COMPANY REGISTRATION NUMBER 02721189

# Flextech C

## Financial Statements

## (Incorporated with unlimited liability)

## 31 December 2013

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# Flextech C

**Financial Statements**

**Year ended 31 December 2013**

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# Flextech C

## Company Information

| | |
|---|---|
| **The board of directors** | R D Dunn<br>M O Hifzi |
| **Company secretary** | G E James |
| **Registered office** | Bartley Wood Business Park<br>Hook<br>Hampshire<br>RG27 9UP |

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2013

**Principal activities**
The principal activity of the company during the year was, and will continue to be, to provide funding to fellow group undertakings

At 31 December 2013 the company was a wholly owned subsidiary undertaking of Virgin Media Inc (Virgin Media) Virgin Media became a wholly-owned subsidiary of Liberty Global plc (Liberty Global) as a result of a series of mergers that were completed on 7 June 2013 (the LG/VM Transaction) This is referred to in more detail in the consolidated financial statements of Virgin Media Inc which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

The Virgin Media 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 customers The group believes its advanced, deep-fibre cable access network enables it 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 digital cable services available in the U K market

As of 31 December 2013, the group provided services to approximately 4 9 million residential cable customers on its network The group is also one of the UK's largest mobile virtual network operators by number of customers, providing mobile telephony services to 1 9 million contract mobile customers and 1 1 million prepay mobile customers over third party networks As of 31 December 2013, 84% of residential customers on the group's cable network received multiple services from the group, and 66% were "triple play" customers, receiving broadband internet, digital cable and fixed-line telephony services from the group

In addition the group provides broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organisations and service providers

**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 2013, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

**Results and dividends**
The loss for the financial year amounted to £285,000 (2012 - loss of £272,000) The directors have not recommended an ordinary dividend (2012 - £nil)

## Directors

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

| | |
|---|---|
| C B E Withers | (Resigned 31 March 2014) |
| R D Dunn | (Appointed 29 November 2013) |
| M O Hifzi | (Appointed 31 March 2014) |
| R C Gale | (Resigned 29 November 2013) |

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

## Going concern

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

## Audit exemption

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2013, until they are satisfied in full The guarantee is enforceable against Virgin Media Finance PLC by any person to whom the company is liable in respect of those liabilities Since Virgin Media Finance PLC is the smallest group to which the company's accounts are consolidated, the company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2013 by virtue of Section 479A of the Companies Act 2006

## Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Signed on behalf of the directors

M O Hifzi
Director

Approved by the directors on 17 June 2014

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

# Flextech C

## Profit and Loss Account

### Year ended 31 December 2013

| | Note | 2013 £000 | 2012 £000 |
|---|---|---|---|
| Administrative expenses | | (13) | – |
| **Operating loss** | 2 | (13) | – |
| Attributable to | | | |
| Operating exceptional items | 2 | (13) | – |
| Interest payable and similar charges | 4 | (272) | (272) |
| **Loss on ordinary activities before tax** | | (285) | (272) |
| Tax on loss on ordinary activities | 5 | – | – |
| **Loss for the financial year** | 11 | (285) | (272) |

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

All results relate to continuing operations

**The notes on pages 7 to 12 form part of these financial statements.**

COMPANY REGISTRATION NUMBER: 02721189

# Flextech C

**Balance Sheet**

**31 December 2013**

| | Note | 2013 £000 | 2012 £000 |
|---|---|---|---|
| **Current assets** | | | |
| Debtors due within one year | 6 | **54,110** | 54,123 |
| **Creditors: Amounts falling due within one year** | 7 | **(34,174)** | (33,902) |
| **Net current assets** | | **19,936** | 20,221 |
| **Total assets less current liabilities** | | **19,936** | 20,221 |
| **Capital and reserves** | | | |
| Share capital | 10 | **8,209** | 8,209 |
| Share premium account | 11 | **18,185** | 18,185 |
| Profit and loss account | 11 | **(6,458)** | (6,173) |
| **Shareholders' funds** | 11 | **19,936** | 20,221 |

For the year ended 31 December 2013 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

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

These financial statements were approved by the directors on 17 June 2014 and are signed on their behalf by

R D Dunn
Director

**The notes on pages 7 to 12 form part of these financial statements.**

## 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

**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

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

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

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

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

**Trade and other debtors**
Trade and other debtors are stated at their recoverable amount Provision is made when the amount receivable is not considered recoverable and the amount is fully written off when the probability for recovery of a balance is assessed as being remote

## 2. Operating loss

Operating loss is stated after charging

| | **2013** | 2012 |
|---|---|---|
| | **£000** | £000 |
| Increase in provision against amounts owed by group undertakings | **13** | - |

## 2. Operating loss *(continued)*

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually The provision for non-recoverability may increase or decrease as a result of that review The impairment review of inter-company indebtedness as at 31 December 2013 concluded that an increase of provision against amounts due from group undertakings totalling £13,000 should be made (2012 - £nil)

The directors received remuneration for the year of £803 (2012 - £500) in relation to qualifying services as directors of this company, all of which was paid by, and is disclosed in the financial accounts of Virgin Media Limited In 2013 this included an element relating to compensation for loss of office

## 3. Staff costs

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group

## 4. Interest payable and similar charges

| | **2013** | 2012 |
|---|---|---|
| | **£000** | £000 |
| Interest on amounts owed to group undertakings | 272 | 272 |

## 5. Tax on loss on ordinary activities

The tax charge is made up as follows

| | **2013** | 2012 |
|---|---|---|
| | **£000** | £000 |
| **Current tax charge:** | | |
| Current tax on loss for the year | - | - |
| Total current tax | - | - |
| **Deferred tax:** | | |
| Origination and reversal of timing differences | - | - |
| Total deferred tax | - | - |
| Total tax charge on loss on ordinary activities | - | - |

## 5. Tax on loss on ordinary activities *(continued)*

The tax assessed on the loss on ordinary activities for the year is higher than (2012 - higher) the standard rate of corporation tax in the UK of 23 25% (2012 - 24 50%) The differences are explained below

| | 2013 | 2012 |
|---|---|---|
| | £000 | £000 |
| Loss on ordinary activities before tax | (285) | (272) |
| Loss on ordinary activities multiplied by rate of tax | (66) | (67) |
| Effects of | | |
| Expenses not deductible for tax purposes | 3 | - |
| Group relief surrendered without payment | 63 | 67 |
| Total current tax | - | - |

**Factors affecting current and future tax charges**

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly

## 6. Debtors

| | 2013 | 2012 |
|---|---|---|
| | £000 | £000 |
| Amounts owed by group undertakings | 54,110 | 54,123 |

The analysis of amounts owed by group undertakings is

| | 2013 | 2012 |
|---|---|---|
| | £000 | £000 |
| Amounts owed by group undertakings | 55,350 | 55,350 |
| Impairment provision on amounts owed by group undertakings | (1,240) | (1,227) |
| | 54,110 | 54,123 |

Amounts owed by group undertakings are unsecured and repayable on demand

## 7. Credıtors: Amounts falling due wıthin one year

| | 2013 | 2012 |
|---|---|---|
| | £000 | £000 |
| Amounts owed to group undertakıngs | 34,174 | 33,902 |

The analysıs of amounts owed to group undertakıngs ıs

| | 2013 | 2012 |
|---|---|---|
| | £000 | £000 |
| Loans advanced by group undertakıngs | 19,508 | 19,236 |
| Other amounts owed to group undertakıngs | 14,666 | 14,666 |
| | 34,174 | 33,902 |

Amounts owed to group undertakıngs are unsecured and repayable on demand

## 8. Contıngent lıabılıtıes

Fellow group undertakıngs are party to a senıor secured credıt facılıty wıth a syndıcate of banks As at 31 December 2013, thıs comprısed term facılıtıes that amounted to £2,638 mıllıon (2012 - £750 mıllıon) and a revolvıng credıt facılıty of £660 mıllıon (2012 - £450 mıllıon) Wıth the exception of the revolvıng credıt facılıty, all avaılable amounts were borrowed under the senıor secured credıt facılıty wıth an equıvalent aggregate value of £2,638 mıllıon (2012 - £750 mıllıon) Borrowıngs under the facılıtıes are secured agaınst the assets of certaın members of the group

In addıtıon, a fellow group undertakıng has ıssued senıor secured notes whıch, subject to certaın exceptıons, share the same guarantees and securıty whıch have been granted ın favour of the senıor secured credıt facılıty The amount outstandıng under the senıor secured notes at 31 December 2013 amounted to £4,081 mıllıon (2012 - £2,582 mıllıon) Borrowıngs under the notes are secured agaınst the assets of certaın members of the group

Durıng March 2014, a fellow group undertakıng of the company, ıssued (ı) $425 mıllıon prıncıpal amount of 5 5% senıor secured notes due 15 January 2025 (ıı) £430 mıllıon prıncıpal amount of 5 5% senıor secured notes due 15 January 2025 and (ııı) £225 mıllıon prıncıpal amount of 6 25% senıor secured notes due 28 March 2029 The net proceeds of the ıssuance of these senıor secured notes were used to redeem an equıvalent aggregate amount of £875 mıllıon of the group's exıstıng senıor secured notes

In Aprıl 2014, a fellow group undertakıng ıssued a further £175 mıllıon prıncıpal amount of 6 25% senıor secured notes due 28 March 2029 In addıtıon, fellow group undertakıngs entered ınto (ı) a new £100 mıllıon term loan ("Facılıty D") that matures on 30 June 2022 and (ıı) a new £849 4 mıllıon term loan ("Facılıty E") that matures on 30 June 2023, each under the exıstıng senıor secured credıt facılıty, and for whıch all avaılable amounts were borrowed wıth an equıvalent aggregate value of £949 4 mıllıon

On 22 May 2014, the net proceeds from the ıssuance of the £175 mıllıon senıor secured notes, along wıth borrowıngs under Facılıty D and Facılıty E, were used to fully redeem an equıvalent aggregate amount of £592 7 mıllıon and £600 mıllıon of the group's exıstıng senıor secured notes and senıor secured credıt facılıty respectıvely

## 8. Contingent liabilities *(continued)*

On 23 May 2014 £100 million was borrowed under the revolving credit facility

Following the refinancing activities detailed above, the amounts borrowed under the senior secured credit facility amounted to £1,424 4 million and $2,755 0 million and the amounts borrowed under the senior secured notes amounted to £2,558 4 million and $1,872 9 million

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

## 9 Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Liberty Global plc, and its subsidiaries (see note 12)

## 10. Share capital

**Allotted, called up and fully paid:**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | No | £000 | No | £000 |
| Ordinary shares of £1 each | 8,208,882 | 8,209 | 8,208,882 | 8,209 |

## 11. Reconciliation of shareholders' funds and movement on reserves

| | Share capital | Share premium account | Profit and loss account | Total shareholders' funds |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| At 1 January 2012 | 8,209 | 18,185 | (5,901) | 20,493 |
| Loss for the year | – | – | (272) | (272) |
| At 31 December 2012 and 1 January 2013 | 8,209 | 18,185 | (6,173) | 20,221 |
| Loss for the year | – | – | (285) | (285) |
| At 31 December 2013 | 8,209 | 18,185 | (6,458) | 19,936 |

## 12. Parent undertaking and controlling party

The company's immediate parent undertaking is Flextech Broadcasting 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 2013 are Virgin Media Finance PLC and Liberty Global plc, respectively

On 7 June 2013 Liberty Global, Inc and Virgin Media Inc completed a series of mergers, which resulted in the company's ultimate parent and controlling party changing to Liberty Global plc

The company's ultimate parent undertaking and controlling party at 31 December 2013 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