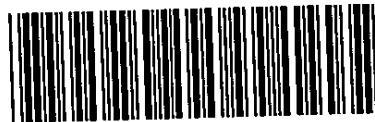


Virgin Media Investment Holdings Limited

Financial Statements

31 December 2012

FRIDAY



A2HSEBQI

A53

27/09/2013

#502

COMPANIES HOUSE

Virgin Media Investment Holdings Limited

Financial Statements

Year ended 31 December 2012

Contents	Pages
Company information	1
The directors' report	2 to 3
Statement of directors' responsibilities	4
Independent auditor's report to the member	5 to 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10 to 27

Virgin Media Investment Holdings Limited

Company Information

The board of directors

R D Dunn
R C Gale
T Mockridge
C B E Withers

Company secretary

G E James

Registered office

Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Virgin Media Investment Holdings Limited

The Directors' Report

Year ended 31 December 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012

Principal activities and business review

The principal activity of the company during the year was, and will continue to be, that of a holding company. The material investments of the company are shown in note 17.

At 31 December 2012 the company was a wholly owned subsidiary undertaking of Virgin Media Inc. On 5 February 2013, Liberty Global, Inc and Virgin Media Inc entered into a merger agreement ("the Merger Agreement"). Pursuant to the Merger Agreement, Liberty Global, Inc and Virgin Media Inc completed a series of mergers on 7 June 2013 that resulted in the surviving corporations in the mergers becoming wholly owned subsidiaries of Liberty Global plc. This is referred to 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.

The Virgin Media group ("the group") will continue to operate under the Virgin Media brand in the UK.

The group is a leading entertainment and communications business, being a "quad play" provider of broadband internet, television, mobile telephony and fixed line telephony services.

As of 31 December 2012, the group provided services to approximately 4.9 million residential cable customers on its network. The group is also one of the UK's largest mobile virtual network operators by number of customers, providing mobile telephony service to 1.7 million contract mobile customers and 1.3 million prepay mobile customers over third party networks. As of 31 December 2012, 85% of residential customers on the group's cable network received multiple services from the group, and 65% were "triple play" customers, receiving broadband internet, television and fixed line telephony services from the group.

The group believes that its advanced, deep fibre 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 TV on-demand services available in the UK market.

Through Virgin Media Business, the group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organisations and service providers in the UK.

Future outlook

Detail of the future outlook of the group is provided in Virgin Media Inc's financial statements and annual report for 2012, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

Results and dividends

The loss for the financial year amounted to £214,020,000 (2011 - loss of £197,913,000). The directors have not recommended an ordinary dividend (2011 - £nil).

Virgin Media Investment Holdings Limited

The Directors' Report *(continued)*

Year ended 31 December 2012

Directors

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

R C Gale	
R D Dunn	(Appointed 7 June 2013)
T Mockridge	(Appointed 7 June 2013)
C B E Withers	(Appointed 31 December 2012)
J C Tillbrook	(Resigned 31 December 2012)

Virgin Media Inc has indemnified the directors of the company 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 as at the date of approving the Directors' Report.

Going concern

After making suitable enquiries and obtaining the necessary assurances from Virgin Media Inc, a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient. 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.

Small company provisions

The directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors



R C Gale
Director

Approved by the directors on 27 September 2013

Virgin Media Investment Holdings Limited

Statement of Directors' Responsibilities

Year ended 31 December 2012

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

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

In preparing those financial statements, the directors are required to

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

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

Virgin Media Investment Holdings Limited

Independent Auditor's Report to the Member of Virgin Media Investment Holdings Limited

Year ended 31 December 2012

We have audited the financial statements of Virgin Media Investment Holdings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Virgin Media Investment Holdings Limited


Independent Auditor's Report to the Member of Virgin Media Investment Holdings Limited *(continued)*

Year ended 31 December 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



J I Gordon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 September 2013

Virgin Media Investment Holdings Limited

Profit and Loss Account

Year ended 31 December 2012

	Note	2012 £000	2011 £000
Administrative expenses		(24,488)	(451)
Operating loss	2	(24,488)	(451)
Interest receivable	4	186,181	178,905
Interest payable and similar charges	5	(370,544)	(381,551)
Loss on ordinary activities before taxation		(208,851)	(203,097)
Tax on loss on ordinary activities	6	(5,169)	5,184
Loss for the financial year		(214,020)	(197,913)

All results relate to continuing operations

The notes on pages 10 to 27 form part of these financial statements.

Virgin Media Investment Holdings Limited

Statement of Total Recognised Gains and Losses

Year ended 31 December 2012

	Note	2012 £000	2011 £000
Loss for the financial year attributable to the shareholder		(214,020)	(197,913)
Loss on cash flow hedges taken to equity	11	<u>(47,714)</u>	<u>(46,445)</u>
Total recognised gains and losses relating to the year		<u>(261,734)</u>	<u>(244,358)</u>

The notes on pages 10 to 27 form part of these financial statements

Virgin Media Investment Holdings Limited**Balance Sheet****31 December 2012**

	Note	2012 £000	2011 £000
Fixed assets			
Investments	17	<u>6,022,129</u>	<u>6,022,129</u>
Current assets			
Debtors due after one year	8	159,166	203,329
Debtors due within one year	8	2,403,562	2,870,826
Cash at bank		143	130
		<u>2,562,878</u>	<u>3,074,285</u>
Creditors: Amounts falling due within one year	9	<u>(8,079,582)</u>	<u>(8,385,434)</u>
Net current liabilities		<u>(5,516,711)</u>	<u>(5,311,149)</u>
Total assets less current liabilities		<u>505,418</u>	<u>710,980</u>
Creditors: Amounts falling due after more than one year	10	<u>(101,941)</u>	<u>(45,769)</u>
Net assets		<u>403,477</u>	<u>665,211</u>
Capital and reserves			
Share capital	14	–	–
Share premium account	15	15,125,544	15,125,544
Hedging reserve	15	(69,676)	(21,962)
Profit and loss account	15	<u>(14,652,391)</u>	<u>(14,438,371)</u>
Total shareholder's funds	15	<u>403,477</u>	<u>665,211</u>

These financial statements were approved by the directors on 27 September 2013 and are signed on their behalf by



R C Gale
Director

The notes on pages 10 to 27 form part of these financial statements.

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

1. Accounting policies

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

Basis of accounting

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

Fundamental accounting concept

The financial statements have been prepared on the going concern basis because Virgin Media Inc, a wholly owned subsidiary of Liberty Global plc and the intermediate holding company which heads the Virgin Media group, has given the necessary assurances that sufficient resources will be made available so that the company can meet its liabilities as and when they fall due, for at least twelve months from the date of approval of these financial statements.

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company incorporated in the United Kingdom which prepares group accounts (see note 16). These financial statements therefore present information about the company as an individual undertaking and not about its group.

Investments

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

Cash flow statement

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

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

1 Accounting policies *(continued)*

Deferred tax

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

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

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

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

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

Derivative financial instruments and hedging

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 assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are presented as debtors due after one year or creditors. Amounts falling due after more than one year, if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as debtors due within one year or creditors amounts falling due within one year

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

1. Accounting policies *(continued)*

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 FRS 26, 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 the Statement of Total Recognised Gains and Losses, while the ineffective portion is recognised in profit or loss. Amounts taken to the Statement of Total Recognised Gains and Losses 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.

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 the Statement of Total Recognised Gains and Losses 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.

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

1. Accounting policies *(continued)*

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

Trade and other debtors

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

2. Operating loss

Operating loss is stated after charging

	2012	2011
	£000	£000
Net loss on foreign currency translation	<u>24,488</u>	<u>451</u>

Auditor's remuneration of £5,000 (2011 - £5,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group

The directors received remuneration for the year of £2,500 (2011 - £2,500) in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited

3. Staff costs

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

4. Interest receivable

	2012	2011
	£000	£000
Interest on amounts owed by group undertakings	160,478	178,180
Other finance income	25,703	725
	<u>186,181</u>	<u>178,905</u>

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

5. Interest payable and similar charges

	2012	2011
	£000	£000
Interest on bank loan and related charges	3,199	4,183
Interest on amounts owed to group undertakings	339,754	370,010
Losses on derivative instruments	26,129	7,358
Other finance charges	1,462	-
	<u>370,544</u>	<u>381,551</u>

6. Taxation on loss on ordinary activities

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

	2012	2011
	£000	£000
Current tax charge:		
Adjustments to tax charge in respect of previous periods	5,169	-
Consortium relief		(5,184)
Total current tax	<u>5,169</u>	<u>(5,184)</u>
Deferred tax:		
Total deferred tax	-	-
Total tax charge/(credit) on loss on ordinary activities	<u>5,169</u>	<u>(5,184)</u>

The tax assessed on the loss on ordinary activities for the year is higher than (2011 - higher) the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%). The differences are explained below

	2012	2011
	£000	£000
Loss on ordinary activities before taxation	<u>(208,851)</u>	<u>(203,097)</u>
Loss on ordinary activities multiplied by rate of tax	(51,168)	(53,820)
Effects of		
Adjustments to tax charge in respect of previous periods	5,169	-
Group relief surrendered without payment	51,168	48,636
Total current tax	<u>5,169</u>	<u>(5,184)</u>

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

6. Taxation on loss on ordinary activities *(continued)*

Deferred tax assets in respect of the following amounts have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

	2012 £000	2011 £000
Unrealised losses on derivative instruments	16,025	5,491

Factors affecting current and future tax charges

During the year the main rate of corporation tax reduced from 26% to 24% with effect from 1 April 2012. A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement. The Finance Act 2012, which was enacted and received Royal Assent on 17 July 2012, reduced the main rate of corporation tax to 23% from 1 April 2013. The unrecognised deferred tax assets have been calculated using the enacted rate of 23%.

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015 was included in the Finance Act 2013 which was enacted in July 2013. These rate reductions had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

7. Investments

	Subsidiary undertakings £000
Cost	
At 1 January 2012 and 31 December 2012	<u>6,022,129</u>
Net book value	
At 31 December 2012 and 31 December 2011	<u>6,022,129</u>

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

The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to disclose the aggregate amount of capital and reserves and the result for the year for each of the subsidiary undertakings on the basis that their results are included in the group accounts of Virgin Media Finance PLC (see note 16).

All of the material investments in which the company holds at least 20% of direct and indirect nominal value of any class of share capital, all of which are unlisted, are shown in note 17.

The company has taken advantage of Section 409 of the Companies Act 2006 and disclosed only those investments whose results or financial position materially affected the figures shown in the company's annual financial statements.

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

8. Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	2,387,181	2,849,442
Consortium relief recoverable	-	2,622
Derivative financial assets	160,551	205,252
Prepayments and accrued income	11,342	11,724
Other debtors	3,654	5,115
	<u>2,562,728</u>	<u>3,074,155</u>

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

	2012 £000	2011 £000
Derivative financial assets	<u>159,166</u>	<u>203,329</u>

The analysis of amounts owed by group undertaking is

	2012 £000	2011 £000
Loans advanced to group undertakings	2,217,933	2,764,511
Other amounts owed by group undertakings	169,248	84,931
	<u>2,387,181</u>	<u>2,849,442</u>

Amounts owed by group undertakings are unsecured and repayable on demand

9 Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Derivative financial liabilities	2,134	7,501
Amounts owed to group undertakings	8,064,479	8,372,690
Consortium relief payable	5,177	-
Accruals and deferred income	7,792	5,243
	<u>8,079,582</u>	<u>8,385,434</u>

The analysis of amounts owed to group undertakings is

	2012 £000	2011 £000
Loans advanced by group undertakings	5,260,978	5,186,779
Other amounts owed to group undertakings	2,803,501	3,185,911
	<u>8,064,479</u>	<u>8,372,690</u>

Amounts owed to group undertakings are unsecured and repayable on demand

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

10. Creditors: Amounts falling due after more than one year

	2012	2011
	£000	£000
Derivative financial liabilities	<u>101,941</u>	<u>45,769</u>

11. Derivative instruments and hedging activities

The group has obligations in a combination of U S dollars and sterling at fixed and variable interest rates. As a result, the group is exposed to variability in its cash flows and earnings resulting from changes in foreign currency exchange rates and interest rates.

The group's objective in managing its exposure to interest rate and foreign currency exchange rates is to decrease the volatility of its earnings and cash flows caused by changes in the underlying rates. The group has established policies and procedures to govern these exposures and has entered into derivative financial instruments including interest rate swaps, cross-currency interest swaps and foreign currency forward rate contracts. It is the group's policy not to hedge against inter-company debt denominated in foreign currencies. It is the group's policy not to enter into derivative financial instruments for speculative trading purposes nor to enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed. The amounts below include amounts relating to short term as well as long term creditors.

Financial and operational risk management is undertaken as part of the group's operations as a whole. 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.

The derivative financial instruments held by the company are recorded at fair value on the balance sheet in accordance with FRS26 "Financial instruments recognition and measurement". The fair values of these derivative 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. As such, these derivative instruments are classified within level 2 under the fair value hierarchy defined in FRS 29 "Financial instruments disclosures".

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

11. Derivative instruments and hedging activities *(continued)*

The fair values of derivative financial instruments recognised in the balance sheet of the company are as follows

	2012 £000	2011 £000
Cash flow hedges	–	88
Derivatives not designated as hedges	<u>1,385</u>	<u>1,835</u>
Current assets (note 8)	1,385	1,923
Cash flow hedges	3,311	57,666
Fair value hedges	138,932	114,562
Derivatives not designated as hedges	<u>16,923</u>	<u>31,101</u>
Non current assets (note 8)	159,166	203,329
Derivatives not designated as hedges	<u>(2,134)</u>	<u>(7,501)</u>
Current liabilities (note 9)	(2,134)	(7,501)
Cash flow hedges	(62,083)	(7,311)
Derivatives not designated as hedges	<u>(39,858)</u>	<u>(38,458)</u>
Non current liabilities (note 10)	(101,941)	(45,769)
Aggregate net fair value of derivative financial instruments	<u>56,476</u>	<u>151,982</u>

Cross currency interest rate swaps

The company has entered into cross-currency interest rate swaps with principal amounts of US \$4,400 million (2011 US \$4,450 million) and €180 million (2011 €180 million)

The company manages derivative instruments for the group and therefore the senior, and senior secured notes listed below as items being hedged are not in the company's own Balance Sheet other than as reflected through inter-company loan notes on matching terms

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

11. Derivative instruments and hedging activities *(continued)*

The terms of the outstanding cross-currency interest rate swaps, used to mitigate the interest and foreign exchange rate risk relating to the pound sterling value of interest payments on US dollar denominated senior notes at 31 December 2012 were as follows

Hedge type	Maturity date	Hedge type	Notional amount due from counterparty \$000	Notional amount due to counterparty £000	Weighted average interest rate due from counterparty	Weighted average interest rate due to counterparty
\$1,000m senior notes due 2016	November 2016	Not designated	1,000,000	516,912	6.50%	6.91%
\$507 1m senior notes due 2019	October 2019	Cash flow	264,323	159,846	8.38%	9.03%
\$507 1m senior notes due 2019	October 2011 to October 2019	Cash flow	235,677	142,466	8.38%	8.98%
\$1,000m senior secured notes due 2018	January 2018	Cash flow	1,000,000	615,671	6.50%	7.02%
\$500m senior secured notes due 2021	January 2021	Cash flow	500,000	308,928	5.25%	6 months LIBOR + 1.94%
\$500m senior notes due 2022	February 2022	Cash flow	500,000	313,578	5.25%	5.80%
\$900m senior notes due 2022	February 2022	Cash flow	900,000	560,050	4.88%	5.11%
			<u>4,400,000</u>	<u>2,617,451</u>		

All of the cross-currency interest rate swaps include exchanges of the notional amount at the start and end of the contract except for the contracts maturing in November 2016 hedging the \$1,000 million senior notes due 2016

On 29 March 2012, the cross-currency interest rate swaps hedging the \$500 million senior notes due 2016 were settled, and the company received net cash of £2.3 million. The group also entered into new cross-currency interest rate swaps to mitigate the foreign exchange rate risk associated with the \$500 million senior notes due 2022.

Over the period 31 October 2012 to 30 November 2012, the cross-currency interest rate swaps on the \$850 million senior notes due 2016, the €180 million senior notes due 2016, and \$100 million of the \$600 million principal senior notes due 2019 were settled, and the company made net payments of cash of £28.3 million. The company also entered into new cross-currency interest rate swaps to mitigate the foreign exchange rate risk associated with the \$900 million senior notes due 2022.

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

11. Derivative instruments and hedging activities (continued)

Interest rate swaps - hedging of interest rate sensitive obligations At 31 December 2012 the company had outstanding interest rate swap agreements to manage the exposure to volatility in future cash flows on the interest payments associated with the senior credit facility, which accrue on a variable basis based on LIBOR

The company has also entered into interest rate swap agreements to manage its exposure to changes in the fair value of certain group debt obligations due to interest rate fluctuations. The interest rate swaps allow the company to receive or pay interest based on three or six month LIBOR in exchange for payments or receipts of interest at fixed rates

The terms of outstanding interest rate swap contracts at 31 December 2012 were as follows

Hedged item	Maturity date	Hedge type	Notional amount £000s	Weighted average interest rate due from counterparty	Weighted average interest rate due to counterparty
Senior credit facility					
	July 2012 to December 2015	Not designated	200,000	6 month LIBOR	2.91%
	July 2012 to December 2015	Not designated	200,000	6 month LIBOR	2.87%
	July 2012 to December 2015	Not designated	200,000	6 month LIBOR	2.79%
£650m senior secured notes due 2021					
	January 2021	Cash flow	650,000	5.50%	6 months LIBOR + 1.84%
Other					
	March 2013	Not designated	300,000	3 month LIBOR	3.28%
	March 2013	Not designated	300,000	1.86%	3 month LIBOR

Foreign Currency Forward Rate Contracts - hedging of committed and forecast transactions

At 31 December 2012 the company had outstanding foreign currency forward rate contracts to purchase US dollars to hedge committed and forecast purchases. The terms of the outstanding foreign currency forward rate contracts at 31 December 2012 were as follows

Hedged item	Maturity date	Hedge type	Notional amount due from counterparty \$000s	Notional amount due to counterparty £000s	Weighted average exchange rate
Committed and forecasted purchases					
	January 2013 to June 2013	Not designated	72,000	44,508	1.6177

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

11. Derivative instruments and hedging activities (continued)

Cash flow hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on derivatives is reported in equity, through the Statement of Total Recognised Gains and Losses, and reclassified into the profit and loss account in the same period or periods during which the hedged transactions affect earnings

Gains or losses representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognised in profit or loss in the period in which they occur. During the year ended 31 December 2012 no gain or loss relating to ineffectiveness was recognised (2011 - no gain or loss)

The following table presents the effective amount of gain or loss recognised through the statement of total recognised gains and losses

	2012 £000	2011 £000
Loss on cash flow hedges taken to equity	(141,949)	(24,147)
Amounts reclassified as a result of cash flow hedge discontinuance	-	(31,072)
Amounts reclassified to Profit & Loss Account - foreign exchange losses	85,374	6,259
Amounts reclassified to Profit & Loss Account - interest payable and similar charges	8,861	2,515
Loss through Statement of Total Recognised Gains and Losses	<u>(47,714)</u>	<u>(46,445)</u>

Fair value hedges

For derivative instruments that are designated and qualify as fair value accounting hedges, the gain or loss on derivatives is recognised in profit or loss in the period in which they occur, together with any changes in the fair value of the hedged debt obligations due to changes in the hedged risks

Gains or losses representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognised as gains or losses on derivative instruments in the profit and loss account in the period in which they occur. During the year ended 31 December 2012 an ineffectiveness loss of £4.2 million was recognised (2011 - £3.7 million gain)

Derivatives not qualifying for hedge accounting

Where a derivative is deemed ineffective or not qualifying for hedge accounting, any gains or losses arising from changes in fair value are taken to the profit and loss account

	2012 £000	2011 £000
Losses on derivative instruments (note 5)	<u>26,129</u>	<u>7,358</u>

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

12. Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2012 this comprised a term facility of £750 million and a revolving facility of £450 million. Borrowings under the facility are secured against the assets of certain members of the group including those of the 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 credit facility. The amount outstanding under the senior secured notes at 31 December 2012 amounted to £2,582 million (2011 - £2,575 million). Borrowings under the notes are secured against the assets of certain members of the group including those of the company.

On 7 June 2013, the company, along with fellow group undertakings, entered into a new senior secured credit facility agreement, pursuant to which the lenders agreed to provide the borrowers with i) a £375 million term loan (Facility A), ii) a \$2,755 million term loan (Facility B), iii) a £600 million term loan (Facility C) and iv) a £660 million revolving credit facility. With the exception of the revolving credit facility, all available amounts were borrowed under the new senior secured credit facility in June 2013, with an equivalent aggregate value of £2,733 million. The new senior secured credit facility ranks pari passu with the group's existing senior secured notes, and subject to certain exceptions, shares in the same guarantees and security granted in favour of its existing senior secured notes. The borrowings on the new senior secured credit facility were used in part to repay in full the borrowings on the previous senior secured credit facility.

On 7 June 2013, upon completion of the merger, two senior secured notes issued by a subsidiary of Liberty Global, Inc on 22 February 2013, with an equivalent aggregate principal amount of £1,744 million due in 2021, were pushed down to Virgin Media Secured Finance PLC, a fellow group undertaking of the company. The notes are split into a \$1,000 million US dollar denominated tranche and a £1,100 million sterling denominated tranche. The new senior secured notes rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes. On 11 June 2013, the net proceeds of the issuance of the senior secured notes were in part used to repay an equivalent aggregate amount of £55 million of the group's existing senior secured notes.

Furthermore, a fellow group undertaking has issued senior notes for which the company, along with certain fellow group undertakings, has guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2012 amounted to approximately £1,824 million (2011 - £1,720 million).

On 7 June 2013, upon completion of the merger, two senior notes issued by a subsidiary of Liberty Global Inc on 22 February 2013, with an equivalent aggregate principal amount of £592 million due in 2023, were pushed down to Virgin Media Finance plc, a fellow group undertaking of the company. The notes are split into a \$530 million US dollar denominated tranche and a £250 million sterling denominated tranche. The new senior notes rank pari passu with the group's existing senior notes and share in the same guarantees and security granted in favour of its existing senior notes. On 11 June 2013 the net proceeds of the issuance of the senior notes and the senior secured notes were in part used to repay an equivalent aggregate amount of £1,117 million of the group's existing senior notes.

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

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

13. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Virgin Media Inc, and its subsidiaries (see note 16)

14. Share capital

Authorised share capital:

	2012	2011
	£000	£000
1,000,000 Ordinary shares of £0 001 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£000	No	£000
Ordinary shares of £0 001 each	<u>224,552</u>	<u>-</u>	<u>224,552</u>	<u>-</u>

15 Reconciliation of shareholder's funds and movement on reserves

	Share capital	Share premium account	Hedging reserve	Profit and loss account	Total shareholder's funds
	£000	£000	£000	£000	£000
At 1 January 2011	-	15,125,544	24,483	(14,240,458)	909,569
Loss for the year	-	-	-	(197,913)	(197,913)
Loss on cash flow hedges taken to equity	-	-	(46,445)	-	(46,445)
At 31 December 2011 and 1 January 2012	-	15,125,544	(21,962)	(14,438,371)	665,211
Loss for the year	-	-	-	(214,020)	(214,020)
Loss on cash flow hedges taken to equity	-	-	(47,714)	-	(47,714)
At 31 December 2012	<u>-</u>	<u>15,125,544</u>	<u>(69,676)</u>	<u>(14,652,391)</u>	<u>403,477</u>

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

16. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Finance PLC

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 2012 are Virgin Media Finance PLC and Virgin Media Inc , respectively

The company's ultimate parent undertaking and controlling party at 31 December 2012 was Virgin Media Inc , a company incorporated in the state of Delaware, United States of America

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

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

17. Investments

The material investments in which the company held at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows

Name of Company	Holdings	Proportion Held	Nature of Business
Virgin Media Finco Limited	Ordinary	100%#	Finance
Virgin Media Investments Limited	Ordinary	100%	Holding
Virgin Media Secured Finance PLC	Ordinary	100%	Finance
Virgin Media SFA Finance Limited	Ordinary	100%	Finance
VMIH Sub Limited	Ordinary	100%#	Holding
Virgin Media Limited	Ordinary	100%#	Telecoms
Virgin Media Payments Limited	Ordinary	100%#	Collections
BCMV Limited	Ordinary	100%#	Telecoms
ntl Business (Ireland) Limited	Ordinary	100%#	Telecoms
Diamond Cable Communications Limited	Ordinary	100%#	Holding
ntl Midlands Limited	Ordinary	100%#	Telecoms
ntl Funding Limited	Ordinary	100%#	Telecoms
NTL (Triangle) LLC	Common Stock	100%#(ii)	Holding
ntl Cambridge Limited	Ordinary	100%#	Telecoms
ntl Irish Holdings Limited	Ordinary	100%#	Telecoms
ntl Midlands Leasing Limited	Ordinary	100%#	Leasing
ntl Rectangle Limited	Ordinary	100%#	Holding
X-Tant Limited	Ordinary	100%#	Telecoms

held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Scotland

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

17. List of investments (continued)

Name of Company	Holdings	Proportion Held	Nature of Business
ntl (South Hertfordshire) Limited	Ordinary	100%#	Telecoms
ntl CableComms Limited	Ordinary	100%#	Telecoms
ntl CableComms Bolton	Ordinary	100%#(i)	Telecoms
ntl CableComms Bromley	Ordinary	100%#(i)	Telecoms
ntl CableComms Bury and Rochdale	Ordinary	100%#(i)	Telecoms
ntl CableComms Cheshire	Ordinary	100%#(i)	Telecoms
ntl CableComms Derby	Ordinary	100%#(i)	Telecoms
ntl CableComms Greater Manchester	Ordinary	100%#(i)	Telecoms
ntl CableComms Macclesfield	Ordinary	100%#(i)	Telecoms
ntl CableComms Oldham and Tameside	Ordinary	100%#(i)	Telecoms
ntl CableComms Solent	Ordinary	100%#(i)	Telecoms
ntl CableComms Staffordshire	Ordinary	100%#(i)	Telecoms
ntl CableComms Stockport	Ordinary	100%#(i)	Telecoms
ntl CableComms Surrey	Ordinary	100%#(i)	Telecoms
ntl CableComms Sussex	Ordinary	100%#(i)	Telecoms
ntl CableComms Wessex	Ordinary	100%#(i)	Telecoms
ntl CableComms Wirral	Ordinary	100%#(i)	Telecoms
ntl Wirral Telephone and Cable TV Company	Ordinary	100%#(i)	Telecoms
ntl Communications Services Limited	Ordinary	100%#	Telecoms
ntl (CWC) Limited	Ordinary	100%#	Telecoms
ntl Business Limited	Ordinary	100%#	Telecoms
Virgin Net Limited	Ordinary	100%#	Telecoms
Telewest UK Limited	Ordinary	100%#	Telecoms
Blue Yonder Workwise Limited	Ordinary	100%#	Telecoms
Virgin Media Business Limited	Ordinary	100%#	Telecoms
Telewest Communications (South West) Limited	Ordinary	100%#	Telecoms
Telewest Communications (Cotswolds) Limited	Ordinary	100%#	Telecoms
Cable London Limited	Ordinary	100%#	Telecoms
Cable Camden Limited	Ordinary	100%#	Telecoms
Cable Enfield Limited	Ordinary	100%#	Telecoms
Cable Hackney & Islington Limited	Ordinary	100%#	Telecoms
Cable Haringey Limited	Ordinary	100%#	Telecoms
Birmingham Cable Limited	Ordinary	100%#	Telecoms
Eurobell (Holdings) Limited	Ordinary	100%#	Telecoms
Eurobell (Sussex) Limited	Ordinary	100%#	Telecoms
Eurobell (South West) Limited	Ordinary	100%#	Telecoms
Eurobell (West Kent) Limited	Ordinary	100%#	Telecoms
Eurobell Internet Services Limited	Ordinary	100%#	Telecoms
Telewest Communications Networks Limited	Ordinary	100%#	Holding

held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Scotland

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

17. List of investments (continued)

Name of Company	Holdings	Proportion Held	Nature of Business
Telewest Communications (London South) Limited	Ordinary	100%#	Telecoms
Telewest Communications (South East) Limited	Ordinary	100%#	Telecoms
Telewest Communications (South Thames Estuary) Limited	Ordinary	100%#	Holding
Telewest Communications (Midlands & North West) Limited	Ordinary	100%#	Telecoms
M&NW Network Limited	Ordinary	100%#	Telecoms
M&NW Network II Limited	Ordinary	100%#	Telecoms
Telewest Communications (Cumbernauld) Limited	Ordinary	100%#(iii)	Telecoms
Telewest Communications (Dumbarton) Limited	Ordinary	100%#(ii)	Telecoms
Telewest Communications (Dundee & Perth) Limited	Ordinary	100%#(ii)	Telecoms
Telewest Communications (Falkirk) Limited	Ordinary	100%#(iii)	Telecoms
Telewest Communications (Glenrothes) Limited	Ordinary	100%#(iii)	Telecoms
Telewest Communications (Motherwell) Limited	Ordinary	100%#(iii)	Telecoms
Telewest Communications (Scotland) Limited	Ordinary	100%#(iii)	Telecoms
Telewest Communications (North East) Limited	Ordinary	100%#	Telecoms
Yorkshire Cable Communications Limited	Ordinary	100%#	Telecoms
Barnsley Cable Communications Limited	Ordinary	100%#	Telecoms
Downcast Cable Communications Limited	Ordinary	100%#	Telecoms
Habitat Cable Communications Limited	Ordinary	100%#	Telecoms
Shuffled Cable Communications Limited	Ordinary	100%#	Telecoms
Wakefield Cable Communications Limited	Ordinary	100%#	Telecoms
Middlesex Cable Limited	Ordinary	100%#	Telecoms
Windsor Television Limited	Ordinary	100%#	Telecoms
Virgin Media Wholesale Limited	Ordinary	100%#	Telecoms
Bluebottle Call Limited	Ordinary	100%#	Telecoms
Virgin Mobile Group (UK) Limited	Ordinary	100%#	Telecoms
Virgin Mobile Telecast Limited	Ordinary	100%#	Telecoms

held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Scotland

Virgin Media Investment Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2012

17. List of investments (continued)

BCMV Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Bolton Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Bromley Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Derby Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Greater Manchester Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Surrey Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Sussex Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Wessex Leasing Limited	Ordinary	100%#	Leasing
ntl CableComms Wirral Leasing Limited	Ordinary	100%#	Leasing
ntl Wirral Telephone and Cable TV Company Leasing Limited	Ordinary	100%#	Leasing
Telewest Communications (Midlands and North West) Leasing Limited	Ordinary	100%#	Limited
W Television Leasing Limited	Ordinary	100%#	Limited
Flextech Broadband Limited	Ordinary	100%#	Holding

All companies are registered in England and Wales unless otherwise noted

held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Scotland