

Eurobell Internet Services Limited

Financial Statements

31 December 2014

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Eurobell Internet Services Limited

Financial Statements

Year ended 31 December 2014

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Eurobell Internet Services Limited

Company Information

The board of directors

R D Dunn
M O Hifzi

Company secretary

G E James

Registered office

Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

Eurobell Internet Services Limited

Directors' Report

Year ended 31 December 2014

The directors present their report and the unaudited financial statements of the company for the 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 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.

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.

Eurobell Internet Services Limited

Directors' Report *(continued)*

Year ended 31 December 2014

Results and dividends

The profit for the financial year, after tax, amounted to £108,000 (2013 - profit of £2,000) The directors have not recommended an ordinary dividend (2013 - £nil)

Directors

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

R D Dunn

M O Hifzi

C B E Withers

(Appointed 31 March 2014)

(Resigned 31 March 2014)

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

Going concern

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

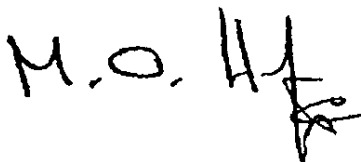
Audit exemption

Virgin Media Finance PLC issued a guarantee against all outstanding liabilities to which the company is subject at 31 December 2014, until they are satisfied in full The guarantee is enforceable against Virgin Media Finance PLC by any person to whom the company is liable in respect of those liabilities Since Virgin Media Finance PLC is the smallest group to which the company's accounts are consolidated, the company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2014 by virtue of Section 479A of the Companies Act 2006

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 2015

Eurobell Internet Services Limited

Directors' Responsibilities Statement

Year ended 31 December 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 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.

Eurobell Internet Services Limited

Profit and Loss Account

Year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover		1,393	1,364
Cost of sales		(309)	(307)
Gross profit		1,084	1,057
Administrative expenses		(766)	(819)
Operating profit	2	318	238
Interest payable and similar charges	4	(183)	(172)
Profit on ordinary activities before tax		135	66
Tax on profit on ordinary activities	5	(27)	(64)
Profit for the financial year	13	108	2

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.

Eurobell Internet Services Limited**Balance Sheet****31 December 2014**

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	6	42	48
Current assets			
Debtors due after one year - Deferred tax	7,8	237	264
Debtors due within one year	7	620	476
		857	740
Creditors: Amounts falling due within one year	9	(2,869)	(2,866)
Net current liabilities		(2,012)	(2,126)
Total assets less current liabilities		(1,970)	(2,078)
Capital and reserves			
Share capital	12	-	-
Profit and loss account	13	(1,970)	(2,078)
Deficit	13	(1,970)	(2,078)

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

Directors' responsibilities

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

These financial statements were approved by the directors on 17 June 2015 and are signed on their behalf by



R D Dunn
Director

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

Eurobell Internet Services 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.

Fundamental accounting concept

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

Cash flow statement

The company is exempt from publishing a cash flow statement as permitted by FRS 1 "Cash flow statements (revised 1996)", as it is a wholly owned subsidiary of its ultimate parent company.

Future accounting pronouncements

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

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
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No depreciation is provided on freehold land.

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.

Eurobell Internet Services 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 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 profit

Operating profit is stated after charging

	2014	2013
	£000	£000
Depreciation of owned tangible fixed assets	6	6

The directors received no remuneration for qualifying services as directors of this company. All directors' remuneration is paid by and disclosed in the financial statements of Virgin Media Limited.

Certain expenses are specifically attributable to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

3. Staff costs

The company does not have any directly employed staff but is charged an allocation of staff costs by the group. Details of staff numbers and staff costs of the group are disclosed in the group accounts of Virgin Media Finance PLC.

Eurobell Internet Services Limited

Notes to the Financial Statements

Year ended 31 December 2014

4. Interest payable and similar charges

	2014 £000	2013 £000
Interest on amounts owed to group undertakings	159	162
Other finance charges	24	10
	<u>183</u>	<u>172</u>

5. Tax on profit on ordinary activities

The tax charge is made up as follows

	2014 £000	2013 £000
Current tax charge:		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	27	21
Effect of tax rate change on opening balances	-	43
Total deferred tax (note 8)	<u>27</u>	<u>64</u>
Total tax charge on profit on ordinary activities	<u>27</u>	<u>64</u>

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 of 21.49% (2013 - 23.25%). The differences are explained below

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>135</u>	<u>66</u>
Profit on ordinary activities multiplied by rate of tax	29	15
Effects of		
Expenses not deductible for tax purposes	-	9
Depreciation in excess of capital allowances	-	1
Utilisation of tax losses and other deductions	(19)	(25)
Capital allowances in excess of depreciation	<u>(10)</u>	<u>-</u>
Total current tax	-	-

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%).

Eurobell Internet Services Limited

Notes to the Financial Statements

Year ended 31 December 2014

6. Tangible fixed assets

	Network assets £000
Cost	
At 1 January 2014 and 31 December 2014	<u>77</u>
Depreciation	
At 1 January 2014	29
Charge for the year	<u>6</u>
At 31 December 2014	<u>35</u>
Net book value	
At 31 December 2014	<u>42</u>
At 31 December 2013	<u>48</u>

7. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	620	476
Deferred tax (note 8)	<u>237</u>	<u>264</u>
	<u>857</u>	<u>740</u>

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

	2014 £000	2013 £000
Deferred tax	<u>237</u>	<u>264</u>

Amounts owed by group undertakings are unsecured and repayable on demand

8. Deferred tax

The deferred tax included in the balance sheet is as follows

	2014 £000	2013 £000
Included in debtors (note 7)	<u>237</u>	<u>264</u>

The movement in deferred tax during the year was

	2014 £000	2013 £000
Balance at 1 January	264	328
Profit and loss account movement arising during the year	<u>(27)</u>	<u>(64)</u>
Balance at 31 December	<u>237</u>	<u>264</u>

Eurobell Internet Services Limited

Notes to the Financial Statements

Year ended 31 December 2014

8. Deferred tax (continued)

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	237	247
Tax losses	-	17
	<u>237</u>	<u>264</u>

A deferred tax asset has been recognised in the year as it is considered, based upon all available evidence, more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

9. Creditors: Amounts falling due within one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	<u>2,869</u>	<u>2,866</u>

The analysis of amounts owed to group undertakings is

	2014	2013
	£000	£000
Loans advanced by group undertakings	1,577	1,573
Other amounts owed to group undertakings	<u>1,292</u>	<u>1,293</u>
	<u>2,869</u>	<u>2,866</u>

Amounts owed to group undertakings are unsecured and repayable on demand

10. 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.

Eurobell Internet Services Limited

Notes to the Financial Statements

Year ended 31 December 2014

10. Contingent liabilities (continued)

On 30 March 2015, a fellow group undertaking issued senior secured notes with an aggregate principal amount of £862 million. There was a further issue of these senior secured notes on 30 April 2015 of £326 million. The new senior secured notes rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes. The net proceeds were used to repay existing debt obligations within the group.

On 5 June 2015, a fellow group undertaking transferred \$1,855 million (£1,214 million) of its existing term facility due 2020 to a new dollar denominated term facility due 2023, under the existing senior secured credit facility. The new term facility will rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exemptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

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

11. Related party transactions

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

12. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£000	No	£000
Ordinary shares of £1 each	1	-	1	-

13. Reconciliation of deficit and movement on reserves

	Share capital	Profit and loss	Deficit
	£000	account	£000
At 1 January 2013	-	(2,080)	(2,080)
Profit for the year	-	2	2
At 31 December 2013 and 1 January 2014	-	(2,078)	(2,078)
Profit for the year	-	108	108
At 31 December 2014	-	(1,970)	(1,970)

Eurobell Internet Services Limited

Notes to the Financial Statements

Year ended 31 December 2014

14. Parent undertaking and controlling party

The company's immediate parent undertaking is Eurobell (Holdings) 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