

Registered number: 02591237

# **VIRGIN MEDIA LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



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## **VIRGIN MEDIA LIMITED**

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### **COMPANY INFORMATION**

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<b>Directors</b>	T Mockridge R D Dunn M O Hifzi P J A Kelly A M Lorenz J N Dodds R G Evans C E Lynch L M Schöler B A Trafford
<b>Company secretary</b>	G E James
<b>Registered number</b>	02591237
<b>Registered office</b>	Bartley Wood Business Park Hook Hampshire RG27 9UP
<b>Independent auditor</b>	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

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## **VIRGIN MEDIA LIMITED**

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## VIRGIN MEDIA LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Principal activities and business review

The principal activity of the company during the year was, and will continue to be, the provision of video, fixed-line telephony, broadband internet and other telecommunication services as well as running some of the telecommunication services over which they are provided. The company is also the principal employer within the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases, capital commitments and construction in progress.

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 2017, the group provided services to approximately 5.9 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 2.5 million contract mobile customers and 0.5 million prepay mobile customers over third party networks. At 31 December 2017, 82% 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 world's largest international TV and broadband company with operations in 12 European countries. Its substantial scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that, as of 31 December 2017, connected over 22 million customers subscribing to 46 million television, broadband internet and telephony services. In addition at 31 December 2017, Liberty Global served over 6 million mobile subscribers and offered WiFi service across 10 million access points.

The company has not received any dividends from its subsidiaries during the year (2016 - £nil).

#### 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 and are available at Liberty Global's website at [www.libertyglobal.com](http://www.libertyglobal.com).

#### Key performance indicators (KPIs)

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

	2017 £000	2016 £000	Commentary
Turnover	552,892	546,394	Turnover has increased by 1.2%, primarily due to an increase in the number of video, fixed line telephone and broadband internet subscribers, and selective price increases.
Operating profit before exceptional items	97,812	126,876	Operating profit before exceptional items has decreased by 22.9%, primarily due to a decrease in other operating income and an increase in cost of sales and administrative expenses.

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## VIRGIN MEDIA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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Selected statistics for residential cable customers served by the company at 31 December 2017 and 31 December 2016 are shown in the table below:

	2017	2016
Products:		
Video	618,090	596,500
Fixed-line telephone	695,563	681,600
Broadband internet	800,805	765,800
	<hr/>	<hr/>
Total	2,114,458	2,043,900
	<hr/>	<hr/>
Total customers	850,217	820,500
	<hr/>	<hr/>
Products per customer	2.49	2.49
	<hr/>	<hr/>

Each video, fixed-line telephone and broadband internet subscriber directly connected to the company's network counts as one product. Accordingly, a subscriber who receives both telephone and video 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 net assets for the year ended 31 December 2017. 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, 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 2017, 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 25 September 2018 and signed on its behalf.



**R D Dunn**  
Director

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## VIRGIN MEDIA LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### Results and dividends

The profit for the year, after tax, amounted to £479,139,000 (2016 - £846,343,000).

The directors have not recommended an ordinary dividend (2016 - £nil).

#### Directors

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

T Mockridge  
R D Dunn  
M O Hifzi  
P A Buttery (terminated 1 March 2017)  
P J A Kelly  
A M Lorenz (appointed 18 June 2018)  
W T Castell (appointed 13 July 2018 and terminated 1 September 2018)  
C B E Withers (appointed 13 July 2018 and terminated 1 September 2018)  
J N Dodds (appointed 18 September 2018)  
R G Evans (appointed 18 September 2018)  
C E Lynch (appointed 18 September 2018)  
L M Schüler (appointed 18 September 2018)  
B A Trafford (appointed 18 September 2018)

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.

#### Employment policies and disabled employees

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

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

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

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

In line with Liberty Global's 'Code of Business Conduct', the group's employees and directors are expected to display responsible and ethical behaviour, to follow consistently both the meaning and intent of this Code and to act with integrity in all of the group's business dealings. Managers and supervisors are expected to take such action as is necessary and appropriate to ensure that the group's business processes and practices are in full compliance with the Code.

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## VIRGIN MEDIA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Employee Involvement

The Virgin Media group is dedicated to increasing the practical involvement of individuals in the running of its business. It seeks to achieve this in two ways, as follows:

- all employees are encouraged to understand the aims of the overall group and their own business area and to contribute to improving business performance through their knowledge, experience, ideas and suggestions. This requires strong communication to ensure that employees are briefed as widely as possible about activities and developments across Virgin Media. The online news channel, open forums, newsletters and team meetings play important roles in this, as does the development of people management skills and the ongoing conversations about performance and development which underpin mid and year end reviews;
- the Virgin Media group ensures that all employees are involved and consulted with through "Voice" which operates at a national, divisional and local level. It enables employees and employers to have an open and transparent relationship with a flow of information. It is focused around sharing information, involving employees in decision making, gaining access to knowledge and experience or resolving differences of opinion. Involving employees in decision making enhances confidence and job satisfaction, creates a sense of belonging and empowerment, reduces stress and imparts positively on wellbeing.

The Virgin Media group fosters a team spirit among employees and their greater involvement by offering participation in bonus or local variable reward schemes and team development opportunities. Virgin Media also operates a recognition scheme designed to reward employees for behaviours which are consistent with the Virgin Media values and has a volunteering scheme which allows employees to take a day each year to volunteer with a charity or organisation of their choice.

#### 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 reappointed under section 487(2) of the Company Act 2006.

#### Post balance sheet events

Subsequent to the year end, the company acquired the trade and assets of X-Tant Limited and Smallworld Cable Limited, subsidiaries of the company, and ntl Midlands Limited, a fellow subsidiary undertaking of Liberty Global.

This report was approved by the board on 25 September 2018 and signed on its behalf.

  
M O Hifzi  
Director

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## **VIRGIN MEDIA LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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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 they 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 LIMITED**

### **Opinion**

We have audited the financial statements of Virgin Media Limited ("the company") for the year ended 31 December 2017 which comprise the Strategic report, the Directors' report and the financial statements and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VIRGIN MEDIA LIMITED (CONTINUED)

### Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

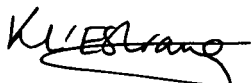
### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### The purpose of our audit work and to whom we owe our responsibilities

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.



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

28 September 2018

**VIRGIN MEDIA LIMITED**

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover		552,892	546,394
Cost of sales		(142,077)	(137,529)
<b>Gross profit</b>		<b>410,815</b>	<b>408,865</b>
Administrative expenses		(1,441,589)	(1,436,581)
Exceptional administrative income	5	206,975	-
Other operating income	4	1,128,586	1,154,592
<b>Operating profit</b>	5	<b>304,787</b>	<b>126,876</b>
Other interest receivable and similar income	9	500,571	769,938
Interest payable and similar expenses	10	(264,665)	(45,443)
<b>Profit before tax</b>		<b>540,693</b>	<b>851,371</b>
Tax on profit	11	(61,554)	(5,028)
<b>Profit for the year</b>		<b>479,139</b>	<b>846,343</b>
<b>Other comprehensive income:</b>			
Actuarial gain on defined benefit schemes		9,100	1,329
Movements of deferred tax relating to pension deficit		(1,746)	(266)
(Loss)/gain on cash flow hedges taken to equity		(983)	1,120
Movements of deferred tax relating to cash flow hedges		(23)	-
		<b>6,348</b>	<b>2,183</b>
<b>Total comprehensive income for the year</b>		<b>485,487</b>	<b>848,526</b>

The notes on pages 12 to 42 form part of these financial statements.

All results were derived from continuing operations.

**VIRGIN MEDIA LIMITED**  
**REGISTERED NUMBER: 02591237**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	12	278,619	259,787
Tangible assets	13	2,205,637	2,016,104
Investments	14	2,650,854	2,655,251
Defined benefit pension plan asset	23	70,700	37,601
		<u>5,205,810</u>	<u>4,968,743</u>
<b>Current assets</b>			
Stocks	15	3,195	1,909
Debtors due after one year	16	646,365	712,770
Debtors due within one year	16	11,955,198	13,397,203
Cash at bank and in hand		1,198	2,040
		<u>12,605,956</u>	<u>14,113,922</u>
<b>Creditors: amounts falling due within one year</b>	17	(11,093,790)	(12,866,475)
<b>Net current assets</b>		<u>1,512,166</u>	<u>1,247,447</u>
<b>Total assets less current liabilities</b>		<u>6,717,976</u>	<u>6,216,190</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(68,260)	(70,790)
Provisions for liabilities and charges	21	(134,913)	(115,509)
Defined benefit pension scheme liability	23	-	(575)
<b>Net assets</b>		<u><u>6,514,803</u></u>	<u><u>6,029,316</u></u>
<b>Capital and reserves</b>			
Share capital	25	726	726
Share premium account	26	12,214,200	12,214,200
Hedging reserve	26	114	1,120
Other reserves	26	11	11
Share options reserve	26	15,115	15,115
Profit and loss account	26	(5,715,383)	(6,201,856)
<b>Shareholder's funds</b>		<u><u>6,514,803</u></u>	<u><u>6,029,316</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2018.

  
**R D Dunn**  
 Director

The notes on pages 12 to 42 form part of these financial statements.

VIRGIN MEDIA LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Hedging reserve	Other reserves	Share options reserve	Profit and loss account	Shareholder's funds
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2017	726	12,214,200	1,120	11	15,115	(6,201,856)	6,029,316
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	479,139	479,139
Actuarial gain on pension schemes	-	-	-	-	-	9,100	9,100
Deferred tax on defined benefit pension scheme actuarial gain	-	-	-	-	-	(1,746)	(1,746)
Loss on fair value of cash flow hedges	-	-	(983)	-	-	-	(983)
Deferred tax on hedging reserve	-	-	(23)	-	-	-	(23)
<b>Other comprehensive income for the year</b>	-	-	(1,006)	-	-	7,354	6,348
<b>Total comprehensive income for the year</b>	-	-	(1,006)	-	-	486,493	485,487
<b>At 31 December 2017</b>	<b>726</b>	<b>12,214,200</b>	<b>114</b>	<b>11</b>	<b>15,115</b>	<b>(5,715,363)</b>	<b>6,514,803</b>

The notes on pages 12 to 42 form part of these financial statements.

VIRGIN MEDIA LIMITED

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

	Share capital	Share premium account	Hedging reserve	Other reserves	Share options reserve	Profit and loss account	Shareholder's funds
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2016	726	12,214,200	-	11	15,115	(7,049,262)	5,180,790
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	846,343	846,343
Actuarial gain on pension schemes	-	-	-	-	-	1,329	1,329
Deferred tax on defined benefit pension scheme actuarial gain	-	-	-	-	-	(266)	(266)
Gain on fair value of cash flow hedges	-	-	1,120	-	-	-	1,120
<b>Other comprehensive income for the year</b>	-	-	1,120	-	-	1,063	2,183
<b>Total comprehensive income for the year</b>	-	-	1,120	-	-	847,406	848,526
<b>At 31 December 2016</b>	<b>726</b>	<b>12,214,200</b>	<b>1,120</b>	<b>11</b>	<b>15,115</b>	<b>(6,201,856)</b>	<b>6,029,316</b>

The notes on pages 12 to 42 form part of these financial statements.

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. Company information

Virgin Media Limited (the "company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02591237 and the registered office of the company is Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

#### 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, tangible fixed assets and intangible assets;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel;
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Virgin Media Finance PLC include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.2 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 video, fixed-line telephony, broadband internet and other telecommunication services and to run certain telecommunication systems over which they are provided. All turnover is 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.

##### Turnover recognition

Turnover is recognised to the extent that it is realised or realisable and earned. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. The following criteria must also be met before revenue is recognised:

- persuasive evidence of an arrangement exists between the group and the group's customer;
- delivery has occurred or the services have been rendered;
- the price for the service is fixed or determinable; and
- recoverability is reasonably assured.

##### Other Income

Interest income is recognised as interest accrues according to the effective interest method which uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

*Residential installation turnover* is recognised at the time the installation has been completed to the extent that those fees are less than the direct selling costs, which is generally the case. Installation fees in excess of direct selling costs are deferred and amortised over the expected life of the customer's connection.

*Broadcast turnover* consists primarily of the sale of airtime, including programme sponsorship and related promotional activities which is recognised at the time commercials are broadcast and over the period the promotional activities take place, net of applicable agency commissions.

##### 2.3 Intangible fixed assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Separately identifiable intangible assets, such as IT software, are amortised over their useful economic lives, up to a maximum of five years, on a straight line basis.

##### 2.4 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
- Leasehold property	Period of lease
- Other	3 - 12 years

No depreciation is provided on freehold land.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Network assets includes construction in progress which is not depreciated and comprises of materials, consumables and direct labour relating to network construction and is stated at the cost incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables	- purchase cost
Work in progress	- cost of direct materials and labour

Labour costs relating to the design, construction and development of the network, capital projects, and related services are capitalised and depreciated on a straight-line basis over the life of the relevant assets.



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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.5 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.

##### 2.6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

##### 2.7 Trade and other debtors

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

##### 2.8 Deferred tax

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

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

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

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

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

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

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

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

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

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

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.9 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.

##### 2.10 Finance leases

Where the company enters into a lease under which it takes substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease.

The assets are recorded in the balance sheet as a tangible fixed asset and are depreciated over their useful economic lives. Finance lease debtors are recorded in the balance sheet, and future installments payable under finance leases are included within creditors, net of finance charges. Rentals receivable and payable under these finance lease arrangements are apportioned; the finance elements are recorded in the profit and loss account on a reducing balance basis and the capital elements reduce the outstanding liability or asset in accordance with the terms of the contract.

##### 2.11 Provisions for liabilities

A provision is recognised when the company has a present, legal or constructive obligation as a result of a past event for which it is probable that the company will be required to settle by an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

When the effect of the time value of money is material provisions are discounted using a rate that reflects the risks specific to the liability. Where discounting is used, the unwinding of the discount is expensed as incurred and recognised in profit and loss as an interest expense.

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.12 Derivatives financial instruments and hedge accounting

The group has established policies and procedures to govern the management of its exposure to interest rate and foreign currency exchange rate risks, through the use of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and foreign currency forward rate contracts.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative.

The foreign currency forward rate contracts, interest rate swaps and cross-currency interest rate swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk. Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps. Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty.

While these instruments are subject to the risk of loss from changes in exchange rates and interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. The group does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

For derivatives which are designated as hedges the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

The group designates certain derivatives as either fair value hedges, when hedging exposure to variability in the fair value of recognised assets or liabilities or firm commitments, or as cashflow hedges, when hedging exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Derivatives that are not part of an effective hedging relationship, as set out in IAS 39, must be classified as held for trading and measured at fair value through profit or loss.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends upon the nature of the hedging relationship and are treated as follows:

##### **Cash flow hedges**

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction is recognised in profit or loss, such as when a forecast sale or purchase occurs, in the same line of the Profit and Loss account as the recognised hedged item. Where the hedged item is the cost of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred to the initial measurement of the cost of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to the Profit and Loss Account.

##### **Fair value hedges**

For fair value hedges, the changes in the fair value of the hedging instrument are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Profit and Loss account relating to the hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, then the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.13 Pensions

###### Defined contribution pension plans

The company contributes to the Virgin Media-sponsored group personal pension plans for eligible employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of each of the plans.

###### Defined benefit pension plans

The company operates two defined benefit pension plans. The plans are funded by the payment of contributions to separately administered trust funds and are closed to new entrants and to further accrual.

The regular cost of providing benefits under the defined benefit plans is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related scheme assets are re-measured using the current actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit pension cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on scheme assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect of fair value of the scheme assets of contributions received and benefits paid during the year. The expected return on scheme assets and the interest cost is recognised in the profit and loss account.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each scheme of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price.

##### 2.14 Employee benefits

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

##### 2.15 Share based payments

The company is an indirect, wholly-owned subsidiary of Virgin Media Inc. and Liberty Global plc. The company has no share-based compensation plans. Employees render services in exchange for shares or rights over shares (equity-settled transactions) of Liberty Global plc common stock.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of stock options is determined using the Black-Scholes model. These transaction costs are recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, which ends on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, in the opinion of management at that date and based on the best available estimates.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

##### 2.16 Operating leases

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

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.17 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

#### 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:

##### Carrying value of investments

Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

##### Property, plant and equipment

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

##### 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.

##### Deferred tax assets

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

##### Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 20).

#### 4. Other operating income

	2017 £000	2016 £000
Recharges to group undertakings	1,128,586	1,154,592

# VIRGIN MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 5. Operating profit

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

	2017 £000	2016 £000
Gain on sale of property	(21,471)	-
Gain on disposal of investments	(305)	-
Impairment of investments	2,236	-
Release of intercompany debtors impairment provision	(187,435)	-
<b>Exceptional administrative income</b>	<b>(206,975)</b>	-
Release of intercompany debtors impairment provision	-	(9,686)
Intercompany debtors impairment provision	-	3,371
Depreciation of tangible fixed assets	343,092	308,378
Depreciation of tangible fixed assets held under finance lease agreements	22,080	39,110
Amortisation of intangible assets	76,556	54,314
Gain on disposal of fixed assets	(542)	(2,254)
<b>Operating lease payments</b>		
- plant and equipment	26,889	31,703
- other	10,227	10,822

Gain on sale of property of £21,471,000 (2016 - £nil) is disclosed in note 13.

Gain on disposal of investments of £305,000 (2016 - £nil) is disclosed in note 14.

The carrying value of investments are assessed annually. Based on these reviews, and following a wider group restructure, the directors concluded on a provision for impairment of £2,236,000 (2016 - £nil).

Recoverability of intercompany receivables is assessed annually. Based on the impairment review of intercompany indebtedness as at 31 December 2017, and a wider group restructure, the directors concluded on a net release of provision against amounts due from group undertakings totalling £187,435,000 (2016 - £9,686,000).

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.

### 6. Auditor's remuneration

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

	2017 £000	2016 £000
Fees for the audit of the company	44	44

# VIRGIN MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	507,310	510,399
Social security costs	52,036	50,406
Cost of defined benefit scheme	1,000	14
Cost of defined contribution scheme	20,831	21,179
	<u>581,177</u>	<u>581,998</u>

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

	2017 No.	2016 No.
Business	2,382	2,511
Consumer	6,910	7,571
Support, Technology and Innovation	2,849	2,179
Mobile	63	50
Lightning	880	779
	<u>13,084</u>	<u>13,090</u>

### 8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	2,378	3,209
Amounts receivable under long-term incentives	2,374	5,310
Directors' pension costs	70	85
	<u>4,822</u>	<u>8,604</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,829,577 (2016 - £2,904,985).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2016 - £18,333).

During the year 5 directors received shares under the long term incentive schemes (2016 - 4).

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. Other interest receivable and similar income**

	<b>2017 £000</b>	<b>2016 £000</b>
Interest on amounts owed by group undertakings	<b>497,748</b>	492,906
Net gain on foreign currency translation	-	276,009
Interest on pensions	<b>1,300</b>	913
Other interest receivable	<b>1,523</b>	110
	<b>500,571</b>	<b>769,938</b>

**10. Interest payable and similar expenses**

	<b>2017 £000</b>	<b>2016 £000</b>
Finance charges	<b>12,299</b>	13,547
Net loss on foreign currency translation	<b>169,570</b>	-
Net loss on derivative instruments	<b>974</b>	-
Unwinding of discounts on provisions	<b>524</b>	1,501
Interest on amounts owed to group undertakings	<b>79,626</b>	28,562
Other finance charges	<b>1,672</b>	1,833
	<b>264,665</b>	<b>45,443</b>



**VIRGIN MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. Tax on profit**

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on profit for the year	655	1,935
	<u>655</u>	<u>1,935</u>
<b>Total current tax</b>	<u>655</u>	<u>1,935</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	95,255	(5,504)
Changes to tax rates	(10,924)	36,357
Adjustments to tax charge in respect of prior periods	(23,432)	(27,760)
<b>Total deferred tax</b>	<u>60,899</u>	<u>3,093</u>
<b>Taxation on profit on ordinary activities</b>	<u>61,554</u>	<u>5,028</u>

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	540,693	851,371
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	104,083	170,275
<b>Effects of:</b>		
(Income not taxable)/Expenses not deductible for tax purposes and other adjustments	(44,623)	9,208
Adjustments to tax charge in respect of prior periods	(23,432)	(27,760)
Changes in tax rates	(10,924)	36,357
Group relief surrendered/(claimed) without payment	35,795	(184,987)
Tax charge on R&D credit	655	1,935
<b>Total tax charge for the year</b>	<u>61,554</u>	<u>5,028</u>

**Factors affecting current and future tax charges**

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities have been calculated using the now enacted rate of 17% (2016 - 17%).

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**12. Intangible assets**

	IT Software £000
<b>Cost</b>	
At 1 January 2017	353,739
Additions	91,659
Disposals	(65,505)
Transfers	4,191
<b>At 31 December 2017</b>	<b>384,084</b>
<b>Amortisation</b>	
At 1 January 2017	93,952
Charge for the year	76,556
On disposals	(65,505)
Transfers	462
<b>At 31 December 2017</b>	<b>105,465</b>
<b>Net book value</b>	
<b>At 31 December 2017</b>	<b>278,619</b>
At 31 December 2016	259,787

**VIRGIN MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. Tangible assets**

	Network assets £000	Other £000	Total £000
<b>Cost</b>			
At 1 January 2017	4,507,698	454,114	4,961,812
Additions	498,169	72,987	571,156
Disposals	(253,027)	(75,440)	(328,467)
Transfers	17,641	(21,065)	(3,424)
<b>At 31 December 2017</b>	<b>4,770,481</b>	<b>430,596</b>	<b>5,201,077</b>
<b>Depreciation</b>			
At 1 January 2017	2,746,427	199,281	2,945,708
Charge for the year	306,712	58,460	365,172
Disposals	(250,081)	(73,176)	(323,257)
Transfers	17,649	(9,832)	7,817
<b>At 31 December 2017</b>	<b>2,820,707</b>	<b>174,733</b>	<b>2,995,440</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>1,949,774</b>	<b>255,863</b>	<b>2,205,637</b>
At 31 December 2016	1,761,271	254,833	2,016,104

Included within transfers is properties with a net book value of £6,836,000, which have been sold to Virgin Media Properties II Limited, for consideration of £28,307,000. The resulting gain of £21,471,000 has been recognised in exceptional administration income (note 5).

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

	2017 £000	2016 £000
Freehold property	11,621	24,000
Short leasehold	61,027	66,694

Included within the net book value of £2,205,637,000 is £59,600,000 (2016 - £89,900,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £22,080,000 (2016 - £39,110,000).

## VIRGIN MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 14. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2017	12,222,099
Disposals	(2,161)
<b>At 31 December 2017</b>	<b>12,219,938</b>
<b>Amounts written off</b>	
At 1 January 2017	9,566,848
Charge for the period	2,236
<b>At 31 December 2017</b>	<b>9,569,084</b>
<b>Net book value</b>	
<b>At 31 December 2017</b>	<b>2,650,854</b>
At 31 December 2016	2,655,251

In the opinion of the directors, the aggregated value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

As part of a group restructure, on 4 July 2017, the company acquired 100% of the issued share capital of Virgin Net Limited for nil consideration.

As part of the same group restructure, on 13 December 2017, the company disposed of the following group undertakings, the resulting gain of £305,000 has been recognised in exceptional administration income (note 5):

- 1.18% of the issued share capital of ntl Cablecomms East Lancashire for a sale price of £592,000;
- 1.18% of the issued share capital of ntl Manchester Cablevision Holding Company for a sale price of £1,756,000; and
- 1.18% of the issued share capital of ntl Bolton Cablevision Holding Company for a sale price of £51,000.

As part of the same group restructure, on 13 December 2017, the company disposed of the following group undertakings for nil consideration, all of which were originally acquired at no cost to the company:

- 1.0% of the issued share capital of ntl CableComms Bolton;
- 1.0% of the issued share capital of ntl CableComms Greater Manchester;
- 1.0% of the issued share capital of ntl Wirral Telephone and Cable TV Company;
- 0.97% of the issued share capital of ntl CableComms Bromley;
- 50.1% of the issued share capital of ntl CableComms Wirral;
- 0.39% of the issued share capital of ntl CableComms Surrey; and
- 0.97% of the issued share capital of ntl CableComms Wessex.

Included within disposals is £67,000 which was refunded to the company in 2017 in respect of a deferred consideration arrangement on the acquisition of UTV Ireland in 2016.

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are listed in note 31.

**VIRGIN MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. Stocks**

	2017 £000	2016 £000
Goods held for resale	3,195	1,909

**16. Debtors**

	2017 £000	2016 £000
<b>Due after one year</b>		
Deferred tax asset (note 22)	523,699	586,367
Other debtors	122,617	126,267
Derivative financial assets	49	136
	<b>646,365</b>	<b>712,770</b>

	2017 £000	2016 £000
<b>Due within one year</b>		
Trade debtors	371,829	358,897
Amounts owed by group undertakings	11,507,995	12,996,107
Prepayments and accrued income	75,020	39,722
Derivative financial assets	354	2,477
	<b>11,955,198</b>	<b>13,397,203</b>

The analysis of amounts owed by group undertakings is:

	2017 £000	2016 £000
Loans advanced to group undertakings	7,952,108	9,474,623
Amounts owed by group undertakings	3,589,526	3,737,996
Impairment provision on amounts owed by group undertakings	(33,639)	(216,512)
	<b>11,507,995</b>	<b>12,996,107</b>

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

Loans advanced to group undertakings are repayable on demand but are not expected to be recovered in full within one year. These loans include U.S. dollar denominated loans of \$2,391,046,000 (2016 - \$2,370,665,000) which had a carrying value of £1,768,002,000 (2016 - £1,920,344,000) at the balance sheet date, and Euro denominated loans of €124,981,000 (2016 - €103,233,000) which had a carrying value of £111,096,000 (2016 - £88,197,000) at the balance sheet date.

**VIRGIN MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**17. Creditors: amounts falling due within one year**

	2017 £000	2016 £000
Trade creditors	338,870	436,764
Amounts owed to group undertakings	9,907,584	11,554,755
Tax and social security	115,175	90,276
Obligations under finance leases	10,871	26,816
Accruals and deferred income	720,492	757,853
Derivative financial liabilities	798	11
	<b>11,093,790</b>	<b>12,866,475</b>

The analysis of amounts owed to group undertakings is:

	2017 £000	2016 £000
Other amounts owed to group undertakings	6,294,847	9,580,699
Loans advanced by group undertakings	3,612,737	1,974,056
	<b>9,907,584</b>	<b>11,554,755</b>

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

Loans advanced by group undertakings include Euro denominated loans of €336,238,000 (2016 - €336,238,000) which had a carrying value of £298,883,000 (2016 - £287,265,000) at the balance sheet date.

**18. Creditors: amounts falling due after more than one year**

	2017 £000	2016 £000
Obligations under finance leases	47,540	47,094
Accruals and deferred income	20,573	23,612
Derivative financial liabilities	147	84
	<b>68,260</b>	<b>70,790</b>

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. Commitments under hire purchase and finance lease agreements**

Future minimum lease payments for:

	<b>2017 £000</b>	<b>2016 £000</b>
Amounts payable within one year	<b>14,463</b>	30,921
Amounts payable between one and five years	<b>25,118</b>	24,202
Amounts payable after more than five years	<b>134,647</b>	136,856
	<b>174,228</b>	191,979
Less interest and finance charges relating to future periods	<b>(115,817)</b>	(118,069)
	<b>58,411</b>	73,910

The present value of minimum lease payments is analysed as follows:

Amounts payable within one year	<b>10,871</b>	26,816
Amounts payable between one and five years	<b>12,930</b>	12,902
Amounts payable after more than five years	<b>34,610</b>	34,192
	<b>58,411</b>	73,910

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**20. Financial instruments**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<b>1,198</b>	<b>2,040</b>
Financial assets that are debt instruments measured at amortised cost	<b>12,013,523</b>	<b>13,492,680</b>
Financial assets measured at fair value through other comprehensive income	<b>403</b>	<b>2,613</b>
	<b><u>12,015,124</u></b>	<b><u>13,497,333</u></b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(11,002,110)</b>	<b>(12,430,144)</b>
Financial liabilities measured at fair value through other comprehensive income	<b>(945)</b>	<b>(95)</b>
	<b><u>(11,003,055)</u></b>	<b><u>(12,430,239)</u></b>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise accrued income, trade debtors, other debtors and amounts owed by group undertakings.

Financial assets measured at fair value through other comprehensive income comprise derivative financial assets.

Financial liabilities measured at amortised cost comprise owed to group undertakings, accruals, trade creditors, deferred income and certain other loans.

Financial liabilities measured at fair value through other comprehensive income comprise derivative financial liabilities.

The derivative financial instruments held by the company are recorded at fair value on the balance sheet in accordance with IAS 39 "Financial Instruments: recognition and measurement". The fair values of these derivatives financial instruments are valued using internal models based on observable inputs, counterparty valuations, or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk.



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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**21. Provisions for liabilities and charges**

	Property related costs £000	Other provisions £000	Total £000
At 1 January 2017	110,069	5,440	115,509
Provided in the year	4,885	19,868	24,753
Movement in discount rate	17,858	-	17,858
Revision in cashflow estimates	(467)	-	(467)
Utilised in year	(3,900)	(18,840)	(22,740)
<b>At 31 December 2017</b>	<b>128,445</b>	<b>6,468</b>	<b>134,913</b>

**Property related costs**

Property related costs expected to be incurred are mainly in relation to dilapidations costs on leasehold properties. The majority of the costs are expected to be incurred over the next 25 years.

**Other provisions**

Other provision elements mainly consist of National Insurance contributions on share options and restricted stock unit grants and redundancy costs resulting from restructuring programmes.

**VIRGIN MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**22. Deferred tax**

	2017 £000	2016 £000
At 1 January	586,367	589,726
Charged to profit or loss	(60,899)	(3,093)
Charged to other comprehensive income	(1,769)	(266)
<b>At 31 December</b>	<b>523,699</b>	<b>586,367</b>

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Depreciation in excess of capital allowances	502,169	562,734
Share-based payments	6,245	6,657
Pension scheme asset/liability	(12,019)	(6,294)
Other timing differences	27,327	23,270
Cash flow hedges	(23)	-
	<b>523,699</b>	<b>586,367</b>

Movements in deferred tax during the year:

	1 January 2017 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	31 December 2017 £000
Depreciation and amortisation	562,734	(60,565)	-	502,169
Share-based payments	6,657	(412)	-	6,245
Pension scheme asset/liability	(6,294)	(3,979)	(1,746)	(12,019)
Cash flow hedges	-	-	(23)	(23)
Other	23,270	4,057	-	27,327
	<b>586,367</b>	<b>(60,899)</b>	<b>(1,769)</b>	<b>523,699</b>

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Deferred tax (continued)**

Movements in deferred tax during the prior year:

	1 January 2016 £000	Recognised in profit and loss account £000	Recognised in other comprehensive income £000	31 December 2016 £000
Depreciation and amortisation	569,641	(6,907)	-	562,734
Share-based payments	7,300	(643)	-	6,657
Pension scheme asset/liability	(2,238)	(3,790)	(266)	(6,294)
Other	15,023	8,247	-	23,270
	<u>589,726</u>	<u>(3,093)</u>	<u>(266)</u>	<u>586,367</u>

Deferred tax assets in respect of temporary differences on land and buildings of £83,740,546 (2016 - £106,426,267) have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these temporary differences will reverse.

## VIRGIN MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 23. Pension commitments

##### Defined contribution plans

The company contributes to the Virgin Media sponsored group personal pension plans of eligible employees. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the plans.

Contributions to the defined contribution plans during the year were £20,831,000 (2016 - £21,179,000). The amount of outstanding contributions at 31 December 2017 included within creditors: amounts falling due within one year was £2,928,000 (2016 - £3,010,000).

##### Defined benefit plans

The company operates two plans which are defined benefit plans that pay out pensions at retirement based on services and final pay.

The company recognises any actuarial gains and losses in each period in the statement of other comprehensive income. Service costs and finance costs are recognised through the profit and loss account.

- **ntl 1999 Pension Plan**

The company operates a funded pension plan providing defined benefits ("ntl 1999 Pension Plan"). The plan has never been opened to new entrants except when the plan began and subsequently on 31 May 2007, on both occasions new members were transferred from other existing plans. The assets of the plan are held separately from those of the company, being invested in units of exempt unit trusts. The plan is funded by the payment of contributions to separately administered trust funds. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method with a control period.

- **ntl Pension Plan**

The company operates a funded pension plan providing defined benefits ("ntl Pension Plan"). The pension plan was closed to new entrants as of 6 April 1998. The assets of the plan are held separately from those of the company, in an independently administered trust. The plan is funded by the payment of contributions to this separately administered trust. The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

The plans' assets are measured at fair value. The plans' liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond. As closed plans, under the projected unit method the current service cost will increase as the members of the plan approach retirement.

	2017 £000	2016 £000
Fair value of combined pension plan assets	659,500	629,080
Present value of combined pension plan liabilities	(588,800)	(592,054)
<b>Net combined pension plan asset</b>	<b>70,700</b>	<b>37,026</b>
Net defined benefit pension plan asset	70,700	37,601
Net defined benefit pension plan liability	-	(575)
	<b>70,700</b>	<b>37,026</b>
Amounts recognised in profit and loss	(300)	(899)
Total remeasurement of the net pension asset and liability shown in OCI	(9,100)	(1,329)

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Pension commitments (continued)**

Movements in the defined benefit assets and liabilities can be shown as follows:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (liability)/asset	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
<b>Balance at 1 January</b>	<b>(592,054)</b>	<b>(471,779)</b>	<b>629,080</b>	<b>484,215</b>	<b>37,026</b>	<b>12,436</b>
<b>Included in income statement</b>						
Current admin/service cost	-	(14)	(1,000)	-	(1,000)	(14)
Interest (cost)/income	(15,100)	(17,438)	16,400	18,351	1,300	913
<b>Included in OCI</b>						
Actuarial (loss)/gain arising from:						
Changes in demographic assumptions	9,200	-	-	-	9,200	-
Changes in financial assumptions	(5,400)	(117,400)	-	-	(5,400)	(117,400)
Experience adjustments	(7,200)	955	-	-	(7,200)	955
Return on plan assets excluding interest income	-	-	12,500	117,774	12,500	117,774
<b>Other</b>						
Contributions paid by the employer	-	-	24,274	22,362	24,274	22,362
Contributions paid by the employee	-	(4)	-	4	-	-
Benefits paid	21,754	13,626	(21,754)	(13,626)	-	-
<b>Balance at 31 December</b>	<b>(588,800)</b>	<b>(592,054)</b>	<b>659,500</b>	<b>629,080</b>	<b>70,700</b>	<b>37,026</b>

# VIRGIN MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### Pension commitments (continued)

The company's pension plan weighted-average asset allocations by asset category and by fair value hierarchy level at 31 December 2017 and 31 December 2016 were as follows:

2017	Long term rate of return	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>UK</b>					
Equities	5.70%	100,800	-	-	100,800
Property	5.70%	-	-	3,500	3,500
Corporate bonds	2.40%	35,800	-	-	35,800
Government bonds	1.60%	114,500	-	-	114,500
Hedge funds	5.20%	110,200	70,200	-	180,400
Insurance policy (buy-in)	2.40%	-	-	190,100	190,100
Cash and other	1.70%	8,800	-	25,600	34,400
Total market value of assets		370,100	70,200	219,200	659,500
Present value of plan liabilities					(588,800)
Net pension asset					70,700
<b>2016</b>	<b>Long term rate of return</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>UK</b>					
Equities	5.90%	144,000	-	-	144,000
Property	5.40%	-	-	4,932	4,932
Corporate bonds	2.60%	21,634	-	-	21,634
Government bonds	1.90%	179,164	-	-	179,164
Hedge funds	5.40%	108,632	23,700	-	132,332
Insurance policy (buy-in)	2.60%	-	-	108,692	108,692
Cash and other	1.50%	3,023	-	35,303	38,326
Total market value of assets		456,453	23,700	148,927	629,080
Present value of plan liabilities					(592,054)
Net pension asset					37,026

The trustees of NTL Pension Plan purchased an insurance contract that will pay an income stream to the plan which is expected to match all future cash outflows in respect of certain liabilities. The fair value of this insurance contract is presented as an asset of the plan and is measured based on the future cash flows to be received under the contract discounted using the same discount rate used to measure the associated liabilities.

### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017	2016
Discount rate	2.4%	2.6%
Future salary increases	3.2%	3.5%
Deferred revaluation	2.2%	2.5%

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Pension commitments (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2017	2016
Current pensioner aged 65 (male)	22.6	23.0
Current pensioner aged 65 (female)	24.2	24.9
Future retiree upon reaching 65 (male)	23.9	24.8
Future retiree upon reaching 65 (female)	25.6	26.8

#### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percent.

	2017	2016
Discount rate	(24.4)	(25.5)
Inflation	3.4	3.2

In valuing the liabilities of the pension fund at 31 December 2017, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all the members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2017 would have increased by £26,700,000 before deferred tax for the pensions.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2017 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

#### Funding

The company expects to contribute £17,595,000 to the defined benefit pension plans in 2018.

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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 24. Share-based payments

The company's employees are entitled to partake in Liberty Global plc share-based schemes. These share schemes consist of stock options and performance plans including stock appreciation rights ("SARs"), performance-based share appreciation rights ("PSARs"), restricted stock and restricted stock units ("RSUs"). The schemes provide share based compensation to individuals under the conditions described below. The fair value of options and SARs are determined using the Black-Scholes model. The fair value of RSUs is determined using either the share price at the grant date or the Monte Carlo model, depending on the conditions attached to the RSUs being granted. The arrangements are equity settled with the employees. Liberty Global recharges the group for share schemes made available to the group employees.

The income statement charge for share based payments for the year was £18.6 million (2016 - £28.0 million).

#### 25. Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
5,179,802 Ordinary shares fully paid of £0.01 each	51,798	51,798
5,179,680 Ordinary shares fully paid of \$0.20 each (converted at exchange rate in place at the date of issue of shares)	673,866	673,866
	<u>725,664</u>	<u>725,664</u>

##### **£0.01 Ordinary shares**

The right to attend, speak and vote at all general meetings of the company.

##### **\$0.20 Ordinary shares**

The right to attend, speak but not vote at all general meetings of the company.

#### 26. Reserves

##### **Share premium account**

Includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

##### **Hedging reserve**

Includes all the effective portion of the gain or loss on the hedging instrument for the cash flow hedges. See note 20 for further information.

##### **Other reserves**

Other distributable reserves relate to capital contributions from parent undertakings.

##### **Share options reserve**

Includes the cumulative reserves generated from share option awards undertaken in previous years.

##### **Profit and loss account**

Includes all current and prior period retained profits and losses.



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## VIRGIN MEDIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 27. Guarantees

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2017, this comprised term facilities that amounted to £3,410 million (2016 - £3,595 million) and an outstanding balance of £nil (2016 - £nil) which was borrowed under a revolving facility of £675 million (2016 - £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 2017 amounted to £4,870 million (2016 - £5,024 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

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

The company's application of VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities. The company has estimated the maximum exposure in the event of an unfavourable outcome to be £46.7 million as of 31 December 2017. No portion of this exposure has been accrued by the company as the likelihood of loss is not considered to be probable. A court hearing was held at the end of September 2014 in relation to the U.K. tax authorities' challenge and the timing of the court's decision is uncertain.

On 19 March 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that the company offers to our fixed-line telephony customers. This change, which took effect on 1 May 2014, impacted the company and some of the company's competitors. The U.K. tax authority issued a decision in the fourth quarter of 2015 challenging the company's application of the prompt payment discount rules prior to the 1 May 2014 change in legislation. The company has appealed this decision. As part of the appeal process, the company was required to make aggregate payments of £67.0 million, which included the challenged amount of £63.7 million and related interest of £3.3 million. The aggregate amount paid does not include penalties, which could be significant in the unlikely event that penalties were to be assessed. This matter will likely be subject to court proceedings that could delay the ultimate resolution for an extended period of time. No portion of this potential exposure has been accrued by the company as the likelihood of loss is not considered to be probable.

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**28. Commitments under operating leases**

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
<b>Land and buildings</b>		
Not later than one year	24,267	29,280
Later than one year and not later than five years	62,116	76,788
Later than five years	40,068	50,859
<b>Total</b>	<b>126,451</b>	<b>156,927</b>
	2017 £000	2016 £000
<b>Other leased assets</b>		
Not later than one year	7,143	6,313
Later than one year and not later than five years	17,251	10,681
Later than five years	-	738
<b>Total</b>	<b>24,394</b>	<b>17,732</b>

**29. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £415,594,000 (2016 - £413,929,000).

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amount includes commitments entered into on behalf of these companies.

**30. Post balance sheet events**

Subsequent to the year end, the company acquired the trade and assets of X-Tant Limited and Smallworld Cable Limited, subsidiaries of the company, and ntl Midlands Limited, a fellow subsidiary undertaking of Liberty Global.

**31. Parent undertaking and controlling party**

The company's immediate parent undertaking is Virgin Media Senior Investments 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 2017 are Virgin Media Finance PLC and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2017 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).

## VIRGIN MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 32. List of investments

Name of company		Holdings	Proportion held	Nature of business
<b>Direct shareholdings</b>				
CableTel Herts and Beds Limited		Ordinary	100%	Dormant
CableTel Northern Ireland Limited	β	Ordinary	100%	Dormant
CableTel Surrey and Hampshire Limited		Ordinary	100%	Dormant
Cullen Broadcasting Limited	ψ	Ordinary	100%	Telecoms
NTL (Triangle) LLC	≡	Common Stock	100%	Holding
ntl CableComms Holdings No 1 Limited		Ordinary	68%	Holding
ntl CableComms Holdings No 2 Limited		Ordinary	98%	Holding
ntl Cambridge Limited		Ordinary	76%	Telecoms
ntl Pension Trustees Limited		Ordinary	100%	Dormant
ntl Rectangle Limited		Ordinary	100%	Telecoms
ntl South Central Limited		Ordinary	100%	Dormant
ntl South Wales Limited	Φ	Ordinary	100%	Dormant
ntl Trustees Limited		Ordinary	100%	Dormant
Smallworld Cable Limited	Γ	Ordinary	100%	Telecoms
Tullamore Beta Limited	ψ	Ordinary	100%	Telecoms
Virgin Media Payments Limited		Ordinary	100%	Collections
Virgin Media PCHC II Limited (Previously CableTel (UK) Limited)		Ordinary	100%	Properties
Virgin Media Secretaries Limited		Ordinary	100%	Finance
Virgin Net Limited	Γ	Ordinary	100%	Dormant
Virgin WiFi Limited		Ordinary	100%	Telecoms
X-TANT Limited	Γ	Ordinary	100%	Telecoms
<b>Indirect shareholdings</b>				
Bitbuzz UK Limited		Ordinary	35%	Telecoms
Cable on Demand Limited		Ordinary	100%	Telecoms
Channel 6 Broadcasting Limited	ψ	Ordinary	100%	Telecoms
General Cable Programming Limited		Ordinary	100%	Telecoms
Kish Media Limited	ψ	Ordinary	100%	Telecoms
ntl (Aylesbury and Chiltern) Limited		Ordinary	100%	Dormant
ntl (B) Limited		Ordinary	100%	Holding
ntl (Broadland) Limited		Ordinary	100%	Dormant
ntl (CWC) Corporation Limited		Ordinary	100%	Dormant
ntl (CWC) Limited		Ordinary	100%	Holding
ntl (South East) Limited		Ordinary	100%	Dormant
ntl (V)		Ordinary	100%	Dormant
ntl (YorCan) Limited	Φ	Ordinary	100%	Dormant

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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Name of company		Holdings	Proportion held	Nature of business
<b>Indirect shareholdings (continued)</b>				
ntl (York) Limited	Φ	Ordinary	100%	Dormant
ntl Bolton Cablevision Holding Company	Φ	Ordinary	68%	Holding
ntl CableComms Bolton	Γ	Ordinary	68%	Telecoms
ntl CableComms Bolton Leasing Limited	Φ	Ordinary	68%	Leasing
ntl CableComms Bromley	Γ	Ordinary	98%	Telecoms
ntl CableComms Bromley Leasing Limited	Φ	Ordinary	98%	Leasing
ntl CableComms Cheshire		Ordinary	68%	Telecoms
ntl CableComms Derby	Γ	Ordinary	68%	Telecoms
ntl CableComms Derby Leasing Limited	Φ	Ordinary	68%	Leasing
ntl CableComms East Lancashire		Ordinary	68%	Telecoms
ntl CableComms Greater Manchester		Ordinary	68%	Telecoms
ntl CableComms Greater Manchester Leasing Limited	Φ	Ordinary	68%	Leasing
ntl CableComms Group Limited		Ordinary	100%	Holding
NTL CableComms Group, LLC	Ξ	Common stock	100%	Telecoms
ntl CableComms Limited	Φ	Ordinary	100%	Telecoms
ntl CableComms Solent		Ordinary	98%	Telecoms
ntl CableComms Surrey		Ordinary	98%	Telecoms
ntl CableComms Surrey Leasing Limited	Φ	Ordinary	98%	Leasing
ntl CableComms Sussex	Γ	Ordinary	98%	Telecoms
ntl CableComms Sussex Leasing Limited	Φ	Ordinary	98%	Leasing
ntl CableComms Wessex	Γ	Ordinary	98%	Telecoms
ntl CableComms Wessex Leasing Limited	Φ	Ordinary	98%	Leasing
ntl CableComms Wirral		Ordinary	68%	Telecoms
ntl CableComms Wirral Leasing Limited	Φ	Ordinary	68%	Leasing
ntl Derby Cablevision Holding Company	Φ	Ordinary	68%	Holding
ntl Manchester Cablevision Holding Company		Ordinary	68%	Holding
ntl UK Telephone and Cable TV Holding Company Limited		Ordinary	100%	Holding
ntl Wirral Telephone and Cable TV Company		Ordinary	68%	Telecoms
ntl Wirral Telephone and Cable TV Company Leasing Limited	Φ	Ordinary	68%	Leasing
TV Three Enterprises Limited	Ψ	Ordinary	100%	Telecoms
TV Three Sales Limited	Ψ	Ordinary	100%	Telecoms
TV3 Television Network Limited	Ψ	Ordinary	100%	Telecoms
UPC Broadband Ireland Limited	Ψ	Ordinary	35%	Trading
Virgin Media Ireland Limited	Ψ	Ordinary	35%	Trading
Virgin Media Properties II Limited		Ordinary	100%	Properties
VM Ireland Group Limited (Previously LG Ireland Group Limited)	Ψ	Ordinary	100%	Holding

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**VIRGIN MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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All companies are registered at Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, unless otherwise noted below:

- β Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP
- ψ Building P2, EastPoint Business Park, Clontarf, Dublin 3
- Σ 1 South Gyle Crescent Lane, Edinburgh, EH12 9EG
- ≡ 251 Little Falls Drive, Wilmington, DE 19808. These entities are registered in the USA.
  
- Φ Application made for strike off subsequent to the year end
- Γ Placed in Members Voluntary Liquidation subsequent to the year end