Financial Statements

31 December 2014

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Financial Statements

Year ended 31 December 2014

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Company Information

The board of directors

R D Dunn

M O Hıfzı

Company secretary

G E James

Registered office

2711 Centerville Road

Suite 400

Dover

Wilmington DE 19808

USA

Auditor

KPMG LLP

15 Canada Square

London E14 5GL

Strategic Report

Year ended 31 December 2014

Principal activity and business review

The principal activity of the company during the year was that of a holding company, until 19 December 2014, when the company sold all its assets and liabilities to a fellow group company. It is the intention of the directors for the company to become dormant

The company is a wholly owned subsidiary undertaking of Virgin Media Inc (Virgin Media) which is itself a wholly owned subsidiary of Liberty Global plc (Liberty Global)

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

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

The group provides mobile services to our customers using a third-party network through an MVNO arrangement

In addition, through the Virgin Media Business brand, the group offers a broad portfolio of B2B voice, data, internet, broadband and managed services solutions to small businesses, medium and large enterprises and public sector organisations in the U K

At 31 December 2014, the group provided services to approximately 5.0 million residential cable customers on its network. The group is also one of the largest mobile virtual network operators by number of customers, providing mobile telephony services to 2.1 million contract mobile customers and 1.0 million prepay mobile customers over third party networks. At 31 December 2014, 84% of residential customers on the group's cable network received multiple services and 66% were "triple-play" customers, receiving broadband internet, digital cable and fixed-line telephony services from the group

Liberty Global is the largest international cable company with operations in 14 countries. At 31 December 2014, Liberty Global's market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 56 million television, broadband internet and telephony services. In addition, Liberty Global served 5 million mobile subscribers across nine countries at 31 December 2014.

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

The company has not received any dividends from its subsidiaries during the period (2013 £nil)

Significant event

In December 2014, the company took part in a group restructure On 17 December 2014, the company converted to a LLC, resulting in the existing share capital being extinguished and replaced with 2 shares with a nominal value of \$0.01 each On 19 December 2014, the company sold its assets and liabilities for £15,840,570,000 to Virgin Media Group LLC, its immediate parent company The company then declared a dividend of £15,840,570,000 with which it settled the outstanding inter-company receivable

Strategic Report (continued)

Year ended 31 December 2014

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in Virgin Media Inc's financial statements and annual report for 2014, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

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

Signed on behalf of the directors

G E James

Company Secretary

Approved by the directors on 1 July 2015

Directors' Report

Year ended 31 December 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014

Results and dividends

The profit for the financial year amounted to £4,636,845,000 (2013 - profit of £7,678,447,000) Particulars of dividends paid are detailed in note 6 to the financial statements

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

M O Hıfzı CBE Withers (Appointed 31 March 2014) (Resigned 31 March 2014)

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

Going concern

After making suitable enquiries, 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 are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors M.O. H

M O Hıfzı Director

Approved by the directors on 1 July 2015

Directors' Responsibilities Statement

Year ended 31 December 2014

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

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

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Member of Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc)

Year ended 31 December 2014

We have audited the financial statements of Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc) for the year ended 31 December 2014 on pages 8 to 16 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 5, 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 2014 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc) (continued)

Year ended 31 December 2014

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

John Carn (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square

London

E14 5GL

9 July 2015

Profit and Loss Account

Year ended 31 December 2014

	Note	2014 £000	2013 £000
Administrative income		4,627,205	7,668,531
Operating profit	2	4,627,205	7,668,531
Attributable to Operating profit before exceptional items Operating exceptional items	2	4,627,205 4,627,205	5 7,668,526 7,668,531
Other interest receivable and similar income	4	9,640	9,916
Profit on ordinary activities before tax		4,636,845	7,678,447
Tax on profit on ordinary activities	5	-	_
Profit for the financial year	13	4,636,845	7,678,447

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

COMPANY REGISTRATION NUMBER: FC018124

Virgin Media (UK) Group LLC (formerly Virgin Media (UK) Group, Inc)

Balance Sheet

31 December 2014

	Note	2014 £000	2013 £000
Fixed assets Investments	7	-	10,614,952
Current assets			
Debtors due within one year	8	_	633,939
Cash at bank		-	18
			633,957
Creditors: Amounts falling due within one year	9	_	(45,184)
·		_	
Net current assets		-	588,773
Total assets less current liabilities		<u>-</u>	11,203,725
Capital and reserves			
Share capital	12	_	_
Share premium account	13	15,639,839	15,639,839
Capital contribution	13	1,307,567	1,307,567
Profit and loss account	13	(16,947,406)	(5,743,681)
Shareholder's funds	13		11,203,725

These financial statements were approved by the directors on 1 July 2015 and are signed on their behalf by

R D Dunn

Director

The notes on pages 10 to 16 form part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies

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

Basis of accounting

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

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company incorporated in the United Kingdom which prepares group accounts (see note 14) These financial statements therefore present information about the company as an individual undertaking and not about its group

Investments

Investments are recorded at cost, less provision for impairment as appropriate. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the investment or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

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

Notes to the Financial Statements

Year ended 31 December 2014

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and habilities 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.

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

Future accounting pronouncements

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

2. Operating profit

Operating profit is stated after crediting

	2014	2013
	000£	£000
Net profit on foreign currency translation	_	(5)
Release of provision against amounts owed by group undertakings	_	(21)
Investment impairment release	(4,627,205)	(7,668,505)

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually. There were no outstanding inter-company debtors as at 31 December 2014, therefore no impairment review or change in provision against amounts due from group undertakings was required (2013 - release of £21,000)

Investments are assessed and impairments released due to a change in the economic conditions or in the expected use of the asset in accordance with FRS 11 "Impairment of fixed assets and goodwill". As a result of the group restructure during 2014, it was concluded that a release of an impairment of £4,627,205,000 should be made (2013 - release of £7,668,505,000)

Auditor's remuneration of £1,000 (2013 - £1,000) 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 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.

3. Staff costs

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

Notes to the Financial Statements

Year ended 31 December 2014

4.	Other interest receivable and similar income		
	Interest on amounts owed by group undertakings	2014 £000 9,640	2013 £000 9,916
5.	Tax on profit on ordinary activities		
	The tax charge is made up as follows	2014 £000	2013 £000
	Current tax charge: Current tax on profit for the year		-
	Total current tax	-	-
	Deferred tax: Origination and reversal of timing differences		
	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 lower than (2013 - lower) the standard rate of corporation tax in the UK of 21 49% (2013 - 23 25%) The differences are explained below

Profit on ordinary activities before tax	2014 £000 4,636,845	2013 £000 7,678,447
Profit on ordinary activities multiplied by rate of tax Effects of	996,458	1,785,239
Income not taxable	(994,386)	(1,782,933)
Group relief claimed without payment	(2,072)	(2,306)
Total current tax	-	

Factors affecting current and future tax charges

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

$\label{eq:Virgin Media} \begin{tabular}{ll} Virgin Media \\ (UK) Group, Inc) \end{tabular}$

Notes to the Financial Statements

Year ended 31 December 2014

6.	Dividends		
		2014 £000	2013 £000
	Paid during the year		
	Equity dividends on \$0.01 Common Stock shares	15,840,570	
7.	Investments		
			Subsidiary undertakings
			2000
	Cost		
	At 1 January 2014 Disposals		15,973,726 (15,973,726)
	At 31 December 2014		
	Amounts written off		
	At 1 January 2014		5,358,774
	Amounts written back in the year		(4,627,205)
	Disposals		(731,569)
	At 31 December 2014		
	Net book value At 31 December 2014		
	At 31 December 2013		10,614,952
	On 19 December 2014, the company sold its investments to Virgin Media parent company	Group LLC	, its immediate
8.	Debtors		
		2014	2013
	A mounta arrived has ensure and entertaining	£000	£000
	Amounts owed by group undertakings	_	633,939
	The analysis of amounts owed by group undertakings is		
		2014	2013
	Loans advanced to group undertakings	0003	£000 595,472
	Other amounts owed by group undertakings	_	38,467
			633,939
		_	
	Amounts owed by group undertakings are unsecured and repayable on demand	l	

Notes to the Financial Statements

Year ended 31 December 2014

9.	Creditors: Amounts falling due within one year		
		2014	2013
		000£	£000
	Amounts owed to group undertakings	-	45,184
			
	The analysis of amounts owed to group undertakings is		
	•	2014	2013
		0003	£000

Amounts owed to group undertakings are unsecured and repayable on demand

10. Contingent liabilities

Other amounts owed to group undertakings

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2014 this comprised term facilities that amounted to £3,083 million (2013 - £2,638 million) and a revolving facility of £660 million (2013 - £660 million). Borrowings under the facilities are secured against the assets of certain members of the group including those of this company.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes at 31 December 2014 amounted to £3,760 million (2013 - £4,081 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company

On 28 January 2015, a fellow group undertaking issued senior secured notes with an aggregate principal amount of £300 million. The new senior secured notes rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

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

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

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

45.184

Notes to the Financial Statements

Year ended 31 December 2014

11. Related party transactions

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

12. Share capital

Allotted, called up and fully paid:

	2014		2013		
	No	£000	No	£000	
"A" Class Common Stock shares (2013 -					
3,459) of £0 01 each	•	-	3,459	-	
"B" Class Common Stock shares (2013 -					
4,972) of £0 01 each	-	-	4,972	-	
Common Stock shares of £0 01 each	2	-	-	-	
	2	-	8,431	-	
	_			_	

During the year the directors elected for the company to become a limited liability corporation (LLC). This resulted in the existing share capital to be extinguished and replaced with 2 shares of a nominal value of \$0.01 each.

All shares rank pari passu with each other in all material respects

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

	Share capital	Share premium account	Capital contribution reserve	Profit and loss account h	Total share- older's funds
	000£	£000	000£	0003	£000
At 1 January 2013	_	15,639,839	1,307,567	(13,422,128)	3,525,278
Profit for the year	_			7,678,447	7,678,447
At 31 December 2013					
and 1 January 2014	_	15,639,839	1,307,567	(5,743,681)	11,203,725
Profit for the year	_	_	_	4,636,845	4,636,845
Equity dividends	-	-	-	(15,840,570)	(15,840,570)
At 31 December 2014	<u>-</u>	15,639,839	1,307,567	(16,947,406)	

Notes to the Financial Statements

Year ended 31 December 2014

14. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Group LLC

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2014 are Virgin Media Inc and Liberty Global plc, respectively

The company's ultimate parent undertaking and controlling party at 31 December 2014 was Liberty Global plc

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

In addition copies of the consolidated Liberty Global plc accounts are available on Liberty Global's website at www libertyglobal com