

	Note	2014 £000	2013 £000
Profit for the financial year attributable to the shareholder		471,374	1,812,958
Actuarial losses in respect of defined benefit pension schemes	19	(35,466)	(20,519)
Deferred tax on defined benefit pension scheme actuarial losses	8	654	(1,927)
Total gains and losses recognised		<u>436,562</u>	<u>1,790,512</u>

The notes on pages 14 to 53 form part of these financial statements.

Virgin Media Limited

Balance Sheet

31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	9	1,917,532	1,825,763
Investments	10	668,947	659,636
		<u>2,586,479</u>	<u>2,485,399</u>
Current assets			
Stocks		–	7
Debtors due after one year - Deferred tax	11,12	609,995	524,046
Debtors due after one year	11	47,322	43,980
Debtors due within one year	11	9,224,064	7,750,368
Cash at bank		–	11,308
		<u>9,881,381</u>	<u>8,329,709</u>
Creditors: Amounts falling due within one year	13	<u>(7,659,902)</u>	<u>(6,430,994)</u>
Net current assets		<u>2,221,479</u>	<u>1,898,715</u>
Total assets less current liabilities		<u>4,807,958</u>	<u>4,384,114</u>
Creditors: Amounts falling due after more than one year	14	<u>(121,184)</u>	<u>(159,673)</u>
Provisions for liabilities and charges	16	<u>(101,743)</u>	<u>(78,588)</u>
Net assets excluding pension liability		<u>4,585,031</u>	<u>4,145,853</u>
Defined benefit pension scheme liability	19	<u>(37,647)</u>	<u>(35,031)</u>
Net assets including pension liability		<u>4,547,384</u>	<u>4,110,822</u>
Capital and reserves			
Share capital	22	726	726
Share premium account	23	12,214,200	12,214,200
Share options reserve	23	15,115	15,115
Other reserves	23	11	11
Profit and loss account	23	<u>(7,682,668)</u>	<u>(8,119,230)</u>
Shareholder's funds	23	<u>4,547,384</u>	<u>4,110,822</u>

These financial statements were approved by the directors on 6 August 2015 and are signed on their behalf by:



R D Dunn
Director

The notes on pages 14 to 53 form part of these financial statements.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

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.

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company incorporated in the United Kingdom which prepares group accounts (see note 26). These financial statements therefore present information about the company as an individual undertaking and not about its group.

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.

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

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies (*continued*)

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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance leases

Where the company enters into a lease under which it takes substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Finance lease debtors are recorded in the Balance Sheet, and future instalments payable under finance leases are included within creditors, net of finance charges. Rentals receivable and payable under these finance lease arrangements are apportioned; the finance elements are recorded in the Profit and Loss Account on a reducing balance or straight line basis as appropriate, and the capital elements reduce the outstanding liability or asset in accordance with the terms of the contract.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies *(continued)*

Pensions

The company contributes to the Virgin Media sponsored group personal pension plans for eligible employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of each of the plans.

The company operates two defined benefit pension plans. The plans are funded by the payment of contributions to separately administered trust funds and are closed to new entrants.

The regular cost of providing benefits under the defined benefit plans is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related scheme assets are re-measured using the current actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit pension cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on scheme assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect of fair value of the scheme assets of contributions received and benefits paid during the year. The difference between the expected return on scheme assets and the interest cost is recognised in the profit and loss account.

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each scheme of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price.

Employee benefits

When an employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period. Cash based long-term incentives are accrued at fair value, recognising the movement in the accrual in the financial statements where the conditions and the plan extend beyond a year.

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.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

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 when 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.

Share-based payments

The company is an indirect, wholly-owned subsidiary of Virgin Media Inc. and Liberty Global plc. The company has no share-based compensation plans. To 7 June 2013, the group's directors and certain of its employees participated in the share-based compensation plans of Virgin Media Inc. From 7 June 2013, following the merger between Liberty Global and Virgin Media (the LG/VM Transaction), the share based compensation plans were modified to be share based-compensation plans of Liberty Global plc as summarised in note 18 below, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) of Liberty Global plc. common stock.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of stock options is determined using the Black-Scholes model. These transaction costs are recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, which ends on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, in the opinion of management at that date and based on the best available estimates.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

To the extent that the expense for share-based payments is recharged by the ultimate parent company which issues the shares, no expense is separately identifiable in reserves as it is included within inter-company debt.

In connection with the LG/VM Transaction, the modification of the Virgin Media share-based compensation plans to Liberty Global share-based compensation plans resulted in a remeasurement of the fair value of the awards as at 7 June 2013. The remeasured fair value of these awards will be amortised over the remaining service periods of the unvested awards, subject to forfeitures and the satisfaction of performance conditions.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies *(continued)*

Provisions for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected cost of dilapidations to leasehold properties are charged against profits when the cost of returning a property to its original state can be reliably estimated. When the effect of the time value of money is material provisions are discounted using a rate that reflects the risks specific to the liability. Where discounting is used, the unwinding of the discount is expensed as incurred and recognised in profit and loss as an interest expense.

A provision is recognised when the company has a present, legal or constructive obligation as a result of a past event for which it is probable that the company will be required to settle by an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

When the effect of the time value of money is material provisions are discounted using a rate that reflects the risks specific to the liability. Where discounting is used, the unwinding of the discount is expensed as incurred and recognised in profit and loss as an interest expense.

Provision for dilapidations

The company recognises a provision for the expected cost of dilapidation to leasehold properties when the cost of returning a property to its original state can be reliably estimated.

Provision for asset retirement obligation

The company recognises a provision for expected costs in relation to the disposal of assets where the company has a legal obligation to do so.

Restructuring provisions

Amounts provided for in relation to restructuring programmes include redundancy costs and amounts expected to be settled in relation to vacant leased properties. These provisions are based on the best estimates of factors such as the number of people expected to be made redundant, their length of service and remuneration, the cost of exiting a leased property and the discount rate applied to those specific costs. Further details are contained in note 16.

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.

Creditor payment policy

The company's policy concerning the payment of trade creditors is to agree the terms of payment with suppliers when negotiating the terms and conditions of each transaction. Creditors are paid in accordance with the company's contractual and other legal obligations.

Future accounting pronouncements

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

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

2. Other operating income

	2014	2013
	£000	£000
Recharges to group undertakings	<u>1,202,968</u>	<u>1,283,631</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014	2013
	£000	£000
Depreciation of owned tangible fixed assets	321,513	314,332
Depreciation of tangible fixed assets held under finance lease agreements	74,670	72,976
Loss/(gain) on disposal of fixed assets	20,438	(46,533)
Operating lease costs:		
- Plant and equipment	30,341	29,338
- Other	16,588	18,873
(Gain)/loss on foreign currency translation	<u>(113,610)</u>	<u>42,486</u>

Operating Exceptional Items:

	2014	2013
	£000	£000
Release of provision against amounts owed by group undertakings	-	(1,065,194)
Write off on amount due from group undertakings	-	5,451
Release of provision against value of investment in subsidiary undertakings	-	(638,864)
	<u>-</u>	<u>(1,698,607)</u>

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 group conducted a review of inter-company indebtedness as at 31 December 2014 and concluded that no change in provision against amounts due from group was required (2013 - release of £1,065,194).

Investments are assessed and impairments released due to a change in the economic conditions or in the expected use of the asset in accordance with FRS 11 "Impairment of fixed assets and goodwill". The group conducted an investment impairment review as at 31 December 2014 and concluded that no release of provision was required (2013 - £638,864,000).

Auditor's remuneration of £47,000 (2013 - £47,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

4. Staff costs

The average number of staff employed by the company during the financial year amounted to:

	2014 No	2013 No
Consumer	4,398	4,460
Business	1,004	868
Access, Networks and Technology	7,527	7,508
Corporate	771	1,238
	<u>13,700</u>	<u>14,074</u>

The aggregate payroll costs of the above were:

	2014 £000	2013 £000
Wages and salaries	490,902	508,667
Social security costs	56,934	73,367
Other pension costs	19,155	20,689
Equity-settled share-based payments	27,933	80,366
	<u>594,924</u>	<u>683,089</u>

The analysis of other pension costs charged to operating profit is:

	2014 £000	2013 £000
Defined contribution scheme	19,021	19,051
Defined benefit scheme - total operating charge	134	1,638
	<u>19,155</u>	<u>20,689</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income or charged to finance costs and amounts recognised in the Statement of Total Recognised Gains and Losses (see Note 19).

The company is the principal employer of the group.

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014 £000	2013 £000
Remuneration receivable	10,319	1,050
Value of company pension contributions to money purchase schemes	118	69
	<u>10,437</u>	<u>1,119</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

5. Directors' remuneration (continued)

Remuneration of highest paid director:

	2014	2013
	£000	£000
Total remuneration	4,189	603
Value of company pension contributions to money purchase schemes	-	29
	<u>4,189</u>	<u>632</u>

The number of directors who exercised share options and received shares under a long term incentive scheme during the year were as follows:

	2014	2013
	No	No
Directors who exercised share options	5	3
Directors who received shares under a long term incentive scheme	<u>6</u>	<u>5</u>

£255,509 (2013 - £129,099) of the aggregate amount was in relation to qualifying services as directors of this company.

During 2014 £nil (2013: £322,500) was paid to one director as compensation for loss of office.

6. Other interest receivable and similar income

	2014	2013
	£000	£000
Bank interest receivable	320	667
Interest on amounts owed by group undertakings	222,569	168,940
Net finance income in respect of defined benefit pension schemes (note 19)	3,850	2,235
	<u>226,739</u>	<u>171,842</u>

7. Interest payable and similar charges

	2014	2013
	£000	£000
Finance charges	10,989	12,791
Unwind of discounts on provisions	1,832	2,749
Other finance charges	8,199	3,326
Interest on amounts owed to group undertakings	21,950	21,994
	<u>42,970</u>	<u>40,860</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

8. Taxation

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

	2014 £000	2013 £000
Current tax (credit)/charge:		
Adjustments to tax (credit)/charge in respect of prior periods	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(85,949)	17,244
Effect of tax rate change on opening balances	-	81,194
Total deferred tax (note 12)	(85,949)	98,438
Total tax (credit)/charge on profit on ordinary activities	<u>(85,949)</u>	<u>98,438</u>
Tax included in the statement of total recognised gains and losses:		
Deferred tax:		
Defined benefit pension scheme liability recognised in the statement of total recognised gains and losses	(654)	1,927
Total deferred tax (note 12)	(654)	1,927
Total tax (credit)/charge	<u>(654)</u>	<u>1,927</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

8. Taxation (continued)

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

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>385,425</u>	<u>1,911,396</u>
Profit on ordinary activities multiplied by rate of tax	82,828	444,400
Effects of:		
Depreciation in excess of capital allowances/(accelerated capital allowances)	23,408	(23,275)
Group relief (claimed)/surrendered without payment	(89,635)	24,893
Income not taxable	-	(439,411)
Expenses not deductible for tax purposes	538	-
Other permanent differences	(6,920)	-
Other short term timing differences	<u>(10,219)</u>	<u>(6,607)</u>
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%).

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

9. Tangible fixed assets

	Network assets £000	Other £000	Total £000
Cost			
At 1 January 2014	3,612,793	680,193	4,292,986
Additions	348,474	147,693	496,167
Disposals	(48,602)	(253,458)	(302,060)
Transfers	20,425	30,315	50,740
At 31 December 2014	3,933,090	604,743	4,537,833
Depreciation			
At 1 January 2014	2,110,209	357,014	2,467,223
Charge for the year	255,128	141,055	396,183
On disposals	(20,643)	(253,109)	(273,752)
Transfers	14,826	15,821	30,647
At 31 December 2014	2,359,520	260,781	2,620,301
Net book value			
At 31 December 2014	1,573,570	343,962	1,917,532
At 31 December 2013	1,502,584	323,179	1,825,763

Included in network assets are assets with a net book value of £109,973,000 (2013 – £85,372,000) which have not yet been placed into service and on which depreciation has not commenced.

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

	2014 £000	2013 £000
Freehold	26,707	13,721
Short leasehold	65,748	70,537

Finance lease agreements

Included within the net book value of £1,917,532,000 is £197,200,000 (2013 - £255,176,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £74,670,000 (2013 - £72,976,000).

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

10. Investments

	£000
Cost	
At 1 January 2014	10,226,484
Additions	9,311
At 31 December 2014	<u>10,235,795</u>
Amounts written off	
At 1 January 2014 and 31 December 2014	<u>9,566,848</u>
Net book value	
At 31 December 2014	<u>668,947</u>
At 31 December 2013	<u>659,636</u>

On 31 January 2014 the company acquired a 100% controlling interest of Smallworld Cable Limited for consideration of £9.3 million.

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

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are listed in note 27.

11. Debtors

	2014	2013
	£000	£000
Trade debtors	346,159	329,658
Amounts owed by group undertakings	8,812,546	7,337,487
Other debtors	47,322	43,980
Prepayments and accrued income	65,359	83,223
Deferred tax (note 12)	609,995	524,046
	<u>9,881,381</u>	<u>8,318,394</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

11. Debtors (continued)

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

	2014	2013
	£000	£000
Other debtors	47,322	43,980
Deferred tax	609,995	524,046
	<u>657,317</u>	<u>568,026</u>

The analysis of amounts owed by group undertakings is:

	2014	2013
	£000	£000
Loans advanced to group undertakings	7,126,077	3,094,781
Other amounts owed by group undertakings	1,686,469	4,242,706
	<u>8,812,546</u>	<u>7,337,487</u>

Other amounts owed by fellow group undertakings are stated after deducting an impairment provision of £227,755,000 (2013 - £227,755,000).

Loans advanced to group undertakings are repayable on demand but are not expected to be recovered in full within one year. The loans advanced to group undertakings include U.S. dollar denominated loans of \$2,157,317,000 (2013 - \$1,673,478,000) which had a carrying value of £1,384,583,000m (2013 - £1,010,158,000) at the balance sheet date.

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

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

12. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2014	2013
	£000	£000
Included in debtors (note 11)	<u>609,995</u>	<u>524,046</u>

The movement in deferred tax during the year was:

	2014	2013
	£000	£000
Balance at 1 January	532,804	633,169
Profit and loss account movement arising during the year	85,949	(98,438)
Statement of total recognised gains and losses movement arising during the year	654	(1,927)
Balance at 31 December	<u>619,407</u>	<u>532,804</u>

Included within:

Debtors – Deferred tax	609,995	524,046
Defined benefit pension scheme liability	9,412	8,758
	<u>619,407</u>	<u>532,804</u>

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

	2014	2013
	£000	£000
Depreciation in excess of capital allowances	592,253	495,164
Share-based payments	13,900	23,237
Other timing differences	3,842	5,645
	<u>609,995</u>	<u>524,046</u>

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.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

13. Creditors: Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	243,513	270,391
Amounts owed to group undertakings	6,533,577	5,392,193
Other taxation and social security	97,463	90,234
Finance lease agreements	71,649	86,933
Accruals and deferred income	713,700	591,243
	<u>7,659,902</u>	<u>6,430,994</u>

The analysis of amounts owed to group undertakings is:

	2014	2013
	£000	£000
Loan advanced by group undertakings	562,902	619,520
Other amounts owed to group undertakings	5,970,675	4,772,673
	<u>6,533,577</u>	<u>5,392,193</u>

The loan notes advanced by group undertakings comprise a Sterling denominated loan of £196,370,000 (2013 - £220,501,000), a U.S. Dollar denominated loan of \$nil (2013 - \$34,701,000), which had a carrying value of £nil (2013 - £20,946,000) at the balance sheet date and a Euro denominated loan of €454,979,000 (2013 - €442,157,000), which had a carrying value of £353,331,000 (2013 - £368,025,000) at the balance sheet date.

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

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

	2014	2013
	£000	£000
Finance lease agreements	92,162	138,497
Other creditors	29,022	21,176
	<u>121,184</u>	<u>159,673</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

15. Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

	2014	2013
	£000	£000
Amounts payable within 1 year	78,725	96,750
Amounts payable between 2 to 5 years	70,655	119,394
Amounts payable after more than 5 years	<u>142,541</u>	<u>145,433</u>
	291,921	361,577
Less interest and finance charges relating to future periods	<u>(128,110)</u>	<u>(136,147)</u>
	<u>163,811</u>	<u>225,430</u>
Finance lease agreements are analysed as follows:		
Current obligations	71,649	86,933
Non-current obligations	<u>92,162</u>	<u>138,497</u>
	<u>163,811</u>	<u>225,430</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

16. Provisions for liabilities

	Redundancy costs £000	Property related costs £000	Waste Electrical and Electronic Equipment £000	National Insurance £000	Total £000
At 1 January 2014	(5,374)	(55,066)	(5,485)	(12,663)	(78,588)
Provided during the year	(10,521)	(481)	(100)	(6,855)	(17,957)
Utilised during the year	14,700	2,376	–	5,138	22,214
Revisions in cashflow estimates	–	(798)	5,585	–	4,787
Amortisation of discount	–	(32,199)	–	–	(32,199)
31 December 2014	<u>(1,195)</u>	<u>(86,168)</u>	<u>–</u>	<u>(14,380)</u>	<u>(101,743)</u>

Redundancy costs

Following the LG/VM Transaction the Virgin Media group commenced the implementation of a restructuring plan in 2013 aimed at realising synergies as a result of the merger.

Property related costs

Property related costs expected to be incurred are mainly in relation to dilapidations costs on leasehold properties.

National Insurance

Provision has been made for National Insurance contributions on share options and restricted stock unit grants.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments

The company is an indirect, wholly-owned subsidiary of Virgin Media Inc. and Liberty Global plc. The company has no share-based compensation plans. Until 7 June 2013, the group's directors and certain of its employees participated in the share-based compensation plans of Virgin Media Inc. From 7 June 2013, following the merger of Virgin Media Inc. and Liberty Global, Inc., the share based compensation plans issued to employees were modified to be share based-compensation plans of Liberty Global plc.

Liberty Global Share Incentive Plans

The Share Incentive Plans are intended to encourage Liberty Global plc share ownership by employees and directors so that they may acquire or increase their proprietary interest in the Liberty Global and Virgin Media groups, and to encourage such employees and directors to remain in the group's employment or service and to put forth maximum efforts for the success of the business. To accomplish such purposes, the plans provide that as of December 31 2014, Liberty Global was authorized to grant incentive awards under the Liberty Global 2014 Incentive Plan.

Generally, the compensation committee of Liberty Global's board of directors may grant non-qualified share options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under any of the incentive plans (collectively, awards). Ordinary shares issuable pursuant to awards made under these incentive plans will be made available from either authorized but unissued shares or shares that have been issued but reacquired by Liberty Global. Awards may be granted at or above fair value in any class of ordinary shares. The maximum number of Liberty Global shares with respect to which awards may be issued under the Liberty Global 2014 Incentive Plan is 100 million (of which no more than 50 million shares may consist of Class B ordinary shares), subject to anti-dilution and other adjustment provisions in the respective plan. As of December 31 2014, the Liberty Global 2014 Incentive Plan had 89,582,279 ordinary shares available for grant.

In connection with the LG/VM Transaction, Liberty Global assumed the VM Incentive Plan. Awards under the VM Incentive Plan issued prior to June 7 2013 have a 10-year term and become fully exercisable within five years of continued employment. Certain performance-based awards that were granted during the first quarter of 2013 were cancelled upon completion of the LG/VM Transaction. These cancelled awards were subsequently replaced by PSUs that were granted under the VM Incentive Plan on June 24 2013. For the remaining performance-based awards that were outstanding prior to June 7 2013, the performance objectives lapsed upon the completion of the LG/VM Transaction and such awards vest on the third anniversary of the grant date.

Awards (other than performance-based awards) under (i) the Liberty Global 2014 Incentive Plan, (ii) the Liberty Global 2005 Incentive Plan and (iii) under the VM Incentive Plan after June 7 2013 generally (a) vest 12.5% on the six month anniversary of the grant date and then vest at a rate of 6.25% each quarter thereafter and (b) expire seven years after the grant date. RSUs vest on the date of the first annual general meeting of Liberty Global shareholders following the grant date. These awards may be granted at or above fair value in any class of ordinary shares.

No further awards will be granted under the Liberty Global 2005 Incentive Plan or the VM Incentive Plan.

Liberty Global Performance Awards

The following is a summary of the material terms and conditions with respect to Liberty Global's performance-based awards for certain executive officers and key employees for which awards were granted under the Liberty Global Incentive Plan and the Virgin Media Incentive Plan.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments *(continued)*

Liberty Global PSUs

PSUs are granted to executive officers and key employees annually based on a target annual equity value for each executive and key employee, of which approximately two-thirds would be delivered in the form of an annual award of PSUs and approximately one-third in the form of an annual award of SARs. Each PSU represents the right to receive one Class A or Class C ordinary share, as applicable, subject to performance and vesting. Generally, the performance period for the PSUs covers a two-year period and the performance target is based on the achievement of a specified compound annual growth rate (CAGR) in a consolidated operating cash flow metric (as defined in the applicable underlying agreement), adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates that affect comparability (OCF CAGR), and the participant's annual performance ratings during the two-year performance period. A performance range of 75% to 125% of the target OCF CAGR generally results in award recipients earning 50% to 150% of their respective PSUs, subject to reduction or forfeiture based on individual performance. The PSUs generally vest 50% on each of March 31 and September 30 of the year following the end of the performance period. During the Successor periods, Liberty Global granted PSUs to certain of our executive officers and key employees.

Liberty Global Challenge Performance Awards

Effective June 24 2013, Liberty Global's compensation committee approved the Challenge Performance Awards, which consisted solely of PSARs for Liberty Global's senior executive officers and a combination of PSARs and PSUs for other executive officers and key employees. Each PSU represents the right to receive one Class A ordinary share or one Class C ordinary share of Liberty Global, as applicable, subject to performance and vesting. The performance criteria for the Challenge Performance Awards will be based on the participant's performance and achievement of individual goals in each of the years 2013, 2014 and 2015. Subject to forfeitures and the satisfaction of performance conditions, 100% of each participant's Challenge Performance Awards will vest on June 24 2016. The PSARs have a term of seven years and base prices equal to the respective market closing prices of the applicable class on the grant date. During the Successor periods, Liberty Global granted PSARs to certain of our executive officers.

Virgin Media Stock Incentive Plans

Equity awards were granted to certain of our employees prior to the LG/VM Transaction under certain incentive plans maintained and administered by our company and no new grants will be made under these incentive plans. The equity awards granted include stock options, restricted shares, RSUs and performance awards.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

Stock Options

A summary of the activity of the group's share option grants relating to employees of the group during the year ended 31 December 2014 is given below.

Liberty Global Class A Ordinary Shares	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Outstanding at 1st January 2014	1,714,481	\$15.30	
Transfers	(32,349)	\$19.15	
Granted	-	-	
Expired/Cancelled	(51,826)	\$22.49	
Exercised	(562,819)	\$14.59	
Outstanding at 31st December 2014	1,067,487	\$15.21	5.6
Exercisable at 31st December 2014	630,167	\$10.38	4.2

Liberty Global Class C Ordinary Shares	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	4,327,381	\$13.84	
Transfers	(79,683)	\$17.51	
Exercised	-	-	
Expired	(128,419)	\$21.13	
Forfeited	(1,881,344)	\$20.50	
Outstanding at 31st December 2014	2,237,935	\$15.07	6.0
Exercisable at 31st December 2014	1,148,501	\$8.42	4.8

A summary of the activity of the group's share option grants relating to employees of the group during the year ended 31 December 2013 is given below.

Virgin Media Awards	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Outstanding at 1 January 2013	10,248,798	\$18.33	
Granted	1,070,934	\$37.87	
Cancelled	(324,513)	\$21.69	
Exercised	(2,485,429)	\$16.44	
Outstanding at 7 June 2013	8,509,790	\$21.21	6.8
Exercisable at 7 June 2013	3,410,963	\$17.96	4.8

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

Liberty Global Class A Ordinary Shares	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Issued in exchange for Virgin Media Options			
on 7 June 2013	3,376,658	\$29.12	
Cancelled	(144,329)	\$52.78	
Exercised	(1,501,458)	\$25.03	
Transfers	(16,390)	\$43.38	
Outstanding at 31 December 2013	1,714,481	\$30.57	7.0
Exercisable at 31 December 2013	675,130	\$19.69	5.3

Liberty Global Class C Ordinary Shares	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Issued in exchange for Virgin Media Options			
on 7 June 2013	2,518,875	\$24.58	
Cancelled	(107,690)	\$48.77	
Exercised	(1,092,500)	\$20.53	
Transfers	(12,235)	\$42.35	
Outstanding at 31 December 2013	1,306,450	\$25.80	7.0
Exercisable at 31 December 2013	531,670	\$14.44	5.4

The weighted average share prices of Liberty Global Class A and Class C shares during the period 1 January 2014 to 31 December 2014 for options exercised were \$50.65 and \$48.95, respectively.

In connection with the LG/VM Transaction, 8,509,790 Virgin Media stock options were exchanged for 3,376,658 Liberty Global Class A stock options and 2,518,875 Liberty Global Class C stock options in 2013.

The weighted average share prices of Liberty Global Class A and Class C shares during the period 7 June 2013 to 31 December 2013 for options exercised were \$78.97 and \$74.80, respectively.

The weighted average share price of Virgin Media shares during the period 1 January 2013 to 7 June 2013 for options exercised was \$46.23

The range of exercise prices for options outstanding at 31 December 2014 was \$4.92 to \$28.36 (2013 – \$9.84 to \$56.42).

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments *(continued)*

The fair values for the Virgin Media Awards and the Virgin Media Replacement Awards options were estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Virgin Media Replacement Awards	Virgin Media Awards
	Period from 7 June to 31 December 2013	Period from 1 January to 7 June 2013
Risk-free Interest Rate	1.00%	0.40% - 1.42%
Expected Dividend Yield	none	0.41% - 0.50%
Expected Volatility	23.6% - 32.6%	31.1% - 50.9%
Expected Lives of Options	0.4 - 4.6 years	3.0 - 7.3 years
Weighted Average Grant Date Fair Value of Awards Granted in the Period	\$45.64	\$29.13

The ranges shown for expected lives and expected volatility of the Virgin Media Replacement Awards exclude the awards for certain former employees of the group who were expected to exercise their awards immediately or soon after the LG/VM Transaction. For these awards, the assumptions used for expected life and volatility were essentially nil.

The expected life of options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical realised volatility of the ultimate parent company's shares, matched to the expected life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

Restricted Stock Units

A summary of the activity of the group's RSU grants relating to employees of the group during the year ended 31 December 2014 is given below.

Liberty Global Class A Ordinary Shares	RSUs	<i>Weighted Average Grant Date Fair Value</i>	<i>Weighted Average Remaining Contractual Term</i> (years)
Outstanding - 1 January 2014	453,087	\$38.85	
Granted	51,632	\$41.04	
Forfeited	(13,803)	\$39.03	
Release from restrictions	(211,313)	\$38.68	
Transfers	(20,601)	\$39.99	
Outstanding at 31 December 2014	259,002	\$39.00	6.3

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

Liberty Global Class C Ordinary Shares	RSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	1,134,213	\$36.27	
Granted	103,264	\$39.23	
Forfeited	(33,094)	\$36.55	
Release from restrictions	(526,538)	\$35.22	
Transfers	(50,177)	\$37.61	
Outstanding - 31 December 2014	627,668	\$36.54	6.4

A summary of the activity of the group's RSU grants relating to employees of the group during the year ended 31 December 2013 is given below.

Virgin Media Awards	RSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding at 1 January 2013	1,781,742	\$15.64	
Granted	50,101	\$39.39	
Released from restrictions	(858,701)	\$14.10	
Forfeited	(578,801)	\$15.34	
Outstanding at 7 June 2013	394,341	\$22.43	7.8

Liberty Global Class A Ordinary Shares	RSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Issued in exchange for Virgin Media PSUs and RSUs on 7 June 2013	900,408	\$76.24	
Granted	8,334	\$69.70	
Released from restrictions	(411,356)	\$76.21	
Forfeited	(31,038)	\$76.24	
Transfers	(13,261)	\$78.92	
Outstanding at 31 December 2013	453,087	\$76.06	7.8

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

Liberty Global Class C Ordinary Shares	RSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Issued in exchange for Virgin Media PSUs and RSUs			
on 7 June 2013	671,923	\$71.51	
Granted	8,334	\$65.56	
Released from restrictions	(307,078)	\$71.48	
Forfeited	(23,159)	\$71.51	
Transfers	(9,457)	\$75.00	
Outstanding at 31 December 2013	340,563	\$71.30	7.8

In connection with the LG/VM Transaction, 394,341 Virgin Media RSUs were exchanged for 110,321 Liberty Global Class A RSUs and 82,328 Liberty Global Class C RSUs.

Performance Stock Units

A summary of the activity of the group's PSU grants relating to employees of the group during the year ended 31 December 2014 is given below.

Liberty Global Class A Ordinary Shares	PSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	109,571	\$34.89	
Granted	61,654	\$40.60	
Performance adjustment (a)	(4,004)	\$26.18	
Release from restrictions	(8,578)	\$26.94	
Transfers	(6,986)	\$35.60	
Outstanding - 31 December 2014	151,657	\$37.86	1.2

Liberty Global Class C Ordinary Shares	PSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	301,737	\$32.58	
Granted	135,378	\$38.60	
Performance adjustment (a)	(12,012)	\$24.74	
Release from restrictions	(25,734)	\$25.42	
Transfers	(17,984)	\$33.29	
Outstanding - 31 December 2014	381,385	\$36.71	1.2

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

- (a) Represents the reduction in PSUs associated with the first quarter 2014 determination that 66.3% of the PSUs that were granted in 2012 (the 2012 PSUs) had been earned. As of 31 December 2014, all of the earned 2012 PSUs have been released from restrictions.

A summary of the activity of the group's PSU grants relating to employees of the group during the year ended 31 December 2013 is given below.

Virgin Media Awards	PSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding at 1 January 2013	2,408,426	\$22.40	
Granted	632,762	\$39.66	
Released from restrictions	(14,964)	\$24.08	
Forfeited	(251,936)	\$22.59	
Outstanding at 7 June 2013	2,774,288	\$26.31	8.5

Liberty Global Class A Ordinary Shares	PSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding at 7 June 2013	-	-	
Granted	164,412	\$69.90	
Released from restrictions	(6,580)	\$40.75	
Forfeited	(75,273)	\$69.70	
Transfers	27,012	\$55.78	
Outstanding at 31 December 2013	109,571	\$68.31	1.7

Liberty Global Class C Ordinary Shares	PSUs	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)
Outstanding at 7 June 2013	-	-	
Granted	134,258	\$65.81	
Released from restrictions	(6,580)	\$39.21	
Forfeited	(58,607)	\$65.56	
Transfers	27,012	\$53.00	
Outstanding at 31 December 2013	96,083	\$64.19	1.7

In connection with the LG/VM Transaction, 419,717 of the Virgin Media PSUs were cancelled, and the remaining 2,354,571 PSUs were exchanged for 790,087 Liberty Global Class A RSUs and 589,595 Liberty Global Class C RSUs.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments *(continued)*

Stock Appreciation Rights

A summary of the activity of the group's SARs grants relating to employees of the group during the year ended 31 December 2014 is given below.

Liberty Global Class A Ordinary Shares	SARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	95,831	\$27.95	
Granted	377,344	\$40.77	
Forfeited	(11,930)	\$40.91	
Exercised	(16,727)	\$36.02	
Transfers	8,258	\$28.62	
Outstanding at 31 December 2014	452,776	\$38.01	5.8
Exercisable at 31 December 2014	95,471	\$30.22	4.6

Liberty Global Class C Ordinary Shares	SARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	287,493	\$26.83	
Granted	777,712	\$38.87	
Forfeited	(23,860)	\$39.09	
Exercised	(43,501)	\$33.70	
Transfers	24,774	\$27.38	
Outstanding at 31 December 2014	1,022,618	\$35.42	5.7
Exercisable at 31 December 2014	252,229	\$27.62	4.4

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

A summary of the activity of the group's SARs grants relating to employees of the group during the year ended 31 December 2013 is given below.

Liberty Global Class A Ordinary Shares	SARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding at 7 June 2013	-	-	
Granted	17,632	\$80.67	
Transfers	78,199	\$49.97	
Outstanding at 31 December 2013	95,831	\$55.62	5.2
Exercisable at 31 December 2013	36,859	\$40.38	4.2

Liberty Global Class C Ordinary Shares	SARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding at 7 June 2013	-	-	
Granted	17,632	\$76.52	
Transfers	78,199	\$47.47	
Outstanding at 31 December 2013	95,831	\$52.81	5.2
Exercisable at 31 December 2013	36,859	\$38.74	4.2

The fair values for the SARs were estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Liberty Global Awards	1 January to 31 December 2014	Period from 7 June to 31 December 2013
Risk-free Interest Rate	0.99% - 1.31%	0.78% - 0.81%
Expected Dividend Yield	none	none
Expected Volatility	25.5% - 26.5%	26.5% - 26.7%
Expected Lives	3.2 - 3.9 years	3.2 years
Weighted Average Grant Date Fair Value of Awards Granted in the Period	\$8.04	\$15.57

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

Performance Stock Appreciation Rights

A summary of the activity of the group's PSARs grants relating to employees of the group during the year ended 31 December 2014 is given below.

Liberty Global Class A Ordinary Shares	PSARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	267,498	\$36.00	
Granted	10,000	\$43.58	
Exercised	(6,248)	\$35.03	
Transfers	(10,000)	\$35.03	
Outstanding at 31 December 2014	261,250	\$35.59	5.5
Exercisable at 31 December 2014	-	-	-

Liberty Global Class C Ordinary Shares	PSARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding - 1 January 2014	802,494	\$34.35	
Granted	30,000	\$43.03	
Exercised	(18,744)	\$33.41	
Transfers	(30,000)	\$33.41	
Outstanding at 31 December 2014	783,750	\$34.02	5.5
Exercisable at 31 December 2014	-	-	-

A summary of the activity of the group's PSARs grants relating to employees of the group during the year ended 31 December 2013 is given below.

Liberty Global Class A Ordinary Shares	PSARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding at 7 June 2013	-	-	
Granted	353,750	\$71.16	
Forfeited	(86,252)	\$69.70	
Outstanding at 31 December 2013	267,498	\$71.63	6.5
Exercisable at 31 December 2013	-	-	-

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

17. Share-based payments (continued)

Liberty Global Class C Ordinary Shares	PSARs	Weighted Average Base Price	Weighted Average Remaining Contractual Term (years)
Outstanding at 7 June 2013	-	-	
Granted	353,750	\$66.96	
Forfeited	(86,252)	\$65.56	
Outstanding at 31 December 2013	267,498	\$67.41	6.5
Exercisable at 31 December 2013	-	-	-

The fair values for the PSARs were estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Liberty Global Awards	1 January to 31 December 2014	Period from 7 June to 31 December 2013
Risk-free Interest Rate	0.81%	0.78% - 0.81%
Expected Dividend Yield	none	none
Expected Volatility	25.50%	26.5% - 26.7%
Expected Lives	3.1 years	3.2 years
Weighted Average Grant Date Fair Value of Awards Granted in the Period	\$8.15	\$15.57

Total Expense

The expense relating to the payment of share-based compensation of the group's directors and its employees is £27.9 million (2013 - £80.4 million).

18. Commitments under operating leases

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £000	Other Items £000	Land and buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	1,557	4,723	3,445	1,975
Within 2 to 5 years	8,304	10,560	6,487	15,347
After more than 5 years	7,975	3,724	8,582	5,398
	<u>17,836</u>	<u>19,007</u>	<u>18,514</u>	<u>22,720</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

19. Pensions and other post retirement benefits

Defined contribution plans

The group contributes to the Virgin Media sponsored group personal pension plans of eligible employees. Contributions are charged to the Company Profit and Loss Account as they become payable, in accordance with the rules of the plans.

Contributions to the defined contribution plans during the period were £19,021,000 (2013 - £19,051,000). The amount of outstanding contributions at 31 December 2014 included within creditors: amounts falling due within one year was £2,700,000 (2013 - £3,252,000).

Defined benefit plans

The group recognises any actuarial gains and losses in each period in the Statement of Total Recognised Gains and Losses. Service costs and finance costs are recognised through the Profit and Loss account.

The group operates two plans which are defined benefit plans that pay out pensions at retirement based on services and final pay.

• **ntl 1999 Pension Plan**

The company operates a funded pension plan providing defined benefits ("ntl 1999 Pension Plan"). The plan has never been opened to new entrants except when the plan began and subsequently on 31 May 2007, on both occasions new members were transferred from other existing plans. The assets of the plan are held separately from those of the company, being invested in units of exempt unit trusts. The plan is funded by the payment of contributions to separately administered trust funds. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method with a control period.

• **ntl Pension Plan**

The company operates a funded pension plan providing defined benefits ("ntl Pension Plan"). The pension plan was closed to new entrants as of 6 April 1998. The assets of the plan are held separately from those of the company, in an independently administered trust. The plan is funded by the payment of contributions to this separately administered trust. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

The plans' assets are measured at fair value. The plans' liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond. As closed plans, under the projected unit method the current service cost will increase as the members of the plan approach retirement.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

19. Pensions and other post retirement benefits (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2014 £000	2013 £000
Defined benefit obligation at start of year	447,000	431,051
Current service cost	134	1,638
Interest cost	19,624	18,622
Experience gains	(3,669)	(8,733)
Impact of changes in financial assumptions	57,309	18,600
Employee contributions	21	258
Benefits paid	<u>(12,282)</u>	<u>(14,436)</u>
Defined benefit obligation at end of year	<u>508,137</u>	<u>447,000</u>

Changes in the fair value of plan assets are as follows:

	2014 £000	2013 £000
Fair value of the plan assets at start of year	421,356	384,596
Expected return on assets	26,318	21,732
Actuarial gain	21,459	6,618
Employer contributions	28,480	22,588
Employee contributions	21	258
Benefits paid	<u>(12,282)</u>	<u>(14,436)</u>
Fair value of plan assets at end of year	<u>485,352</u>	<u>421,356</u>

The amounts recognised in the company balance sheet, for the current and previous four periods are as follows:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of funded defined benefit obligations	(508,137)	(447,000)	(431,051)	(424,621)	(390,077)
Fair value of plan assets	485,352	421,356	384,596	381,006	351,085
Non-recoverable surplus on plan assets	(24,274)	(18,145)	-	-	-
Deficit in plan	<u>(47,059)</u>	<u>(43,789)</u>	<u>(46,455)</u>	<u>(43,615)</u>	<u>(38,992)</u>
Related deferred tax asset	9,412	8,758	10,685	-	-
Net liability in the balance sheet	<u>(37,647)</u>	<u>(35,031)</u>	<u>(35,770)</u>	<u>(43,615)</u>	<u>(38,992)</u>
Experience gains/(losses) on plan liabilities	3,669	8,733	24,840	(4,061)	5,781
Experience gain/(losses) on plan assets	21,459	6,618	(18,139)	3,150	21,341

The non-recoverable surplus of £24,274,000 relates to the ntl 1999 pension plan. This amount is not considered to be recoverable and is therefore not being recognised.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

19. Pensions and other post retirement benefits *(continued)*

The amounts recognised in the profit and loss account for the year are as follows:

	2014	2013
	£000	£000
Charged to operating profit:		
Current service cost	134	1,638
Total recognised in arriving at operating profit	<u>134</u>	<u>1,638</u>
Charged/(credited) to net interest expense:		
Expected return on pension plan assets	(26,318)	(21,732)
Restriction on expected return on assets recognised in profit and loss account	2,844	875
Interest on pension plan liabilities	<u>19,624</u>	<u>18,622</u>
Total net finance income	<u>(3,850)</u>	<u>(2,235)</u>
Taken to the Statement of Total Recognised Gains and Losses:		
Experience gains on plan assets	(21,459)	(6,618)
Experience gains on plan liabilities	(3,669)	(8,733)
Changes in assumptions underlying the present value of the plan liabilities	57,309	18,600
Non-recoverable surplus on plan assets	6,129	18,145
Restriction on expected return on assets recognised in profit and loss account	<u>(2,844)</u>	<u>(875)</u>
Actuarial losses recognised in the Statement of Total Recognised Gains and Losses	<u>35,466</u>	<u>20,519</u>

Principal actuarial assumptions are as follows:

	2014	2013
Discount rate	3.55%	4.45%
Annualised expected return on plan assets for the year	4.90%	6.13%
Rate of salary increases	3.60%	3.90%
Rate of pension increases	3.60%	3.68%
Rate of inflation	2.00%	2.40%
Life expectancy for:		
Male aged 45	88.7	88.6
Male aged 65	87.4	87.3
Female aged 45	91.1	91.1
Female aged 65	89.6	89.5

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

19. Pensions and other post retirement benefits *(continued)*

Where investments are held in bonds and cash, the expected long term rate of return is taken to the prevailing yields.

The plans' assets and expected return of the main asset classes were as follows:

2014

	Long term rate of return	Total £000
Equities	6.45%	152,589
Property	5.95%	4,497
Corporate bonds	3.55%	133,903
Hedge funds	5.95%	87,696
Insurance policy (buy-in)	3.55%	101,400
Cash and other	2.45%	5,267
Total market value of assets		<u>485,352</u>
Non-recoverable surplus on plan assets		(24,274)
Present value of plan liabilities		(508,137)
Net pension liability (excluding deferred tax)		<u>(47,059)</u>

2013

	Long term rate of return	Total £000
Equities	7.80%	138,838
Property	7.30%	4,674
Corporate bonds	4.45%	102,845
Hedge funds	7.30%	80,344
Insurance policy (buy-in)	4.45%	92,640
Cash and other	3.80%	2,015
Total market value of assets		<u>421,356</u>
Non-recoverable surplus on plan assets		(18,145)
Present value of plan liabilities		(447,000)
Net pension liability (excluding deferred tax)		<u>(43,789)</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

19. Pensions and other post retirement benefits *(continued)*

The benefits expected to be paid out of the pension plans in total are set out below for each of the next five years and the following five years in aggregate. The benefits expected to be paid are based on the same assumptions used to measure our benefit obligation at December 31, 2014 and include estimated future employee services:

	£000
2015	14,500
2016	15,400
2017	16,900
2018	17,900
2019	18,500
Years 2020 - 2024	108,100
Weighted average duration of the defined benefit obligation	18.0 years

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

20. 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 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 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 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 including those of this company.

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.

21. 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 26).

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

22. Share capital

Authorised share capital:

	2014	2013
	£000	£000
5,378,375 Ordinary shares of £0.01 each	54	54
5,243,153 Ordinary shares of \$0.20 each	682	682
	<u>736</u>	<u>736</u>

Allotted and called up:

	2014		2013	
	No	£000	No	£000
Ordinary shares fully paid of £0.01 each	5,179,802	52	5,179,802	52
Ordinary shares fully paid of \$0.20 each (converted at exchange rate in place at date of issue of shares)	<u>5,179,680</u>	<u>674</u>	<u>5,179,680</u>	<u>674</u>
	<u>10,359,482</u>	<u>726</u>	<u>10,359,482</u>	<u>726</u>

23. Reconciliation of shareholder's funds and movement on reserves

	Share capital	Share premium account	Share options reserve	Other reserves	Profit and loss account	Total shareholder's funds
	£000	£000	£000	£000	£000	£000
At 1 January 2013	726	12,214,200	15,115	11	(9,909,742)	2,320,310
Profit for the year	-	-	-	-	1,812,958	1,812,958
Movement on deferred tax relating to pension liability	-	-	-	-	(1,927)	(1,927)
Actuarial (losses)/gains on pension plans	-	-	-	-	(20,519)	(20,519)
At 31 December 2013 and 1 January 2014	<u>726</u>	<u>12,214,200</u>	<u>15,115</u>	<u>11</u>	<u>(8,119,230)</u>	<u>4,110,822</u>
Profit for the year	-	-	-	-	471,374	471,374
Actuarial (losses)/gains on pension plans	-	-	-	-	(35,466)	(35,466)
Movement on deferred tax relating to pension liability	-	-	-	-	654	654
At 31 December 2014	<u>726</u>	<u>12,214,200</u>	<u>15,115</u>	<u>11</u>	<u>(7,682,668)</u>	<u>4,547,384</u>

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

24. Subsequent events

On 3rd July 2015, the Company entered into an agreement to acquire TV3, the leading commercial broadcaster in Ireland for a purchase price of €80m with an additional contingent consideration of up to €7m payable based on TV3 hitting certain targets. This acquisition will be subject to regulatory approval from the Competition and Consumer Protection Commission and a separate media plurality test by the Irish Government.

25. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £147,300,000 (2013 - £119,331,000).

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amounts include commitments entered into on behalf of these companies.

26. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Investments 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.

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

27. List of investments

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows:

Name of Company	Holdings	Proportion held	Nature of Business
Direct shareholdings			
CableTel (UK) Limited	Ordinary	100%	Telecoms
CableTel Herts and Beds Limited	Ordinary	100%	Telecoms
CableTel Northern Ireland Limited	Ordinary	100%	Telecoms
CableTel Surrey and Hampshire Limited	Ordinary	100%	Telecoms
NTL (Triangle) LLC	Common	100%	Holding
ntl Pension Trustees Limited	Ordinary	100%	Telecoms
ntl Rectangle Limited	Ordinary	100%	Holding
ntl South Central Limited	Ordinary	100%	Telecoms
ntl South Wales Limited	Ordinary	100%	Telecoms
ntl Trustees Limited	Ordinary	100%	Telecoms
Smallworld Cable Limited	Ordinary	100%	Telecoms
Virgin Media Directors Limited	Ordinary	100%	Telecoms
Virgin Media Payments Limited	Ordinary	100%	Collections
Virgin Media Sales Limited	Ordinary	100%	Telecoms
Virgin Media Secretaries Limited	Ordinary	100%	Finance
X-TANT Limited	Ordinary	100%	Telecoms
Indirect shareholdings			
Anglia Cable Communications Limited	Ordinary	100%	Telecoms
BCMV Leasing Limited	Ordinary	100%	Leasing
BCMV Limited	Ordinary	100%	Telecoms
Cambridge Cable Services Limited	Ordinary	100%	Telecoms
Cambridge Holding Company Limited	Ordinary	100%	Holding
CCL Corporate Communication Services Limited	Ordinary	100%	Telecoms
Credit-Track Debt Recovery Limited	Ordinary	100%	Telecoms
East Coast Cable Limited	Ordinary	100%	Telecoms
NNS UK Holdings 1 LLC	Common	100%*	Holding
NNS UK Holdings 2, Inc	Common stock	100%*	Holding
North CableComms Holdings, Inc	Common stock	100%*	Holding
North CableComms LLC	Common stock	100%*	Telecoms
North CableComms Management, Inc	Common stock	100%*	Telecoms
ntl (Aylesbury and Chiltern) Limited	Ordinary	100%	Telecoms
ntl (B) Limited	Ordinary	100%	Holding
ntl (Broadland) Limited	Ordinary	100%	Telecoms
ntl (County Durham) Limited	Ordinary	100%	Telecoms
ntl (CRUK)	Ordinary	100%	Telecoms
ntl (CWC Holdings)	Ordinary	100%	Holding
ntl (CWC) Corporation Limited	Ordinary	100%	Telecoms
ntl (CWC) Limited	Ordinary	100%	Holding
ntl (Ealing) Limited	Ordinary	100%	Telecoms
ntl (Hampshire) Limited	Ordinary	100%	Telecoms
ntl (Harrogate) Limited	Ordinary	100%	Telecoms
ntl (Kent) Limited	Ordinary	100%	Telecoms
ntl (Leeds) Limited	Ordinary	100%	Telecoms
ntl (Norwich) Limited	Ordinary	100%	Telecoms

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

ntl (Peterborough) Limited	Ordinary	100%	Telecoms
ntl (South East) Limited	Ordinary	100%	Telecoms
ntl (South Hertfordshire) Limited	Ordinary	100%	Telecoms
ntl (South London) Limited	Ordinary	100%	Telecoms
ntl (Southampton and Eastleigh) Limited	Ordinary	100%	Telecoms
ntl (V)	Ordinary	100%	Telecoms
ntl (V) Plan Pension Trustees Limited	Ordinary	100%	Telecoms
ntl (Wearside) Limited	Ordinary	100%	Telecoms
ntl (West London) Limited	Ordinary	100%	Telecoms
ntl (YorCan) Limited	Ordinary	100%	Telecoms
ntl (York) Limited	Ordinary	100%	Telecoms
ntl Acquisition Company Limited	Ordinary	100%	Telecoms
ntl Bolton Cablevision Holding Company	Ordinary	100%	Holding
NTL Bromley Company	Common stock	100%*	Telecoms
ntl CableComms Bolton	Ordinary	100%	Telecoms
ntl CableComms Bolton Leasing Limited	Ordinary	100%	Leasing
ntl CableComms Bromley	Ordinary	100%	Telecoms
ntl CableComms Bromley Leasing Limited	Ordinary	100%	Leasing
ntl CableComms Bury and Rochdale	Ordinary	100%	Telecoms
ntl CableComms Cheshire	Ordinary	100%	Telecoms
ntl CableComms Derby	Ordinary	100%	Telecoms
ntl CableComms Derby Leasing Limited	Ordinary	100%	Leasing
ntl CableComms East Lancashire	Ordinary	100%	Telecoms
ntl CableComms Greater Manchester	Ordinary	100%	Telecoms
ntl CableComms Greater Manchester Leasing Limited	Ordinary	100%	Leasing
ntl CableComms Group Limited	Ordinary	100%	Holding
NTL CableComms Group, Inc	Common stock	100%*	Telecoms
ntl CableComms Holdings No 1 Limited	Ordinary	100%	Holding
ntl CableComms Holdings No 2 Limited	Ordinary	100%	Holding
ntl CableComms Limited	Ordinary	100%	Telecoms
ntl CableComms Macclesfield	Ordinary	100%	Telecoms
ntl CableComms Manchester Limited	Ordinary	100%	Telecoms
ntl CableComms Oldham and Tameside	Ordinary	100%	Telecoms
ntl CableComms Solent	Ordinary	100%	Telecoms
ntl CableComms Staffordshire	Ordinary	100%	Telecoms
ntl CableComms Stockport	Ordinary	100%	Telecoms
ntl CableComms Surrey	Ordinary	100%	Telecoms
ntl CableComms Surrey Leasing Limited	Ordinary	100%	Leasing
ntl CableComms Sussex	Ordinary	100%	Telecoms
ntl CableComms Sussex Leasing Limited	Ordinary	100%	Leasing
ntl CableComms Wessex	Ordinary	100%	Telecoms
ntl CableComms Wessex Leasing Limited	Ordinary	100%	Leasing
ntl CableComms Wirral	Ordinary	100%	Telecoms
ntl CableComms Wirral Leasing Limited	Ordinary	100%	Leasing
ntl Cambridge Limited	Ordinary	100%	Telecoms
NTL Chartwell Holdings 2, Inc	Common stock	100%*	Holding
ntl Chartwell Holdings Limited	Ordinary	100%	Holding
NTL Chartwell Holdings, Inc	Common stock	100%*	Holding
ntl Communications Services Limited	Ordinary	100%	Telecoms
ntl Darlington Limited	Ordinary	100%	Telecoms
ntl Derby Cablevision Holding Company	Ordinary	100%	Holding
ntl Fawnspring Limited	Ordinary	100%	Telecoms
ntl Holdings (Broadland) Limited	Ordinary	100%	Holding
ntl Holdings (East London) Limited	Ordinary	100%	Holding
ntl Holdings (Fenland) Limited	Ordinary	100%	Holding

Virgin Media Limited

Notes to the Financial Statements

Year ended 31 December 2014

ntl Holdings (Leeds) Limited	Ordinary	100%	Holding
ntl Holdings (Norwich) Limited	Ordinary	100%	Holding
ntl Holdings (Peterborough) Limited	Ordinary	100%	Holding
ntl Irish Holdings Limited	Ordinary	100%	Telecoms
ntl Manchester Cablevision Holding Company	Ordinary	100%	Holding
ntl Microclock Services Limited	Ordinary	100%	Telecoms
NTL North CableComms Holdings, Inc	Common stock	100%*	Holding
NTL North CableComms Management, Inc	Common stock	100%*	Telecoms
ntl Partcheer Company Limited	Ordinary	100%	Telecoms
NTL Programming Subsidiary Company	Common stock	100%*	Telecoms
ntl Sideoffer Limited	Ordinary	89%	Telecoms
NTL Solent Company	Common stock	100%*	Telecoms
ntl Solent Telephone and Cable TV Company Limited	Ordinary	100%	Telecoms
NTL South CableComms Holdings, Inc	Common stock	100%*	Holding
NTL South CableComms Management, Inc	Common stock	100%*	Telecoms
ntl Streetunique Projects Limited	Ordinary	100%	Telecoms
ntl Streetunit Projects Limited	Ordinary	100%	Telecoms
ntl Streetusual Services Limited	Ordinary	100%	Telecoms
ntl Streetvision Services Limited	Ordinary	100%	Telecoms
ntl Streetvital Services Limited	Ordinary	100%	Telecoms
ntl Streetwarm Services Limited	Ordinary	91.09%	Telecoms
ntl Streetwide Services Limited	Ordinary	100%	Telecoms
ntl Strikeagent Trading Limited	Ordinary	100%	Telecoms
ntl Strikeamount Trading Limited	Ordinary	100%	Telecoms
ntl Strikeapart Trading Limited	Ordinary	100%	Telecoms
NTL Surrey Company	Common stock	100%*	Telecoms
NTL Sussex Company	Common stock	100%*	Telecoms
ntl Teesside Limited	Ordinary	100%	Telecoms
NTL UK CableComms Holdings, Inc	Common stock	100%*	Holding
ntl UK Telephone and Cable TV Holding Company Limited	Ordinary	100%	Holding
NTL Wessex Company	Common stock	100%*	Telecoms
ntl Winston Holdings Limited	Ordinary	100%	Holding
NTL Winston Holdings, Inc	Common stock	100%*	Holding
NTL Wirral Company	Common stock	100%*	Telecoms
ntl Wirral Telephone and Cable TV Company	Ordinary	100%	Telecoms
ntl Wirral Telephone and Cable TV Company Leasing Limited	Ordinary	100%	Telecoms
Omne Telecommunications Limited	Ordinary	100%	Telecoms
South CableComms Holdings, Inc	Common stock	100%*	Holding
South CableComms LLC	Common stock	100%*	Telecoms
South CableComms Management, Inc	Common stock	100%*	Telecoms
Winston Investors LLC	Common stock	100%*	Telecoms

* incorporated in the USA

All companies are registered in England and Wales unless otherwise stated.