COMPANY REGISTRATION NUMBER SC075177

ntl Glasgow

Financial Statements

31 December 2013

ntl Glasgow

Financial Statements

Year ended 31 December 2013

Contents

ntl Glasgow

Company Information

The board of directors	R D Dunn M O Hifzi
Company secretary	G E James
Registered office	1 South Gyle Crescent Lane Edinburgh Scotland EH12 9EG
Auditor	KPMG LLP Chartered Accountants One Snowhill Snow Hill Queensway Birmingham B4 6GH

Principal activities and business review
The principal activity of the company during the year was, and will continue to be, the provision of digital cable, fixed-line telephony, broadband internet and other telecommunication services as well as running some of the telecommunication services over which they are provided.

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 prepay 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.

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

	2013	2012	Comments
Turnover (£000)	**94,411**	95,265	Turnover has decreased by 0.9% due to a decrease in telephony and digital cable services, partially offset by an increase in the uptake of broadband internet.
Operating profit (£000)	**15,608**	15,313	Operating profit has increased by 1.9%, primarily due to an increase in gross profit resulting from a change in the product mix, partially offset by an increase in share based compensation expense associated with the LG/VM transaction.

Selected statistics for residential cable customers served by the company at 31 December 2013 and 31 December 2012 are shown in the table below:

	2013	2012
Products:		
Digital cable	**119,500**	122,400
Fixed-line telephone	**124,200**	127,200
Broadband internet	**117,400**	116,200
Total	**361,100**	365,800
Total customers	**137,900**	139,800
Products per customer	**2.62**	2.62

Each digital cable, fixed-line telephone and broadband internet subscriber directly connected to the company's network counts as one product. Accordingly, a subscriber who receives both fixed-line telephone and digital cable services counts as two products. Products may include subscribers receiving some services for free or at a reduced rate in connection with promotional offers.

The company reported an increase in both net current assets and total assets less current liabilities for the year ended 31 December 2013 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 inter-company balances with fellow group undertakings.

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.

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 30 June 2014

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

Results and dividends

The profit for the financial year, after tax, amounted to £11,193,000 (2012 - profit of £68,875,000). The directors have not recommended an ordinary dividend (2012 - £nil).

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.

Signed on behalf of the directors

M.O. Hf

M O Hifzi
Director

Approved by the directors on 30 June 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 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.

We have audited the financial statements of ntl Glasgow for the year ended 31 December 2013 on pages 9 to 18. 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 members, as a body, 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 members 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 members as a body, 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 6, 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 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.

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.

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

ntl Glasgow

Profit and Loss Account

Year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover		**94,411**	95,265
Cost of sales		**(22,211)**	(24,745)
Gross profit		**72,200**	70,520
Administrative expenses		**(56,592)**	(55,207)
Operating profit	**2**	**15,608**	15,313
Other interest receivable and similar income	**4**	**7,311**	8,236
Interest payable and similar charges	**5**	**(1,314)**	(1,240)
Profit on ordinary activities before tax		**21,605**	22,309
Tax on profit on ordinary activities	**6**	**(10,412)**	46,566
Profit for the financial year	**15**	**11,193**	68,875

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 11 to 18 form part of these financial statements.

COMPANY REGISTRATION NUMBER: SC075177

ntl Glasgow

Balance Sheet

31 December 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	7	**60,985**	62,436
Investments		**–**	–
		60,985	62,436
Current assets			
Debtors due after one year - Deferred tax	9,10	**36,154**	46,566
Debtors due within one year	9	**286,874**	263,173
		323,028	309,739
Creditors: Amounts falling due within one year	11	**(126,790)**	(126,145)
Net current assets		**196,238**	183,594
Total assets less current liabilities		**257,223**	246,030
Capital and reserves			
Share capital	14	**23,290**	23,290
Share premium account	15	**376,384**	376,384
Profit and loss account	15	**(142,451)**	(153,644)
Shareholders' funds	15	**257,223**	246,030

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 11 to 18 form part of these financial statements.

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 16). 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.

Turnover
Turnover represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of digital cable, fixed-line telephony, broadband internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided. Turnover is all derived from operations in the United Kingdom and is recognised as the services are provided to customers. The directors consider this to be a single class of business.

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:

Network assets	3 - 30 years
Other fixed assets:	
- Freehold property	30 years
- Other	3 - 12 years

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.

1. Accounting policies *(continued)*

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 amount is fully written off when the probability for recovery of a balance is assessed as being remote.

2. Operating profit

Operating profit is stated after charging:

	2013	2012
	£000	£000
Depreciation of owned tangible fixed assets	12,154	12,741
Loss on disposal of fixed assets	–	3

Auditor's remuneration of £6,000 (2012 - £9,832) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group.

The directors received remuneration for the year of £15,181 (2012 - £9,268) 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.

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.

3. Staff costs

The company does not have any directly employed staff but is charged an allocation of staff costs by the group. Details of staff numbers and staff costs of the group are disclosed in the group accounts of Virgin Media Finance PLC.

4. Other interest receivable and similar income

	2013	2012
	£000	£000
Interest on amounts owed by group undertakings	7,311	8,236

5. Interest payable and similar charges

	2013	2012
	£000	£000
Interest on amounts owed to group undertakings	646	644
Other finance charges	668	596
	1,314	1,240

6. Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	2013	2012
	£000	£000
Current tax charge:		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	4,338	(46,566)
Effect of tax rate change on opening balances	6,074	-
Total deferred tax (note 10)	10,412	(46,566)
Total tax charge/(credit) on profit on ordinary activities	10,412	(46,566)

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

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

	2013	2012
	£000	£000
Profit on ordinary activities before tax	**21,605**	22,309
Profit on ordinary activities multiplied by rate of tax	**5,023**	5,466
Effects of:		
Income not taxable	-	(1,699)
Capital allowances in excess of depreciation	**(5,038)**	(3,767)
Expenses not deductible for tax purposes	**15**	-
Total current tax	-	-

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. The deferred tax assets have been calculated using the enacted rate of 20% (2012 - 23%).

7. Tangible fixed assets

	Network assets	Other	Total
	£000	£000	£000
Cost			
At 1 January 2013	**292,363**	**661**	**293,024**
Additions	**10,703**	–	**10,703**
Disposals	**(1,118)**	–	**(1,118)**
At 31 December 2013	**301,948**	**661**	**302,609**
Depreciation			
At 1 January 2013	**230,282**	**306**	**230,588**
Charge for the year	**12,125**	**29**	**12,154**
On disposals	**(1,118)**	–	**(1,118)**
At 31 December 2013	**241,289**	**335**	**241,624**
Net book value			
At 31 December 2013	**60,659**	**326**	**60,985**
At 31 December 2012	62,081	355	62,436

7. Tangible fixed assets *(continued)*

Included in "Other" are the following net book values of land and buildings:

	2013	2012
	£000	£000
Freehold property	**324**	349

8. Investments

At 31 December 2013, the company held shares, acquired at a cost of £1 (2012 - £1), representing 8.72% of the voting rights of CableTel Scotland Limited. CableTel Scotland Limited holds 10.1% of the voting rights in the company.

9. Debtors

	2013	2012
	£000	£000
Amounts owed by group undertakings	**286,874**	263,173
Deferred tax (note 10)	**36,154**	46,566
	323,028	309,739

The debtors above include the following amounts falling due after more than one year:

	2013	2012
	£000	£000
Deferred tax	**36,154**	46,566

The analysis of amounts owed by group undertakings is:

	2013	2012
	£000	£000
Loans advanced to group undertakings	**129,364**	129,364
Other amounts owed by group undertakings	**157,510**	133,809
	286,874	263,173

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

10. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2013	2012
	£000	£000
Included in debtors (note 9)	36,154	46,566

The movement in deferred tax during the year was:

	2013	2012
	£000	£000
Balance at 1 January	46,566	-
Profit and loss account movement arising during the year	(10,412)	46,566
Balance at 31 December	36,154	46,566

The deferred tax balance consists of the tax effect of timing differences in respect of:

	2013	2012
	£000	£000
Depreciation in excess of capital allowances	36,154	46,566
	36,154	46,566

A deferred tax asset has been recognised as it is considered, based upon all available evidence, more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

11. Creditors: Amounts falling due within one year

	2013	2012
	£000	£000
Amounts owed to group undertakings	126,790	126,145

The analysis of amounts owed to group undertakings is:

	2013	2012
	£000	£000
Loans advanced by group undertakings	126,790	126,145

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

12. 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 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 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 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 including those of this company.

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.

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

13. 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 16).

14. Share capital

Allotted, called up and fully paid:

	2013 No	2013 £000	2012 No	2012 £000
Ordinary shares of £1 each	6,736,853	6,737	6,736,853	6,737
Ordinary 'B' shares of £1 each	16,553,417	16,553	16,553,417	16,553
	23,290,270	23,290	23,290,270	23,290

The rights associated with the 'B' ordinary shares and ordinary shares are the same except that each 'B' share carries one vote whilst each ordinary share carries 0.2652 of one vote.

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Total share-holders' funds £000
At 1 January 2012	23,290	376,384	(222,519)	177,155
Profit for the year	–	–	68,875	68,875
At 31 December 2012 and 1 January 2013	23,290	376,384	(153,644)	246,030
Profit for the year	–	–	11,193	11,193
At 31 December 2013	23,290	376,384	(142,451)	257,223

16. Parent undertaking and controlling party

The company's immediate parent undertaking is ntl Glasgow Holdings 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 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.