

CABLETEL SCOTLAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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CABLETEL SCOTLAND LIMITED

COMPANY INFORMATION

Directors	R D Dunn M O Hifzi
Company secretary	G E James
Registered number	SC119938
Registered office	1 South Gyle Crescent Lane Edinburgh EH12 9EG
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

CABLETEL SCOTLAND LIMITED

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CABLETEL SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activities and business review

The principal activity of the company during the year was that of a holding company for ntl Glasgow.

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 2016, the group provided services to approximately 5.7 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 2.4 million contract mobile customers and 0.6 million prepay mobile customers over third party networks. At 31 December 2016, 83% 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 largest international cable company with operations in more than 30 countries and its market-leading triple-play services are provided through next-generation networks and innovative technology platforms that connected 25 million customers subscribing to 50 million television, broadband internet and telephony services. In addition at 31 December 2016, Liberty Global served 10 million mobile subscribers and offered WiFi service across 5 million access points.

The company has not received any dividends from its subsidiaries during the period (2015 - £7,563,000).

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 2016, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

Results and dividends

The profit for the year, after tax, amounted to £nil (2015 - £7,563,000).

The directors have not recommended an ordinary dividend (2015 - £7,484,000).

Directors

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

R D Dunn
M O Hifzi

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.

CABLETEL SCOTLAND LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

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.

Small company provisions

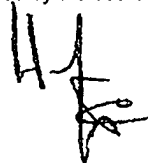
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Auditor

KPMG LLP will be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 20 June 2017 and signed on its behalf.

M. O. Hifzi



M O Hifzi
Director

CABLETEL SCOTLAND LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABLETEL SCOTLAND LIMITED

We have audited the financial statements of CableTel Scotland Limited for the year ended 31 December 2016, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in those reports; 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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



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

26 June 2017

CABLETEL SCOTLAND LIMITED

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Income from shares in group undertakings		-	7,563
Profit before tax		<u>-</u>	<u>7,563</u>
Tax on profit	7	-	-
Profit for the year		<u><u>-</u></u>	<u><u>7,563</u></u>

The notes on pages 8 to 12 form part of these financial statements.

There was no other comprehensive income or expenditure for 2016 or 2015 other than that included in the profit and loss account.

All results were derived from continuing operations.

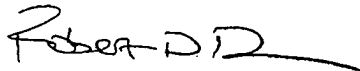
CABLETEL SCOTLAND LIMITED
REGISTERED NUMBER: SC119938

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	8	4,689	4,689
Net assets		<u>4,689</u>	<u>4,689</u>
Capital and reserves			
Share capital	9	-	-
Share premium account	10	-	-
Profit and loss account	10	4,689	4,689
Shareholders' funds		<u>4,689</u>	<u>4,689</u>

The company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2017.



R D Dunn
Director

The notes on pages 8 to 12 form part of these financial statements.

CABLETEL SCOTLAND LIMITED

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

	Share capital	Profit and loss account	Shareholders' funds
	£000	£000	£000
At 1 January 2016	-	4,689	4,689
Comprehensive income for the year			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2016	-	4,689	4,689

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital	Share premium account	Profit and loss account	Shareholders' funds
	£000	£000	£000	£000
At 1 January 2015	4,576	102	(68)	4,610
Comprehensive income for the year				
Profit for the year	-	-	7,563	7,563
Total comprehensive income for the year	-	-	7,563	7,563
Dividends paid	-	-	(7,484)	(7,484)
Capital reduction	(4,576)	(102)	-	(4,678)
Transfer to profit and loss account	-	-	4,678	4,678
At 31 December 2015	-	-	4,689	4,689

The notes on pages 8 to 12 form part of these financial statements.

CABLETEL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Company information

CableTel Scotland Limited (the "company") is a private company incorporated, registered and domiciled in the UK. The registered number is SC119938 and the registered address is 1 South Gyle Crescent Lane, Edinburgh, EH12 9EG.

The company is exempt by virtue of s400 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 ultimate parent undertaking, Liberty Global plc, includes the company in its consolidated financial statements. The consolidated financial statements of Liberty Global plc are prepared in accordance with U.S. Generally Accepted Accounting Principles and are available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com

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;
- 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; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

2.2 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.

CABLETEL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 Dividend income

Income is recognised when the company's right to receive payment is established.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, 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.

4. Directors' and auditor's remuneration

The directors received no remuneration for the qualifying services as directors of this company. All director's remuneration is paid by and disclosed in the financial statements of Virgin Media Limited.

Auditor's remuneration of £1,000 (2015 - £1,000) represents costs attributed to the company, all of which is borne by a fellow group undertaking that pays all auditor's remuneration on behalf of the group.

5. Staff costs

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

6. Dividends

	2016 £000	2015 £000
Ordinary		
Dividends paid in year	-	7,484

The directors have not recommended an ordinary dividend for the year ended 31 December 2016 (2015 - £7,484).

CABLETEL SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Tax on profit

	2016 £000	2015 £000
Current tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on profit	-	-

The tax assessed for the year is the same as (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit before tax	-	7,563
Profit multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	-	1,532
Effects of:		
Non-taxable income	-	(1,532)
Total tax charge for the year	-	-

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September and fully enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly.

CABLETEL SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Investments

	Investments in subsidiary undertakings £000
Cost	
At 1 January 2016	4,689
At 31 December 2016	<u>4,689</u>
Net book value	
At 31 December 2016	<u>4,689</u>
At 31 December 2015	<u>4,689</u>

Subsidiary undertaking

In the opinion of the directors the aggregate value of the investment is not less than the amount at which it is stated in the financial statements.

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 shown below.

Name of company	Holding	Proportion held	Nature of business
Direct shareholding			
ntl Glasgow	Ordinary	29.18%	Telecoms

The registered office for the above company is 1 South Gyle Crescent Lane, Edinburgh, EH12 9EG.

9. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
91,511,049 Ordinary shares of £0.00000001 each	<u>1</u>	<u>1</u>

CABLETEL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. 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.

In the prior year the company cancelled its share premium and transferred £102,000 to its profit and loss account.

Profit and loss account

Includes all current and prior year retained profits and losses.

11. Contingent liabilities

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2016, this comprised term facilities that amounted to £3,595 million (2015 - £2,198 million) and an outstanding balance of £nil (2015 - £148 million) which was borrowed under a revolving facility of £675 million (2015 - £675 million). Borrowings under the facilities are secured against the assets of certain members of the group.

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 2016 amounted to £5,024 million (2015 - £5,132 million). Borrowings under the notes are secured against the assets of certain members of the group.

In January 2017, a fellow group undertaking issued senior secured notes with a principal amount of £675 million. The new senior secured notes rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes. The net proceeds were used to redeem in full £640.0 million outstanding principal amounts of existing senior secured notes.

In February 2017, a fellow group undertaking entered into a new term loan facility with an aggregate principal amount of £865 million. The new term loan facility will rank pari passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exemptions, share in the same guarantees and security granted in favour of its existing senior secured notes. The net proceeds were used to repay in full £849.4 million outstanding principal amounts under the senior secured credit facility.

In March 2017, a fellow group undertaking completed an offer to exchange existing senior secured notes with an aggregate principal amount of £521 million due January 2021 for new senior secured notes with an aggregate principal amount of £521 million due January 2025. 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.

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

12. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Communications Limited.

The smallest and largest group of which the company is a member and in to which the company's accounts were consolidated at 31 December 2016 are Virgin Media Inc. and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2016 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.