

VM Sundial Limited
Financial Statements
31 December 2013

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VM Sundial Limited

Financial Statements

Year ended 31 December 2013

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VM Sundial Limited

Company Information

The board of directors

R D Dunn
M O Hifzi

Company secretary

G E James

Registered office

Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

Auditor

KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

VM Sundial Limited

Directors' Report

Year ended 31 December 2013

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

Principal activities and business review

The principal activity of the company was, and will continue to be, to provide funding to a fellow group company.

At 31 December 2013 the company was a wholly owned subsidiary undertaking of Virgin Media Inc. (Virgin Media). Virgin Media became a wholly-owned subsidiary of Liberty Global plc (Liberty Global) as a result of a series of mergers that were completed on 7 June 2013 (the LG/VM Transaction). This is referred to in more detail in the consolidated financial statements of Virgin Media Inc. which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

The Virgin Media Inc. consolidated group (the group) operates under the Virgin Media brand in the United Kingdom (U.K.).

The group provides digital cable, broadband internet, fixed-line telephony and mobile services in the U.K. to both residential and business-to-business (B2B) customers. The group is one of the U.K.'s largest providers of residential digital cable, broadband internet and fixed-line telephony services in terms of customers. The group believes its advanced, deep-fibre cable access network enables it to offer faster and higher quality broadband internet services than our digital subscriber line, or DSL competitors. As a result, it provides our customers with a leading next generation broadband internet service and one of the most advanced interactive digital cable services available in the U.K. market.

As of 31 December 2013, the group provided services to approximately 4.9 million residential cable customers on its network. The group is also one of the UK's largest mobile virtual network operators by number of customers, providing mobile telephony services to 1.9 million contract mobile customers and 1.1 million prepaid mobile customers over third party networks. As of 31 December 2013, 84% of residential customers on the group's cable network received multiple services from the group, and 66% were "triple play" customers, receiving broadband internet, digital cable and fixed-line telephony services from the group.

In addition the group provides broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organisations and service providers.

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in Virgin Media Inc.'s financial statements and annual report for 2013, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

Results and dividends

The result for the financial year amounted to £nil (2012 - £nil). The directors have not recommended an ordinary dividend (2012 - £nil).

VM Sundial Limited

Directors' Report *(continued)*

Year ended 31 December 2013

Directors

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

C B E Withers	(Resigned 31 March 2014)
R D Dunn	(Appointed 29 November 2013)
M O Hifzi	(Appointed 31 March 2014)
R C Gale	(Resigned 29 November 2013)

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.

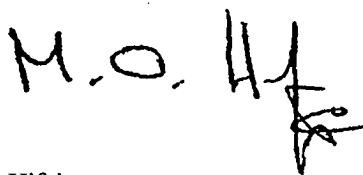
Auditor

On 5 June 2014, Ernst and Young LLP resigned as auditors and subsequently KPMG LLP were appointed.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Signed on behalf of the directors



M O Hifzi
Director

Approved by the directors on 30 June 2014

VM Sundial Limited

Directors' Responsibilities Statement

Year ended 31 December 2013

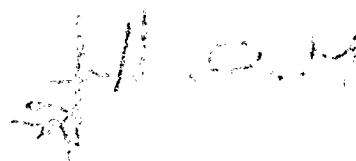
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

A handwritten signature in dark ink, appearing to be 'H. Smith', is located in the lower right quadrant of the page.

Independent Auditor's Report to the Member of VM Sundial Limited

Year ended 31 December 2013

We have audited the financial statements of VM Sundial Limited for the year ended 31 December 2013 on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2013 and of its result 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Member of VM Sundial Limited (continued)

Year ended 31 December 2013

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and in not preparing a strategic report.



Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

30 June 2014

VM Sundial Limited

Profit and Loss Account

Year ended 31 December 2013

	Note	2013 £000	2012 £000
Other interest receivable and similar income	4	4,044	5,736
Interest payable and similar charges	5	(4,044)	(5,736)
		<hr/>	<hr/>
Profit on ordinary activities before tax		–	–
Tax on profit on ordinary activities	6	–	–
		<hr/>	<hr/>
Profit for the financial year	12	–	–

The company has no other gains or losses and therefore no separate statement of total recognised gains or losses is presented.

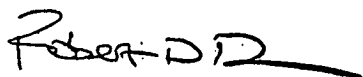
All results relate to continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

VM Sundial Limited**Balance Sheet****31 December 2013**

	Note	2013 £000	2012 £000
Current assets			
Debtors due within one year	7	541,100	534,457
Creditors: Amounts falling due within one year	8	<u>(541,100)</u>	<u>(534,457)</u>
Net current assets		—	—
Total assets less current liabilities		<u>—</u>	<u>—</u>
Capital and reserves			
Share capital	11	<u>—</u>	<u>—</u>
Shareholder's funds		<u>—</u>	<u>—</u>

These financial statements were approved by the directors on 30 June 2014 and are signed on their behalf by:



R D Dunn
Director

The notes on pages 9 to 13 form part of these financial statements.

VM Sundial Limited

Notes to the Financial Statements

Year ended 31 December 2013

1. Accounting policies

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

Basis of accounting

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

Cash flow statement

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

Deferred tax

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

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

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

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

Trade and other debtors

Trade and other debtors are stated at their recoverable amount. Provision is made when the amount receivable is not considered recoverable and the full amount is written off when the probability for recovery of a balance is assessed as being remote.

2. Operating profit

Auditor's remuneration of £2,000 (2012 - £2,000) represents costs attributed to the company, all of which is borne by a fellow group undertaking that pays all auditor's remuneration on behalf of the group.

The directors received remuneration for the year of £1,607 (2012 - £1,000) in relation to qualifying services as directors of this company, all of which was paid by, and is disclosed in the financial accounts of Virgin Media Limited. In 2013 this included an element relating to compensation for loss of office.

VM Sundial Limited

Notes to the Financial Statements

Year ended 31 December 2013

3. Staff costs

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

4. Other interest receivable and similar income

	2013 £000	2012 £000
Interest on amounts owed by group undertakings	<u>4,044</u>	<u>5,736</u>

5. Interest payable and similar charges

	2013 £000	2012 £000
Interest on amounts owed to group undertakings	<u>4,044</u>	<u>5,736</u>

6. Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 £000	2012 £000
Current tax charge:		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed on the profit on ordinary activities for the year is the same as (2012 - the same as) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities multiplied by rate of tax	-	-
Total current tax	<u>-</u>	<u>-</u>

VM Sundial Limited

Notes to the Financial Statements

Year ended 31 December 2013

6. Tax on profit on ordinary activities *(continued)*

Factors affecting current and future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

7. Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	<u>541,100</u>	<u>534,457</u>

The analysis of amounts owed by group undertakings is:

	2013 £000	2012 £000
Loans advanced to group undertakings	<u>541,100</u>	<u>534,457</u>

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

8. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	<u>541,100</u>	<u>534,457</u>

The analysis of amounts owed to group undertakings is:

	2013 £000	2012 £000
Loans advanced by group undertakings	<u>541,100</u>	<u>534,457</u>

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

9. Contingent liabilities

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2013, this comprised term facilities that amounted to £2,638 million (2012 - £750 million) and a revolving credit facility of £660 million (2012 - £450 million). With the exception of the revolving credit facility, all available amounts were borrowed under the senior secured credit facility with an equivalent aggregate value of £2,638 million (2012 - £750 million). Borrowings under the facilities are secured against the assets of certain members of the group.

VM Sundial Limited

Notes to the Financial Statements

Year ended 31 December 2013

9. Contingent liabilities *(continued)*

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes at 31 December 2013 amounted to £4,081 million (2012 - £2,582 million). Borrowings under the notes are secured against the assets of certain members of the group.

During March 2014, a fellow group undertaking of the company, issued (i) \$425 million principal amount of 5.5% senior secured notes due 15 January 2025 (ii) £430 million principal amount of 5.5% senior secured notes due 15 January 2025 and (iii) £225 million principal amount of 6.25% senior secured notes due 28 March 2029. The net proceeds of the issuance of these senior secured notes were used to redeem an equivalent aggregate amount of £875 million of the group's existing senior secured notes.

In April 2014, a fellow group undertaking issued a further £175 million principal amount of 6.25% senior secured notes due 28 March 2029. In addition, fellow group undertakings entered into (i) a new £100 million term loan ("Facility D") that matures on 30 June 2022 and (ii) a new £849.4 million term loan ("Facility E") that matures on 30 June 2023, each under the existing senior secured credit facility, and for which all available amounts were borrowed with an equivalent aggregate value of £949.4 million.

On 22 May 2014, the net proceeds from the issuance of the £175 million senior secured notes, along with borrowings under Facility D and Facility E, were used to fully redeem an equivalent aggregate amount of £592.7 million and £600 million of the group's existing senior secured notes and senior secured credit facility respectively.

Following the refinancing activities detailed above, the amounts borrowed under the senior secured credit facility amounted to £1,324.4 million and \$2,755.0 million and the amounts borrowed under the senior secured notes amounted to £2,558.4 million and \$1,872.9 million.

10. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Liberty Global plc, and its subsidiaries (see note 13).

11. Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£000	No	£000
Ordinary shares of £1 each	2	-	2	-

VM Sundial Limited

Notes to the Financial Statements

Year ended 31 December 2013

12. Reconciliation of shareholder's funds and movement on reserves

	Share capital £000	Profit and loss account £000	Total share- holder's funds £000
At 31 December 2012 and 1 January 2013	—	—	—
At 31 December 2013	—	—	—

13. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media (UK) Group, Inc.

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 2013 are Virgin Media Inc. and Liberty Global plc, respectively.

On 7 June 2013 Liberty Global, Inc. and Virgin Media Inc. completed a series of mergers, which resulted in the company's ultimate parent and controlling party changing to Liberty Global plc.

The company's ultimate parent undertaking and controlling party at 31 December 2013 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.