

Registered number: 06024812

**VIRGIN MEDIA PAYMENTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

MONDAY



\*A6DAUN55\*

A08

21/08/2017

#6

COMPANIES HOUSE

---

## **VIRGIN MEDIA PAYMENTS LIMITED**

---

### **COMPANY INFORMATION**

---

<b>Directors</b>	R D Dunn M O Hifzi T Mockridge M K Handforth
<b>Company secretary</b>	G E James
<b>Registered number</b>	06024812
<b>Registered office</b>	Bartley Wood Business Park Hook Hampshire RG27 9UP
<b>Auditor</b>	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

---

**VIRGIN MEDIA PAYMENTS LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic report</b>	<b>1 - 2</b>
<b>Directors' report</b>	<b>3</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Profit and loss account and statement of other comprehensive income</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 12</b>

---

## VIRGIN MEDIA PAYMENTS LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### Principal activities and business review

The principal activity of the company was, and will continue to be, the provision of payment handling and collection services in respect of substantially all of the Virgin Media group's residential fixed line telephony, video and broadband internet customers. Virgin Media group customers contract directly with the company for the provision of its payment services, with recipients of these services who choose to pay by methods other than Direct Debit paying a payment handling fee per payment.

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 video, broadband internet, fixed-line telephony and mobile services in the UK and Ireland to both residential and business-to-business (B2B) customers. The group is one of the largest providers of video, broadband internet and fixed-line telephony services in terms of the number of customers in the UK and Ireland. 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 operators (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 2016, the group provided services to approximately 5.7 million residential cable customers on its network. The group is also one of the largest MVNO by number of customers, providing mobile telephony services to 2.4 million contract mobile customers and 0.6 million prepay mobile customers over third party networks. At 31 December 2016, 83% 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 the largest international cable company with operations in more than 30 countries and its market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 25 million customers subscribing to 50 million television, broadband internet and telephony services. In addition at 31 December 2016, Liberty Global served 10 million mobile subscribers and offered WiFi service across 5 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 financial statements of Virgin Media Inc. which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

#### Key performance indicators (KPIs)

The company's key financial and other performance indicators for the year are considered below.

	2016 £000	2015 £000	Commentary
Turnover	34,554	43,327	Turnover has decreased by 20.2%, primarily due to a decrease in payment handling fees from customers.
Operating profit	847	1,313	Operating profit has decreased by 35.5%, primarily due to a decrease in turnover, partially offset by a decrease in administrative expenses, driven by a decrease in bad debt.

The company reported an increase in both net current assets and net assets for the year ended 31 December 2016 as a result of normal operations. During the year, no new external finance was arranged and there was no movement in the called up equity share capital of the company. Operations were financed through the company's intercompany balances with fellow group undertakings.

---

**VIRGIN MEDIA PAYMENTS LIMITED**

---


**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

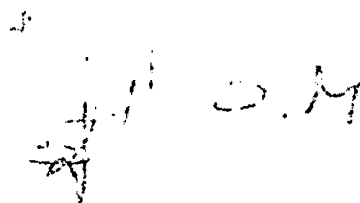
**Future outlook**

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, including consideration of the impact of the UK referendum in June 2016 and the withdrawal from the European Union, is provided in Virgin Media Inc.'s financial statements and annual report for 2016, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

This report was approved by the board on 1 August 2017 and signed on its behalf.



**R D Dunn**  
Director



---

## VIRGIN MEDIA PAYMENTS LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

The directors present their report and the financial statements for the year ended 31 December 2016.

#### Results and dividends

The profit for the year, after tax, amounted to £847,000 (2015 - £1,313,000).

The directors have not recommended an ordinary dividend (2015 - £nil).

#### Directors

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

R D Dunn  
M O Hifzi  
T Mockridge  
M K Handforth  
P A Buttery (resigned 1 March 2017)

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.

#### 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 re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 1 August 2017 and signed on its behalf.

M O Hifzi  
Director



---

## **VIRGIN MEDIA PAYMENTS LIMITED**

---

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

---

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 they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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 Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA PAYMENTS LIMITED

We have audited the financial statements of Virgin Media Payments Limited for the year ended 31 December 2016, set out on pages 6 to 12. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standards 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 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](http://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 2016 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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

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'Estrange (Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

8 August 2017



---

**VIRGIN MEDIA PAYMENTS LIMITED**

---

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	Note	2016 £000	2015 £000
Turnover		34,554	43,327
Administrative expenses		(33,707)	(42,014)
<b>Operating profit</b>	4	<b>847</b>	<b>1,313</b>
Tax on profit	6	-	-
<b>Profit for the year</b>		<b>847</b>	<b>1,313</b>

The notes on pages 9 to 12 form part of these financial statements.

There was no other comprehensive income or expenditure for 2016 or 2015 other than that included in the profit and loss account.

All results were derived from continuing operations.

---

**VIRGIN MEDIA PAYMENTS LIMITED**  
**REGISTERED NUMBER: 06024812**

---

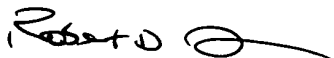
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

---

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Debtors due within one year	7	27,406	25,085
Cash at bank and in hand		5,583	7,057
<b>Net current assets</b>		<b>32,989</b>	<b>32,142</b>
<b>Net assets</b>		<b>32,989</b>	<b>32,142</b>
<b>Capital and reserves</b>			
Share capital	8	1	1
Profit and loss account	9	32,988	32,141
<b>Shareholder's funds</b>		<b>32,989</b>	<b>32,142</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **1** August 2017.

**R D Dunn**  
Director



The notes on pages 9 to 12 form part of these financial statements.

---

**VIRGIN MEDIA PAYMENTS LIMITED**

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

	Share capital	Profit and loss account	Shareholder's funds
	£000	£000	£000
At 1 January 2016	1	32,141	32,142
<b>Comprehensive income for the year</b>			
Profit for the year	-	847	847
<b>Total comprehensive income for the year</b>	-	847	847
<b>At 31 December 2016</b>	1	32,988	32,989

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

---

	Share capital	Profit and loss account	Shareholder's funds
	£000	£000	£000
At 1 January 2015	1	30,828	30,829
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,313	1,313
<b>Total comprehensive income for the year</b>	-	1,313	1,313
<b>At 31 December 2015</b>	1	32,141	32,142

The notes on pages 9 to 12 form part of these financial statements.

---

## VIRGIN MEDIA PAYMENTS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1. Company information

Virgin Media Payments Limited (the "company") is a private company incorporated, domiciled and registered in the UK. The registered number 06024812 and the registered office of the company is Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

#### 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"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

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 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 Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

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 related party 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.

##### 2.2 Turnover

Turnover arises from payment charges made to Virgin Media customers who do not pay by Direct Debit, which is recognised on receipt, and charges to other group companies for the provision of payment, credit and collection services, which is recognised once the service has been provided. All turnover is derived in the UK.

##### 2.3 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.

---

## VIRGIN MEDIA PAYMENTS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 2. Accounting policies (continued)

##### 2.4 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.

#### 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:

##### 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.

#### 4. Operating profit

Auditor's remuneration of £4,000 (2015 - £4,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group.

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

#### 5. Staff costs

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

#### 6. Tax on profit

	2016 £000	2015 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on profit	-	-

---

## VIRGIN MEDIA PAYMENTS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 6. Tax on profit (continued)

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before tax	847	1,313
Profit multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	169	266
Effects of:		
Group relief claimed without payment	(169)	(266)
Total tax charge for the year	-	-

#### Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September and fully enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly.

#### 7. Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	27,406	25,085

Amounts owed by group undertakings are unsecured and repayable on demand.

#### 8. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

#### 9. Reserves

##### Profit and loss account

Includes all current and prior period retained profits and losses.

---

## **VIRGIN MEDIA PAYMENTS LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

---

#### **10. Contingent liabilities**

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2016, this comprised term facilities that amounted to £3,595 million (2015 - £2,198 million) and an outstanding balance of £nil (2015 - £148 million) which was borrowed under a revolving facility of £675 million (2015 - £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 2016 amounted to £5,024 million (2015 - £5,132 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

In January 2017, a fellow group undertaking issued senior secured notes with a principal amount of £675 million. The new senior secured notes rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes. The net proceeds were used to redeem in full £640.0 million outstanding principal amounts of existing senior secured notes.

In February 2017, a fellow group undertaking entered into a new term loan facility with an aggregate principal amount of £865 million. The new term loan facility will rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exemptions, share in the same guarantees and security granted in favour of its existing senior secured notes. The net proceeds were used to repay in full £849.4 million outstanding principal amounts under the senior secured credit facility.

In March 2017, a fellow group undertaking completed an offer to exchange existing senior secured notes with an aggregate principal amount of £521 million due January 2021 for new senior secured notes with an aggregate principal amount of £521 million due January 2025. The new senior secured notes rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

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

#### **11. Parent undertaking and controlling party**

The company's immediate parent undertaking is Virgin Media Limited.

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2016 are Virgin Media Finance PLC and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2016 was Liberty Global plc.

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

In addition copies of the consolidated Liberty Global plc accounts are available on Liberty Global's website at [www.libertyglobal.com](http://www.libertyglobal.com).