

Registered number: 03173552

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M O Hifzi S-P Pascu R G McNeil C B E Withers
Company secretary	G E James
Registered number	03173552
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

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VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Principal activities and business review

The principal activity of the company during the year was, and will continue to be, that of a holding company. The investments of the company are shown in note 19. In addition, the company has significant financing arrangements with fellow group undertakings and holds derivative instruments to manage the group's exposure to fluctuations in exchange rates and interest rates.

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 (UK) and Republic of Ireland (Ireland).

The group provides broadband internet, video, fixed-line telephony, mobile and broadcasting services in the UK and Ireland to both residential and business-to-business (B2B) customers. The group is one of the U.K.'s and Ireland's largest providers of broadband internet, video and fixed-line telephony services in terms of the number of customers. The group believes its advanced, deep-fibre cable 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 interactive television services available in the UK and Irish markets.

The group provides mobile services to its customers using a third-party network through mobile virtual network operator (MVNO) arrangements.

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 UK and Ireland.

At 31 December 2019, the group provided services to 6 million residential cable customers on its network. The group provides mobile telephony services to 3 million contract mobile customers and 0.3 million prepaid mobile customers over third party networks. At 31 December 2019, over 84% of residential customers on the group's cable network received multiple services and 62% were "triple-play" customers, receiving broadband internet, video and fixed-line telephony services from the group.

Liberty Global is an international provider of broadband internet, video, fixed-line telephony and mobile communications services to residential customers and businesses in Europe. Liberty Global's operations comprise businesses that provide residential and B2B communications services in (i) the U.K. and Ireland through Virgin Media, (ii) Belgium through Telenet and (iii) Switzerland, Poland and Slovakia through UPC Holding. In addition, Liberty Global owns a 50% non-controlling interest in the VodafoneZiggo JV, which provides residential and B2B communications services in the Netherlands.

At 31 December 2019, Liberty Global's operations owned and operated networks that passed 25.8 million homes and served 25.0 million revenue generating units, consisting of 9.3 million broadband internet subscribers, 8.3 million video subscribers and 7.4 million fixed-line telephony subscribers. In addition, Liberty Global also served 6.3 million mobile subscribers.

The directors do not use key performance indicators (KPI's) to assess the performance of the company as its principal activity is that of a holding company.

The company received dividends of £4,389,125,000 from its subsidiaries during the year (2018 - £1, representing one share in Virgin Media Secured Finance PLC, a fellow group undertaking).

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 Annual Report of Virgin Media Inc. which is available from the company secretary at Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU and are available on Liberty Global's website at www.libertyglobal.com.

Brexit

The UK's departure from the EU could have a material adverse effect on our business, financial condition, results of operations or liquidity. On 23 June 2016, the UK held a referendum in which voters approved, on an advisory basis, an exit from the EU, commonly referred to as "Brexit".

The UK formally exited the EU on 31 January 2020, and has now entered into a transition period until 31 December 2020, during which the UK and the EU will negotiate to formalise the future UK-EU relationship with respect to a number of matters, most notably, trade. Although the UK has ceased to be an EU member, during the transition period their trading relationship will remain the same and the UK will continue to follow the EU's rules, such as accepting rulings from the European Court of Justice, and the UK will continue to contribute to the EU's budget.

Uncertainty remains as to what specific terms of separation may be agreed during the transition period. It is possible that the UK will fail to agree to specific separation terms with the EU by the end of the transition period, which, absent extension, may require the UK to leave the EU under a so-called "hard Brexit" or "no-deal Brexit" without specific agreements on trade, finance and other key elements.

The foregoing has caused considerable uncertainty as to Brexit's impact on the free movement of goods, services, people and capital between the UK and the EU, customer behaviour, economic conditions, interest rates, currency exchange rates, and availability of capital. Examples of the potential impact Brexit could have on Liberty Global group's business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets;
- shortages of labour necessary to conduct our business, including our Network Extension in the UK;
- disruption to our UK supply chain and related increased cost of supplies;
- a weakened UK economy resulting in decreased consumer demand for our products and services in the UK;
- legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws and directives to replace or replicate, or where previously implemented by enactment of UK laws or regulations, to retain, amend or repeal; and
- various geopolitical forces may impact the global economy and our business, including, for example, other EU member states (in particular those member states where we have operations) proposing referendums to, or electing to, exit the EU.

COVID-19

In March 2020, the World Health Organization declared the recent outbreak of a novel strain of coronavirus (COVID-19) to be a global pandemic. In response to the COVID-19 pandemic, emergency measures have been imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses.

These measures have adversely impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. While it is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact on our business, financial condition and results of operations in future periods.

Post balance sheet events

Pending joint venture transaction

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefonica, SA (Telefonica). Pursuant to this agreement, Liberty Global and Telefonica agreed to form a 50:50 joint venture, which will combine Virgin Media's operations in the UK with Telefonica's mobile business in the UK to create a nationwide integrated communications provider.

The completion of this transaction is subject to certain conditions, including competition clearance by the applicable regulatory authorities. It is anticipated that the transaction will close around the middle of 2021. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the agreement if the transaction has not closed within twenty-four months following the date of the agreement, which may be extended by six months under certain circumstances.

Virgin media financing transactions

In May 2020, Virgin Media Trade Receivables Financing plc, a third-party special purpose financing entity, was created for the purpose of facilitating the offering of certain notes. These notes are collateralized by certain trade receivables of Virgin Media, creating a variable interest in which Virgin Media is the primary beneficiary and, accordingly, Virgin Media, and ultimately Liberty Global, are required to

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

consolidate Virgin Media Trade Receivables Financing plc. The offering of these notes resulted in net proceeds of £214.4 million.

In June 2020, Virgin Media completed various financing transactions, as further described below.

Senior secured notes transactions

A fellow subsidiary (Virgin Media Secured Finance Plc) issued 2030 senior secured notes with principal amounts of \$650 million and £450 million. The net proceeds from the issuance of these notes were used (1) to redeem in full £525 million outstanding principal amounts of existing 2027 senior secured notes, (2) to redeem in full 360 million outstanding principal amounts of existing 2029 senior secured notes, (3) £80 million of the £521.3 million outstanding principal amount of existing 2025 senior secured notes.

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.

Vendor financing notes transactions

Virgin Media Vendor Financing Notes III Designated Activity Company (Virgin Media Financing III Company) and Virgin Media Vendor Financing Notes IV Designated Activity Company (Virgin Media Financing IV Company, and together with Virgin Media Financing III Company, the 2020 VM Financing Companies) were created for the purpose of issuing certain vendor financing notes. The 2020 VM Financing Companies are third-party special purpose financing entities that are not consolidated by Virgin Media or Liberty Global.

Virgin Media Financing III Company issued vendor financing notes with principal amounts of £500 million and £400 million. Virgin Media Financing IV Company issued vendor financing notes with principal amounts of \$500 million. The net proceeds from the June 2020 Vendor Financing Notes were used by the 2020 VM Financing Companies to purchase certain vendor-financed receivables of Virgin Media and its subsidiaries from previously-existing third-party special purpose financing entities (the Original VM Financing Companies) and various other third parties.

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 Annual Report for 2019, which is available from the company secretary at Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Section 172 Statement

This statement is intended to disclose how our directors have approached and met their responsibilities under s172 Companies Act 2006.

In line with group's goal of enhancing the long-term value for the benefit of its shareholders, the directors of the company have been elected by our shareholders to oversee the management of the company, to help assure that the interests of our shareholders are served. The following factors are considered as part of group operations as a whole, to maintain highest standards of corporate governance, essential to our business integrity and performance:

- long-term consequences of decisions;
- employees' interests;
- business relationships with suppliers and customers;
- the impact of our operations on the environment and communities in which we operate and;
- the need to act fairly between shareholders.

Consideration of these factors and other relevant matters is embedded into all Virgin Media group decision-making, strategy development and risk assessment throughout the year. Further information is considered in more detail in the Annual Report of Virgin Media Finance PLC which is available from the company secretary at Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

This report was approved by the board on ²⁸ September 2020 and signed on its behalf.



R G McNeil
Director

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

Results and dividends

The profit for the year, after tax, amounted to £3,850,953,000 (2018 - loss £255,411,000).

The directors have not recommended an ordinary dividend (2018 - £nil).

Directors

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

W T Castell (appointed 9 September 2019, resigned 9 March 2020)
R D Dunn (resigned 9 September 2019)
M O Hifzi
T Mockridge (resigned 11 June 2019)
A C Murray (appointed 18 July 2019, resigned 5 August 2019)
R G McNeil (appointed 9 March 2020)
S-P Pascu (appointed 3 March 2020)
C B E Withers (appointed 23 April 2020)

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. Consideration of the potential impact of COVID-19 has not altered this conclusion.

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.

Auditor

KPMG LLP will be reappointed under section 487(2) of the Company Act 2006.

This report was approved by the board on 28 September 2020 and signed on its behalf.



C B E Withers
Director

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements of the company in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements of the company for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 INVESTMENT HOLDINGS LIMITED

Opinion

We have audited the financial statements of Virgin Media Investment Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Strategic Report, the Directors' Report, Profit and Loss Account and Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED
(CONTINUED)**

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

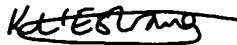
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

2 October 2020

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Administrative (expense)/income		(53,615)	146,427
Exceptional administrative expenses		(315,122)	-
Operating (loss)/profit	4	(368,737)	146,427
Income from shares in group undertakings		4,389,125	-
Interest receivable and similar income	7	259,718	106,052
Interest payable and similar charges	8	(429,153)	(507,890)
Profit/(loss) before tax		3,850,953	(255,411)
Tax on profit/(loss)	9	-	-
Profit/(loss) for the year		3,850,953	(255,411)
Other comprehensive income:			
Gain on cash flow hedges taken to equity	14	5,461	5,800
Total comprehensive income/(expense) for the year		3,856,414	(249,611)

The notes on pages 11 to 32 form part of these financial statements.

All results were derived from continuing operations.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED
REGISTERED NUMBER:03173552

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	10	6,684,509	6,813,881
Current assets			
Debtors due after one year	11	4,420,092	1,391,497
Debtors due within one year	11	415,329	1,915,051
Cash at bank and in hand		19	43
		<u>4,835,440</u>	<u>3,306,591</u>
Creditors: amounts falling due within one year	12	(2,168,019)	(7,409,281)
		<u>2,667,421</u>	<u>(4,102,690)</u>
Net current assets/(liabilities)			
		<u>9,351,930</u>	<u>2,711,191</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	13	(5,237,185)	(2,452,860)
		<u>4,114,745</u>	<u>258,331</u>
Net assets			
		<u>4,114,745</u>	<u>258,331</u>
Capital and reserves			
Share capital	15	600,568	600,568
Share premium account	16	15,901,192	15,901,192
Hedging reserve	16	(10,371)	(15,832)
Accumulated losses	16	(12,376,644)	(16,227,597)
		<u>4,114,745</u>	<u>258,331</u>
Total shareholder's funds			
		<u>4,114,745</u>	<u>258,331</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2020.



R G McNeil
Director

The notes on pages 11 to 32 form part of these financial statements.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Share premium account	Hedging reserve	Accumulated losses	Total shareholder's funds
	£000	£000	£000	£000	£000
At 1 January 2019	600,568	15,901,192	(15,832)	(16,227,597)	258,331
Comprehensive income for the year					
Profit for the year	-	-	-	3,850,953	3,850,953
Gain on fair value hedge	-	-	5,461	-	5,461
At 31 December 2019	600,568	15,901,192	(10,371)	(12,376,644)	4,114,745

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium account	Hedging reserve	Accumulated losses	Total shareholder's funds
	£000	£000	£000	£000	£000
At 1 January 2018	600,568	15,715,440	(21,632)	(15,972,186)	322,190
Comprehensive income for the year					
Loss for the year	-	-	-	(255,411)	(255,411)
Gain on fair value hedge	-	-	5,800	-	5,800
Shares issued during the year	-	185,752	-	-	185,752
At 31 December 2018	600,568	15,901,192	(15,832)	(16,227,597)	258,331

The notes on pages 11 to 32 form part of these financial statements.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Company information

Virgin Media Investment Holdings Limited (the "company") is a private company incorporated, domiciled and registered in the UK. The registered number is 03173552 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

2. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

2.1 Basis of accounting

These financial statements have been prepared on a going concern basis, and under the historical cost basis in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's immediate parent undertaking, Virgin Media Finance PLC includes the company in its consolidated financial statements. The consolidated financial statements of Virgin Media Finance PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Virgin Media Finance PLC include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 *Fair Value Measurement*, the disclosures required by IFRS 7 *Financial Instrument Disclosures* and disclosures required by IFRS 15 *Revenue from Contracts with Customers*.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been approved on the basis that the company remains a going concern. The following paragraphs summarise the basis on which the directors have reached their conclusion.

It is Virgin Media's practice for operational and financial management to be undertaken at a group level rather than for individual entities that are wholly owned by the group. Treasury operations and cash management for all of Liberty Global's wholly owned subsidiaries are managed on a Liberty Global group basis. As part of normal business practice, regular cash flow forecasts for both short and long term commitments are undertaken at group level.

Forecasts and projections prepared for the Virgin Media group as a whole, indicate that cash on hand, together with cash from operations, repayment of amounts due to Virgin Media from the Liberty Global group and undrawn revolving credit facilities, are expected to be sufficient for the Virgin Media group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements.

Whilst the detailed cash flow forecasts are prepared at the group level, the directors have also assessed the position of the company. This assessment indicates that, taking account of reasonably possible downsides, the company will have sufficient resources, through funding from fellow subsidiary companies to meet its liabilities as they fall due for that period. Virgin Media Inc has indicated its intention to continue to make such funds available to the company as are needed.

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. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis. Consideration of the potential impact of COVID-19 has not altered this conclusion.

2.3 Dividend income

Income is recognised when the company's right to receive payment is established.

2.4 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.

2.5 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.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Derivative financial instruments and hedge accounting

The group has established policies and procedures to govern the management of its exposure to interest rate and foreign currency exchange rate risks, through the use of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and foreign currency forward rate contracts.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative.

The foreign currency forward rate contracts, interest rate swaps and cross-currency interest rate swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk. Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps. Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty.

While these instruments are subject to the risk of loss from changes in exchange rates and interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. The group does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

For derivatives which are designated as hedges the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

The group designates certain derivatives as either fair value hedges, when hedging exposure to variability in the fair value of recognised assets or liabilities or firm commitments, or as cashflow hedges, when hedging exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Derivatives that are not part of an effective hedging relationship, as set out in IFRS 9 Financial Instruments, must be classified as held for trading and measured at fair value through profit or loss.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends upon the nature of the hedging relationship and are treated as follows:

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction is recognised in profit or loss, such as when a forecast sale or purchase occurs, in the same line of the profit and loss account as the recognised hedged item. Where the hedged item is the cost of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred to the initial measurement of the cost of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to the Profit and Loss Account.

Fair value hedges

For fair value hedges, the changes in the fair value of the hedging instrument are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the profit and loss account relating to the hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, then the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 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.

2.9 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs.

Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies which are described above, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements, except for:

Carrying value of investments

Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

Recoverability of intercompany debtors

Intercompany debtors are stated at their recoverable amount less any necessary provision. Recoverability of intercompany debtors is assessed annually and a provision is recognised if any indications exist that the debtor is not considered recoverable.

Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (note 14).

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2019 £000	2018 £000
Impairment of investments	129,370	-
Loss on disposal of investments	185,752	-
Exceptional administrative expense	315,122	-
Net (gain)/loss on foreign currency translation	(52,929)	146,898

The carrying value of investments are assessed annually. Based on these reviews, and following a wider group restructure, the directors concluded on a provision for impairment of £129,370,000 (2018 - £nil).

Loss on disposal of investments of £185,752,000 is disclosed in note 10.

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2019 and 2018 was paid by and disclosed in the financial statements of Virgin Media Limited.

5. Auditor's remuneration

Auditor's remuneration of £5,000 (2018 - £5,000) has been borne by a fellow group undertaking and not recharged.

6. Staff costs

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

7. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from group companies	101,633	99,443
Bank and other interest receivable and finance income	135	6,609
Net gain on financial assets and liabilities carried at fair value	157,950	-
	259,718	106,052

8. Interest payable and similar charges

	2019 £000	2018 £000
Interest on amounts owed to group undertakings	323,201	343,768
Interest on bank loans, related charges and finance costs	105,952	101,319
Net loss on financial assets and liabilities carried at fair value	-	62,803
	429,153	507,890

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Tax on profit/(loss)

	2019 £000	2018 £000
Current tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on profit/(loss)	-	-

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	3,850,953	(255,411)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	731,681	(48,528)
Income not taxable	(774,061)	-
Group relief surrendered without payment	42,380	48,528
Total tax charge for the year	-	-

Deferred tax assets in respect of the following deductible temporary differences have not been recognised as there is no persuasive evidence that there will be suitable taxable profits against which these temporary differences will reverse.

	2019 £000	2018 £000
Unrealised losses on derivative financial instruments	10,371	15,832

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax assets and liabilities have been calculated using the rate of 17% as at the current balance sheet date (2018 - 17%).

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Investments

	Investments in subsidiary undertakings £000
Cost	
At 1 January 2019	6,813,881
Additions	185,750
Disposals	(185,752)
At 31 December 2019	6,813,879
Impairment	
Charge for the period	129,370
At 31 December 2019	129,370
Net book value	
At 31 December 2019	6,684,509
At 31 December 2018	6,813,881

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 shown in note 19.

During the year, as part of a wider group restructure, Virgin Media Investment Holdings Limited disposed of its investment in Cabletel Scotland Limited and Cabletel West Riding Limited, following the companies' application for Members Voluntary Liquidation. The company received no consideration in respect of this and therefore made a loss on disposal of investments of £185,752,000 (2018 - £nil). Prior to entering Members Voluntary Liquidation, Cabletel Scotland Limited and Cabletel West Riding Limited paid dividends to the company of their respective shares of Virgin Media Operations Limited. On 23 October 2019 the company made a capital contribution of those shares to its subsidiary Virgin Media Investments Limited.

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.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Debtors

	2019 £000	2018 £000
Due after one year		
Amounts owed by group undertakings	3,927,016	619,310
Debt issue costs	14,749	12,541
Derivative financial assets	474,294	755,613
Other debtors	4,033	4,033
	<u>4,420,092</u>	<u>1,391,497</u>
	2019 £000	2018 £000
Due within one year		
Amounts owed by group undertakings	325,463	1,767,831
Prepayments and accrued income	13	-
Derivative financial assets	89,853	147,220
	<u>415,329</u>	<u>1,915,051</u>

Debt issue costs represent issue and amendment costs on the Revolving Credit Facility (note 12) and certain other loans, and are capitalised and amortised over the life of the debt.

Amounts owed by group undertakings falling due after more than one year comprise loan notes which incur interest at a rate of 4.9%, subject to adjustment (2018 - 7.00%) and are repayable in November 2027.

The analysis of amounts owed by group undertakings is:

	2019 £000	2018 £000
Loans advanced to group undertakings	3,946,266	1,958,466
Other amounts owed by group undertakings	306,213	428,675
	<u>4,252,479</u>	<u>2,387,141</u>

Amounts owed by group undertakings falling due within one year are unsecured and repayable on demand.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Bank overdrafts	-	86
Vendor financing	1,717,454	1,803,420
Other loans	90,654	77,181
Amounts owed to group undertakings	149,476	5,326,448
Accruals and deferred income	29,855	50,786
Derivative financial liabilities	180,580	151,360
	2,168,019	7,409,281

The analysis of amounts owed to group undertakings is:

	2019	2018
	£000	£000
Loans advanced by group undertakings	122,633	5,317,116
Other amounts owed to group undertakings	26,843	9,332
	149,476	5,326,448

Amounts owed to group undertakings due within one year include loan notes which had a carrying value of £122,633,000 (2018 - £5,317,116,000) at the balance sheet date. Loan notes are denominated in sterling and U.S. dollar, bear interest at 4.64% and are repayable on demand.

Other amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Creditors: amounts falling due within one year (continued)

	Facility amount 2019 £000	Unused borrowing capacity 2019 £000	Facility amount 2018 £000	Unused borrowing capacity 2018 £000
Revolving Credit Facilities	1,000,000	1,000,000	675,000	675,000

Revolving Credit Facilities

At 31 December 2018, the senior secured credit facilities of the group included two multi currency revolving credit facilities, Revolving Facility A maturing in 31 December 2021 with a borrowing capacity equivalent to £50,000,000, and Revolving Facility B maturing on 15 January 2024 with a maximum borrowing capacity equivalent to £625,000,000. Each bearing interest at LIBOR plus 2.75% with 1.1% fee on unused commitments. During 2019, the Revolving Facility was amended and as a result, Revolving Facility A and Revolving Facility B were cancelled in full and replaced with a single Revolving Facility maturing on 31 January 2026 with a maximum borrowing capacity equivalent to £1,000,000,000. All other terms from the previously existing Revolving Facilities continue to apply to the new Revolving Facility.

Vendor Financing

The company has entered into vendor financing arrangements to manage the working capital requirement of the group in respect of the acquisition of plant and equipment and certain operating expenses. The amounts owed pursuant to these arrangements are interest bearing and include VAT which was paid on our behalf by the vendor.

13. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Other loans	70,798	196,198
Amounts owed to group undertakings	4,404,179	1,350,628
Vendor financing	78,828	52,514
Derivative financial liabilities	683,380	853,520
	<u>5,237,185</u>	<u>2,452,860</u>

The analysis of amounts owed to group undertakings is:

	2019 £000	2018 £000
Loans advanced by group undertakings	<u>4,404,179</u>	<u>1,350,628</u>

Amounts owed to group undertakings due after one year represent loan notes which had a carrying value of £4,404,179,000 (2018 - £1,350,628,000) at 31 December 2019. Loan notes are denominated in sterling and U.S. dollar, unsecured, bear interest ranging from 4.88% to 5.63% and mature between 2026 and 2027.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Financial instruments

The group manages its treasury operations on a group basis and consequently, derivative financial instruments are designed to mitigate the risks experience by the group as a whole rather than as a specific company. The group has obligations in a combination of U.S. dollars and sterling at fixed and variable interest rates. As a result, the group is exposed to variability in its cash flows and earnings resulting from changes in foreign currency exchange rates and interest rates.

	2019 £000	2018 £000
Financial assets		
Financial assets measured at fair value through profit or loss	564,166	902,876
Financial assets measured at amortised cost	4,271,261	2,403,715
	<u>4,835,427</u>	<u>3,306,591</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	(898,322)	(1,004,966)
Financial liabilities measured at amortised cost	(6,506,883)	(8,857,175)
	<u>(7,405,205)</u>	<u>(9,862,141)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and derivative financial assets including cross currency swaps, cross currency interest rate swaps, interest rate swaps and foreign currency forward contracts.

Financial assets measured at amortised cost comprise debt issue costs, other debtors and amounts owed by group undertakings.

Financial liabilities measured at fair value through profit or loss comprise bank overdrafts and derivative financial liabilities including cross currency swaps, cross currency interest rate swaps and interest rate swaps and certain other loans.

Financial liabilities measured at amortised cost comprise amounts owed by group undertakings, vendor financing, accruals and deferred income and certain other loans.

The group's objective in managing its exposure to interest rate and foreign currency exchange rates is to decrease the volatility of its earnings and cash flows caused by changes in the underlying rates. The group has established policies and procedures to govern these exposures and has entered into derivative financial instruments including interest rate swaps, cross-currency interest swaps and foreign currency forward rate contracts. It is the group's policy not to enter into derivative financial instruments for speculative trading purposes, nor to enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed. The amounts below include amounts relating to short term as well as long term creditors.

Financial and operational risk management is undertaken as part of the group's operations as a whole. These are considered in more detail in the financial statements of Virgin Media Inc. which are available from the company secretary at Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU and are available on Liberty Global's website at www.libertyglobal.com.

The derivative financial instruments held by the company are recorded at fair value on the balance sheet in accordance with IFRS 9 Financial Instruments. The fair values of these derivative financial instruments are valued using internal models based on observable inputs, counterparty valuations, or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Financial instruments (continued)

The fair values of derivative financial instruments recognised in the balance sheet of the company are as follows:

	2019 £000	2018 £000
Current assets (note 11)		
Fair value hedges	23,455	27,090
Derivatives not designated as hedges	66,398	120,130
	89,853	147,220
Non current assets (note 11)		
Fair value hedges	46,569	98,398
Derivatives not designated as hedges	427,725	657,215
	474,294	755,613
Current liabilities (note 12)		
Derivatives not designated as hedges	(180,580)	(151,360)
	(180,580)	(151,360)
Non current liabilities (note 13)		
Derivatives not designated as hedges	(683,380)	(853,520)
	(683,380)	(853,520)
Aggregate net fair value of derivative financial instruments	(299,813)	(102,047)

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Financial instruments (continued)

The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of the company's cross-currency swap contracts at 31 December 2019.

The company manages derivative instruments for the group and therefore the debt being hedged is not in the company's own balance sheet other than as reflected through inter-company loan notes.

Cross currency swap contracts

The terms of the outstanding cross currency swap contracts used to mitigate the foreign exchange and interest rate risk relating to the pound sterling value of interest payments on US dollar and Euro denominated senior notes at 31 December 2019 were as follows:

Final maturity date	Hedge type	Notional amount due from counterparty (thousands)	Notional amount due to counterparty (thousands)	Weighted average remaining life
January 2023	Not designated	€246,300	\$271,100	3.0
January 2021 - January 2028	Not designated	\$10,584,700	£7,835,000	5.8
January 2021	Fair value	\$272,900	£168,600	1.0
January 2025	Not designated	£2,296,200	\$3,300,000	5.1

In addition to the cross currency swap contracts shown above, the company also holds the following outstanding cross currency swap agreements with other companies within the Virgin Media group:

Final maturity date	Hedge type	Notional amount due to counterparty '000	Notional amount due from counterparty '000	Weighted average interest rate due to counterparty	Weighted average interest rate due from counterparty
February 2022	Not designated	\$63,300	£44,500	5.25%	3.72%
February 2022	Not designated	\$74,300	£52,200	4.88%	3.36%
April 2023	Not designated	\$1,000,000	£641,300	6.38%	6.00%
October 2024	Not designated	\$ 497,000	£349,300	6.00%	4.51%
January 2026	Not designated	\$3,400,000	£2,389,200	3.54%	3.90%
March 2026	Not designated	£110,000	€129,700	10.00%	9.47%
March 2027	Not designated	\$420,000	£323,200	5.50%	LIBOR+3.24%

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Financial instruments (continued)

Interest rate swaps

At 31 December 2019, the company had outstanding interest rate swap agreements to manage the exposure to volatility in future cash flows on interest payments, which accrue on a variable basis based on LIBOR.

The company has also entered into interest rate swap agreements to manage its exposure to changes in the fair value of certain group debt obligations due to interest rate fluctuations.

The terms of outstanding interest rate swap contracts at 31 December 2019 were as follows:

Final maturity date	Hedge type	Pay fixed rate		Receive fixed rate	
		Notional (Thousands)	Weighted average remaining life	Notional (Thousands)	Weighted average remaining life
January 2020 – January 2025	Not designated	€1,114,500	2.1	€714,700	4.3
January 2021	Fair value	-	-	£628,400	1.0
January 2020 – May 2027	Not designated	£15,352,900	2.7	£7,202,100	4.7
January 2025	Not designated	-	-	\$354,500	5.0

In addition to the interest rate swaps shown above, the company also holds the following outstanding interest rate swap agreements with other companies within the Virgin Media group:

Final maturity date	Hedge type	Notional amount due to counterparty (Thousands)	Notional amount due from counterparty (Thousands)	Interest rate due to counterparty	Interest rate due from counterparty
May 2023	Not designated	£146,000	£146,000	1.1125%	LIBOR+0.0%
January 2025	Not designated	\$345,500	\$345,500	2.2669%	LIBOR+0.0%
January 2027	Not designated	£400,000	£400,000	4.29%	4.80%
November 2027	Not designated	£500,000	£500,000	4.29%	4.83%

Interest rate swaptions

The company has entered into various interest rate swap options (swaptions), which give the right, but not obligation, to enter into certain interest rate swap contracts at set dates in the future, with each such contract having a life of no more than three years. At the transaction date, the strike rate of each of these contracts was above the corresponding market rate.

The terms of outstanding interest rate swap option contracts at 31 December 2019 were as follows:

Notional amount (in millions)	Underlying swap currency	Weighted Average option expiration period	Weighted average strike rate %
£5,342.4	£	1.0	2.40
£364.0	€	0.6	1.96

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Financial instruments (continued)

Basis swaps

The terms of outstanding basis swap contracts at 31 December 2019 were as follows:

Final maturity date	Hedge type	Notional amount due from counterparty (Thousands)	Notional amount due to counterparty (Thousands)	Weighted average remaining life
July 2020	Not designated	£900,000	£900,000	0.5
July 2020	Not designated	\$3,300,000	\$3,300,000	0.5

Interest rate caps

The terms of outstanding interest rate caps as at 31 December 2019 were as follows:

Final maturity date	Hedge type	Notional amount due from counterparty (Thousands)	Notional amount due to counterparty (Thousands)	Weighted average remaining life
April 2026	Not designated	€750,000	€750,000	6.3

Foreign currency forward options and forward contracts

Foreign currency forward options

The company has entered into external foreign currency forward options on behalf of a fellow group undertaking in order to manage foreign currency exposure risk with respect to Indian rupee (INR). These trades are mirrored with internal derivatives between the company and the fellow group undertaking.

The following foreign currency forward options with a third party were in place at 31 December 2019:

Exchange currency	Notional Amount
	GBP £000
Indian Rupee	3,500

Foreign currency forward contracts

The following foreign currency forward contracts with a related party were in place at 31 December 2019:

Maturity date	Currency purchased forward	Currency sold forward
January 2020 – June 2020	\$10,000,000	£7,929,400

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Financial instruments (continued)

The company has also entered into the following foreign currency forward contracts with other companies within the Virgin Media Group:

Maturity date	Currency purchased forward	Currency sold forward
January 2020 – June 2020	£7,929,360	\$10,000,000

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income, while the ineffective portion is recognised in profit or loss.

The following table presents the effective amount of gain or loss recognised in other comprehensive income and amounts reclassified to earnings:

	2019	2018
	£000	£000
Amounts reclassified to other comprehensive income - foreign exchange gains	5,461	5,800

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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15. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
600,567,734,802 (2018 - 600,567,734,802) Ordinary shares shares of £0.001 each	600,567,735	600,567,735

16. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Hedging reserve

Includes all the effective portion of the gain or loss on the hedging instrument for the cash flow hedges. See note 14 for further information.

Accumulated losses

Includes all current and prior year retained profits and losses.

17. Guarantees

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2018, this comprised term facilities that amounted to £4,015 million (2018 - £3,564 million) and an outstanding balance of £nil (2018 - £nil) which was borrowed under revolving facilities of £1,000 million (2018 - £675 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 2018 amounted to £4,491 million (2018 - £4,938 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

Furthermore, a fellow group undertaking has issued senior notes for which the company, along with certain fellow group undertakings, has guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2018 amounted to approximately £1,194 million (2018 - £1,570 million).

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

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Finance PLC.

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 2019 are Virgin Media Finance PLC and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2019 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, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

In addition copies of the consolidated Liberty Global plc accounts are available on Liberty Global's website at www.libertyglobal.com or from the company secretary, Liberty Global plc, Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. List of investments

Name of company		Holdings	Proportion held	Nature of business
Direct shareholdings				
ntl Communications Services Limited		Ordinary	100%	Holding
Virgin Media Finco Limited		Ordinary	100%	Finance
Virgin Media Investments Limited		Ordinary	100%	Finance
Virgin Media Secured Finance PLC		Ordinary	100%	Finance
Virgin Media SFA Finance Limited		Ordinary	100%	Finance
Indirect shareholdings				
BCMV Limited		Ordinary	100%	Dormant
Birmingham Cable Corporation Limited		Ordinary	100%	Dormant
Birmingham Cable Limited		Ordinary	100%	Dormant
Bitbuzz UK Limited		Ordinary	100%	Telecoms
Cable London Limited		Ordinary	100%	Dormant
Cable on Demand Limited		Ordinary	100%	Dormant
CableTel Herts and Beds Limited		Ordinary	100%	Dormant
CableTel Northern Ireland Limited	β	Ordinary	100%	Dormant
CableTel Surrey and Hampshire Limited		Ordinary	100%	Dormant
Casey Cablevision Limited	ψ	Ordinary	100%	Telecoms
Channel 6 Broadcasting Limited	ψ	Ordinary	100%	Telecoms
Cullen Broadcasting Limited	ψ	Ordinary	100%	Telecoms
Diamond Cable Communications Limited		Ordinary	100%	Holding
Eurobell (Holdings) Limited		Ordinary	100%	Holding
Flextech Limited		Ordinary	100%	Dormant
General Cable Limited		Ordinary	100%	Holding
Kish Media Limited	ψ	Ordinary	100%	Dormant
Matchco Limited		Ordinary	76%	Dormant
ntl (B) Limited		Ordinary	100%	Holding
ntl (Broadland) Limited		Ordinary	100%	Dormant
ntl (CWC) Corporation Limited		Ordinary	100%	Dormant
ntl (CWC) Limited		Ordinary	100%	Dormant
ntl (South East) Limited		Ordinary	100%	Dormant
NTL (Triangle) LLC	≡	Common Stock	100%	Holding
ntl (V)		Ordinary	100%	Dormant
ntl Business Limited		Ordinary	100%	Telecoms
ntl CableComms Group Limited		Ordinary	100%	Holding

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. List of investments (continued)

Name of company		Holdings	Proportion held	Nature of business
Indirect shareholdings (continued)				
NTL CableComms Group, LLC	Ξ	Common stock	100%	Dormant
ntl CableComms Surrey		Ordinary	100%	Dormant
ntl Glasgow	Σ	Ordinary	100%	Telecoms
ntl Glasgow Holdings Limited		Ordinary	100%	Dormant
ntl Kirklees		Ordinary	100%	Telecoms
ntl Kirklees Holdings Limited		Ordinary	100%	Dormant
ntl Midlands Limited		Ordinary	100%	Dormant
ntl National Networks Limited		Ordinary	100%	Dormant
ntl Pension Trustees II Limited		Ordinary	100%	Corporate Trustee
ntl Pension Trustees Limited		Ordinary	100%	Corporate Trustee
ntl Rectangle Limited		Ordinary	100%	Holding
ntl South Central Limited		Ordinary	100%	Dormant
ntl Telecom Services Limited		Ordinary	100%	Dormant
ntl Trustees Limited		Ordinary	100%	Corporate Trustee
P.B.N. Holdings	Ψ	Ordinary	100%	Holding
Telewest Communications (Dundee & Perth) Limited	Σ	Ordinary	100%	Dormant
Telewest Communications (Glenrothes) Limited	Σ	Ordinary	100%	Dormant
Telewest Communications (Midlands and North West) Limited		Ordinary	100%	Dormant
Telewest Communications (North East) Limited		Ordinary	100%	Dormant
Telewest Communications (Scotland) Limited	Σ	Ordinary	100%	Dormant
Telewest Communications (South East) Limited		Ordinary	100%	Dormant
Telewest Communications (South West) Limited		Ordinary	100%	Dormant
Telewest Communications (Tyneside) Limited		Ordinary	100%	Dormant
Telewest Communications Cable Limited		Ordinary	100%	Dormant
Telewest Communications Networks Limited		Ordinary	100%	Holding
Telewest Limited		Ordinary	100%	Holding
Theseus No.1 Limited		Ordinary	100%	Dormant
Theseus No.2 Limited		Ordinary	100%	Dormant
Tullamore Beta Limited	Ψ	Ordinary	100%	Telecoms
TV Three Enterprises Limited	Ψ	Ordinary	100%	Dormant
TV Three Sales Limited	Ψ	Ordinary	100%	Dormant
Virgin Media Television Limited	Ψ	Ordinary	100%	Telecoms
UPC Broadband Ireland Limited	Ψ	Ordinary	100%	Holding

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. List of investments (continued)

Name of company		Holdings	Proportion held	Nature of business
Indirect shareholdings (continued)				
Virgin Media Bristol LLC	≡	Common stock	100%	Finance
Virgin Media Business Limited		Ordinary	100%	Telecoms
Virgin Media Employee Medical Trust Limited		Ordinary	100%	Corporate Trustee
Virgin Media Ireland Limited	Ψ	Ordinary	100%	Telecoms
Virgin Media Limited		Ordinary	100%	Telecoms
Virgin Media Operations Limited		Ordinary	100%	Holding
Virgin Media Payments Limited		Ordinary	100%	Collections
Virgin Media PCHC II Limited		Ordinary	100%	Dormant
Virgin Media PCHC Limited		Ordinary	100%	Dormant
Virgin Media Secretaries Limited		Ordinary	100%	Dormant
Virgin Media Secured Finance PLC		Ordinary	100%	Finance
Virgin Media Senior Investments Limited		Ordinary	100%	Holding
Virgin Media Wholesale Limited		Ordinary	100%	Telecoms
Virgin Mobile Telecoms Limited		Ordinary	100%	Telecoms
Virgin WiFi Limited		Ordinary	100%	Telecoms
VM Ireland Group Limited		Ordinary	100%	Holding
VM Transfers (No 4) Limited		Ordinary	100%	Dormant
Yorkshire Cable Communications Limited		Ordinary	100%	Dormant

All companies are registered at Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, unless otherwise noted below:

β	Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP
Ψ	Macken House, 39/40 Mayor Street Upper, Dublin 1, D01 C9W8
Σ	1 South Gyle Crescent Lane, Edinburgh, EH12 9EG
≡	251 Little Falls Drive, Wilmington, DE 19808. These entities are registered in the USA.
Ω	1550 Wewatta Street, Suite 1000, Denver, CO 80202
β	Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20. Post balance sheet events

COVID-19

In March 2020, the World Health Organization declared the recent outbreak of a novel strain of coronavirus (COVID-19) to be a global pandemic. In response to the COVID-19 pandemic, emergency measures have been imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses.

These measures have adversely impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. While it is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact on our business, financial condition and results of operations in future periods.

Pending joint venture transaction

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefonica, SA (Telefonica). Pursuant to this agreement, Liberty Global and Telefonica agreed to form a 50:50 joint venture, which will combine Virgin Media's operations in the UK with Telefonica's mobile business in the UK to create a nationwide integrated communications provider.

The completion of this transaction is subject to certain conditions, including competition clearance by the applicable regulatory authorities. It is anticipated that the transaction will close around the middle of 2021. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the agreement if the transaction has not closed within twenty-four months following the date of the agreement, which may be extended by six months under certain circumstances.

Virgin Media Financing Transactions

In May 2020, Virgin Media Trade Receivables Financing plc, a third-party special purpose financing entity, was created for the purpose of facilitating the offering of certain notes. These notes are collateralized by certain trade receivables of Virgin Media, creating a variable interest in which Virgin Media is the primary beneficiary and, accordingly, Virgin Media, and ultimately Liberty Global, are required to consolidate Virgin Media Trade Receivables Financing plc. The offering of these notes resulted in net proceeds of £214.4 million.

In June 2020, Virgin Media completed various financing transactions, as further described below.

Senior Secured Notes Transactions

A fellow subsidiary (Virgin Media Secured Finance Plc) issued 2030 senior secured notes with principal amounts of \$650 million and £450 million. The net proceeds from the issuance of these notes were used (1) to redeem in full £525 million outstanding principal amounts of existing 2027 senior secured notes, (2) to redeem in full 360 million outstanding principal amounts of existing 2029 senior secured notes, (3) £80 million of the £521.3 million outstanding principal amount of existing 2025 senior secured notes.

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.

Vendor Financing Notes Transactions

Virgin Media Vendor Financing Notes III Designated Activity Company (Virgin Media Financing III Company) and Virgin Media Vendor Financing Notes IV Designated Activity Company (Virgin Media Financing IV Company, and together with Virgin Media Financing III Company, the 2020 VM Financing Companies) were created for the purpose of issuing certain vendor financing notes. The 2020 VM Financing Companies are third-party special purpose financing entities that are not consolidated by Virgin Media or Liberty Global.

Virgin Media Financing III Company issued vendor financing notes with principal amounts of £500 million and £400 million. Virgin Media Financing IV Company issued vendor financing notes with principal amounts of \$500 million. The net proceeds from the June 2020 Vendor Financing Notes were used by the 2020 VM Financing Companies to purchase certain vendor-financed receivables of Virgin Media and its subsidiaries from previously-existing third-party special purpose financing entities (the Original VM Financing Companies) and various other third parties.