

Theseus No. 2 Limited
Financial Statements
31 December 2012

WEDNESDAY
THU



A2I5D2SY

A29 02/10/2013 #95
COMPANIES HOUSE

*****A2HPM9SH*****

A06 26/09/2013 #411
COMPANIES HOUSE

Theseus No. 2 Limited

Financial Statements

Year ended 31 December 2012

| Contents | Pages |
|--|----------------|
| Company information | 1 |
| The directors' report | 2 to 3 |
| Statement of directors' responsibilities | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7 to 13 |

Theseus No. 2 Limited

Company Information

The board of directors

R C Gale
C B E Withers

Company secretary

G E James

Registered office

Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

Theseus No. 2 Limited

The Directors' Report

Year ended 31 December 2012

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

Principal activities and business review

The principal activity of the company was, and will continue to be, that of a holding company with investments in partnerships. The material investments of the company are shown in note 6.

At 31 December 2012 the company was a wholly owned subsidiary undertaking of Virgin Media Inc. On 5 February 2013, Liberty Global, Inc. and Virgin Media Inc. entered into a merger agreement ("the Merger Agreement"). Pursuant to the Merger Agreement, Liberty Global, Inc. and Virgin Media Inc. completed a series of mergers on 7 June 2013 that resulted in the surviving corporations in the mergers becoming wholly owned subsidiaries of Liberty Global plc. This is referred to in more detail in the financial statements of Virgin Media Inc. which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

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

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

As of 31 December 2012, the group provided services to approximately 4.9 million residential cable customers on its network. The group is also one of the UK's largest mobile virtual network operators by number of customers, providing mobile telephony service to 1.7 million contract mobile customers and 1.3 million prepay mobile customers over third party networks. As of 31 December 2012, 85% of residential customers on the group's cable network received multiple services from the group, and 65% were "triple play" customers, receiving broadband internet, television and fixed line telephony services from the group.

The group believes that its advanced, deep fibre access network enables it to offer faster and higher quality broadband services than its digital subscriber line, or DSL, competitors. As a result it provides its customers with a leading next generation broadband service and one of the most advanced TV on-demand services available in the UK market.

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

Future outlook

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

Results and dividends

The profit for the financial year amounted to £16,300,000 (2011 - profit of £16,153,000). The directors have not recommended an ordinary dividend (2011 - £nil).

Directors

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

R C Gale

C B E Withers

J C Tillbrook

(Appointed 31 December 2012)

(Resigned 31 December 2012)

Theseus No. 2 Limited

The Directors' Report *(continued)*

Year ended 31 December 2012

Virgin Media Inc has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force as at the date of approving the Directors' Report.

Going concern

After making suitable enquiries and obtaining the necessary assurances from Virgin Media Inc, a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

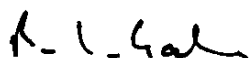
Audit exemption

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2012, until they are satisfied in full. The guarantee is enforceable against Virgin Media Finance PLC by any person to whom the company is liable in respect of those liabilities. Since Virgin Media Finance PLC is the smallest group to which the company's accounts are consolidated, the company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2012 by virtue of Section 479A of the Companies Act 2006.

Small company provisions

The directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors



R C Gale
Director

Approved by the directors on 19 September 2013

Theseus No. 2 Limited

Statement of Directors' Responsibilities

Year ended 31 December 2012

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

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

In preparing those financial statements, the directors are required to

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

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

Theseus No. 2 Limited

Profit and Loss Account

Year ended 31 December 2012

| | Note | 2012 £000 | 2011 £000 |
|--|------|---------------|---------------|
| Income from fixed asset investments | 4 | 16,300 | 16,153 |
| Profit on ordinary activities before taxation | | 16,300 | 16,153 |
| Tax on profit on ordinary activities | 5 | — | — |
| Profit for the financial year | | 16,300 | 16,153 |

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 13 form part of these financial statements.

Theseus No. 2 Limited**Balance Sheet****31 December 2012**

| | Note | 2012 £000 | 2011 £000 |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 6 | — | — |
| Current assets | | | |
| Debtors due within one year | 7 | 339,666 | 339,666 |
| Creditors: Amounts falling due within one year | 8 | <u>(6,278)</u> | <u>(6,278)</u> |
| Net current assets | | 333,388 | 333,388 |
| Total assets less current liabilities | | 333,388 | 333,388 |
| Provisions for liabilities and charges | 9 | <u>(750,573)</u> | <u>(766,873)</u> |
| Net liabilities | | <u>(417,185)</u> | <u>(433,485)</u> |
| Capital and reserves | | | |
| Share capital | 12 | 100 | 100 |
| Other reserves | 13 | 231,469 | 231,469 |
| Profit and loss account | 13 | <u>(648,754)</u> | <u>(665,054)</u> |
| Deficit | 13 | <u>(417,185)</u> | <u>(433,485)</u> |

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

Directors' responsibilities

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

These financial statements were approved by the directors on 19th September 2013 and are signed on their behalf by



R C Gale
Director

The notes on pages 7 to 13 form part of these financial statements.

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

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 preparation

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

Fundamental accounting concept

The financial statements have been prepared on the going concern basis because Virgin Media Inc., a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, has given the necessary assurances that sufficient resources will be made available so that the company can meet its liabilities as and when they fall due, for at least twelve months from the date of approval of these financial statements.

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 14). 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.

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

1. Accounting policies *(continued)*

Deferred tax

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

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

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

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

Share of results in partnerships

The company's proportion of the partnership's cumulative losses was first applied to the cost of investment until fully impaired then provided for in the Balance Sheet under provisions. The share of profit or loss in the partnership is shown under income from fixed asset investments in the Profit and Loss Account and applied to reduce or increase the provision for losses in the partnership

Provisions - partnerships

This provision represents the company's proportion of the partnerships' cumulative losses after full provision against the original investment has been made

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 profit

Auditor's remuneration of £nil (2011 - £1,000) represents costs attributed to the company, all of which is borne by a fellow group undertaking that pays all auditor's remuneration on behalf of the group

The directors received remuneration for the year of £500 (2011 - £500) in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

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. Income from fixed asset investments

| | 2012 £000 | 2011 £000 |
|--------------------------------|---------------|---------------|
| Share of partnerships' profits | <u>16,300</u> | <u>16,153</u> |

5. Taxation on profit on ordinary activities

The tax charge is made up as follows

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Current tax charge: | | |
| Current tax on profit for the year | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax. | | |
| Origination and reversal of timing differences | - | - |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Total tax charge on profit on ordinary activities | <u>-</u> | <u>-</u> |

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

| | 2012 £000 | 2011 £000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation | <u>16,300</u> | <u>16,153</u> |
| Profit on ordinary activities multiplied by rate of tax | 3,993 | 4,281 |
| Effects of (Income not taxable)/ expenses not deductible for tax purposes | (3,993) | 5,630 |
| Group relief surrendered/(claimed) without payment | - | (9,911) |
| Total current tax | <u>-</u> | <u>-</u> |

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

5. Taxation on profit on ordinary activities *(continued)*

Factors affecting current and future tax charges

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

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 was included in the Finance Act 2013 which was enacted in July 2013. These rate reductions had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. The rate changes will affect the amount of future tax payments to be made by the company.

6. Investments

| | Investment in partnerships |
|--|-------------------------------|
| | £000 |
| Cost | |
| At 1 January 2012 and 31 December 2012 | <u>26,142</u> |
| Amounts written off | |
| At 1 January 2012 and 31 December 2012 | <u>26,142</u> |
| Net book value | |
| At 31 December 2012 and 31 December 2011 | <u>-</u> |

The company has entered into various agreements with Theseus No. 1 Limited to participate in the following partnerships, in which each company has a 50% share -

| | Principal place of business |
|---|--------------------------------|
| Avon Cable Limited Partnership | Bristol |
| Cotswold Cable Limited Partnership | Cheltenham |
| Edinburgh Cable Limited Partnership | Edinburgh |
| Estuaries Cable Limited Partnership | Basildon |
| Tyneside Cable Limited Partnership | Newcastle |
| United Cable (London South) Limited Partnership | Croydon |

At 31 December 2012, the total net liabilities of the above partnerships were £1,347,542,000 (2011 - £1,380,142,000). The total of the results of the above partnerships for the year ended 31 December 2012 was a profit of £32,600,000 (2011 - profit of £32,306,000). The profit and losses of all of the above partnerships are shared equally between Theseus No. 1 Limited and the company.

The company has taken advantage of Section 409 of the Companies Act 2006 and disclosed only those investments whose results or financial position materially affected the figures shown in the company's annual financial statements.

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

7. Debtors

| | 2012 £000 | 2011 £000 |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | <u>339,666</u> | <u>339,666</u> |

Amounts owed by group undertakings are unsecured and repayable on demand

8. Creditors: Amounts falling due within one year

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | <u>6,278</u> | <u>6,278</u> |

The analysis of amounts owed to group undertakings is

| | 2012 £000 | 2011 £000 |
|--------------------------------------|--------------|--------------|
| Loans advanced by group undertakings | <u>6,278</u> | <u>6,278</u> |

Amounts owed to group undertakings are unsecured and repayable on demand

9. Provisions for liabilities and charges

| | Partnerships provision £000 |
|-----------------------|-----------------------------------|
| At 1 January 2012 | 766,873 |
| Movement for the year | (16,300) |
| At 31 December 2012 | <u>750,573</u> |

This provision represents the company's proportion of the partnerships' cumulative net liabilities after full provision against the original investment has been made

10. Contingent liabilities

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2012 this comprised a term facility of £750 million and a revolving facility of £450 million. Borrowings under the facility are secured against the assets of certain members of the group.

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

10. Contingent liabilities *(continued)*

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior credit facility. The amount outstanding under the senior secured notes at 31 December 2012 amounted to £2,582 million (2011 - £2,575 million). Borrowings under the notes are secured against the assets of certain members of the group.

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

On 7 June 2013, upon completion of the merger, two senior secured notes issued by a subsidiary of Liberty Global, Inc. on 22 February 2013, with an equivalent aggregate principal amount of £1,744 million due in 2021, were pushed down to Virgin Media Secured Finance PLC, a fellow group undertaking of the company. The notes are split into a \$1,000 million US dollar denominated tranche and a £1,100 million sterling denominated tranche. The new senior secured notes rank *pari passu* with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes. On 11 June 2013, the net proceeds of the issuance of the senior secured notes were in part used to repay an equivalent aggregate amount of £55 million of the group's existing senior secured notes.

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

11. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Virgin Media Inc., and its subsidiaries (see note 14).

12. Share capital

Authorised share capital:

| | 2012 | 2011 |
|--------------------------------------|--------------|--------------|
| | £000 | £000 |
| 1,000,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2012

12. Share capital *(continued)*

Allotted, called up and fully paid:

| | 2012 | | 2011 | |
|----------------------------|----------------|------------|----------------|------------|
| | No | £000 | No | £000 |
| Ordinary shares of £1 each | <u>100,000</u> | <u>100</u> | <u>100,000</u> | <u>100</u> |

13. Reconciliation of deficit and movement on reserves

| | Share capital | Capital reserve | Profit and loss account | Deficit |
|--|---------------|-----------------|-------------------------|------------------|
| | £000 | £000 | £000 | £000 |
| At 1 January 2011 | 100 | 231,469 | (681,207) | (449,638) |
| Profit for the year | — | — | 16,153 | 16,153 |
| At 31 December 2011 and 1 January 2012 | 100 | 231,469 | (665,054) | (433,485) |
| Profit for the year | — | — | 16,300 | 16,300 |
| At 31 December 2012 | <u>100</u> | <u>231,469</u> | <u>(648,754)</u> | <u>(417,185)</u> |

14. Parent undertaking and controlling party

The company's immediate parent undertaking is Telewest Communications Cable 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 2012 are Virgin Media Finance PLC and Virgin Media Inc , respectively

The company's ultimate parent undertaking and controlling party at 31 December 2012 was Virgin Media Inc , a company incorporated in the state of Delaware, United States of America

On 7 June 2013 pursuant to the merger agreement, 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

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