

Registered number: 03422231

LIBERTY GLOBAL EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



LIBERTY GLOBAL EUROPE LIMITED

COMPANY INFORMATION

Directors	C H R Bracken J L Evans
Company secretary	J L Evans
Registered number	03422231
Registered office	Griffin House 161 Hammersmith Road London W6 8BS
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

LIBERTY GLOBAL EUROPE LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account and statement of other comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 20

LIBERTY GLOBAL EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Principal activities and business review

The principal activity of the company during the year was, and will continue to be, the provision of corporate services to the Liberty Global Europe division.

The Liberty Global Europe division provides video, high speed internet access and telephony services and operates cable networks across 11 countries in Europe. The company provides assistance and services in respect of financial, strategic, organisational, personnel, marketing and administrative matters. The level of the company's activities is principally driven by the requirements and activities of the Liberty Global Europe division.

The company is a wholly owned subsidiary undertaking of Liberty Global plc (Liberty Global).

Liberty Global is the largest international cable company. As at 31 December 2015, it had operations in 14 countries and its 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 at 31 December 2015, Liberty Global served 5 million mobile subscribers and offered WiFi service across 6 million access points.

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 2015 Liberty Global Annual Report which is available at www.libertyglobal.com

Key performance indicators (KPIs)

Turnover increased by 22.7% from £26,153,000 in the year ended 31 December 2014 to £32,081,000 in the year ended 31 December 2015.

Administrative expenses increased by 45.0% from £23,080,000 in 2014 to £33,477,000 in 2015, primarily as a result of an increase in headcount.

Operating loss from ordinary activities has increased. The company generated a profit of £166,000 in the year ended 31 December 2014 and a loss of £4,671,000 in the year ended 31 December 2015.

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 the 2015 Liberty Global Annual Report which is available at www.libertyglobal.com.

On 23 June 2016, the UK voted to leave the European Union, the implications of which are uncertain as of the date of signing these financial statements. Based on information currently available, we do not expect that this matter will have a material impact on our business. Accordingly, no adjustments have been made to these financial statements.

This report was approved by the board on 24th September 2016 and signed on its behalf.



J L Evans
Director

LIBERTY GLOBAL EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends

The loss for the year, after tax, amounted to £10,852,000 (2014 - profit £1,372,000).

The directors have not recommended an ordinary dividend (2014 - £nil).

Directors

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

C H R Bracken
J L Evans

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 Liberty Global Europe Holding B.V. 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.

Employment policies and disabled employees

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

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

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

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

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through regular information bulletins, which seek to achieve a common awareness of the financial and economic factors affecting the performance of the business.

Charitable donations

The company made charitable donations of £639,346 during the year (2014 - £1,052,656).

LIBERTY GLOBAL EUROPE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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 Companies Act 2006.

This report was approved by the board on 24th September 2016 and signed on its behalf.



J L Evans
Director

LIBERTY GLOBAL EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Strategic report, 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 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; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LIBERTY GLOBAL EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LIBERTY GLOBAL EUROPE LIMITED

We have audited the financial statements of Liberty Global Europe Limited for the year ended 31 December 2015, set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

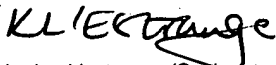
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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



Katharine L'estrage (Senior statutory auditor)

for and on behalf of
KPMG LLP

Chartered Accountants & Statutory Auditor
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Date: 30 September 2016

LIBERTY GLOBAL EUROPE LIMITED

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015 £000	2014 £000
Turnover		32,081	26,153
Administrative expenses		(33,477)	(23,079)
Operating (loss) / profit		(1,396)	3,074
Interest receivable and similar income	7	-	9
Interest payable and similar charges	8	(3,275)	(2,917)
(Loss) / profit on ordinary activities before tax		(4,671)	166
Tax on (loss)/ profit on ordinary activities	9	(6,181)	1,206
(Loss) / profit for the year		(10,852)	1,372

The notes on pages 9 to 20 form part of these financial statements.

There was no other comprehensive income or expenditure for 2015 or 2014 other than that included in the profit and loss account.

All results were derived from continuing operations.

LIBERTY GLOBAL EUROPE LIMITED
REGISTERED NUMBER: 03422231

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	10	286	1,463
		<u>286</u>	<u>1,463</u>
Current assets			
Debtors due after more than one year	11	-	6,497
Debtors due within one year	11	44,152	15,431
Bank current accounts		-	5
		<u>44,152</u>	<u>21,933</u>
Creditors: amounts falling due within one year	12	(49,683)	(21,254)
Net current (liabilities) / assets		<u>(5,531)</u>	<u>679</u>
Total assets less current liabilities		<u>(5,245)</u>	<u>2,142</u>
Creditors: amounts falling due after more than one year	13	(29,660)	(25,963)
Net liabilities		<u>(34,905)</u>	<u>(23,821)</u>
Capital and reserves			
Share capital	15	-	-
Profit and loss account	16	(34,905)	(23,821)
Deficit		<u>(34,905)</u>	<u>(23,821)</u>

The directors acknowledge their responsibility for complying with the requirement of the Act with respect to accounting records and for the preparation of accounts.

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



29 September 2016

J L Evans
Director

The notes on pages 9 to 19 form part of these financial statements.

LIBERTY GLOBAL EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital	Profit and loss account	Deficit
	£000	£000	£000
At 1 January 2015	-	(23,821)	(23,821)
Comprehensive income for the year			
Loss for the year	-	(10,852)	(10,852)
Total comprehensive income for the year	-	(10,852)	(10,852)
Deferred tax on share based remuneration	-	(316)	(316)
Share based remuneration expenses	-	(4,823)	(4,823)
Employee share options recharges from parent undertaking	-	4,907	4,907
Total transactions with owners	-	(232)	(232)
At 31 December 2015	-	(34,905)	(34,905)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital	Profit and loss account	Deficit
	£000	£000	£000
At 1 January 2014	-	(24,984)	(24,984)
Comprehensive income for the year			
Profit for the year	-	1,372	1,372
Total comprehensive income for the year	-	1,372	1,372
Deferred tax on share based remuneration	-	(227)	(227)
Share based remuneration expenses	-	1,844	1,844
Employee share options recharges from parent undertaking	-	(1,826)	(1,826)
Total transactions with owners	-	(209)	(209)
At 31 December 2014	-	(23,821)	(23,821)

The notes on pages 9 to 20 form part of these financial statements.

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Company information

Liberty Global Europe Limited (the "company") is a company incorporated and domiciled in the United Kingdom. The registered office of the company during the year was Griffin House, 161 Hammersmith Road, London, W6 8BS.

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 and transition from UK GAAP

These financial statements were prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 and the 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 the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the company is provided in note 20.

The company's ultimate parent undertaking, Liberty Global plc, includes the company in its consolidated financial statements. The consolidated financial statements of Liberty Global plc are available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures, where required equivalent disclosures are included within the consolidated financial statements of Liberty Global plc:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of the compensation of Key Management Personnel;
- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

The company proposes to continue to use the reduced disclosure framework of FRS 101 in its next financial statements.

2.2 Changes in accounting policies

This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 January 2014. An explanation of the transition is included in note 20 to the financial statements. In applying FRS 101 for the first time the company has applied early the amendment to FRS 101 which permits a first time adopter not to present an opening balance sheet at the beginning of the earliest comparative period presented.

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.3 Fundamental accounting concept

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Liberty Global Europe Holding B.V the company's immediate parent undertaking. Liberty Global Europe Holding B.V has indicated that for at least 12 months from the date of approval of these financial statements and for so long as the company remains part of the Liberty Global Group, it will continue to provide loan finance to or to procure that satisfactory alternative funding is made available to the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

2.4 Turnover

Turnover represents the value of services provided to group companies, net of trade discounts, VAT and other sales related taxes. Turnover is recognised as services are provided.

2.5 Employee benefits

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

2.6 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:

Computer Equipment	33.33%
Fixtures & Fittings	33.33%
Buildings	12.50-13.95%

No depreciation is provided on freehold land.

Assets under construction

Assets under construction are recorded at cost. No depreciation is charged until the asset is in productive use.

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. The useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

2.7 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.

2.8 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.9 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.

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.11 Operating leases

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

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.12 Share based payments

Liberty Global plc provides share-based remuneration to certain key employees within the Liberty Global group, some of which are employed by the company, including performance plans, stock options, stock appreciation rights ("SARS"), restricted stock and restricted stock units together "share-based remuneration".

It is currently Liberty Global's intention to equity settle this share-based remuneration, however the value of amounts exercised by employees of the company pertaining to these awards is recharged by the group to the company.

Share-based remuneration for performance plans is accounted for as a liability-based plan given that it is intended that a variable number of shares will be issued to settle the fixed obligation that was determined at the end of the performance period. Share-based remuneration is recognised using the accelerated attribution method based on an assessment of the awards that are probable to be earned and is recorded as share-based remuneration, notwithstanding the fact that Liberty Global could elect at a future date to cash settle all or any portion of vested awards under these plans.

Other share-based remuneration is measured at fair value and recognised as an expense in the profit and loss account.

The fair value is measured at the date of grant using option-pricing models, taking into account the terms and conditions upon which awards are granted.

The fair value is recognised over the period in which employees become unconditionally entitled to the awards, subject to Liberty Global's estimate of the number of awards which will lapse, either due to employees leaving the group prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the amount reflects the probability of achieving these via the option pricing model. The total amount recognised in the profit and loss account as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures. Share-based remuneration charges are recharged with other administrative expenses to Liberty Global B.V. under a Service Agreement.

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

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

Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an asset's useful economic life has a significant effect on the annual depreciation charge.

Fair value of equity awards granted

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires a determination of the most appropriate valuation model for the grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires a determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend. The model used and assumptions made are disclosed in note 17.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4. Operating (loss)/profit

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

	2015 £000	2014 £000
Depreciation of tangible fixed assets	1,323	664
Defined contribution pension cost	841	566

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 Liberty Global plc.

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.

5. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2015 £000	2014 £000
Fees for the audit of the company	16	19

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6. Staff costs

	2015 £000	2014 £000
Wages and salaries	19,773	12,716
Social security costs	1,683	1,247
Cost of defined contribution scheme	841	566
	22,297	14,529

Wages and salaries includes share based remuneration of £6,069,000 (2014 - £2,482,000).

The average monthly number of employees, including the directors, during the year was as follows:

	2015 Number	2014 Number
Administrative	108	90

7. Interest receivable and similar income

	2015 £000	2014 £000
Interest on amounts owed by group undertakings	-	9

LIBERTY GLOBAL EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. Interest payable and similar charges

	2015 £000	2014 £000
Interest on amounts owed to group undertakings	3,275	2,917

9. Tax on (loss) / profit on ordinary activities

	2015 £000	2014 £000
Current tax		
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	6,589	(691)
Changes to tax rates	(408)	(515)
Total deferred tax	6,181	(1,206)
Tax on (loss) / profit on ordinary activities	6,181	(1,206)

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before tax	(4,671)	166
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	(946)	36
Effects of:		
Expenses not deductible and other adjustments	(910)	(2,314)
Prior year adjustments	-	(812)
Deferred tax not recognised	6,074	(227)
Group relief surrendered without payment	2,371	2,626
Net effect of tax rate change on deferred tax asset	(408)	(515)
Total tax charge/(credit) for the year	6,181	(1,206)

LIBERTY GLOBAL EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Tax on (loss) / profit on ordinary activities (continued)

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 8 July 2015. This will reduce the company's future current tax charge accordingly. The deferred tax assets have been calculated using this enacted rate of 18% (2014 - 20%). A further reduction to 17% (effective from 1 April 2020) was included in Finance Bill 2016, which was substantively enacted on 6 September 2016. This represents an additional 1% reduction on top of the previously announced rate reductions.

Deferred tax assets in respect of temporary differences on share based compensation (£3,169,000), tax losses (£23,558,000) and fixed assets (£3,327,000) have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these temporary differences will reverse.

10. Tangible fixed assets

	Buildings £000	Fixtures and fittings £000	Computer equipment £000	Construction in progress £000	Total £000
Cost					
At 1 January 2015	1,661	802	623	214	3,300
Transfers	-	(59)	205	(146)	-
Additions	-	-	138	8	146
Disposals	(1,661)	(743)	(692)	-	(3,096)
At 31 December 2015	-	-	274	76	350
Depreciation					
At 1 January 2015	888	258	691	-	1,837
Charge for the year	773	485	65	-	1,323
Disposals	(1,661)	(743)	(692)	-	(3,096)
At 31 December 2015	-	-	64	-	64
Net book value					
At 31 December 2015	-	-	210	76	286
At 31 December 2014	773	544	(68)	214	1,463

LIBERTY GLOBAL EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Debtors

	2015 £000	2014 £000
Due after more than one year		
Deferred tax asset (Note 14)	-	6,497
	<u>2015</u> <u>£000</u>	<u>2014</u> <u>£000</u>
Due within one year		
Amounts owed by group undertakings	43,278	14,816
Other debtors	267	137
Prepayments and accrued income	607	478
	<u>44,152</u>	<u>15,431</u>

Amounts due from group undertakings include a loan receivable from Liberty Global Content Investments Limited of £nil (2014 - £1,326,000). This loan has been repaid in the year, the applicable interest rate was 9.63%.

All other amounts owed by group undertakings are interest free and are repayable on demand.

12. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	230	1,389
Amounts owed to group undertakings	45,700	14,390
Taxation and social security	981	1,889
Other creditors	2,772	3,586
	<u>49,683</u>	<u>21,254</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

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

	2015 £000	2014 £000
Amounts owed to group undertakings	29,660	25,963

Amounts due to group undertakings after more than one year include amounts due to Liberty Global Broadband I Limited of £29,660,000 (2014 - £nil). The applicable interest rate is 9.63%. In addition to amounts due to Liberty Global Europe Holding B.V. of £nil (2014 - £25,963,000). The applicable interest rate was 9.63%.

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. Deferred taxation

	Deferred tax £000
At 1 January 2015	6,497
Charged to the profit or loss	(6,181)
Charged to other comprehensive income	(316)
At 31 December 2015	-

In respect of prior year:

	Deferred tax £000
At 1 January 2014	5,518
Credit to the profit or loss	1,206
Charged to other comprehensive income	(227)
At 31 December 2014	6,497

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Depreciation in excess of capital allowances	-	548
Share based compensation expense temporary differences	-	1,237
Tax losses	-	4,712
	-	6,497

15. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

16. Reserves

Profit and loss account

Includes all current and prior year retained profits and losses.

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

17. Share-based remuneration

Liberty Global Europe has a share option scheme for purchasing shares in its parent, which is open to certain key employees of the Company. These options include, including performance plans, stock appreciation rights ("SARs") and performance-based share appreciation rights ("PSARs"), restricted stock and restricted stock units ("RSUs") (together "share-based remuneration").

Awards (other than performance-based awards) under the Liberty Global 2014 Incentive Plan generally (i) vest 12.5% on the six month anniversary of the grant date and then vest at a rate of 6.25% each quarter thereafter and (ii) expire seven years after the grant date. Awards (other than RSUs) issued under the Liberty Global 2014 Nonemployee Director Incentive Plan generally vest in three equal installments, provided the director continues to serve as director immediately prior to the vesting date, and expire 7 years after the grant date. RSUs vest on the date of the first annual general meeting of shareholders following the grant date. These awards may be granted at or above fair value in any class of ordinary shares. Options are forfeited if the employee leaves the Company before the options vest.

The profit and loss charge for share based payments for the year was £6,069,000 (2014 - £2,482,000).

18. Pension commitments

The company participates in a defined contribution pension scheme structured as a Group Pension Plan, operated by a U.K. insurance company. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £841,000 (2014 - £566,000).

19. Controlling party

The company's immediate parent undertaking is Liberty Global Europe Holding B.V.

The smallest and largest group of which the company is a member and in to which the company's accounts were consolidated at 31 December 2015 is Liberty Global plc.

The company's ultimate parent undertaking and controlling party at 31 December 2015 was Liberty Global plc.

Copies of the consolidated Liberty Global plc accounts are available on Liberty Global's website at www.libertyglobal.com.

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

20. First time adoption of FRS 101

	Note	As previously stated 31 December 2014 £000	Prior period adjustment £000	As restated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Fixed assets		1,463	-	1,463	-	1,463
Current assets	1	22,801	(868)	21,933	-	21,933
Creditors: amounts falling due within one year		(21,254)	-	(21,254)	-	(21,254)
Net current assets		1,547	(868)	679	-	679
Total assets less current liabilities		3,010	(868)	2,142	-	2,142
Creditors: amounts falling due after more than one year		(25,963)	-	(25,963)	-	(25,963)
Net assets/(liabilities)		(22,953)	(868)	(23,821)	-	(23,821)
Capital and reserves		(22,953)	(868)	(23,821)	-	(23,821)

LIBERTY GLOBAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

20. First time adoption of FRS 101 (continued)

	Note	As previously stated 31 December 2014 £000	Prior period adjustment £000	As restated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Turnover		26,153	-	26,153	-	26,153
Administrative expenses		(23,079)	-	(23,079)	-	(23,079)
Operating profit		3,074	-	3,074	-	3,074
Interest receivable and similar income		9	-	9	-	9
Interest payable and similar charges		(2,917)	-	(2,917)	-	(2,917)
Taxation	1	888	91	979	227	1,206
Profit on ordinary activities after taxation and for the financial year		1,054	91	1,145	227	1,372

Explanation of changes to previously reported profit and equity:

1 The prior year adjustment relates to the deferred tax asset held on the balance sheet under UK GAAP²; and the element of this asset arising from the impact of share based payments.

Deferred tax on share based payments - the deferred tax assets associated with the share based payments have been re-measured at both the transition date and 31 December 2014, as the previous approach to the recognition of the deferred tax assets had overstated the tax benefits available on these share options. This leads a decrease in the deferred tax asset at both points in time, but an increase in the tax credit for 2014 recognised in profit and loss.