Condensed Consolidated Financial Statements
September 30, 2013

VIRGIN MEDIA INC.
12300 Liberty Boulevard
Englewood, Colorado 80112

VIRGIN MEDIA INC.

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VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in millions)

	Successor	Predecessor (a)
	September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	£ 343.1	£ 206.3
Trade receivables, net	417.4	442.7
Derivative instruments (note 3)	29.4	36.2
Related-party notes receivable (note 10)	2,295.4	—
Related-party interest and other receivables (note 10)	88.2	—
Other current assets	145.5	152.6
Total current assets	3,319.0	837.8
Property and equipment, net (note 5)	6,222.0	4,512.2
Goodwill (note 5)	5,806.2	2,017.5
Intangible assets subject to amortization, net (note 5)	2,412.7	—
Deferred income taxes (note 7)	1,367.1	2,641.7
Related-party notes receivable (note 10)	11.6	—
Other assets, net	286.0	555.7
Total assets	£ 19,424.6	£ 10,564.9

(a) As retrospectively revised - see note 1.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
(unaudited)
(in millions, except share and per share amounts)

	Successor		Predecessor (a)	
LIABILITIES AND EQUITY	**September 30, 2013**		**December 31, 2012**	
Current liabilities:				
Accounts payable	£	274.2	£	296.4
Deferred revenue and advanced payments from subscribers and others		309.5		317.7
Current portion of debt and capital lease obligations (note 6)		130.7		77.1
Derivative instruments (note 3)		124.7		29.3
Accrued interest		181.8		60.3
Related-party payables (note 10)		1,063.1		—
Other current liabilities		476.5		456.6
Total current liabilities		2,560.5		1,237.4
Long-term debt and capital lease obligations (note 6)		8,405.2		5,852.0
Other long-term liabilities		375.1		257.1
Total liabilities		11,340.8		7,346.5
Commitments and contingent liabilities (notes 2, 3, 6 and 11)				
Equity:				
Successor common stock - $0.01 par value; authorized 1,000 shares; issued and outstanding 100 shares		—		—
Predecessor common stock - $0.01 par value; authorized 1,000,000,000 (2013 and 2012) shares; issued and outstanding nil and 269,300,000, respectively		—		1.4
Additional paid-in capital		8,490.5		3,658.9
Accumulated deficit		(508.2)		(436.1)
Accumulated other comprehensive earnings (loss)		101.5		(5.8)
Total equity		8,083.8		3,218.4
Total liabilities and equity	£	19,424.6	£	10,564.9

(a) As retrospectively revised - see note 1.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in millions)

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Revenue	£ 1,022.8	£ 1,027.7	£ 1,281.8	£ 1,810.2	£ 3,060.8
Operating costs and expenses:					
Operating (other than depreciation and amortization)	465.9	465.4	578.5	845.4	1,415.2
Selling, general and administrative (SG&A) (including share-based compensation) (note 9)	169.7	139.7	226.1	256.1	434.4
Depreciation and amortization	411.5	238.1	504.2	432.8	725.4
Impairment, restructuring and other operating items, net	21.6	4.7	27.0	51.2	(4.5)
	1,068.7	847.9	1,335.8	1,585.5	2,570.5
Operating income (loss)	(45.9)	179.8	(54.0)	224.7	490.3
Non-operating income (expense):					
Interest expense:					
Third-party	(117.9)	(100.0)	(150.0)	(156.7)	(304.2)
Related-party (note 10)	(2.2)	—	(5.8)	—	—
Interest income – related-party (note 10)	48.2	—	58.9	—	—
Gain (loss) on debt modification and extinguishment, net	—	—	0.6	(0.1)	(58.6)
Realized and unrealized gains (losses) on derivative instruments, net (note 3)	(271.9)	44.0	(151.7)	51.8	67.9
Foreign currency transaction gains (losses), net	103.7	0.3	80.5	(2.1)	(5.5)
Other income (expense), net	(0.2)	0.2	0.2	0.4	6.5
	(240.3)	(55.5)	(167.3)	(106.7)	(293.9)
Earnings (loss) before income taxes	(286.2)	124.3	(221.3)	118.0	196.4
Income tax expense (note 7)	(173.1)	(0.4)	(179.6)	(18.1)	(0.8)
Net earnings (loss)	£ (459.3)	£ 123.9	£ (400.9)	£ 99.9	£ 195.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(unaudited)
(in millions)

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Net earnings (loss)	£ (459.3)	£ 123.9	£ (400.9)	£ 99.9	£ 195.6
Other comprehensive earnings (loss), net of taxes:					
Foreign currency translation adjustments	169.9	9.5	101.5	(9.8)	12.4
Net unrealized gains (losses) on derivatives	—	(75.6)	—	66.8	(110.5)
Reclassification of derivative losses (gains) to net income	—	57.0	—	(74.4)	89.5
Pension liability adjustment	—	0.6	—	0.6	1.8
Other comprehensive earnings (loss)	169.9	(8.5)	101.5	(16.8)	(6.8)
Total comprehensive earnings (loss)	£ (289.4)	£ 115.4	£ (299.4)	£ 83.1	£ 188.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(in millions)

	Common stock $0.01 par value	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Accumulated deficit	Total equity
Predecessor:					
Balance at January 1, 2013	£ 1.4	£ 3,658.9	£ (5.8)	£ (436.1)	£ 3,218.4
Net earnings	—	—	—	99.9	99.9
Other comprehensive loss, net of taxes	—	—	(16.8)	—	(16.8)
Exercise of stock options and tax effect	0.1	21.6	—	—	21.7
Share-based compensation	—	11.9	—	—	11.9
Conversion of debt into equity	—	(0.7)	—	—	(0.7)
Repurchase of common stock	—	1.8	—	(1.8)	—
Dividends paid	—	—	—	(14.2)	(14.2)
Balance at June 7, 2013	£ 1.5	£ 3,693.5	£ (22.6)	£ (352.2)	£ 3,320.2
Successor:					
Balance at June 7, 2013 (note 2)	£ —	£ 6,147.3	£ —	£ (107.3)	£ 6,040.0
Net loss	—	—	—	(400.9)	(400.9)
Other comprehensive earnings, net of taxes	—	—	101.5	—	101.5
Capital contribution from parent	—	2,343.2	—	—	2,343.2
Share-based compensation (note 9)	—	52.7	—	—	52.7
Capital charge in connection with the exercise of share-based incentive awards (note 10)	—	(52.7)	—	—	(52.7)
Balance at September 30, 2013	£ —	£ 8,490.5	£ 101.5	£ (508.2)	£ 8,083.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in millions)

	Successor	Predecessor	
	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Cash flows from operating activities:			
Net earnings (loss)	£ (400.9)	£ 99.9	£ 195.6
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Share-based compensation expense	62.7	22.1	21.4
Depreciation and amortization	504.2	432.8	725.4
Impairment, restructuring and other operating items, net	27.0	51.2	(4.5)
Amortization of deferred financing costs and non-cash interest accretion	6.7	14.7	27.3
Losses (gains) on debt modification and extinguishment, net	(0.6)	0.1	58.6
Realized and unrealized losses (gains) on derivative instruments, net	151.7	(51.8)	(67.9)
Foreign currency transaction losses (gains), net	(80.5)	2.1	5.5
Deferred income tax expense	179.7	17.2	—
Changes in operating assets and liabilities	(143.7)	(0.2)	(100.4)
Net cash provided by operating activities	306.3	588.1	861.0
Cash flows from investing activities:			
Loan to related-party	(2,290.6)	—	—
Capital expenditures	(250.5)	(313.4)	(571.3)
Other investing activities, net	1.3	4.1	(1.0)
Net cash used by investing activities	£ (2,539.8)	£ (309.3)	£ (572.3)

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
(See note 1)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(unaudited)
(in millions)

	Successor	Predecessor	
	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Cash flows from financing activities:			
Repayments and repurchases of debt and capital lease obligations	£ (4,175.8)	£ (46.5)	£ (486.1)
Borrowings of debt	2,132.4	—	419.1
Repayments of related-party notes	(832.2)	—	—
Release of restricted cash from escrow	2,313.6	—	—
Capital contribution from parent	2,290.6	—	—
Net cash received related to derivative instruments	364.0	—	2.3
Payment of financing costs and debt premiums	(64.3)	(1.1)	(51.6)
Repurchase of common stock	—	—	(330.2)
Other financing activities, net	(0.2)	8.7	(21.3)
Net cash provided (used) by financing activities	2,028.1	(38.9)	(467.8)
Effect of exchange rate changes on cash and cash equivalents	(6.3)	0.9	(7.9)
Net increase (decrease) in cash and cash equivalents	(211.7)	240.8	(187.0)
Cash and cash equivalents:			
Beginning of period	554.8	206.3	300.4
End of period	£ 343.1	£ 447.1	£ 113.4
Cash paid for interest	£ 126.3	£ 102.9	£ 268.6
Income taxes paid	£ 0.1	£ 0.1	£ 0.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

General

Virgin Media Inc. (Virgin Media) is a provider of digital cable, broadband internet, fixed-line telephony and mobile services in the United Kingdom (U.K.). Virgin Media became a wholly-owned subsidiary of Liberty Global plc (Liberty Global) as a result of a series of mergers that were completed on June 7, 2013 (the LG/VM Transaction), pursuant to which Liberty Global became the publicly-held parent company of the successors by merger of the predecessor to Virgin Media (Old Virgin Media) and Liberty Global, Inc. (LGI) (the predecessor to Liberty Global), as further described in note 2. In these notes, the terms “we,” “our,” “our company,” and “us” may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

As a result of Liberty Global's push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In these condensed consolidated financial statements, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013 are referred to herein as “Predecessor” consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to herein as “Successor” consolidated financial information.

The Predecessor and Successor consolidated financial information presented herein is not comparable primarily due to the fact that the Successor consolidated financial information reflects:

- the application of acquisition accounting as of June 7, 2013, as further described in note 2, of which the most significant implications are (i) increased depreciation expense, (ii) increased amortization expense and (iii) increased share-based compensation expense;

- conforming accounting policy changes, primarily to align to Liberty Global's accounting policy for the recognition of installation fees received on business-to-business (B2B) contracts, as further described below; and

- additional interest expense associated with debt financing arrangements entered into in connection with the LG/VM Transaction and subsequently pushed down to our balance sheet, as further described in note 6.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). Accordingly, these financial statements do not include all of the information required by GAAP or Securities and Exchange Commission (SEC) rules and regulations for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our 2012 consolidated financial statements and notes thereto included in our 2012 Annual Report on Form 10-K/A.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other items, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Unless otherwise indicated, convenience translations into pounds sterling are calculated as of September 30, 2013.

Alignment of accounting policies

On June 8, 2013, we adopted Liberty Global's accounting policy for installation fees relating to our B2B contracts involving both installation services and the provision of ongoing services. Previously, we generally treated installation fees received from customers with B2B contracts as a separate deliverable and recognized revenue upon completion of the installation activity in an amount that was based on the relative standalone selling price methodology. Our current accounting policy is to generally defer upfront installation fees on our B2B contracts and recognize the associated revenue over the contractual term of the arrangement. The following table provides the amount of installation revenue we previously recognized that would have been deferred under Liberty Global's accounting policy in the indicated periods (in millions). The amounts shown in the below table have been revised to reflect corrections to the previously reported amounts:

Three months ended March 31, 2012	£	15.1
Three months ended June 30, 2012	£	16.4
Three months ended September 30, 2012	£	20.0
Three months ended December 31, 2012	£	18.1
Three months ended March 31, 2013	£	10.2
April 1, 2013 - June 7, 2013	£	7.3

The following table provides a rollforward of our deferred revenue for installation services provided to customers with B2B contracts in the period from June 7, 2013 through September 30, 2013 (in millions):

Balance at June 7, 2013 (a)	£	—
Amounts deferred for completed installation services (b)		5.4
Amortization of deferred revenue over contract life		(0.2)
Balance at June 30, 2013		5.2
Amounts deferred for completed installation services (b)		10.6
Amortization of deferred revenue over contract life		(0.5)
Balance at September 30, 2013	£	15.3

(a) Balance excludes any amounts that were included in Old Virgin Media's condensed consolidated balance sheet as of June 7, 2013.

(b) Represents amounts that would have been recognized upfront as installation revenue under Old Virgin Media's policy, but arose and were deferred under Liberty Global's policy.

Reclassifications

Certain prior period amounts have been reclassified to conform to the presentation of Liberty Global including (i) reclassifications between operating costs and SG&A expenses in our condensed consolidated statements of operations for the three and nine months ended September 30, 2012 and (ii) the reclassification of premiums paid on debt redemptions from net cash provided by operating activities to net cash used in financing activities in the statement of cash flows for the nine months ended September 30, 2012.

Adjustment of the December 31, 2012 Balance Sheet

During the first quarter of 2013 and subsequent to the initial filing of our Annual Report on Form 10-K/A for the year ended December 31, 2012, we discovered that the reported amount of deferred income tax assets as of December 31, 2012 and the reported income tax benefit for the year ended December 31, 2012 were understated by £60.8 million. This understatement was principally caused by an error in the calculation of our deferred tax assets relating to arrangements that we account for as capital leases.

We determined that the understatement was not material to the consolidated financial statements as of and for the year ended December 31, 2012. However, if the adjustments to correct the understatement of our deferred income tax assets had been recorded in the three months ended March 31, 2013, we believe the impact would have been significant to that period. Therefore, we determined that it was appropriate to correct the error to the consolidated financial statements as of and for the year ended December 31, 2012 by correcting the comparative 2012 periods in the consolidated financial statements as of and for the year ending December 31, 2013, beginning with the condensed consolidated financial statements for the three months ended March 31, 2013.

The December 31, 2012 condensed consolidated balance sheet included in this quarterly report reflects the correction of this understatement by increasing the previously reported amounts of our total deferred tax assets and total shareholders' equity by £60.8 million and by decreasing the previously reported amount of accumulated deficit by £60.8 million. Prior to the fourth quarter of 2012, we maintained a full valuation allowance on our deferred income tax assets. If we had not understated our deferred income tax assets in periods prior to the fourth quarter of 2012, we would have increased the valuation allowance on those deferred income tax assets by a corresponding amount, resulting in no net impact on the consolidated balance sheets, statements of operations or statements of comprehensive earnings. Therefore, there are no changes to the 2012 consolidated statements of operations for periods prior to the fourth quarter of 2012. When the consolidated financial statements for the year ending December 31, 2013 are issued, the income tax benefit for the year ended December 31, 2012 will increase by £60.8 million. The correction will have no impact on our consolidated statement of cash flows for the year ended December 31, 2012.

(2) <u>LG/VM Transaction</u>

Pursuant to the terms and conditions of an Agreement and Plan of Merger agreement (the LG/VM Transaction Agreement) between LGI and Old Virgin Media:

- Each share of common stock of our company was converted into the right to receive (i) 0.2582 Class A ordinary shares of Liberty Global, (ii) 0.1928 Class C ordinary shares of Liberty Global and (iii) $17.50 in cash (collectively, the LG/VM Transaction Consideration); and

- Each share of Series A common stock of LGI was converted into the right to receive one Class A ordinary share of Liberty Global, each share of Series B common stock of LGI was converted into the right to receive one Class B ordinary share of Liberty Global; and each share of Series C common stock of LGI was converted into the right to receive one Class C ordinary share of Liberty Global.

In connection with the completion of the LG/VM Transaction, Liberty Global issued 70,233,842 Class A and 52,444,170 Class C ordinary shares to holders of Virgin Media common stock and 141,234,331 Class A, 10,176,295 Class B and 105,572,797 Class C ordinary shares to holders of LGI Series A, Series B and Series C common stock, respectively. Each Class A ordinary share of Liberty Global is entitled to one vote per share, each Class B ordinary share of Liberty Global is entitled to ten votes per share and each Class C ordinary share of Liberty Global was issued without voting rights.

In connection with the execution of the LG/VM Transaction, we entered into various debt financing arrangements. For additional information, see note 6.

The LG/VM Transaction and related financing transactions were funded with a combination of (i) the net proceeds (after deducting certain transaction expenses) from the April 2021 VM Senior Secured Notes and 2023 VM Senior Notes (each as defined and described in note 6), (ii) borrowings under the VM Credit Facility (as defined and described in note 6) and (iii) our and Liberty Global's existing liquidity.

For accounting purposes, the LG/VM Transaction was treated as the acquisition of our company by Liberty Global. In this regard, the equity and cash consideration paid to acquire our company was pushed down and is reported in our condensed consolidated financial statements as set forth below (in millions):

Class A ordinary shares (a)	£	3,446.7
Class C ordinary shares (a)		2,414.0
Cash (b)		3,064.1
Fair value of the vested portion of Virgin Media stock incentive awards (c)		174.1
Total equity and cash consideration	£	9,098.9

(a) Represents the value assigned to the 70,233,842 Class A and 52,444,170 Class C Liberty Global ordinary shares issued to our shareholders in connection with the LG/VM Transaction. These amounts are based on (i) the exchange ratios specified by the LG/VM Transaction Agreement, (ii) the closing per share price on June 7, 2013 of Series A and Series C LGI common stock of $76.24 and $71.51, respectively, and (iii) the 272,013,333 outstanding shares of our common stock at June 7, 2013.

(b) Represents the cash consideration paid in connection with the LG/VM Transaction. This amount is based on (i) the $17.50 per share cash consideration specified by the LG/VM Transaction Agreement and (ii) the 272,013,333 outstanding shares of our common stock at June 7, 2013.

(c) Represents the portion of the estimated fair value of our stock incentive awards that are attributable to services provided prior to the June 7, 2013 acquisition date. The estimated fair value is based on the attributes of our 13.03 million outstanding stock incentive awards at June 7, 2013, including the market price of our underlying common stock. Our outstanding stock incentive awards at June 7, 2013 included 9.86 million stock options that have been valued using Black Scholes option valuations. In addition, our stock incentive awards at June 7, 2013 included 3.17 million restricted stock units that included performance conditions and, in certain cases, market conditions. Those restricted stock units with market conditions have been valued using Monte Carlo simulation models.

A reconciliation of the purchase consideration pushed down to amounts recorded in the opening additional paid-in capital of our company is set forth below (in millions):

Purchase consideration	£	9,098.9
Contributed debt (a)		(3,096.5)
Other net assets (b)		144.9
Opening push-down equity	£	6,147.3

(a) Amount consists of obligations pursuant to (i) a £2,281.9 million third-party bridge loan that was subsequently repaid during June 2013 following the LG/VM Transaction and (ii) an £814.6 million related-party loan payable to a subsidiary of Liberty Global, both of which were pushed down to our company through a non-cash common control merger with an indirect subsidiary of Liberty Global as a part of the LG/VM Transaction. The proceeds from these loans were used by Liberty Global prior to the LG/VM Transaction to fund the cash portion of the purchase consideration and other related costs.

(b) In connection with the LG/VM Transaction, certain subsidiaries of Liberty Global were contributed to or merged into our company immediately following the LG/VM Transaction. The opening equity of our company after the LG/VM Transaction includes the equity of these entities, which held £107.7 million of cash on the contribution date.

Direct transaction costs associated with the LG/VM Transaction of £54.3 million, including professional fees and other related costs, have been expensed as incurred. With the exception of £0.7 million, these transaction costs were incurred prior to June 8, 2013.

The LG/VM Transaction has been accounted for using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. This allocation is preliminary and subject to adjustment based on final assessment of the fair values of the acquired identifiable assets and liabilities. The preliminary fair value of assets and liabilities that were pushed down to our company was determined by management with the assistance of outside valuation experts during the second and third quarters of 2013. Outside experts primarily assisted management in determining the fair value of its property, plant and equipment and intangible assets. Although most of the items in the valuation process remain open, the items with the highest likelihood of changing upon finalization of the valuation process include property and equipment, goodwill, customer relationships and income taxes. The adjustments, if any, arising out of the completion of the purchase price allocation will not impact cash flows.

A summary of the preliminary purchase price and opening balance sheet pushed down to our company as of the June 7, 2013 acquisition date is presented in the following table (in millions):

Cash and cash equivalents	£	447.1
Other current assets		600.7
Property and equipment, net		6,348.7
Goodwill (a)		5,806.2
Intangible assets subject to amortization (b)		2,527.0
Other assets, net		2,083.4
Current portion of debt and capital lease obligations		(762.4)
Other accrued and current liabilities (c) (d)		(2,285.0)
Long-term debt and capital lease obligations		(5,456.8)
Other long-term liabilities (e)		(210.0)
Total purchase price	£	9,098.9

(a) The goodwill recognized in connection with the LG/VM Transaction is primarily attributable to (i) the ability to take advantage of Virgin Media's existing advanced broadband communications network to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of Virgin Media with Liberty Global's other broadband communications operations in Europe.

(b) Amount primarily includes intangible assets related to customer relationships. At June 7, 2013, the weighted average useful life of our intangible assets was approximately seven years.

(c) Amount includes a £23.0 million liability that was recorded to adjust an unfavorable capacity contract to its estimated fair value. This amount will be amortized through the March 31, 2014 expiration date of the contract as a reduction of Virgin Media's operating expenses so that the net effect of this amortization and the payments required under the contract approximate market rates. During the period from June 8, 2013 through September 30, 2013, £7.3 million of this liability was amortized.

(d) Represents the equity component of the VM Convertible Notes (as defined and described in note 6) of £1,068.5 million (on the date of the LG/VM Transaction) that is reflected as a current derivative liability. Following the LG/VM Transaction and through September 30, 2013, 94.4% of the VM Convertible Notes have been exchanged for Class A and Class C ordinary shares of Liberty Global and cash pursuant to the terms of the VM Convertible Notes Indenture (as defined in note 6). For additional information, see note 6.

(e) No amounts have been allocated to deferred revenue with respect to the ongoing performance obligations associated with our B2B contracts, as our preliminary view is that the remaining fees to be received under these contracts approximate fair value given our estimates of the costs associated with these ongoing obligations.

(3) Derivative Instruments

We have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar ($). Although we applied hedge accounting to certain of our derivative instruments prior to the LG/VM Transaction, we currently do not apply hedge accounting to our derivative instruments. Accordingly, during the Successor Periods, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations. Prior to the LG/VM Transaction, the effective portion of the net fair value adjustments associated with these derivative instruments was reflected in other comprehensive earnings (loss).

The following table provides details of the fair values of our derivative instrument assets and liabilities (in millions):

	Successor			Predecessor		
	September 30, 2013			December 31, 2012		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
Assets:						
Cross-currency and interest rate derivative contracts (b) (c)	£ 29.4	£ 106.9	£ 136.3	£ 36.2	£ 140.6	£ 176.8
Equity-related derivative instruments (d)	—	20.4	20.4	—	302.4	302.4
Total	£ 29.4	£ 127.3	£ 156.7	£ 36.2	£ 443.0	£ 479.2
Liabilities:						
Cross-currency and interest rate derivative contracts (b) (c)	£ 61.9	£ 199.4	£ 261.3	£ 29.3	£ 88.1	£ 117.4
Equity-related derivative instruments (d)	62.8	—	62.8	—	—	—
Total	£ 124.7	£ 199.4	£ 324.1	£ 29.3	£ 88.1	£ 117.4

(a) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

(b) We consider credit risk in our fair value assessments. As of September 30, 2013 and December 31, 2012, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating £4.5 million and £4.8 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating £33.7 million and £11.5 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of £39.4 million, £29.2 million and (£6.8 million) during the three months ended September 30, 2013, the successor period from June 8 to September 30, 2013 and the predecessor period from January 1 to June 7, 2013, respectively, and net gains of £12.0 million and £16.6 million during the three and nine months ended September 30, 2012, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information concerning our fair value measurements, see note 4.

(c) At December 31, 2012, our current assets, long-term assets, current liabilities and long-term liabilities included derivative instruments that were accounted for using hedge accounting of £25.6 million, £127.6 million, £9.3 million and £54.5 million, respectively.

(d) The fair value of our equity-related derivative instruments relate to the Virgin Media Capped Calls, as defined and described below, and the derivative embedded in the VM Convertible Notes as defined and described in note 6.

The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows (in millions):

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012 (a)	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013 (a)	Nine months ended September 30, 2012 (a)
Cross-currency and interest rate derivative contracts	£ (261.8)	£ (9.7)	£ (184.4)	£ (0.3)	£ (20.2)
Equity-related derivative instruments (b)	(10.1)	54.4	36.8	50.0	89.1
Foreign currency forward contracts	—	(0.7)	(4.1)	2.1	(1.0)
Total	£ (271.9)	£ 44.0	£ (151.7)	£ 51.8	£ 67.9

(a) The predecessor periods include net hedge ineffectiveness gains (losses) related to derivative instruments accounted for as cash flow or fair value hedges of £2.0 million, (£8.5 million) and (£2.5 million) during the three months ended September 30, 2012, the period from January 1 to June 7, 2013 and the nine months ended September 30, 2012, respectively. The effective portion of the net fair value adjustments associated with these derivative instruments, which are reflected in other comprehensive earnings (loss), aggregated (£18.8 million), (£10.8 million) and (£21.3 million) during such periods, respectively.

(b) Represents activity related to the Virgin Media Capped Calls, as defined and described below, and the derivative embedded in the VM Convertible Notes, as defined and described in note 6.

The net cash received or paid related to each of our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For cross-currency or interest rate derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash inflows (outflows) are as follows (in millions):

	Successor	Predecessor	
	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Operating activities	£ 1.8	£ (15.8)	£ (10.6)
Investing activities	—	2.1	1.2
Financing activities	364.0	—	2.3
Total	£ 365.8	£ (13.7)	£ (7.1)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. We and our counterparties do not post collateral or other security, nor have we entered into master netting arrangements with any of our counterparties. At September 30, 2013, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £127.2 million.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

The risks we would face in the event of a default by a counterparty to one of our derivative instruments might be eliminated or substantially mitigated if we were able to novate the relevant derivative contracts to a new counterparty following the default of our counterparty. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to effect such novations, no assurance can be given that we would obtain the necessary consents to do so or that we would be able to do so on terms or pricing that would be acceptable to us or that any such novation would not result in substantial costs to us. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of our counterparty, unless and until we novate or replace the derivative contract.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at September 30, 2013 which are held by our subsidiary, Virgin Media Investment Holdings Limited (VMIH), are as follows:

Final maturity date (a)	**Notional amount due from counterparty**	**Notional amount due to counterparty**	**Interest rate due from counterparty**	**Interest rate due to counterparty**
	in millions			
February 2022	$ 1,400.0	£ 873.6	5.01%	5.35%
June 2020	$ 1,384.6	£ 901.4	6 month US LIBOR + 2.75%	6 month LIBOR + 3.18%
October 2020	$ 1,370.4	£ 881.6	6 month US LIBOR + 2.75%	6 month LIBOR + 3.10%
January 2018	$ 1,000.0	£ 615.7	6.50%	7.02%
October 2019	$ 500.0	£ 302.3	8.38%	9.02%
April 2019	$ 291.5	£ 186.2	5.38%	5.49%
November 2016 (b)	$ 55.0	£ 27.7	6.50%	7.03%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of September 30, 2013, we present a single date that represents the applicable final maturity date.

(b) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swaps do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these instruments are interest payments and receipts.

Cross-currency Interest Rate Swaps:

The terms of our outstanding cross-currency interest rate swap contracts at September 30, 2013, which are held by VMIH, are as follows:

Final maturity date (a)	Notional amount due from counterparty	Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
January 2021	$ 500.0	£ 308.9	5.25%	6 month LIBOR + 1.94%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of September 30, 2013, we present a single date that represents the applicable final maturity date.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at September 30, 2013, which are held by VMIH, are as follows:

Final maturity date (a)	Notional amount	Interest rate due from counterparty	Interest rate due to counterparty
	in millions		
October 2018	£ 2,155.0	6 month LIBOR	1.52%
January 2021	£ 650.0	5.50%	6 month LIBOR + 1.84%
January 2021	£ 650.0	6 month LIBOR + 1.84%	3.87%
December 2015	£ 600.0	6 month LIBOR	2.86%
April 2018	£ 300.0	6 month LIBOR	1.37%

(a) The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of September 30, 2013, we present a single date that represents the applicable final maturity date.

Equity-Related Derivative Instruments

Virgin Media Capped Calls. During 2010, we entered into conversion hedges (the Virgin Media Capped Calls) with respect to the VM Convertible Notes, as defined and described in note 6, in order to offset a portion of the dilutive effects associated with conversion of the VM Convertible Notes. We account for the Virgin Media Capped Calls at fair value using a binomial pricing model and changes in fair value are reported in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. The fair value of the Virgin Media Capped Calls as of September 30, 2013 was an asset of £20.4 million.

As further described in note 6, most of the VM Convertible Notes were exchanged for Class A and Class C ordinary shares of Liberty Global and cash pursuant to the terms of the VM Convertible Notes Indenture (as defined in note 6). Accordingly, during the third quarter of 2013, we settled 93.8% of the notional amount of the Virgin Media Capped Calls for cash proceeds of $534.8 million (£353.4 million, at the applicable rate).

(4) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of September 30, 2013 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the nine months ended September 30, 2013, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

The recurring fair value measurement of our equity-related derivatives are based on binomial option pricing models, which require the input of observable and unobservable variables such as exchange traded equity prices, risk-free interest rates, dividend yields and forecasted volatilities of the underlying equity securities. The valuations of our equity-related derivatives are based on a combination of Level 1 inputs (exchange traded equity prices), Level 2 inputs (interest rate futures and swap rates) and Level 3 inputs (forecasted volatilities). As changes in volatilities could have a significant impact on the overall valuations, we have determined that these valuations fall under Level 3 of the fair value hierarchy. For the September 30, 2013 valuations of our equity related derivatives, we used estimated volatilities ranging from 24.0% to 36.0%. Based on the September 30, 2013 market price for Liberty Global ordinary shares, changes in forecasted volatilities currently would not have a significant impact on the valuation of the Virgin Media Capped Calls or the derivative embedded in the VM Convertible Notes, as defined and described in note 6.

As further described in note 3, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes applicable interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties.

Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 3.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the nine months ended September 30, 2013, we performed nonrecurring valuations for the LG/VM Transaction. We used a discount rate of 9.0% for our preliminary valuation of the customer relationships acquired as a result of this acquisition. For additional information, see note 2. We did not perform any significant nonrecurring fair value measurements during the nine months ended September 30, 2012.

A summary of our derivative instrument assets and liabilities that are measured at fair value on a recurring basis is as follows:

	Successor			
		Fair value measurements at September 30, 2013 using:		
Description	**September 30, 2013**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	in millions			
Assets:				
Cross-currency and interest rate derivative contracts	£ 136.3	£ —	£ 136.3	£ —
Equity-related derivative instruments	20.4	—	—	20.4
Total assets	£ 156.7	£ —	£ 136.3	£ 20.4
Liabilities:				
Cross-currency and interest rate derivative contracts	£ 261.3	£ —	£ 261.3	£ —
Equity-related derivative instruments	62.8	—	—	62.8
Total liabilities	£ 324.1	£ —	£ 261.3	£ 62.8

	Predecessor			
		Fair value measurements at December 31, 2012 using:		
Description	**December 31, 2012**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	in millions			
Assets:				
Cross-currency and interest rate derivative contracts	£ 176.8	£ —	£ 176.8	£ —
Equity-related derivative instruments	302.4	—	—	302.4
Total assets	£ 479.2	£ —	£ 176.8	£ 302.4
Liabilities:				
Cross-currency and interest rate derivative contracts	£ 117.4	£ —	£ 117.4	£ —

A reconciliation of the beginning and ending balances of Virgin Media Capped Calls, which are measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows (in millions):

Predecessor:		
Balance of net asset at January 1, 2013	£	302.4
Gains included in net earnings:		
Unrealized gains on derivative instruments, net		50.0
Foreign currency translation adjustments		12.5
Balance of net asset at June 7, 2013	£	364.9
Successor:		
Balance of net asset at June 7, 2013	£	364.9
Gains included in net loss:		
Unrealized gains on derivative instruments, net		0.4
Foreign currency translation adjustments		8.5
Cash settlements		(353.4)
Balance of net asset at September 30, 2013	£	20.4

A reconciliation of the beginning and ending balances of the derivative embedded in the VM Convertible Notes, which is measured at fair value on a recurring basis using significant unobservable, or Level 3, inputs is as follows (in millions):

Successor:		
Balance of net liability at June 7, 2013	£	1,068.5
Losses included in net loss:		
Unrealized losses on derivative instruments, net		(36.4)
Foreign currency translation adjustments		22.4
Settlements		(991.7)
Balance of net liability at September 30, 2013	£	62.8

(5) Long-lived Assets

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below (in millions):

	Successor		Predecessor	
	September 30, 2013		December 31, 2012	
Distribution systems	£	5,100.4	£	7,947.4
Customer premises equipment		835.7		1,355.1
Support equipment, buildings and land		675.6		690.7
		6,611.7		9,993.2
Accumulated depreciation		(389.7)		(5,481.0)
Total property and equipment, net	£	6,222.0	£	4,512.2

During the period from June 8 to September 30, 2013, the period from January 1 to June 7, 2013 and the nine months ended September 30, 2012, we recorded non-cash increases to our property and equipment related to assets acquired under capital leases of £21.9 million, £64.7 million and £78.3 million, respectively.

Goodwill

Changes in the carrying amount of our goodwill during the nine months ended September 30, 2013 are set forth below (in millions):

January 1, 2013	£	2,017.5
LG/VM Transaction (note 2):		
Elimination of existing goodwill		(2,017.5)
Addition		5,806.2
September 30, 2013	£	5,806.2

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below (in millions):

	Successor			Predecessor		
	September 30, 2013			December 31, 2012		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	£ 2,527.0	£ (114.3)	£ 2,412.7	£ —	£ —	£ —

(6) Debt and Capital Lease Obligations

The pound sterling equivalents of the components of our consolidated debt and capital lease obligations are as follows (in millions, except percentages):

	September 30, 2013		Estimated fair value (c)		Carrying value (d)	
			Successor	Predecessor	Successor	Predecessor
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Debt:						
Parent:						
VM Convertible Notes (e)	6.50%	£ —	£ 94.7	£ 1,276.3	£ 35.7	£ 544.0
Subsidiaries:						
VM Credit Facility	3.77%	660.0	2,678.6	750.0	2,666.3	750.0
VM Notes	6.36%	—	5,545.1	4,660.5	5,585.2	4,406.1
Total debt	5.53%	£ 660.0	£ 8,318.4	£ 6,686.8	8,287.2	5,700.1
Capital lease obligations					248.7	229.0
Total debt and capital lease obligations					8,535.9	5,929.1
Current maturities					(130.7)	(77.1)
Long-term debt and capital lease obligations					£ 8,405.2	£ 5,852.0

(a) Represents the weighted average interest rate in effect at September 30, 2013 for all borrowings outstanding pursuant to each debt instrument including any applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative contracts, deferred financing costs, original issue premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums and discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate variable and fixed-rate indebtedness was approximately 6.1% at September 30, 2013. For information concerning our derivative instruments, see note 3.

(b) Unused borrowing capacity represents the maximum availability under the VM Credit Facility (as defined and described below) at September 30, 2013 without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2013 our availability under the VM Credit Facility was limited to £501.4 million. When the September 30, 2013 compliance reporting requirements have been completed and assuming no changes from September 30, 2013 borrowing levels, we anticipate that our availability at September 30, 2013 under the VM Credit Facility will be limited to £653.6 million. In addition to the limitations noted above, the debt instruments of our subsidiaries contain restricted payment tests that limit the amount that can be loaned or distributed to other Virgin Media subsidiaries and ultimately to Virgin Media. In this regard, when the relevant September 30, 2013 compliance reporting requirements have been completed and assuming no changes from September 30, 2013 borrowing levels, we anticipate that only £305.2 million of the borrowing capacity of VMIH will be available under these tests to be loaned or distributed to Virgin Media and its intermediate subsidiaries.

(c) The estimated fair values of our debt instruments were determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information concerning fair value hierarchies, see note 4.

(d) Amounts include the impact of premiums and discounts, where applicable.

(e) The $2,716.8 million (£1,748.7 million on the date of the LG/VM Transaction) fair value of the VM Convertible Notes (as defined and described below) on the date of the LG/VM Transaction included $1,056.8 million (£680.2 million on the date of the LG/VM Transaction) that we allocated to a debt component and $1,660.0 million (£1,068.5 million on the date of the LG/VM Transaction) that we allocated to an equity component. The equity component is reflected as a derivative instrument included within current liabilities. See the related discussion below for additional information. The amount reported in the estimated fair value column for the VM Convertible Notes represents the estimated fair value of the remaining VM Convertible Notes outstanding as of September 30, 2013, including both the debt and equity components.

VM Credit Facility

On June 7, 2013, VMIH, together with certain other subsidiaries of Virgin Media as borrowers and guarantors (the Virgin Media Borrowing Group) entered into a new senior secured credit facility agreement (the VM Credit Facility), pursuant to which the lenders thereunder agreed to provide the borrowers with (i) a £375.0 million term loan (VM Facility A), (ii) a $2,755.0 million (£1,702.4 million) term loan (VM Facility B), (iii) a £600.0 million term loan (VM Facility C) and (iv) a £660.0 million revolving credit facility (the VM Revolving Facility). With the exception of the VM Revolving Facility, all available amounts were borrowed under the VM Credit Facility in June 2013. In connection with the LG/VM Transaction, we repaid our previous £750.0 million senior credit facility.

The VM Credit Facility requires that certain members of the Virgin Media Borrowing Group that generate not less than 80% of such group's EBITDA (as defined in the VM Credit Facility) in any financial year, guarantee the payment of all sums payable under the VM Credit Facility and such group members are required to grant first-ranking security over all or substantially all of their assets to secure the payment of all sums payable. In addition, the holding company of each borrower must give a share pledge over its shares in such borrower.

In addition to mandatory prepayments which must be made for certain disposal proceeds (subject to certain de minimis thresholds), the lenders may cancel their commitments and declare the loans due and payable after 30 business days following the occurrence of a change of control in respect of VMIH, subject to certain exceptions.

The VM Credit Facility contains certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand. The VM Credit Facility contains certain representations and warranties customary for facilities of this type, which are subject to exceptions, baskets and materiality qualifications.

The VM Credit Facility restricts the ability of certain members of the Virgin Media Borrowing Group to, among other things, (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions and (iii) create certain security interests over their assets, in each case, subject to carve-outs from such limitations.

The VM Credit Facility requires the borrowers to observe certain affirmative undertakings or covenants, which covenants are subject to materiality and other customary and agreed exceptions. In addition, the VM Credit Facility also requires compliance with various financial covenants such as Senior Net Debt to Annualized EBITDA and Total Net Debt to Annualized EBITDA, each capitalized term as defined in the VM Credit Facility.

In addition to customary default provisions, the VM Credit Facility provides that any event of default with respect to indebtedness of £50.0 million or more in the aggregate of Virgin Media Finance PLC (Virgin Media Finance), a wholly-owned subsidiary of Virgin Media, and its subsidiaries is an event of default under the VM Credit Facility.

The VM Credit Facility permits certain members of the Virgin Media Borrowing Group to make certain distributions and restricted payments to its parent company (and indirectly to Liberty Global) through loans, advances or dividends subject to compliance with applicable covenants.

The details of our borrowings under the VM Credit Facility are summarized in the following table:

		September 30, 2013			
Facility	**Final maturity date**	**Interest rate**	**Facility amount (in borrowing currency)**	**Unused borrowing capacity (a)**	**Carrying value (b)**
				in millions	
A	June 7, 2019	LIBOR +3.25%	£ 375.0	£ —	£ 375.0
B	June 7, 2020	LIBOR +2.75% (c)	$ 2,755.0	—	1,694.2
C	June 7, 2020	LIBOR +3.75% (c)	£ 600.0	—	597.1
Revolving Facility	June 7, 2019	LIBOR +3.25%	£ 660.0	660.0	—
Total				£ 660.0	£ 2,666.3

(a) At September 30, 2013 our availability under the VM Credit Facility was limited to £501.4 million. When the relevant September 30, 2013 compliance reporting requirements have been completed and assuming no changes from the September 30, 2013 borrowing levels, we anticipate that our availability will be limited to £653.6 million. The VM Revolving Facility has a commitment fee on unused and uncanceled balances of 1.3% per year.

(b) The carrying values of VM Facilities B and C include the impact of discounts.

(c) VM Facilities B and C have a LIBOR floor of 0.75%.

VM Notes

At September 30, 2013, the following senior notes of certain of our subsidiaries were outstanding:

- $507.1 million (£313.4 million) principal amount of 8.375% senior notes (the 2019 VM Dollar Senior Notes) and £253.5 million principal amount of 8.875% senior notes (the 2019 VM Sterling Senior Notes and, together with the 2019 VM Dollar Senior Notes, the 2019 VM Senior Notes). The 2019 VM Senior Notes were issued by Virgin Media Finance;

- $1.0 billion (£617.9 million) principal amount of 6.50% senior secured notes (the 2018 VM Dollar Senior Secured Notes) and £875.0 million principal amount of 7.0% senior secured notes (the 2018 VM Sterling Senior Secured Notes and, together with the 2018 VM Dollar Senior Secured Notes, the 2018 VM Senior Secured Notes). The 2018 VM Senior Secured Notes were issued by Virgin Media Secured Finance PLC (Virgin Media Secured Finance), a wholly-owned subsidiary of Virgin Media;

- $447.9 million (£276.8 million) principal amount of 5.25% senior secured notes (the January 2021 VM Dollar Senior Secured Notes) and £628.4 million principal amount of 5.50% senior secured notes (the January 2021 VM Sterling Senior Secured Notes and, together with the January 2021 VM Dollar Senior Secured Notes, the January 2021 VM Senior Secured Notes). The January 2021 VM Senior Secured Notes were issued by Virgin Media Secured Finance;

- $95.0 million (£58.7 million) principal amount of 5.25% senior notes (the 2022 VM 5.25% Dollar Senior Notes); $118.7 million (£73.3 million) principal amount of 4.875% senior notes (the 2022 VM 4.875% Dollar Senior Notes) and £44.1 million principal amount of 5.125% senior notes (the 2022 VM Sterling Senior Notes and, together with the 2022 VM 4.875% Dollar Senior Notes and the 2022 VM 5.25% Dollar Senior Notes, the 2022 VM Senior Notes). The 2022 VM Senior Notes were issued by Virgin Media Finance;

- $1.0 billion (£617.9 million) principal amount of 5.375% senior secured notes (the April 2021 VM Dollar Senior Secured Notes) and £1.1 billion principal amount of 6.0% senior secured notes (the April 2021 VM Sterling Senior Secured Notes and, together with the April 2021 VM Dollar Senior Secured Notes, the April 2021 VM Senior Secured Notes); and

- $530.0 million (£327.5 million) principal amount of 6.375% senior notes (the 2023 VM Dollar Senior Notes) and £250.0 million principal amount of 7.0% senior notes (the 2023 VM Sterling Senior Notes and, together with the 2023 VM Dollar Senior Notes, the 2023 VM Senior Notes).

The April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes were originally issued by subsidiaries of Liberty Global in February 2013 in connection with the execution of the LG/VM Transaction Agreement. The net proceeds (after deducting certain transaction expenses) from the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes of £2,198.3 million (equivalent at the transaction date) were placed into segregated escrow accounts with a trustee. Such net proceeds were released in connection with the closing of the LG/VM Transaction. In addition, upon completion of the LG/VM Transaction, the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes were pushed down to Virgin Media Secured Finance and Virgin Media Finance, respectively.

The 2018 VM Senior Secured Notes, the January 2021 VM Senior Secured Notes and the April 2021 VM Senior Secured Notes are collectively referred to as the "VM Senior Secured Notes." The 2019 VM Senior Notes, the 2022 VM Senior Notes and the 2023 VM Senior Notes are collectively referred to as the "VM Senior Notes" (and together with the VM Senior Secured Notes, the VM Notes).

Under the terms of the applicable indentures, the completion of the LG/VM Transaction represented a “Change of Control” event that required Virgin Media Secured Finance and Virgin Media Finance, as applicable, to offer to repurchase the January 2021 VM Senior Secured Notes and the 2022 VM Senior Notes at a repurchase price of 101% of par. In this regard, on June 11, 2013, Virgin Media Secured Finance and Virgin Media Finance, as applicable, redeemed (i) $52.1 million (£32.2 million) of the January 2021 VM Dollar Senior Secured Notes, (ii) £21.6 million of the January 2021 VM Sterling Senior Secured Notes, (iii) $405.0 million (£250.3 million) of the 2022 VM 5.25% Dollar Senior Notes, (iv) $781.3 million (£482.8 million) of the 2022 VM 4.875% Dollar Senior Notes and (v) £355.9 million of the 2022 VM Sterling Senior Notes. With respect to the 2019 VM Senior Notes and the 2018 VM Senior Secured Notes, Virgin Media previously had obtained consent from holders of such notes to waive its repurchase obligations under the respective indentures related to the “Change of Control” provisions. The LG/VM Transaction did not constitute a "Change of Control" event under the indentures governing the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes.

The details of the VM Notes are summarized in the following table:

			September 30, 2013			
			Outstanding principal amount			
VM Notes	Maturity	Interest rate	Borrowing currency	Sterling equivalent	Estimated fair value	Carrying value (a)
			in millions			
2018 VM Dollar Senior Secured Notes	January 15, 2018	6.500%	$ 1,000.0	£ 617.9	£ 644.2	£ 645.9
2018 VM Sterling Senior Secured Notes	January 15, 2018	7.000%	£ 875.0	875.0	914.4	917.3
2019 VM Dollar Senior Notes	October 15, 2019	8.375%	$ 507.1	313.4	340.8	345.7
2019 VM Sterling Senior Notes	October 15, 2019	8.875%	£ 253.5	253.5	275.8	278.6
January 2021 VM Dollar Senior Secured Notes	January 15, 2021	5.250%	$ 447.9	276.8	270.5	285.9
January 2021 VM Sterling Senior Secured Notes	January 15, 2021	5.500%	£ 628.4	628.4	632.7	638.6
April 2021 VM Dollar Senior Secured Notes	April 15, 2021	5.375%	$ 1,000.0	617.9	604.8	617.9
April 2021 VM Sterling Senior Secured Notes	April 15, 2021	6.000%	£ 1,100.0	1,100.0	1,119.9	1,100.0
2022 VM 5.25% Dollar Senior Notes	February 15, 2022	5.250%	$ 95.0	58.7	57.5	59.3
2022 VM 4.875% Dollar Senior Notes	February 15, 2022	4.875%	$ 118.7	73.3	61.9	74.0
2022 VM Sterling Senior Notes	February 15, 2022	5.125%	£ 44.1	44.1	41.3	44.5
2023 VM Dollar Senior Notes	April 15, 2023	6.375%	$ 530.0	327.5	326.9	327.5
2023 VM Sterling Senior Notes	April 15, 2023	7.000%	£ 250.0	250.0	254.4	250.0
				£ 5,436.5	£ 5,545.1	£ 5,585.2

(a) Amounts include the impact of premiums and discounts, where applicable, including amounts recorded in connection with the acquisition accounting for the LG/VM Transaction.

The VM Senior Notes are unsecured senior obligations of Virgin Media Finance that rank equally with all of the existing and future senior debt of Virgin Media Finance and are senior to all existing and future subordinated debt of Virgin Media Finance. The VM Senior Notes are guaranteed on a senior basis by our company and certain of our subsidiaries and on a senior subordinated basis by VMIH and Virgin Media Investments Limited (VMIL).

The VM Senior Secured Notes are senior obligations of Virgin Media Secured Finance that rank equally with all of the existing and future senior debt of Virgin Media Secured Finance and are senior to all existing and future subordinated debt of Virgin Media Secured Finance. The VM Senior Secured Notes are guaranteed on a senior basis by our company and certain of our subsidiaries (the VM Senior Secured Guarantors) and are secured by liens on substantially all of the assets of Virgin Media Secured Finance and the VM Senior Secured Guarantors (except for Virgin Media).

Subject to the circumstances described below, the January 2021 VM Senior Secured Notes and the 2022 VM Senior Notes are non-callable. At any time prior to maturity, Virgin Media Secured Finance or Virgin Media Finance (as applicable) may redeem some or all of the January 2021 VM Senior Secured Notes or the 2022 VM Senior Notes (as applicable) by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to (i) January 15, 2021 using the discount rate (as specified in the indenture) as of the applicable redemption date plus 25 basis points in the case of the January 2021 VM Senior Secured Notes or (ii) February 15, 2022 using the discount rate (as specified in the applicable indenture) as of the applicable redemption date plus 50 basis points in the case of the 2022 VM Senior Notes.

Subject to the circumstances described below, the 2018 VM Senior Secured Notes are non-callable until January 15, 2014, the 2019 VM Senior Notes are non-callable until October 15, 2014, the April 2021 VM Senior Secured Notes are non-callable until April 15, 2017 and the 2023 VM Senior Notes are non-callable until April 15, 2018. At any time prior to January 15, 2014 in the case of the 2018 VM Senior Secured Notes, October 15, 2014 in the case of the 2019 VM Senior Notes, April 15, 2017 in the case of the April 2021 VM Senior Secured Notes or April 15, 2018 in the case of the 2023 VM Senior Notes, Virgin Media Secured Finance and Virgin Media Finance (as applicable) may redeem some or all of the 2018 VM Senior Secured Notes, the 2019 VM Senior Notes, the April 2021 VM Senior Secured Notes or the 2023 VM Senior Notes (as applicable) by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to January 15, 2014, October 15, 2014, April 15, 2017 or April 15, 2018 (as applicable) using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

Virgin Media Finance and Virgin Media Secured Finance (as applicable) may redeem some or all of the 2018 VM Senior Secured Notes, the 2019 VM Senior Notes, the April 2021 VM Senior Secured Notes or the 2023 VM Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and Additional Amounts (as defined in the applicable indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on January 15 in the case of the 2018 VM Senior Secured Notes, October 15 in the case of the 2019 VM Senior Notes or April 15 in the case of the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes of the years set forth below:

	Redemption price							
Year	2018 VM Dollar Senior Secured Notes	2018 VM Sterling Senior Secured Notes	2019 VM Dollar Senior Notes	2019 VM Sterling Senior Notes	April 2021 VM Dollar Senior Secured Notes	April 2021 VM Sterling Senior Secured Notes	2023 VM Dollar Senior Notes	2023 VM Sterling Senior Notes
2014	103.250%	103.500%	104.188%	104.438%	N.A.	N.A.	N.A.	N.A.
2015	101.625%	101.750%	102.792%	102.958%	N.A.	N.A.	N.A.	N.A.
2016	100.000%	100.000%	101.396%	101.479%	N.A.	N.A.	N.A.	N.A.
2017	100.000%	100.000%	100.000%	100.000%	102.688%	103.000%	N.A.	N.A.
2018	N.A.	N.A.	100.000%	100.000%	101.344%	101.500%	103.188%	103.500%
2019	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%	102.125%	102.333%
2020	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%	101.063%	101.667%
2021 and thereafter	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	100.000%	100.000%

In addition, at any time prior to April 15, 2016, Virgin Media Secured Finance and Virgin Media Finance (as applicable) may redeem up to 40% of the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes, respectively, at redemption prices of 105.375% in the case of the April 2021 VM Dollar Senior Secured Notes, 106.000% in the case of the April 2021 VM Sterling Senior Secured Notes, 106.375% in the case of the 2023 VM Dollar Senior Notes and 107.000% in the case of the 2023 VM Sterling Senior Notes, with the net proceeds from one or more specified equity offerings. Further, Virgin Media Finance and Virgin Media Secured Finance (as applicable) may redeem all, but not less than all, of the VM Senior Notes and VM Senior Secured Notes at a price equal to their respective principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law.

VM Convertible Notes

In April 2008, Old Virgin Media issued $1.0 billion (£617.9 million) principal amount of 6.50% convertible senior notes (the VM Convertible Notes), pursuant to an indenture (as supplemented, the VM Convertible Notes Indenture). The VM Convertible Notes mature on November 15, 2016, unless the VM Convertible Notes are exchanged or repurchased prior thereto pursuant to the terms of the VM Convertible Notes Indenture.

As a result of the application of acquisition accounting in connection with the LG/VM Transaction, the $2,716.8 million (£1,748.7 million on the date of the LG/VM Transaction) estimated fair value of the VM Convertible Notes at June 7, 2013 was allocated between the respective debt and equity components. The portion allocated to the debt component of $1,056.8 million (£680.2 million on the date of the LG/VM Transaction) was measured based on the estimated fair value of a debt instrument that has the same terms as the VM Convertible Notes without the conversion feature. The amount allocated to the debt component resulted in a premium to the principal amount of the VM Convertible Notes. The $1,660.0 million (£1,068.5 million on the date of the LG/VM Transaction) portion allocated to the equity component at June 7, 2013 was recorded as a derivative instrument included within current liabilities in our condensed consolidated balance sheet. The equity component is accounted for as an embedded derivative that requires bifurcation from the debt instrument due to the fact that the conversion option is indexed to Liberty Global shares. The fair value of the derivative liability at September 30, 2013 was £62.8 million.

The VM Convertible Notes are exchangeable under certain conditions for (subject to further adjustment as provided in the VM Convertible Notes Indenture and subject to our right to settle in cash or a combination of Liberty Global ordinary shares and cash) 13.4339 Class A ordinary shares of Liberty Global, 10.0312 Class C ordinary shares of Liberty Global and $910.51 (£562.63) in cash (without interest) for each $1,000 (£617.93) in principal amount of VM Convertible Notes exchanged. The circumstances under which the VM Convertible Notes are exchangeable are more fully described in the VM Convertible Notes Indenture, including, for example, based on the relationship of the value of the LG/VM Transaction Consideration to the conversion price of the VM Convertible Notes. Based on the trading prices of Liberty Global's Class A and Class C ordinary shares during a specified period, as provided for in the VM Convertible Notes Indenture, the VM Convertible Notes are currently exchangeable. Because the LG/VM Transaction constituted a "Fundamental Change" and a "Make-Whole Fundamental Change" under the VM Convertible Notes Indenture, a holder of the VM Convertible Notes who exchanged such notes at any time from June 7, 2013 through July 9, 2013 (the Make-Whole Exchange Period) received 13.8302 Class A ordinary shares of Liberty Global, 10.3271 Class C ordinary shares of Liberty Global and $937.37 (£579.23) in cash (without interest) for each $1,000 (£617.93) in principal amount of VM Convertible Notes exchanged.

As of September 30, 2013, an aggregate of $944.2 million (£583.5 million) principal amount of the VM Convertible Notes had been exchanged following the LG/VM Transaction for 13.1 million Class A ordinary shares of Liberty Global and 9.8 million Class C ordinary shares of Liberty Global and $885.1 million (£546.9 million) of cash. No gain or loss on extinguishment was recorded for these exchanges as the debt component of the VM Convertible Notes was measured at fair value shortly before the exchanges pursuant to the application of acquisition accounting in connection with the LG/VM Transaction. After giving effect to all exchanges completed, the remaining principal amount outstanding under the VM Convertible Notes was $54.8 million (£33.9 million) as of September 30, 2013.

The VM Convertible Notes are senior unsecured obligations of our company that rank equally in right of payment with all of our existing and future senior and unsecured indebtedness and ranks senior in right to all of our existing and future subordinated indebtedness. The VM Convertible Notes are effectively subordinated to all existing and future indebtedness and other obligations of our subsidiaries. The VM Convertible Notes Indenture does not contain any financial or restrictive covenants. The VM Convertible Notes are non-callable.

MergerCo Bridge Facility Agreement

On June 5, 2013, Liberty Global entered into a short-term unsecured bridge credit facility agreement as the borrower in an aggregate principal amount of approximately $3,545.0 million (£2,190.6 million) (the MergerCo Bridge Facility Agreement), with amounts borrowed applied towards paying the consideration for the LG/VM Transaction together with any related fees, costs and expenses. This facility was pushed down to our company on June 7, 2013.

Amounts borrowed under the MergerCo Bridge Facility Agreement were repaid on June 12, 2013 using proceeds from the issuance of the April 2021 VM Senior Secured Notes and the 2023 VM Senior Notes. There was no margin or interest payable under the MergerCo Bridge Facility Agreement. However, the lender was paid a commitment fee. The MergerCo Bridge Facility Agreement was an unsecured credit facility. However, the lender benefited from a guarantee and indemnity issued by UnitedGlobalCom, Inc, a subsidiary of Liberty Global.

We made certain representations and warranties in favor of the lender, including with respect to its corporate status (i) capacity and authority to enter into the finance documents, (ii) its solvency, (iii) the binding nature of its obligations and (iv) the non-conflict of such obligations with its other obligations, as to the activities that it carries out and the accuracy of the information provided. We also gave certain customary undertakings, including (a) the maintenance of necessary authorizations, (b) compliance with laws and (c) the pari passu ranking of the loan.

Maturities of Debt and Capital Lease Obligations

The pound sterling equivalents of the maturities of our debt and capital lease obligations as of September 30, 2013 are presented below:

	Debt	Capital lease obligations	Total
		in millions	
Year ending December 31:			
2013 (remainder of year)	£ 33.9	£ 38.3	£ 72.2
2014	—	92.9	92.9
2015	—	66.4	66.4
2016	—	36.2	36.2
2017	—	8.0	8.0
2018	1,492.9	2.8	1,495.7
Thereafter	6,620.9	145.4	6,766.3
Total debt maturities	8,147.7	390.0	8,537.7
Unamortized premium, net of discount	139.5	—	139.5
Amounts representing interest	—	(141.3)	(141.3)
Total debt	£ 8,287.2	£ 248.7	£ 8,535.9
Current portion	£ 35.7	£ 95.0	£ 130.7
Noncurrent portion	£ 8,251.5	£ 153.7	£ 8,405.2

Non-cash Refinancing Transactions

During the nine months ended September 30, 2013 and 2012, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating £750.0 million and nil, respectively.

(7) Income Taxes

Income tax expense attributable to our earnings (loss) before income taxes differs from the amounts computed using the the U.S. federal income tax rate of 35%, as a result of the following (in millions):

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Computed "expected" tax benefit (expense)	£ 100.2	£ (43.5)	£ 77.5	£ (41.3)	£ (68.7)
Enacted tax law and rate changes (a)	(231.1)	—	(231.1)	—	—
Non-deductible or non-taxable interest and other expenses	(7.3)	(2.0)	9.1	15.8	(11.5)
Basis and other differences in the treatment of items associated with investments in subsidiaries	(18.3)	1.2	(22.7)	—	(4.4)
Change in valuation allowances	4.2	31.4	0.8	(13.7)	62.9
International rate differences (b)	(27.6)	12.6	(19.8)	22.0	21.3
Other, net	6.8	(0.1)	6.6	(0.9)	(0.4)
Total	£ (173.1)	£ (0.4)	£ (179.6)	£ (18.1)	£ (0.8)

(a) During the first quarter of 2013, it was announced that the U.K. corporate income tax rate will change to 21% in April 2014 and 20% in April 2015. This change in law was enacted in July 2013, and accordingly, amounts presented for the 2013 periods reflect the impact of these future rate changes.

(b) Amounts reflect statutory rates in the U.K., which are lower than the U.S. federal income tax rate.

(8) Equity

On June 7, 2013, as a result of the LG/VM Transaction, all of Old Virgin Media's issued share capital was cancelled with the holders becoming entitled to receive the LG/VM Transaction Consideration of $17.50 and 0.2582 Class A ordinary shares in Liberty Global and 0.1928 Class C ordinary shares in Liberty Global. After the LG/VM Transaction, Virgin Media has 100 shares of common stock outstanding.

For information regarding equity transactions with other subsidiaries of Liberty Global, see note 10.

(9) Share-based Compensation

Our share-based compensation expense after the LG/VM Transaction represents amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as an increase to shareholder's equity and is offset by any amounts recharged to us by Liberty Global, as further described in note 10. Share-based compensation expense prior to the LG/VM Transaction includes amounts for options and performance shares related to the common stock of Old Virgin Media. Incentive awards are denominated in U.S. dollars.

The following table summarizes our share-based compensation expense, which is included in SG&A expense in our condensed consolidated statements of operations (in millions):

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Performance-based incentive awards	£ 1.4	£ 0.2	£ 1.6	£ 10.0	£ 6.6
Other share-based incentive awards	38.1	4.2	61.1	12.1	14.8
Total (a)	£ 39.5	£ 4.4	£ 62.7	£ 22.1	£ 21.4

(a) In connection with the LG/VM Transaction, the Virgin Media Replacement Awards (as defined and described below) were remeasured as of June 7, 2013, resulting in an aggregate estimated fair value attributable to the post-transaction period of £123.8 million. During the second and third quarters of 2013, £18.3 million and £22.8 million, respectively, of the June 7, 2013 estimated fair value of the Virgin Media Replacement Awards was charged to expense in recognition of the Virgin Media Replacement Awards that were fully vested on June 7, 2013 or for which vesting was accelerated pursuant to the terms of the LG/VM Transaction Agreement on or prior to September 30, 2013. The remaining June 7, 2013 estimated fair value will be amortized over the remaining service periods of the unvested Virgin Media Replacement Awards, subject to forfeitures and the satisfaction of performance conditions. In addition, £1.8 million was charged to share-based compensation expense with respect to awards issued subsequent to June 7, 2013 or issued by Liberty Global prior to June 7, 2013 for individuals who are now Virgin Media employees.

The following table provides certain information related to share-based compensation not yet recognized for share-based incentive awards held by Virgin Media employees related to Liberty Global ordinary shares as of September 30, 2013:

	Liberty Global ordinary shares (a)	Liberty Global performance-based awards
Total compensation expense not yet recognized (in millions)	£ 58.0	£ 12.4
Weighted average period remaining for expense recognition (in years)	1.5	2.3

(a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Virgin Media Inc. 2010 Stock Incentive Plan (as amended and restated effective June 7, 2013) (the VM Incentive Plan, as further described below), (ii) certain other incentive plans of our company pursuant to which awards may no longer be granted, and (iii) certain other incentive plans of Liberty Global.

The following table summarizes certain information related to the incentive awards granted or remeasured and exercised with respect to Liberty Global ordinary shares.

	Successor	
	Period from June 8 to September 30, 2013	
Assumptions used to estimate fair value of options, share appreciation rights (SARs) and performance-based share appreciation rights (PSARs) granted:		
Risk-free interest rate	0.75% - 1.00%	
Expected life (a)	0.4 - 4.6 years	
Expected volatility (a)	23.6% - 32.6%	
Expected dividend yield	none	
Weighted average grant-date fair value per share awards granted:		
Options	$	45.60
SARs	$	15.60
PSARs	$	16.58
Restricted share units (RSUs)	$	74.14
Performance-based share units (PSUs)	$	68.00
Total intrinsic value of options exercised (in millions)	£	63.1
Cash received by Liberty Global from exercise of options (in millions)	£	34.5
Income tax benefit related to share-based compensation (in millions)	£	12.6

(a) The ranges shown for these assumptions exclude the awards for certain former employees of Virgin Media who were expected to exercise their awards immediately or soon after the LG/VM Transaction. For these awards, the assumptions used for expected life and volatility were essentially nil.

Liberty Global Challenge Performance Awards

Effective June 24, 2013, Liberty Global's compensation committee approved a new challenge performance award plan for certain executive officers and key employees (the Challenge Performance Awards). The Challenge Performance Awards for Liberty Global's senior executive officers consist solely of 3,475,000 PSARs and the Challenge Performance Awards for Liberty Global's other executive officers and certain key employees consist of a combination of 2,422,500 PSARs and 269,450 PSUs, in each case divided equally between Challenge Performance Awards based on Class A ordinary shares and Challenge Performance Awards based on Class C ordinary shares. Through September 30, 2013, Liberty Global has granted Challenge Performance Awards consisting of 5,897,500 PSARs and 269,450 PSUs (including 610,000 PSARs and 68,050 PSUs granted to executive officers and certain key employees of Virgin Media pursuant to the VM Incentive Plan), most of which were granted on June 24, 2013. Each PSU represents the right to receive one Class A ordinary share or one Class C ordinary share of Liberty Global, as applicable, subject to performance and vesting. The performance criteria for the Challenge Performance Awards will be based on Liberty Global's compensation committee's assessment of the participants' performance and achievement of individual goals in each of the years 2013, 2014 and 2015. As the performance measure, Liberty Global's compensation committee selected high levels of individual performance that must be maintained throughout the performance period based on our company's internal annual performance rating guidelines. In the event the performance level maintained by a participant falls below a specified threshold, Liberty Global's compensation committee may reduce by up to 100% the amount of such participant's Challenge Performance Awards. Subject to forfeitures and the satisfaction of performance conditions, 100% of each participant's Challenge Performance Awards will vest on June 24, 2016.

The PSARs have a term of seven years and base prices equal to the respective market closing prices of the applicable class of shares on the grant date.

Liberty Global PSUs

On June 24, 2013, Liberty Global's compensation committee granted our executive officers and certain of our key employees a total of 123,801 Liberty Global Class A PSUs and 92,389 Liberty Global Class C PSUs pursuant to the VM Incentive Plan. Each PSU represents the right to receive one Class A or Class C ordinary share of Liberty Global, as applicable, subject to performance and vesting. The performance period for these PSUs (the 2013 PSUs) is January 1, 2013 to December 31, 2014. As the performance measure, Liberty Global's compensation committee selected the compound annual growth rate in consolidated operating cash flow (OCF CAGR) from 2012 to 2014, as adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates and accounting principles or policies that effect comparability. The target OCF CAGR selected by the committee was based upon a comparison of our 2012 actual results to those reflected in Liberty Global's then existing long-range plan for 2014. The target OCF CAGR is subject to upward or downward adjustment for certain events in accordance with the terms of the grant agreement. A performance range of 75% to 125% of the target OCF CAGR would generally result in award recipients earning 50% to 150% of their 2013 PSUs, subject to reduction or forfeiture based on individual performance. One-half of the earned 2013 PSUs will vest on March 31, 2015 and the balance will vest on September 30, 2015.

Virgin Media Incentive Awards

Equity awards were granted to certain of our employees prior to the LG/VM Transaction under certain incentive plans maintained and administered by our company and, except with respect to the VM Incentive Plan, no new grants will be made under these incentive plans. The equity awards granted include stock options, restricted shares, RSUs and performance awards. In accordance with the terms of the LG/VM Transaction, Liberty Global issued Liberty Global share-based incentive awards (Virgin Media Replacement Awards) to employees and former directors of our company in exchange for corresponding Old Virgin Media awards.

VM Incentive Plan. In connection with the LG/VM Transaction, Liberty Global assumed the VM Incentive Plan. The VM Incentive Plan is administered by the compensation committee of Liberty Global's board of directors. Liberty Global's compensation committee has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The VM Incentive Plan is designed to provide additional remuneration to, and to encourage share ownership by, employees of our company and eligible employees of Liberty Global and its subsidiaries. Individuals who were employees of Liberty Global or any of its subsidiaries as of June 6, 2013 are not eligible to receive awards under the VM Incentive Plan. In addition, under an appendix to the VM Incentive Plan, Liberty Global may provide additional remuneration to independent contractors. Liberty Global's compensation committee may grant options, SARs, restricted shares, RSUs, share awards, performance awards or any combination of the foregoing under the VM Incentive Plan. All awards granted under the VM Incentive Plan must be settled in Liberty Global ordinary shares only. Under an appendix to the VM Incentive Plan, Liberty Global's compensation committee may grant awards that are payable in cash or a combination of cash and ordinary shares. The VM Incentive Plan provides for the ability of Liberty Global's compensation committee to adopt sub plans for tax-efficient grants to U.K. residents.

Under the VM Incentive Plan, no person may be granted in any calendar year awards covering more than 2,880,000 ordinary shares. Ordinary shares of Liberty Global issuable pursuant to awards made under the VM Incentive Plan will be fully paid and, to the extent permitted by the laws of England and Wales, made available from either ordinary shares acquired by or gifted to Liberty Global, newly allotted and issued ordinary shares, or ordinary shares acquired by or issued or gifted to the trustees of an employee benefit trust established in connection with the VM Incentive Plan.

Awards under the VM Incentive Plan issued prior to June 7, 2013 had a ten-year term and become fully exercisable within five years of continued employment. Certain performance-based awards that were granted during the first quarter of 2013 were cancelled upon completion of the LG/VM Transaction. These cancelled awards were subsequently replaced by 2013 PSUs that were granted under the VM Incentive Plan on June 24, 2013, as further described above. For the remaining performance-based awards that were outstanding prior to June 7, 2013, the performance objectives lapsed upon the completion of the LG/VM Transaction and such awards will vest on the third anniversary of the grant date. Awards (other than performance-based awards) under the VM Incentive Plan after June 7, 2013 generally (i) vest 12.5% on the six month anniversary of the grant date and then vest at a rate of 6.25% each quarter thereafter and (ii) expire seven years after the grant date. The VM Incentive Plan had 11,603,628 ordinary shares available for grant as of September 30, 2013. These shares may be awarded in any class of Liberty Global ordinary shares.

The following tables summarize the share-based award activity during the nine months ended September 30, 2013:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (a)
			in years	in millions
Options — Old Virgin Media				
Outstanding at January 1, 2013	11,842,974	$ 18.75		
Granted	1,070,934	$ 37.87		
Expired or cancelled	(318,263)	$ 21.93		
Exercised	(2,732,654)	$ 16.43		
Outstanding at June 7, 2013 (a)	9,862,991	$ 21.36	6.8	$ 292.3
Options — Liberty Global Class A ordinary shares				
Issued in exchange for Old Virgin Media options on June 7, 2013	3,934,574	$ 31.16		
Expired or cancelled	(72,686)	$ 53.06		
Exercised	(1,173,524)	$ 28.96		
Outstanding at September 30, 2013	2,688,364	$ 31.53	7.1	$ 128.6
Exercisable at September 30, 2013	1,194,475	$ 25.52	5.8	$ 64.3
Options — Liberty Global Class C ordinary shares				
Issued in exchange for Old Virgin Media options on June 7, 2013	2,935,250	$ 27.16		
Expired or cancelled	(54,240)	$ 49.06		
Exercised	(886,362)	$ 25.93		
Outstanding at September 30, 2013	1,994,648	$ 27.11	7.2	$ 96.4
Exercisable at September 30, 2013	880,734	$ 20.49	6.0	$ 48.4

(a) The pound sterling equivalent amounts for aggregate intrinsic value for outstanding Liberty Global Class A ordinary share options and outstanding Liberty Global Class C ordinary share options are £79.4 million and £59.6 million, respectively.

PSARs — Liberty Global Class A Ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value (a)
			in years	in millions
Outstanding at June 7, 2013	—	$ —		
Granted	320,000	$ 70.08		
Outstanding at September 30, 2013	320,000	$ 70.08	6.7	$ 3.0
Exercisable at September 30, 2013	—	$ —	—	$ —
PSARs — Liberty Global Class C Ordinary shares				
Outstanding at June 7, 2013	—	$ —		
Granted	320,000	$ 65.95		
Outstanding at September 30, 2013	320,000	$ 65.95	6.7	$ 3.0
Exercisable at September 30, 2013	—	$ —	—	$ —

(a) The pound sterling equivalent amounts for aggregate intrinsic value as at September 30, 2013 for outstanding Liberty Global Class A PSARs and outstanding Liberty Global Class C PSARs are £1.8 million and £1.9 million, respectively.

PSUs — Old Virgin Media	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2013	2,408,426	$ 22.40	
Granted	632,762	$ 39.66	
Cancelled	(251,936)	$ 22.59	
Released from restrictions	(14,964)	$ 24.08	
Outstanding at June 7, 2013 (a)	2,774,288	$ 26.31	8.5
PSUs — Liberty Global Class A ordinary shares			
Outstanding at June 7, 2013	—	$ —	
Granted	161,915	$ 69.91	
Expired or cancelled	(7,687)	$ 69.70	
Outstanding at September 30, 2013	154,228	$ 69.92	2.2
PSUs — Liberty Global Class C ordinary shares			
Outstanding at June 7, 2013	—	$ —	
Granted	130,503	$ 65.82	
Expired or cancelled	(5,737)	$ 65.56	
Outstanding at September 30, 2013	124,766	$ 65.83	2.2

(a) In connection with the LG/VM Transaction, 419,717 of these PSUs were cancelled and the remaining 2,354,571 PSUs were exchanged for 900,408 Liberty Global Class A RSUs and 671,923 Liberty Global Class C RSUs.

RSUs — Old Virgin Media	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2013	1,781,742	$ 15.64	
Granted	50,101	$ 39.39	
Expired or cancelled	(578,801)	$ 15.34	
Released from restrictions	(858,701)	$ 14.10	
Outstanding at June 7, 2013	394,341	$ 22.43	7.8
RSUs — Liberty Global Class A ordinary shares			
Issued in exchange for Old Virgin Media RSUs on June 7, 2013	900,408	$ 76.24	
Granted	8,334	$ 69.70	
Expired or cancelled	(13,647)	$ 76.24	
Released from restrictions	(207,599)	$ 76.24	
Outstanding at September 30, 2013	687,496	$ 76.16	8.0
RSUs — Liberty Global Class C ordinary shares			
Issued in exchange for Old Virgin Media RSUs on June 7, 2013	671,923	$ 71.51	
Granted	8,334	$ 65.56	
Expired or cancelled	(10,184)	$ 71.51	
Released from restrictions	(163,294)	$ 71.51	
Outstanding at September 30, 2013	506,779	$ 71.41	8.1

SARs — Liberty Global Class A ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at June 7, 2013	—	$ —		
Granted	4,816	$ 80.99		
Outstanding at September 30, 2013	4,816	$ 80.99	6.8	$ —
Exercisable at September 30, 2013	—	$ —	—	$ —
SARs — Liberty Global Class C ordinary shares				
Outstanding at June 7, 2013	—	$ —		
Granted	4,816	$ 76.57		
Outstanding at September 30, 2013	4,816	$ 76.57	6.8	$ —
Exercisable at September 30, 2013	—	$ —	—	$ —

(10) Related-Party Transactions

Our related-party transactions consist of the following (in millions):

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Interest expense	£ (2.2)	£ —	£ (5.8)	£ —	£ —
Interest income	48.2	—	58.9	—	—
Included in net earnings (loss)	£ 46.0	£ —	£ 53.1	£ —	£ —

Interest expense. Related-party interest expense relates to a related-party note with LGI in connection with the LG/VM Transaction, which bore interest at a rate of 7.5%. During the Successor period, repayments were made on the note aggregating £832.3 million and as of September 30, 2013 the note was fully repaid.

Interest income. These amounts relate to related-party notes as further described below.

The following table provides details of our related-party balances (in millions):

	Successor	Predecessor
	September 30, 2013	December 31, 2012
Notes receivable (a)	£ 2,295.4	£ —
Interest and other receivables (b)	88.2	—
Long-term notes receivable (c)	11.6	—
Total	£ 2,395.2	£ —
Other payables (d) (e)	£ 1,063.1	£ —

(a) Represents notes receivable from Lynx Europe 2 Limited (Lynx Europe 2), our immediate parent, that are owed to our subsidiary, Virgin Media Finco Limited, comprising £1,350.0 million maturing on April 15, 2023 with an interest rate of 8.5% as of September 30, 2013 and $1,530.0 million (£945.4 million) maturing on April 15, 2023 with an interest rate of 7.875% as of September 30, 2013. These amounts are presented as current assets as the notes are payable on demand. The net increase during the nine months ended September 30, 2013 primarily relates to a cash loan of £2,290.6 million (equivalent at the transaction date) and a non-cash loan relating to deferred finance costs of £40.6 million (equivalent at the transaction date) that were paid by us and reflected as an increase to the loan balance through a capital contribution from Lynx Europe 2. These increases were somewhat offset by declines from foreign exchange rate movements. The cash loan originated from a transaction that occurred shortly after the LG/VM Transaction date, where a subsidiary of Liberty Global contributed cash to Virgin Media that was subsequently loaned to Lynx Europe 2.

(b) Represents (i) accrued interest on Virgin Media Finco Limited's notes receivable from Lynx Europe 2 of £57.8 million (equivalent), (ii) employee withholding taxes collected by LGI on our behalf of £30.2 million (equivalent) and (iii) certain receivables from other Liberty Global subsidiaries arising in the normal course of business. The accrued interest on the notes receivable is transferred semi-annually to the loan balances on April 15 and October 15. The withholding taxes and other receivables are settled periodically.

(c) Represents a note receivable with Liberty Global that matures on April 6, 2018 and bears interest at a rate of 1.22%. This note receivable originated as a result of a non-cash transaction on the date of the LG/VM Transaction that resulted in a corresponding increase to our additional paid-in capital. This non-cash transaction involved the transfer of shares of Old Virgin Media held in a trust to a trust consolidated by Liberty Global in exchange for this note.

(d) Represents (i) $1,615.5 million (£998.3 million) that is payable on demand by Virgin Media to Liberty Global arising from the settlement of VM Convertible Notes with Liberty Global ordinary shares, (ii) £50.8 million (equivalent) arising from capital charges from LGI, as described in note (e) below, and (ii) £14.0 million (equivalent) related to deferred financing costs paid by LGI on our behalf. The $1,615.5 million payable to Liberty Global has been classified as a current liability based on the terms of the underlying agreement that provide Liberty Global with the right to request settlement on demand. We have no expectation that Liberty Global would request payment of all or any portion of this amount within the next 12 months. The payables related to the capital charges and deferred financing costs are settled periodically. None of these payables are currently interest bearing.

(e) During the nine months ended September 30, 2013, we recorded a capital charge of £52.7 million in our condensed consolidated statements of equity in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global restricted share awards held by employees of our subsidiaries. These capital charges, which we and LGI have agreed will not exceed the cumulative amount of share-based compensation allocated to our company by LGI following the LG/VM Transaction, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

(11) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable operating leases, programming contracts, purchases of customer premises equipment and other items. Our pound sterling equivalents of such commitments as of September 30, 2013 are presented below:

	Payments due during:							
	Remainder of 2013	Year ending December 31, 2014	2015	2016	2017	2018	Thereafter	Total
	in millions							
Operating leases	£ 10.9	£ 38.4	£ 32.6	£ 24.3	£ 17.5	£ 12.1	£ 51.4	£ 187.2
Programming obligations	45.0	187.8	162.7	115.5	47.7	16.0	—	574.7
Other commitments	313.8	189.0	162.8	114.3	102.8	28.7	5.1	916.5
Total	£ 369.7	£ 415.2	£ 358.1	£ 254.1	£ 168.0	£ 56.8	£ 56.5	£ 1,678.4

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the period from June 8 to September 30, 2013, the period from January 1 to June 7, 2013 and the nine months ended September 30, 2012, the programming costs incurred aggregated £164.4 million, £232.3 million and £373.5 million, respectively. The ultimate amount payable in excess of the contractual minimums of our content contracts is dependent upon the number of subscribers to our service.

Other commitments principally comprise (i) commitments associated with our mobile virtual network operator (MVNO) agreement, (ii) open purchase orders and (iii) ongoing commitments to third-party suppliers.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2013 and 2012, see note 3.

We also have commitments pursuant to pension agreements which are not included in the above table because they are not fixed or determinable.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide indemnifications to our lenders, our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

LG/VM Transaction Litigation. On February 12, 2013, February 19, 2013 and March 26, 2013, respectively, three purported shareholders of Old Virgin Media filed lawsuits in the Supreme Court of the State of New York, New York County against the members of the Old Virgin Media board of directors, Old Virgin Media, LGI, Liberty Global and certain LGI subsidiaries challenging the LG/VM Transaction Agreement. All three plaintiffs purported to sue on behalf of the public stockholders of Old Virgin Media and alleged that the members of the Old Virgin Media board of directors breached their fiduciary duties to Old Virgin Media stockholders in connection with the sale of Old Virgin Media to LGI by, among other things, failing to secure adequate consideration, failing to engage in a fair sales process and failing to disclose material information in the joint proxy statement/prospectus. The complaints alleged that LGI, Liberty Global and certain LGI subsidiaries aided and abetted the alleged breaches of fiduciary duty by Old Virgin Media's board of directors. The complaints sought, among other things, rescission and plaintiffs' attorneys' fees and costs. Certain of the plaintiffs also sought damages. On April 10, 2013, the three actions were consolidated in the Commercial Division of the Supreme Court of the State of New York. On May 23, 2013, the parties to the consolidated lawsuit entered into a binding Term Sheet to settle the consolidated cases and, on July 22, 2013, executed a Stipulation and Agreement of Compromise, Settlement and Release (the Settlement). On October 3, 2013, the Supreme Court of the State of New York issued a final order and judgment approving the Settlement. No stockholders of Virgin Media elected out of the Settlement. The Settlement did not have a material impact on our financial condition or results of operations.

VAT Matters. Our application of value added tax (VAT) with respect to certain revenue generating activities has been challenged by the U.K. tax authorities. We have estimated our maximum exposure in the event of an unfavorable outcome to be £35.1 million as of September 30, 2013. No portion of this exposure has been accrued by our company as the likelihood of loss is not considered to be probable. An initial hearing on these matters is expected to take place in the fourth quarter of 2013.

Regulatory Issues. Our existing and planned activities in the digital cable distribution, broadband internet, fixed-line telephony and mobile businesses are subject to significant regulation and supervision by various regulatory bodies in the jurisdictions in which we operate, and other U.K. and European Union (EU) authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other. In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, and copyright fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(12) Segment Reporting

During the third quarter of 2013, we determined that our business now comprises a single operating segment. Prior to the third quarter of 2013, we had disclosed two reportable segments, consisting of the consumer segment and the business segment. This change in segment reporting reflects changes in how our new chief operating decision maker reviews the results of our business. Following the LG/VM Transaction segment information for all periods presented has been restated to reflect this change.

We operate in one geographical area, the U.K., within which we provide digital cable, broadband internet, fixed-line telephony and mobile services to residential and/or business customers.

Our revenue by major category is set forth below (in millions):

	Three-month period		Nine-month period		
	Successor	Predecessor	Successor	Predecessor	
	Three months ended September 30, 2013	Three months ended September 30, 2012	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Subscription revenue:					
Digital cable	£ 242.6	£ 223.3	£ 305.0	£ 423.6	£ 654.1
Broadband internet	216.9	202.6	272.9	377.8	595.1
Fixed-line telephony	244.1	248.3	306.5	433.2	748.4
Cable subscription revenue (a)	703.6	674.2	884.4	1,234.6	1,997.6
Mobile (b)	111.8	111.5	139.1	187.5	324.6
Total subscription revenue	815.4	785.7	1,023.5	1,422.1	2,322.2
B2B revenue	146.6	168.6	182.5	275.0	505.0
Other revenue (c)	60.8	73.4	75.8	113.1	233.6
Total revenue	£ 1,022.8	£ 1,027.7	£ 1,281.8	£ 1,810.2	£ 3,060.8

(a) Cable subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile services revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service.

(b) Includes mobile services revenue, exclusive of mobile handset sales and activation fees.

(c) Other revenue includes interconnect revenue, activation fees, mobile handset sales and installation revenue.

(13) Restructuring

On June 7, 2013 Liberty Global acquired Virgin Media in order to achieve certain financial, operational and strategic benefits through the integration of Virgin Media with Liberty Global's existing European operations.

During the third quarter of 2013, we incurred restructuring costs of £12.8 million in relation to employee severance and termination costs and contract termination costs. We also recorded a charge of £9.2 million during the third quarter of 2013 related to the impairment of certain network assets. As the integration process continues, we expect that we will record restructuring charges in the fourth quarter of 2013 principally in relation to employee severance termination costs and in 2014 in relation to further restructuring activities. We cannot currently quantify the amount of restructuring costs we expect to record in the fourth quarter of 2013 and during 2014, as we are currently evaluating these activities.

A summary of changes in our restructuring liabilities during the period is set forth in the table below:

	Employee severance and termination	Office closures	Contract termination and other	Total
		in millions		
Predecessor:				
Restructuring liability as of January 1, 2013	£ —	£ 16.3	£ —	£ 16.3
Charge to net loss	—	0.5	—	0.5
Cash Paid	—	(1.8)	—	(1.8)
Restructuring liability as of June 7, 2013	£ —	£ 15.0	£ —	£ 15.0
Successor:				
Restructuring liability as of June 7, 2013	£ —	£ 15.0	£ —	£ 15.0
Charge to net loss	14.4	0.3	3.7	18.4
Cash Paid	(8.7)	(3.5)	(1.7)	(13.9)
Restructuring liability as of September 30, 2013	£ 5.7	£ 11.8	£ 2.0	£ 19.5
Short-term portion	£ 5.7	£ 9.9	£ 2.0	£ 17.6
Long-term portion	—	1.9	—	1.9
Total	£ 5.7	£ 11.8	£ 2.0	£ 19.5

(14) Condensed Consolidating Financial Information - Senior Notes

We present the following condensed consolidating financial information as of September 30, 2013 and December 31, 2012 and for the three months ended September 30, 2013 and 2012, the Successor period from June 8 to September 30, 2013, the Predecessor period from January 1 to June 7, 2013 and the nine months ended September 30, 2012 as required by the applicable underlying indentures.

As of September 30, 2013, Virgin Media Finance is the issuer of the following senior notes:

- $507.1 million (£313.4 million) aggregate principal amount of 2019 VM Dollar Senior Notes;
- £253.5 million aggregate principal amount of 2019 VM Sterling Senior Notes;
- $530.0 million (£327.5 million) aggregate principal amount of 2023 VM Dollar Senior Notes;
- £250.0 million aggregate principal amount of 2023 VM Sterling Senior Notes;
- $95.0 million (£58.7 million) aggregate principal amount of 2022 VM 5.25% Dollar Senior Notes;
- $118.7 million (£73.3 million) aggregate principal amount of 2022 VM 4.875% Dollar Senior Notes; and
- £44.1 million aggregate principal amount of 2022 VM Sterling Senior Notes.

Virgin Media and certain of its subsidiaries, namely Virgin Media Group LLC (Virgin Media Group), Virgin Media Holdings Inc. (Virgin Media Holdings), Virgin Media (UK) Group, Inc. (Virgin Media (UK) Group) and Virgin Media Communications Limited (Virgin Media Communications), have guaranteed the senior notes on a senior basis. Each of VMIH and VMIL are conditional guarantors and have guaranteed the senior notes on a senior subordinated basis.

	Successor							
	September 30, 2013							
Balance sheets	**Successor Company**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
ASSETS								
Current assets:								
Cash and cash equivalents	£ 231.1	£ 0.1	£ 0.2	£ 32.8	£ —	£ 78.9	£ —	£ 343.1
Related-party receivables	—	—	—	—	—	2,383.6	—	2,383.6
Other current assets	0.2	—	—	29.4	—	562.7	—	592.3
Total current assets	231.3	0.1	0.2	62.2	—	3,025.2	—	3,319.0
Property and equipment, net	—	—	—	—	—	6,222.0	—	6,222.0
Goodwill	—	—	—	—	—	5,806.2	—	5,806.2
Intangible assets subject to amortization, net	—	—	—	—	—	2,412.7	—	2,412.7
Investments in, and loans to, parent and subsidiary companies	8,958.5	9,426.2	8,663.1	11,921.0	12,200.4	(7,386.4)	(43,782.8)	—
Deferred income taxes	—	—	—	—	—	1,367.1	—	1,367.1
Related-party notes receivable	11.6	—	—	—	—	—	—	11.6
Other assets, net	84.3	11.6	—	106.9	—	83.2	—	286.0
Total assets	£ 9,285.7	£ 9,437.9	£ 8,663.3	£ 12,090.1	£ 12,200.4	£ 11,530.0	£ (43,782.8)	£ 19,424.6
LIABILITIES AND EQUITY								
Current liabilities:								
Intercompany and related-party payables	£ 1,100.8	£ 1.6	£ 3.0	£ 104.9	£ —	£ 812.4	£ (959.6)	£ 1,063.1
Other current liabilities	100.9	46.9	—	61.9	—	1,287.7	—	1,497.4
Total current liabilities	1,201.7	48.5	3.0	166.8	—	2,100.1	(959.6)	2,560.5
Long-term debt and capital lease obligations	—	1,379.6	—	—	—	7,025.6	—	8,405.2
Other long-term liabilities	0.2	—	—	199.4	—	175.5	—	375.1
Total liabilities	1,201.9	1,428.1	3.0	366.2	—	9,301.2	(959.6)	11,340.8
Equity	8,083.8	8,009.8	8,660.3	11,723.9	12,200.4	2,228.8	(42,823.2)	8,083.8
Total liabilities and equity	£ 9,285.7	£ 9,437.9	£ 8,663.3	£ 12,090.1	£ 12,200.4	£ 11,530.0	£ (43,782.8)	£ 19,424.6

	Predecessor (a)							
	December 31, 2012							
Balance sheets	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
ASSETS								
Current assets:								
Cash and cash equivalents	£ 10.3	£ 1.0	£ 0.1	£ 0.1	£ —	£ 194.8	£ —	£ 206.3
Other current assets	0.2	—	—	31.4	—	599.9	—	631.5
Total current assets	10.5	1.0	0.1	31.5	—	794.7	—	837.8
Property and equipment, net	—	—	—	—	—	4,512.2	—	4,512.2
Goodwill	—	—	(15.0)	—	—	2,032.5	—	2,017.5
Investments in, and loans to, parent and subsidiary companies	3,474.9	3,144.9	1,973.7	4,424.4	5,306.3	(2,417.5)	(15,906.7)	—
Deferred income taxes	—	—	—	—	—	2,641.7	—	2,641.7
Other assets, net	308.3	19.8	—	144.1	—	83.5	—	555.7
Total assets	£ 3,793.7	£ 3,165.7	£ 1,958.8	£ 4,600.0	£ 5,306.3	£ 7,647.1	£ (15,906.7)	£ 10,564.9
LIABILITIES AND EQUITY								
Current liabilities	£ 31.1	£ 27.0	£ 5.3	£ 78.3	£ —	£ 1,746.3	£ (650.6)	£ 1,237.4
Long-term debt and capital lease obligations	544.0	1,824.4	—	—	—	3,483.6	—	5,852.0
Other long-term liabilities	0.2	—	—	88.1	—	168.8	—	257.1
Total liabilities	575.3	1,851.4	5.3	166.4	—	5,398.7	(650.6)	7,346.5
Equity	3,218.4	1,314.3	1,953.5	4,433.6	5,306.3	2,248.4	(15,256.1)	3,218.4
Total liabilities and equity	£ 3,793.7	£ 3,165.7	£ 1,958.8	£ 4,600.0	£ 5,306.3	£ 7,647.1	£ (15,906.7)	£ 10,564.9

(a) As retrospectively revised - see note 1.

Statements of operations	Successor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Successor							
	Three months ended September 30, 2013							
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,022.8	£ —	£ 1,022.8
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	465.9	—	465.9
SG&A (including share-based compensation)	0.3	—	(0.7)	—	—	170.1	—	169.7
Depreciation and amortization	—	—	—	—	—	411.5	—	411.5
Impairment, restructuring and other operating items, net	0.5	—	—	—	—	21.1	—	21.6
	0.8	—	(0.7)	—	—	1,068.6	—	1,068.7
Operating income (loss)	(0.8)	—	0.7	—	—	(45.8)	—	(45.9)
Non-operating income (expense):								
Interest expense	(46.2)	(22.9)	(2.7)	(93.4)	—	(328.0)	373.1	(120.1)
Interest income – related-party and intercompany	—	15.9	3.5	71.5	—	330.4	(373.1)	48.2
Realized and unrealized losses on derivative instruments, net	(10.1)	—	—	(261.8)	—	—	—	(271.9)
Foreign currency transaction gains (losses), net	11.3	19.0	(3.3)	69.4	—	(10.7)	18.0	103.7
Other income (expense), net	0.2	—	—	—	—	(0.4)	—	(0.2)
	(44.8)	12.0	(2.5)	(214.3)	—	(8.7)	18.0	(240.3)
Earnings (loss) before income taxes	(45.6)	12.0	(1.8)	(214.3)	—	(54.5)	18.0	(286.2)
Income tax expense	—	—	—	—	—	(173.1)	—	(173.1)
Earnings (loss) after income taxes	(45.6)	12.0	(1.8)	(214.3)	—	(227.6)	18.0	(459.3)
Equity in net earnings of subsidiaries	(413.7)	(415.7)	(411.7)	(219.5)	(224.5)	—	1,685.1	—
Net loss	£ (459.3)	£ (403.7)	£ (413.5)	£ (433.8)	£ (224.5)	£ (227.6)	£ 1,703.1	£ (459.3)
Total comprehensive loss	£ (289.4)	£ (415.8)	£ (422.3)	£ (445.9)	£ (236.6)	£ (239.7)	£ 1,760.3	£ (289.4)

Statements of operations	Successor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Successor — Period from June 8 to September 30, 2013 — in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,281.8	£ —	£ 1,281.8
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	578.5	—	578.5
SG&A (including share-based compensation)	2.6	—	—	—	—	223.5	—	226.1
Depreciation and amortization	—	—	—	—	—	504.2	—	504.2
Impairment, restructuring and other operating items, net	0.5	—	—	—	—	26.5	—	27.0
	3.1	—	—	—	—	1,332.7	—	1,335.8
Operating loss	(3.1)	—	—	—	—	(50.9)	—	(54.0)
Non-operating income (expense):								
Interest expense	(61.8)	(30.2)	(3.4)	(130.6)	—	(408.0)	478.2	(155.8)
Interest income – related-party and intercompany	—	30.8	4.4	106.7	—	395.2	(478.2)	58.9
Gain (loss) on debt modification and extinguishment, net	—	(0.3)	—	—	—	0.9	—	0.6
Realized and unrealized gains (losses) on derivative instruments, net	32.8	—	—	(184.5)	—	—	—	(151.7)
Foreign currency transaction gains (losses), net	18.9	11.0	(2.4)	39.7	—	1.5	11.8	80.5
Other income, net	0.2	—	—	—	—	—	—	0.2
	(9.9)	11.3	(1.4)	(168.7)	—	(10.4)	11.8	(167.3)
Earnings (loss) before income taxes	(13.0)	11.3	(1.4)	(168.7)	—	(61.3)	11.8	(221.3)
Income tax expense	—	—	—	—	—	(179.6)	—	(179.6)
Earnings (loss) after income taxes	(13.0)	11.3	(1.4)	(168.7)	—	(240.9)	11.8	(400.9)
Equity in net earnings of subsidiaries	(387.9)	(384.5)	(386.3)	(227.6)	(255.0)	—	1,641.3	—
Net loss	£ (400.9)	£ (373.2)	£ (387.7)	£ (396.3)	£ (255.0)	£ (240.9)	£ 1,653.1	£ (400.9)
Total comprehensive loss	£ (299.4)	£ (381.2)	£ (392.4)	£ (404.5)	£ (262.9)	£ (248.8)	£ 1,689.8	£ (299.4)

Statements of operations	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Predecessor							
	Period from January 1 to June 7, 2013							
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,810.2	£ —	£ 1,810.2
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	845.4	—	845.4
SG&A (including share-based compensation)	8.4	—	—	—	—	247.7	—	256.1
Depreciation and amortization	—	—	—	—	—	432.8	—	432.8
Impairment, restructuring and other operating items, net	53.8	—	—	—	—	(2.6)	—	51.2
	62.2	—	—	—	—	1,523.3	—	1,585.5
Operating income (loss)	(62.2)	—	—	—	—	286.9	—	224.7
Non-operating income (expense):								
Interest expense	(55.9)	(54.1)	(4.8)	(127.2)	—	(371.3)	456.6	(156.7)
Interest income – intercompany	—	53.6	6.0	62.7	—	334.3	(456.6)	—
Loss on debt modification and extinguishment, net	(0.1)	—	—	—	—	—	—	(0.1)
Realized and unrealized gains on derivative instruments, net	50.0	—	—	1.8	—	—	—	51.8
Foreign currency transaction gains (losses), net	(0.1)	2.6	5.6	23.7	—	(3.9)	(30.0)	(2.1)
Other income, net	—	—	—	0.2	—	0.2	—	0.4
	(6.1)	2.1	6.8	(38.8)	—	(40.7)	(30.0)	(106.7)
Earnings (loss) before income taxes	(68.3)	2.1	6.8	(38.8)	—	246.2	(30.0)	118.0
Income tax expense	—	—	—	(0.7)	—	(17.4)	—	(18.1)
Earnings (loss) after income taxes	(68.3)	2.1	6.8	(39.5)	—	228.8	(30.0)	99.9
Equity in net earnings of subsidiaries	168.2	140.2	161.2	209.7	222.9	—	(902.2)	—
Net earnings	£ 99.9	£ 142.3	£ 168.0	£ 170.2	£ 222.9	£ 228.8	£ (932.2)	£ 99.9
Total comprehensive earnings	£ 83.1	£ 135.3	£ 161.0	£ 163.2	£ 223.5	£ 229.4	£ (912.4)	£ 83.1

	Predecessor							
	Three months ended September 30, 2012							
Statements of operations	**Predecessor Company**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,027.7	£ —	£ 1,027.7
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	465.4	—	465.4
SG&A (including share-based compensation)	4.1	—	—	—	—	135.6	—	139.7
Depreciation and amortization	—	—	—	—	—	238.1	—	238.1
Impairment, restructuring and other operating items, net	—	—	—	—	—	4.7	—	4.7
	4.1	—	—	—	—	843.8	—	847.9
Operating income (loss)	(4.1)	—	—	—	—	183.9	—	179.8
Non-operating income (expense):								
Interest expense	(29.7)	(38.8)	(2.7)	(83.1)	—	(234.4)	288.7	(100.0)
Interest income – intercompany	—	38.3	3.9	40.3	—	206.2	(288.7)	—
Realized and unrealized gains (losses) on derivative instruments, net	51.6	—	—	(7.6)	—	—	—	44.0
Foreign currency transaction gains (losses), net	0.4	(1.8)	(1.7)	(17.2)	—	(5.8)	26.4	0.3
Other income, net	—	—	—	0.2	—	—	—	0.2
	22.3	(2.3)	(0.5)	(67.4)	—	(34.0)	26.4	(55.5)
Earnings (loss) before income taxes	18.2	(2.3)	(0.5)	(67.4)	—	149.9	26.4	124.3
Income tax benefit (expense)	—	—	0.1	(0.1)	—	(0.4)	—	(0.4)
Earnings (loss) after income taxes	18.2	(2.3)	(0.4)	(67.5)	—	149.5	26.4	123.9
Equity in net earnings of subsidiaries	105.7	102.1	106.2	143.2	142.8	—	(600.0)	—
Net earnings	£ 123.9	£ 99.8	£ 105.8	£ 75.7	£ 142.8	£ 149.5	£ (573.6)	£ 123.9
Total comprehensive earnings	£ 115.4	£ 81.8	£ 89.3	£ 57.7	£ 143.6	£ 150.3	£ (522.7)	£ 115.4

Statements of operations	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Predecessor							
	Nine months ended September 30, 2012							
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 3,060.8	£ —	£ 3,060.8
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	1,415.2	—	1,415.2
SG&A (including share-based compensation)	11.6	—	—	—	—	422.8	—	434.4
Depreciation and amortization	—	—	—	—	—	725.4	—	725.4
Impairment, restructuring and other operating items, net	—	—	—	—	—	(4.5)	—	(4.5)
	11.6	—	—	—	—	2,558.9	—	2,570.5
Operating income (loss)	(11.6)	—	—	—	—	501.9	—	490.3
Non-operating income (expense):								
Interest expense	(82.2)	(121.7)	(8.1)	(257.6)	—	(714.2)	879.6	(304.2)
Interest income – intercompany	—	124.6	11.6	136.8	—	606.6	(879.6)	—
Loss on debt modification and extinguishment, net	—	(58.6)	—	—	—	—	—	(58.6)
Realized and unrealized gains (losses) on derivative instruments, net	91.5	—	—	(23.6)	—	—	—	67.9
Foreign currency transaction gains (losses), net	—	(7.7)	(6.0)	(25.4)	—	2.1	31.5	(5.5)
Other income, net	—	—	—	0.4	—	6.1	—	6.5
	9.3	(63.4)	(2.5)	(169.4)	—	(99.4)	31.5	(293.9)
Earnings (loss) before income taxes	(2.3)	(63.4)	(2.5)	(169.4)	—	402.5	31.5	196.4
Income tax benefit (expense)	—	—	0.1	(0.3)	—	(0.6)		(0.8)
Earnings (loss) after income taxes	(2.3)	(63.4)	(2.4)	(169.7)	—	401.9	31.5	195.6
Equity in net earnings of subsidiaries	197.9	246.7	200.3	384.9	383.3	—	(1,413.1)	—
Net earnings	£ 195.6	£ 183.3	£ 197.9	£ 215.2	£ 383.3	£ 401.9	£ (1,381.6)	£ 195.6
Total comprehensive earnings	£ 188.8	£ 164.1	£ 180.7	£ 196.0	£ 385.5	£ 404.1	£ (1,330.4)	£ 188.8

	Successor							
	Period from June 8 to September 30, 2013							
Statements of cash flows	**Successor Company**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
Cash flows from operating activities:								
Net cash provided (used) by operating activities	£ (69.9)	£ 13.6	£ 0.4	£ (28.1)	£ —	£ 390.3	£ —	£ 306.3
Cash flows from investing activities:								
Loan to related-party	—	—	—	—	—	(2,290.6)	—	(2,290.6)
Capital expenditures	—	—	—	—	—	(250.5)	—	(250.5)
Other investing activities, net	—	—	—	—	—	1.3	—	1.3
Net cash used by investing activities	—	—	—	—	—	(2,539.8)	—	(2,539.8)
Cash flows from financing activities:								
Repayments and repurchases of debt and capital lease obligations	(2,832.7)	(1,116.8)	—	(149.0)	—	(77.3)	—	(4,175.8)
Borrowings of debt	—	—	—	149.0	—	1,983.4	—	2,132.4
Investments from (loans to) parent and subsidiary companies	2,796.7	511.1	(0.3)	16.0	—	(1,865.1)	—	1,458.4
Release of restricted cash from escrow	—	586.0	—	—	—	1,727.6	—	2,313.6
Net cash received related to derivative instruments	343.2	—	—	20.8	—	—	—	364.0
Payment of financing costs and debt premiums	(30.9)	(16.6)	—	(0.6)	—	(16.2)	—	(64.3)
Other financing activities, net	(0.1)	—	—	(0.1)	—	—	—	(0.2)
Net cash provided (used) by financing activities	276.2	(36.3)	(0.3)	36.1	—	1,752.4	—	2,028.1
Effect of exchange rates on cash and cash equivalents	(2.6)	(1.5)	—	0.6	—	(2.8)	—	(6.3)
Net increase (decrease) in cash and cash equivalents	203.7	(24.2)	0.1	8.6	—	(399.9)	—	(211.7)
Cash and cash equivalents:								
Beginning of period	27.4	24.3	0.1	24.2	—	478.8	—	554.8
End of period	£ 231.1	£ 0.1	£ 0.2	£ 32.8	£ —	£ 78.9	£ —	£ 343.1

	Predecessor							
	Period from January 1 to June 7, 2013							
Statements of cash flows	**Predecessor Company**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
Cash flows from operating activities:								
Net cash provided (used) by operating activities	£ (106.9)	£ 3.3	£ 3.8	£ (55.1)	£ —	£ 743.0	£ —	£ 588.1
Cash flows from investing activities:								
Capital expenditures	—	—	—	—	—	(313.4)	—	(313.4)
Other investing activities, net	—	—	—	—	—	4.1	—	4.1
Net cash used by investing activities	—	—	—	—	—	(309.3)	—	(309.3)
Cash flows from financing activities:								
Repayments and repurchases of debt and capital lease obligations	(1.5)	—	—	—	—	(45.0)	—	(46.5)
Investments from (loans to) parent and subsidiary companies	94.3	(3.1)	(3.8)	78.8	—	(166.2)	—	—
Payment of financing costs and debt premiums	(0.6)	(0.2)	—	—	—	(0.3)	—	(1.1)
Other financing activities, net	8.7	—	—	—	—	—	—	8.7
Net cash provided (used) by financing activities	100.9	(3.3)	(3.8)	78.8	—	(211.5)	—	(38.9)
Effect of exchange rates on cash and cash equivalents	0.9	—	—	0.4	—	(0.4)	—	0.9
Net increase (decrease) in cash and cash equivalents	(5.1)	—	—	24.1	—	221.8	—	240.8
Cash and cash equivalents:								
Beginning of period	10.3	1.0	0.1	0.1	—	194.8	—	206.3
End of period	£ 5.2	£ 1.0	£ 0.1	£ 24.2	£ —	£ 416.6	£ —	£ 447.1

	Predecessor							
	Nine months ended September 30, 2012							
Statements of cash flows	Predecessor Company	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	in millions							
Cash flows from operating activities:								
Net cash provided (used) by operating activities	£ (66.2)	£ 4.8	£ (4.9)	£(137.4)	£ —	£ 1,064.7	£ —	£ 861.0
Cash flows from investing activities:								
Capital expenditures	—	—	—	—	—	(571.3)	—	(571.3)
Other investing activities, net	—	—	—	—	—	(1.0)	—	(1.0)
Net cash used by investing activities	—	—	—	—	—	(572.3)	—	(572.3)
Cash flows from financing activities:								
Repayments and repurchases of debt and capital lease obligations	—	(314.1)	—	(100.0)	—	(72.0)	—	(486.1)
Borrowings of debt	—	319.1	—	100.0	—	—	—	419.1
Investments from (loans to) parent and subsidiary companies	415.3	45.9	4.8	133.9	—	(599.9)	—	—
Payment of financing costs and debt premiums	—	(51.4)	—	—	—	(0.2)	—	(51.6)
Other financing activities, net	(351.5)	—	—	2.3	—	—	—	(349.2)
Net cash provided (used) by financing activities	63.8	(0.5)	4.8	136.2	—	(672.1)	—	(467.8)
Effect of exchange rates on cash and cash equivalents	(1.5)	(5.2)	—	1.1	—	(2.3)	—	(7.9)
Net decrease in cash and cash equivalents	(3.9)	(0.9)	(0.1)	(0.1)	—	(182.0)	—	(187.0)
Cash and cash equivalents:								
Beginning of period	16.2	1.9	0.3	0.1	—	281.9	—	300.4
End of period	£ 12.3	£ 1.0	£ 0.2	£ —	£ —	£ 99.9	£ —	£ 113.4

(15) Condensed Consolidating Financial Information - Senior Secured Notes

We present the following condensed consolidating financial information as of September 30, 2013 and December 31, 2012 and for the three months ended September 30, 2013 and 2012, the Successor period from June 8 to September 30, 2013, the Predecessor period from January 1 to June 7, 2013 and the nine months ended September 30, 2012 as required by the applicable underlying indentures.

As of September 30, 2013, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £875.0 million aggregate principal amount of 2018 VM Sterling Senior Secured Notes;
- $1.0 billion (£617.9 million) aggregate principal amount of 2018 VM Dollar Senior Secured Notes;
- £628.4 million aggregate principal amount of January 2021 VM Sterling Senior Secured Notes;
- $447.9 million (£276.8 million) aggregate principal amount of January 2021 VM Dollar Senior Secured Notes;
- £1.1 billion aggregate principal amount of April 2021 VM Sterling Senior Secured Notes; and
- $1.0 billion (£617.9 million) aggregate principal amount of April 2021 VM Dollar Senior Secured Notes.

Our senior secured notes are issued by Virgin Media Secured Finance and are guaranteed on a senior basis by Virgin Media, Virgin Media Group, Virgin Media Holdings, Virgin Media (UK) Group and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL. They also rank pari passu with and, subject to certain exceptions, share in the same guarantees and security which has been granted in favor of our VM Credit Facility.

	Successor					
	September 30, 2013					
Balance sheets	Successor Company	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	in millions					
ASSETS						
Current assets:						
Cash and cash equivalents	£ 231.1	£ —	£ 106.4	£ 5.6	£ —	£ 343.1
Related-party receivables	—	—	30.4	2,353.2	—	2,383.6
Other current assets	0.2	—	591.6	0.5	—	592.3
Total current assets	231.3	—	728.4	2,359.3	—	3,319.0
Property and equipment, net	—	—	5,124.1	1,097.9	—	6,222.0
Goodwill	—	—	5,806.2	—	—	5,806.2
Intangible assets subject to amortization, net	—	—	2,271.3	141.4	—	2,412.7
Investments in, and loans to, parent and subsidiary companies	8,958.5	4,310.1	(5,568.8)	8,069.3	(15,769.1)	—
Deferred income taxes	—	—	1,367.1	—	—	1,367.1
Related-party notes receivable	11.6	—	—	—	—	11.6
Other assets, net	84.3	32.7	169.0	—	—	286.0
Total assets	£ 9,285.7	£ 4,342.8	£ 9,897.3	£ 11,667.9	£ (15,769.1)	£ 19,424.6
LIABILITIES AND EQUITY						
Current liabilities:						
Intercompany and related-party payables	£ 1,100.8	£ 1.4	£ 266.8	£ 653.6	£ (959.5)	£ 1,063.1
Other current liabilities	100.9	100.3	1,292.1	4.1	—	1,497.4
Total current liabilities	1,201.7	101.7	1,558.9	657.7	(959.5)	2,560.5
Long-term debt and capital lease obligations	—	4,205.6	4,199.6	—	—	8,405.2
Other long-term liabilities	0.2	—	363.5	11.4	—	375.1
Total liabilities	1,201.9	4,307.3	6,122.0	669.1	(959.5)	11,340.8
Equity	8,083.8	35.5	3,775.3	10,998.8	(14,809.6)	8,083.8
Total liabilities and equity	£ 9,285.7	£ 4,342.8	£ 9,897.3	£ 11,667.9	£ (15,769.1)	£ 19,424.6

	Predecessor (a)					
	December 31, 2012					
Balance sheets	**Predecessor Company**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
ASSETS						
Current assets:						
Cash and cash equivalents	£ 10.3	£ —	£ 191.9	£ 4.1	£ —	£ 206.3
Other current assets	0.2	—	630.4	0.9	—	631.5
Total current assets	10.5	—	822.3	5.0	—	837.8
Property and equipment, net	—	—	3,917.9	594.3	—	4,512.2
Goodwill	—	—	1,869.2	148.3	—	2,017.5
Investments in, and loans to, parent and subsidiary companies	3,474.9	2,589.7	(1,203.8)	4,053.9	(8,914.7)	—
Deferred income taxes	—	—	2,641.7	—	—	2,641.7
Other assets, net	308.3	24.6	222.8	—	—	555.7
Total assets	£ 3,793.7	£ 2,614.3	£ 8,270.1	£ 4,801.5	£ (8,914.7)	£ 10,564.9
LIABILITIES AND EQUITY						
Current liabilities	£ 31.1	£ 28.4	£ 1,342.8	£ 485.7	£ (650.6)	£ 1,237.4
Long-term debt and capital lease obligations	544.0	2,581.8	2,726.2	—	—	5,852.0
Other long-term liabilities	0.2	—	242.2	14.7	—	257.1
Total liabilities	575.3	2,610.2	4,311.2	500.4	(650.6)	7,346.5
Equity	3,218.4	4.1	3,958.9	4,301.1	(8,264.1)	3,218.4
Total liabilities and equity	£ 3,793.7	£ 2,614.3	£ 8,270.1	£ 4,801.5	£ (8,914.7)	£ 10,564.9

(a) As retrospectively revised - see note 1.

	Successor					
	Three months ended September 30, 2013					
Statements of operations	**Successor Company**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Revenue	£ —	£ —	£ 960.8	£ 62.0	£ —	£ 1,022.8
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	445.2	20.7	—	465.9
SG&A (including share-based compensation)	0.3	—	157.3	12.1	—	169.7
Depreciation and amortization	—	—	373.6	37.9	—	411.5
Impairment, restructuring and other operating items, net	0.5	—	20.0	1.1	—	21.6
	0.8	—	996.1	71.8	—	1,068.7
Operating loss	(0.8)	—	(35.3)	(9.8)	—	(45.9)
Non-operating income (expense):						
Interest expense	(46.2)	(58.5)	(240.7)	(169.7)	395.0	(120.1)
Interest income – related-party and intercompany	—	74.8	192.8	175.6	(395.0)	48.2
Realized and unrealized losses on derivative instruments, net	(10.1)	—	(261.8)	—	—	(271.9)
Foreign currency transaction gains, net	11.3	12.4	47.9	14.1	18.0	103.7
Other income (expense), net	0.2	—	(0.4)	—	—	(0.2)
	(44.8)	28.7	(262.2)	20.0	18.0	(240.3)
Earnings (loss) before income taxes	(45.6)	28.7	(297.5)	10.2	18.0	(286.2)
Income tax expense	—	—	(173.1)	—	—	(173.1)
Earnings (loss) after income taxes	(45.6)	28.7	(470.6)	10.2	18.0	(459.3)
Equity in net earnings of subsidiaries	(413.7)	—	96.9	(423.8)	740.6	—
Net earnings (loss)	£ (459.3)	£ 28.7	£ (373.7)	£ (413.6)	£ 758.6	£ (459.3)
Total comprehensive earnings (loss)	£ (289.4)	£ 28.7	£ (385.8)	£ (422.4)	£ 779.5	£ (289.4)

	Successor					
	Period from June 8 to September 30, 2013					
Statements of operations	**Successor Company**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Revenue	£ —	£ —	£ 1,199.2	£ 82.6	£ —	£ 1,281.8
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	552.6	25.9	—	578.5
SG&A (including share-based compensation)	2.6	—	207.7	15.8	—	226.1
Depreciation and amortization	—	—	451.7	52.5	—	504.2
Impairment, restructuring and other operating items, net	0.5	—	25.1	1.4	—	27.0
	3.1	—	1,237.1	95.6	—	1,335.8
Operating loss	(3.1)	—	(37.9)	(13.0)	—	(54.0)
Non-operating income (expense):						
Interest expense	(61.8)	(75.6)	(292.1)	(215.9)	489.6	(155.8)
Interest income – related-party and intercompany	—	94.9	237.6	216.0	(489.6)	58.9
Gain (loss) on debt modification and extinguishment, net	—	1.0	(0.4)	—	—	0.6
Realized and unrealized gains (losses) on derivative instruments, net	32.8	—	(184.5)	—	—	(151.7)
Foreign currency transaction gains, net	18.9	12.0	29.9	7.9	11.8	80.5
Other income, net	0.2	—	—	—	—	0.2
	(9.9)	32.3	(209.5)	8.0	11.8	(167.3)
Earnings (loss) before income taxes	(13.0)	32.3	(247.4)	(5.0)	11.8	(221.3)
Income tax expense	—	—	(179.6)	—	—	(179.6)
Earnings (loss) after income taxes	(13.0)	32.3	(427.0)	(5.0)	11.8	(400.9)
Equity in net earnings (loss) of subsidiaries	(387.9)	—	84.8	(382.8)	685.9	—
Net earnings (loss)	£ (400.9)	£ 32.3	£ (342.2)	£ (387.8)	£ 697.7	£ (400.9)
Total comprehensive earnings (loss)	£ (299.4)	£ 32.3	£ (350.1)	£ (392.4)	£ 710.2	£ (299.4)

	Predecessor					
	Period from January 1 to June 7, 2013					
Statements of operations	**Predecessor Company**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Revenue	£ —	£ —	£ 1,703.5	£ 106.7	£ —	£ 1,810.2
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	807.4	38.0	—	845.4
SG&A (including share-based compensation)	8.4	—	229.8	17.9	—	256.1
Depreciation and amortization	—	—	396.1	36.7	—	432.8
Impairment, restructuring and other operating items, net	53.8	—	(2.7)	0.1	—	51.2
	62.2	—	1,430.6	92.7	—	1,585.5
Operating income (loss)	(62.2)	—	272.9	14.0	—	224.7
Non-operating income (expense):						
Interest expense	(55.9)	(71.6)	(341.9)	(155.6)	468.3	(156.7)
Interest income – intercompany	—	70.7	230.7	166.9	(468.3)	—
Loss on debt modification and extinguishment, net	(0.1)	—	—	—	—	(0.1)
Realized and unrealized gains on derivative instruments, net	50.0	—	1.8	—	—	51.8
Foreign currency transaction gains (losses), net	(0.1)	—	27.5	0.5	(30.0)	(2.1)
Other income, net	—	—	0.4	—	—	0.4
	(6.1)	(0.9)	(81.5)	11.8	(30.0)	(106.7)
Earnings (loss) before income taxes	(68.3)	(0.9)	191.4	25.8	(30.0)	118.0
Income tax expense	—	—	(18.1)	—	—	(18.1)
Earnings (loss) after income taxes	(68.3)	(0.9)	173.3	25.8	(30.0)	99.9
Equity in net earnings of subsidiaries	168.2	—	0.3	142.4	(310.9)	—
Net earnings (loss)	£ 99.9	£ (0.9)	£ 173.6	£ 168.2	£ (340.9)	£ 99.9
Total comprehensive earnings (loss)	£ 83.1	£ (0.9)	£ 166.6	£ 161.2	£ (326.9)	£ 83.1

Statements of operations	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	Predecessor					
	Three months ended September 30, 2012					
	in millions					
Revenue	£ —	£ —	£ 966.4	£ 61.3	£ —	£ 1,027.7
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	443.6	21.8	—	465.4
SG&A (including share-based compensation)	4.1	—	125.7	9.9	—	139.7
Depreciation and amortization	—	—	213.9	24.2	—	238.1
Impairment, restructuring and other operating items, net	—	—	4.7	—	—	4.7
	4.1	—	787.9	55.9	—	847.9
Operating income (loss)	(4.1)	—	178.5	5.4	—	179.8
Non-operating income (expense):						
Interest expense	(29.7)	(40.6)	(229.8)	(99.3)	299.4	(100.0)
Interest income – intercompany	—	40.8	151.0	107.6	(299.4)	—
Realized and unrealized gains (losses) on derivative instruments, net	51.6	—	(7.6)	—	—	44.0
Foreign currency transaction gains (losses), net	0.4	—	(32.2)	5.7	26.4	0.3
Other income, net	—	—	0.2	—	—	0.2
	22.3	0.2	(118.4)	14.0	26.4	(55.5)
Earnings before income taxes	18.2	0.2	60.1	19.4	26.4	124.3
Income tax benefit (expense)	—	—	(0.5)	0.1	—	(0.4)
Earnings after income taxes	18.2	0.2	59.6	19.5	26.4	123.9
Equity in net earnings of subsidiaries	105.7	—	19.3	86.2	(211.2)	—
Net earnings	£ 123.9	£ 0.2	£ 78.9	£ 105.7	£ (184.8)	£ 123.9
Total comprehensive earnings	£ 115.4	£ 0.2	£ 60.9	£ 89.2	£ (150.3)	£ 115.4

	Predecessor					
	Nine months ended September 30, 2012					
Statements of operations	**Predecessor Company**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Revenue	£ —	£ —	£ 2,879.7	£ 181.1	£ —	£ 3,060.8
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	1,350.9	64.3	—	1,415.2
SG&A (including share-based compensation)	11.6	—	392.4	30.4	—	434.4
Depreciation and amortization	—	—	658.7	66.7	—	725.4
Impairment, restructuring and other operating items, net	—	—	(7.1)	2.6	—	(4.5)
	11.6	—	2,394.9	164.0	—	2,570.5
Operating income (loss)	(11.6)	—	484.8	17.1	—	490.3
Non-operating income (expense):						
Interest expense	(82.2)	(121.7)	(712.2)	(293.5)	905.4	(304.2)
Interest income – intercompany	—	122.8	462.1	320.5	(905.4)	—
Loss on debt modification and extinguishment, net	—	—	(58.6)	—	—	(58.6)
Realized and unrealized gains (losses) on derivative instruments, net	91.5	—	(23.6)	—	—	67.9
Foreign currency transaction losses, net	—	—	(34.9)	(2.1)	31.5	(5.5)
Other income, net	—	—	6.5	—	—	6.5
	9.3	1.1	(360.7)	24.9	31.5	(293.9)
Earnings (loss) before income taxes	(2.3)	1.1	124.1	42.0	31.5	196.4
Income tax benefit (expense)	—	—	(0.9)	0.1	—	(0.8)
Earnings (loss) after income taxes	(2.3)	1.1	123.2	42.1	31.5	195.6
Equity in net earnings of subsidiaries	197.9	—	44.1	155.8	(397.8)	—
Net earnings	£ 195.6	£ 1.1	£ 167.3	£ 197.9	£ (366.3)	£ 195.6
Total comprehensive earnings	£ 188.8	£ 1.1	£ 148.1	£ 180.7	£ (329.9)	£ 188.8

Statements of cash flows	Successor Company	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	Successor					
	Period from June 8 to September 30, 2013					
	in millions					
Cash flows from operating activities:						
Net cash provided (used) by operating activities	£ (69.9)	£ 11.8	£ 322.0	£ 42.4	£ —	£ 306.3
Cash flows from investing activities:						
Loan to related-party	—	—	—	(2,290.6)	—	(2,290.6)
Capital expenditures	—	—	(232.7)	(17.8)	—	(250.5)
Other investing activities, net	—	—	1.3	—		1.3
Net cash used by investing activities	—	—	(231.4)	(2,308.4)	—	(2,539.8)
Cash flows from financing activities:						
Repayments and repurchases of debt and capital lease obligations	(2,832.7)	(56.0)	(1,287.1)	—	—	(4,175.8)
Borrowings of debt	—	—	2,132.4	—	—	2,132.4
Investments from (loans to) parent and subsidiary companies	2,796.7	(1,725.7)	(1,878.3)	2,265.7	—	1,458.4
Release of restricted cash from escrow	—	1,727.6	586.0	—	—	2,313.6
Net cash received related to derivative instruments	343.2	—	20.8	—	—	364.0
Payment of financing costs and debt premiums	(30.9)	(16.2)	(17.2)	—	—	(64.3)
Other financing activities, net	(0.1)	—	(0.1)	—	—	(0.2)
Net cash provided (used) by financing activities	276.2	(70.3)	(443.5)	2,265.7	—	2,028.1
Effect of exchange rates on cash and cash equivalents	(2.6)	(3.7)	(0.4)	0.4	—	(6.3)
Net increase (decrease) in cash and cash equivalents	203.7	(62.2)	(353.3)	0.1	—	(211.7)
Cash and cash equivalents:						
Beginning of period	27.4	62.2	459.7	5.5	—	554.8
End of period	£ 231.1	£ —	£ 106.4	£ 5.6	£ —	£ 343.1

Statements of cash flows	Predecessor Company	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	Predecessor — Period from January 1 to June 7, 2013					
	in millions					
Cash flows from operating activities:						
Net cash provided (used) by operating activities	£ (106.9)	£ 1.5	£ 595.6	£ 97.9	£ —	£ 588.1
Cash flows from investing activities:						
Capital expenditures	—	—	(282.5)	(30.9)	—	(313.4)
Other investing activities, net	—	—	3.7	0.4	—	4.1
Net cash used by investing activities	—	—	(278.8)	(30.5)	—	(309.3)
Cash flows from financing activities:						
Repayments and repurchases of debt and capital lease obligations	(1.5)	—	(45.0)	—	—	(46.5)
Investments from (loans to) parent and subsidiary companies	94.3	(1.6)	(27.1)	(65.6)	—	—
Payment of financing costs and debt premiums	(0.6)	(0.3)	(0.2)	—	—	(1.1)
Other financing activities, net	8.7	—	—	—	—	8.7
Net cash provided (used) by financing activities	100.9	(1.9)	(72.3)	(65.6)	—	(38.9)
Effect of exchange rates on cash and cash equivalents	0.9	0.4	—	(0.4)	—	0.9
Net increase (decrease) in cash and cash equivalents	(5.1)	—	244.5	1.4	—	240.8
Cash and cash equivalents:						
Beginning of period	10.3	—	191.9	4.1	—	206.3
End of period	£ 5.2	£ —	£ 436.4	£ 5.5	£ —	£ 447.1

	Predecessor					
	Nine months ended September 30, 2012					
Statements of cash flows	**Predecessor Company**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Cash flows from operating activities:						
Net cash provided (used) by operating activities	£ (66.2)	£ 1.1	£ 867.1	£ 59.0	£ —	£ 861.0
Cash flows from investing activities:						
Capital expenditures	—	—	(486.2)	(85.1)	—	(571.3)
Other investing activities, net	—	—	2.1	(3.1)	—	(1.0)
Net cash used by investing activities	—	—	(484.1)	(88.2)	—	(572.3)
Cash flows from financing activities:						
Repayments and repurchases of debt and capital lease obligations	—	—	(486.1)	—	—	(486.1)
Borrowings of debt	—	—	419.1	—	—	419.1
Investments from (loans to) parent and subsidiary companies	415.3	(0.9)	(427.5)	13.1	—	—
Payment of financing costs and debt premiums	—	(0.2)	(51.3)	(0.1)	—	(51.6)
Other financing activities, net	(351.5)	—	2.3	—	—	(349.2)
Net cash provided (used) by financing activities	63.8	(1.1)	(543.5)	13.0	—	(467.8)
Effect of exchange rates on cash and cash equivalents	(1.5)	—	(6.4)	—	—	(7.9)
Net decrease in cash and cash equivalents	(3.9)	—	(166.9)	(16.2)	—	(187.0)
Cash and cash equivalents:						
Beginning of period	16.2	—	263.8	20.4	—	300.4
End of period	£ 12.3	£ —	£ 96.9	£ 4.2	£ —	£ 113.4

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2012 Annual Report on Form 10-K/A, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain of the factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2013 and 2012.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms, "we," "our," "our company" and "us" may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

Unless otherwise indicated, convenience translations into pounds sterling are calculated as of September 30, 2013.

Forward Looking Statements

Certain statements in this quarterly report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under Management's Discussion and Analysis of Financial Condition and Results of Operations may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our capital expenditures, subscriber growth and retention rates, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In addition to the risk factors described in our 2012 Annual Report on Form 10-K/A and in our 2013 quarterly reports, the following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the markets in which we operate;
- the competitive environment in the broadband communications and programming industries in the markets in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our digital cable, broadband internet, fixed-line telephony, mobile and B2B service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;

- our ability to maintain or increase the number of subscriptions to our digital cable, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- the availability of attractive programming for our digital cable services at reasonable costs;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- our ability to successfully integrate and realize anticipated efficiencies from the LG/VM Transaction or from businesses we may acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we may acquire;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers;
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events;
- adverse changes in public perception of the "Virgin" brand, which we and others license from Virgin Group Limited, and any resulting impacts on the goodwill of customers towards us; and
- changes in the nature of our relationship with the entity whose mobile network we access to provide our mobile services.

The broadband communications services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

We are a provider of digital cable, broadband internet, fixed-line telephony and mobile services throughout the U.K. We are one of the U.K.'s largest providers of residential digital cable, broadband internet and fixed-line telephony services in terms of the number of customers. We believe our advanced, deep fiber access network enables us to offer faster and higher quality broadband services than our digital subscriber line, or DSL, competitors. As a result, we provide our customers with a leading next generation broadband service and one of the most advanced TV on-demand services available in the U.K. market.

Our residential broadband subscribers generally access the internet via cable modems connected to their personal computers or other devices at various download speeds ranging up to 120 Mbps, depending on the tier of service selected. We determine pricing for each different tier of broadband internet service through analysis of speed, data limits, market conditions and other factors.

Our digital cable service offerings include basic and premium programming and incremental product and service offerings such as enhanced pay-per-view programming (including digital cable-on-demand), digital cable recorders and high definition programming.

We also offer mobile services using a third-party network.

We also offer broadband internet, fixed-line telephony and other connectivity services to businesses, public sector organizations and service providers.

We strive to achieve organic revenue and customer growth by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our network where appropriate. As we use the term, organic growth excludes the estimated impact of acquisitions. While we seek to obtain new customers, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our digital cable, broadband internet, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

As of September 30, 2013, our network passed 12,531,500 homes and served 12,230,500 revenue generating units (RGUs), consisting of 4,336,600 broadband internet subscribers, 4,140,700 fixed-line telephony subscribers, and 3,753,200 digital cable subscribers. We also served 3,031,900 mobile subscribers. Our mobile services are provided using a third-party network through a mobile virtual network operator arrangement.

We lost 6,800 RGUs on an organic basis during the three months ended September 30, 2013, as compared to 77,000 RGUs that we added on an organic basis during the three months ended September 30, 2012. The organic RGU loss during the three months ended September 30, 2013 is attributable to the decline of our (i) fixed-line telephony services, which declined by 24,400 RGUs and (ii) digital cable services, which declined by 12,600 RGUs. These declines were partially offset by growth in broadband internet services, which added 30,200 RGUs.

We lost 16,300 RGUs on an organic basis during the nine months ended September 30, 2013, as compared to 147,100 RGUs that we added on an organic basis during the nine months ended September 30, 2012. The organic RGU loss during the nine months ended September 30, 2013 is attributable to the decline of our (i) digital cable services, which declined by 42,300 RGUs and (ii) fixed-line telephony services, which declined by 38,400 RGUs. These declines were partially offset by growth in broadband internet services, which added 64,400 RGUs.

We added 5,300 mobile subscribers during the three months ended September 30, 2013, as compared to 4,900 mobile subscribers in the three months ended September 30, 2012. The organic growth during the three months ended September 30, 2013 is attributable to the net impact of growth in our postpaid mobile services, which added 58,400 subscribers, partially offset by the decline of our prepaid mobile services, which declined by 53,100 subscribers.

We lost 5,600 mobile subscribers during the nine months ended September 30, 2013, as compared to a loss of 5,700 mobile subscribers in the nine months ended September 30, 2012. The organic loss during the nine months ended September 30, 2013 is attributable to a decline of our prepaid mobile services, which declined by 148,200 subscribers, partially offset by the the growth in our postpaid mobile services, which added 142,600 subscribers.

In addition to competition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and certain European countries, combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company.

The digital cable, broadband internet and fixed-line telephony businesses in which we operate are capital intensive. Significant additions to our property and equipment are required to add customers to our network and to upgrade our broadband communications network and customer premises equipment to enhance our service offerings and improve the customer experience, including expenditures for equipment and labor costs. Significant competition, the introduction of new technologies, the expansion of existing technologies such as fiber-to-the-home and advanced DSL technologies, or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our networks and customer premises equipment in the impacted markets. In addition, no assurance can be given that any future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property and equipment, our growth could be limited and our competitive position could be harmed. For information regarding our property and equipment additions, see *Material Changes in Financial Condition — Condensed Consolidated Statements of Cash Flows* below.

LG/VM Transaction

Virgin Media became a wholly-owned subsidiary of Liberty Global as a result of the LG/VM Transaction, pursuant to which Liberty Global became the publicly-held parent company of the successors, by merger of Old Virgin Media and LGI. For further information, see note 2 to our condensed consolidated financial statements.

As a result of Liberty Global's push-down of its investment basis in Virgin Media arising from the LG/VM Transaction, a new basis of accounting was created on June 7, 2013. In the following discussion, the results of operations and cash flows of Old Virgin Media for the periods ended on or prior to June 7, 2013 and the financial position of Old Virgin Media as of balance sheet dates prior to June 7, 2013 are referred to herein as "Predecessor" consolidated financial information and the results of operations and cash flows of Virgin Media for periods beginning on June 8, 2013 and the financial position of Virgin Media as of June 7, 2013 and subsequent balance sheet dates are referred to herein as "Successor" consolidated financial information.

The Predecessor and Successor consolidated financial information presented within the condensed consolidated financial statements and accompanying notes is not comparable primarily due to the fact that the Successor consolidated financial information reflects:

- the application of acquisition accounting as of June 7, 2013, as further described in note 2 to our condensed consolidated financial statements, of which the most significant implications are (i) increased depreciation expense, (ii) increased amortization expense and (iii) increased share-based compensation expense;

- conforming accounting policy changes, primarily to align to Liberty Global's accounting policy for the recognition of installation fees received on B2B contracts, as further described below; and

- additional interest expense associated with debt financing arrangements entered into in connection with the LG/VM Transaction and subsequently pushed down to our balance sheet, as further described in note 6 to our condensed consolidated financial statements.

Combined Results

In order to provide a more meaningful basis for comparing the results of operations for the nine months ended September 30, 2013 to the corresponding prior year periods, we have presented financial information for the nine months ended September 30, 2013 that reflects the combination of the results for the 2013 Predecessor and Successor Periods. The combination of Predecessor and Successor Periods is not permitted by GAAP and has not been prepared with a view towards complying with Article 11 of Regulation S-X.

	Successor	Predecessor	Increase (decrease)	
Condensed Consolidated Statements of Operations	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**	**£**	**%**
		in millions		
Revenue	£ 1,022.8	£ 1,027.7	£ (4.9)	(0.5)
Operating costs and expenses:				
Operating (other than depreciation and amortization)	465.9	465.4	0.5	0.1
SG&A	169.7	139.7	30.0	21.5
Depreciation and amortization	411.5	238.1	173.4	72.8
Impairment, restructuring and other operating items, net	21.6	4.7	16.9	359.6
	1,068.7	847.9	220.8	26.0
Operating income (loss)	(45.9)	179.8	(225.7)	(125.5)
Non-operating income (expense):				
Interest expense:				
Third-party	(117.9)	(100.0)	(17.9)	17.9
Related-party	(2.2)	—	(2.2)	N.M.
Interest income – related-party	48.2	—	48.2	N.M.
Realized and unrealized gains (losses) on derivative instruments, net	(271.9)	44.0	(315.9)	(718.0)
Foreign currency transaction gains, net	103.7	0.3	103.4	N.M.
Other income (expense), net	(0.2)	0.2	(0.4)	(200.0)
	(240.3)	(55.5)	(184.8)	333.0
Earnings (loss) before income taxes	(286.2)	124.3	(410.5)	(330.2)
Income tax expense	(173.1)	(0.4)	(172.7)	N.M.
Net earnings (loss)	£ (459.3)	£ 123.9	£ (583.2)	(470.7)

N.M. — Not Meaningful.

Condensed Consolidated Statements of Operations	Successor Period from June 8 to September 30, 2013	Predecessor Period from January 1 to June 7, 2013	Combined Nine months ended September 30, 2013	Predecessor Nine months ended September 30, 2012	Increase (decrease) £	 %
			in millions			
Revenue	£ 1,281.8	£ 1,810.2	£ 3,092.0	£ 3,060.8	£ 31.2	1.0
Operating costs and expenses:						
Operating (other than depreciation and amortization)	578.5	845.4	1,423.9	1,415.2	8.7	0.6
SG&A	226.1	256.1	482.2	434.4	47.8	11.0
Depreciation and amortization	504.2	432.8	937.0	725.4	211.6	29.2
Impairment, restructuring and other operating items, net	27.0	51.2	78.2	(4.5)	82.7	N.M.
	1,335.8	1,585.5	2,921.3	2,570.5	350.8	13.6
Operating income (loss)	(54.0)	224.7	170.7	490.3	(319.6)	(65.2)
Non-operating income (expense):						
Interest expense:						
Third-party	(150.0)	(156.7)	(306.7)	(304.2)	(2.5)	0.8
Related-party	(5.8)	—	(5.8)	—	(5.8)	N.M.
Interest income – related-party	58.9	—	58.9	—	58.9	N.M.
Gain (loss) on debt modification and extinguishment, net	0.6	(0.1)	0.5	(58.6)	59.1	(100.9)
Realized and unrealized gains (losses) on derivative instruments, net	(151.7)	51.8	(99.9)	67.9	(167.8)	(247.1)
Foreign currency transaction gains (losses), net	80.5	(2.1)	78.4	(5.5)	83.9	N.M.
Other income, net	0.2	0.4	0.6	6.5	(5.9)	(90.8)
	(167.3)	(106.7)	(274.0)	(293.9)	19.9	(6.8)
Earnings (loss) before income taxes	(221.3)	118.0	(103.3)	196.4	(299.7)	(152.6)
Income tax (expense)	(179.6)	(18.1)	(197.7)	(0.8)	(196.9)	N.M.
Net earnings (loss)	£ (400.9)	£ 99.9	£ (301.0)	£ 195.6	£ (496.6)	(253.9)

N.M. — Not Meaningful.

Material Changes in Results of Operations

This section provides an analysis of our results of operations for the three and nine months ended September 30, 2013 and 2012.

Discussion and Analysis

Revenue

Revenue includes amounts received from residential subscribers for ongoing services as well as revenue earned from B2B services, interconnect fees and other categories of non-subscription revenue. We use the term "subscription revenue" in the following discussion to refer to amounts received from cable and mobile residential subscribers for ongoing services, excluding late fees, installation fees and mobile handset sales revenue.

Our revenue by major category is as follows:

	Three months ended September 30,		Increase (decrease)	
	2013	2012	£	%
		in millions		
Subscription revenue:				
Digital cable	£ 242.6	£ 223.3	£ 19.3	8.6
Broadband internet	216.9	202.6	14.3	7.1
Fixed-line telephony	244.1	248.3	(4.2)	(1.7)
Cable subscription revenue	703.6	674.2	29.4	4.4
Mobile	111.8	111.5	0.3	0.3
Total subscription revenue	815.4	785.7	29.7	3.8
B2B revenue	146.6	168.6	(22.0)	(13.0)
Other revenue (a)	60.8	73.4	(12.6)	(17.2)
Total revenue	£ 1,022.8	£ 1,027.7	£ (4.9)	(0.5)

	Nine months ended September 30,		Increase (decrease)	
	2013	2012	£	%
		in millions		
Subscription revenue:				
Digital cable	£ 728.6	£ 654.1	£ 74.5	11.4
Broadband internet	650.7	595.1	55.6	9.3
Fixed-line telephony	739.7	748.4	(8.7)	(1.2)
Cable subscription revenue	2,119.0	1,997.6	121.4	6.1
Mobile	326.6	324.6	2.0	0.6
Total subscription revenue	2,445.6	2,322.2	123.4	5.3
B2B revenue	457.5	505.0	(47.5)	(9.4)
Other revenue (a)	188.9	233.6	(44.7)	(19.1)
Total revenue	£ 3,092.0	£ 3,060.8	£ 31.2	1.0

(a) Other revenue includes interconnect revenue, activation fees, mobile handset sales and installation revenue.

The details of our revenue increases during the three and nine months ended September 30, 2013, as compared to the corresponding periods in 2012, are as follows:

	Three-month period	Nine-month period
	in millions	
Increase in cable subscription revenue due to change in:		
Average number of RGUs (a)	£ 7.4	£ 31.5
Average monthly subscription revenue per RGU (ARPU) (b)	22.0	89.9
Organic increase	29.4	121.4
Increase in mobile subscription revenue (c)	0.3	2.0
Decrease in B2B revenue	(22.0)	(47.5)
Decrease in other revenue (d)	(12.6)	(44.7)
Total	£ (4.9)	£ 31.2

(a) The increases in our cable subscription revenue related to changes in the average numbers of RGUs are attributable to increases in the average numbers of broadband internet RGUs and telephony RGUs during the three and nine months ended September 30, 2013, as compared to the corresponding periods in 2012, partially offset by decreases in the average numbers of digital cable RGUs in the three months ended September 30, 2013, as compared to the corresponding period in 2012.

(b) The increases in our cable subscription revenue related to changes in ARPU are due to the net effect of (i) net increases resulting from the following factors: (a) higher ARPU due to February 2013 price increases for certain broadband internet, telephony and digital cable services, (b) lower ARPU due to decreases in telephony call volumes for customers on usage-based plans, (c) higher ARPU due to increased penetration of TiVo-enabled set-top boxes and (d) lower ARPU due to the negative impact of customers migrating to fixed-rate calling plans and (ii) improvements in RGU mix attributable to higher proportions of broadband internet and digital cable RGUs. In addition, fixed-line telephony includes increases of £6.6 million and £23.3 million during the three and nine months ended September 30, 2013, respectively, due to the net non-operational and operational impacts of a new product proposition that was initiated in August 2012. These positive net impacts are not expected to contribute materially to our revenue growth in periods subsequent to the August 2013 anniversary date of the new product proposition.

(c) The increases in mobile subscription revenue are due to the net effect of (i) increases in the number of customers taking postpaid mobile services, (ii) reductions in billable usage, (iii) decreases in the number of prepaid mobile customers, (iv) a July 2013 price increase, and (v) decreases due to higher portions of our postpaid customers taking a contract without a handset. In addition, mobile subscription revenue is positively impacted by certain nonrecurring net adjustments of £3.9 million and £1.2 million during the first and second quarters of 2013, respectively. Most of the nonrecurring adjustments recorded during the first quarter related to revenue earned in prior years.

(d) The decreases in other revenue are primarily due to (i) declines in interconnect revenue as the result of (a) lower mobile termination rates and (b) lower fixed-line telephony call volumes, (ii) lower cable installation activities and (iii) declines in our DSL subscriber base.

Our B2B revenue by category is as follows:

	Three months ended September 30,		Increase (decrease)	
	2013	2012	£	%
	in millions			
Data (a)	£ 99.4	£ 95.2	£ 4.2	4.4
Voice (b)	37.4	40.5	(3.1)	(7.7)
Other (c)(d)	9.8	32.9	(23.1)	(70.2)
Total B2B Revenue	£ 146.6	£ 168.6	£ (22.0)	(13.0)

	Nine months ended September 30,		Increase (decrease)	
	2013	2012	£	%
	in millions			
Data (a)	£ 296.9	£ 295.4	£ 1.5	0.5
Voice (b)	113.9	122.9	(9.0)	(7.3)
Other (c)(d)	46.7	86.7	(40.0)	(46.1)
Total B2B Revenue	£ 457.5	£ 505.0	£ (47.5)	(9.4)

(a) Data revenue increased by £4.2 million or 4.4% and £1.5 million or 0.5% during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012, primarily due to the net impact of (i) higher contract acquisitions leading to increased rental revenue (ii) price reductions on the renewal of certain contracts and (iii) reductions during the three and nine months ended September 30, 2013, totaling £1.1 million and £2.7 million, respectively, as a result of adjustments to certain revenue-related accrual balances.

(b) Voice revenue decreased by £3.1 million or 7.7% and £9.0 million or 7.3%, during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012, primarily due to the net effect of (i) decreases in fixed-line telephony call volumes, (ii) lower pricing and (iii) the favorable impact of a reduction in revenue of £2.8 million during the third quarter of 2012 as a result of a regulatory ruling.

(c) Includes (i) equipment sales, (ii) certain nonrecurring contract termination and modification fees and (iii) installation revenue in periods prior to our adoption of Liberty Global's accounting policy for installation fees. Previously, we generally treated installation fees received from B2B customers as a separate deliverable and recognized revenue upon completion of the installation activity in an amount that was based on the relative standalone selling price methodology. Our current accounting policy is generally to defer upfront installation fees on B2B contracts where we maintain ownership of the installed equipment and recognize the associated revenue on a straight line basis over the life of the underlying service contract as a component of our data and voice B2B revenue, as applicable. Accordingly, no portion of any upfront or nonrecurring B2B fees are included in this category following the adoption of Liberty Global's accounting policy. For additional information, see note 1 to our condensed consolidated financial statements.

(d) Other revenue decreased by £23.1 million or 70.2% and £40.0 million or 46.1% during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012, primarily due to the net effect of (i) decreases associated with the adoption of Liberty Global's accounting policy for installation fees on B2B contracts, as detailed below, (ii) nonrecurring contract termination and modification fees of £5.6 million and £9.9 million in the second and third quarters of 2012, respectively, and (iii) increases in low margin equipment sales.

The following table provides the amount of installation revenue on B2B contracts we previously recognized that would have been deferred under Liberty Global's accounting policy in the indicated periods (in millions). The amounts shown in the below table have been revised to reflect corrections to the previously reported amounts:

Three months ended March 31, 2012	£	15.1
Three months ended June 30, 2012	£	16.4
Three months ended September 30, 2012	£	20.0
Three months ended December 31, 2012	£	18.1
Three months ended March 31, 2013	£	10.2
April 1, 2013 - June 7, 2013	£	7.3

The following table provides a rollforward of our deferred revenue for installation services provided to B2B customers in the period from June 7, 2013 through September 30, 2013 (in millions):

Balance at June 7, 2013 (a)	£	—
Amounts deferred for completed installation services (b)		5.4
Amortization of deferred revenue over contract life		(0.2)
Balance at June 30, 2013		5.2
Amounts deferred for completed installation services (b)		10.6
Amortization of deferred revenue over contract life		(0.5)
Balance at September 30, 2013	£	15.3

(a) Balance excludes any amounts that were included in Old Virgin Media's condensed consolidated balance sheet as of June 7, 2013.

(b) Represents amounts that would have been recognized upfront as installation revenue under Old Virgin Media's policy, but arose and were deferred under Liberty Global's policy.

Operating expenses

Operating expenses include programming, network operations, interconnect, customer operations, customer care and other direct costs. Programming costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) higher costs associated with the expansion of our digital cable content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs. Any cost increases that we are not able to pass on to our subscribers through service rate increases would result in increased pressure on our operating margins.

Our total operating expenses increased £0.5 million or 0.1% and £8.7 million or 0.6% during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012. These increases include the following factors:

- Increases in programming and related costs of £9.8 million or 7.8% and £23.3 million or 6.2%, respectively, due primarily to the impact of (i) enhancements to our programming content offerings as a result of new arrangements and modifications to existing arrangements during the three and nine months ended September 30, 2013 and (ii) net rate increases in certain of our premium content offerings;

- Decreases in interconnect costs of £8.8 million or 10.0% and £21.4 million or 7.3%, respectively, due primarily to the net effect of (i) declines in B2B and residential telephony call volumes, (ii) lower costs of £2.9 million and £7.3 million, respectively, relating to the amortization of an acquisition accounting adjustment to reflect an unfavorable capacity arrangement at fair value in connection with the LG/VM Transaction, and (iii) net increases due to the impact of (a) the release of an accrual associated with the settlement of operational contingencies of £2.0 million during the second quarter of 2013 and (b) the recognition of amounts relating to the settlement of operational contingencies of £1.0 million and £5.6 million in the first and third quarters of 2012;

- Decreases in outsourced labor and professional fees of £4.7 million or 21.4% and £13.8 million or 21.4%, respectively, due primarily to (i) adjustments made to our capitalization policy in the fourth quarter of 2012 to begin capitalizing certain upgrade activities that had not previously been capitalized, which had an impact of £3.5 million and £9.4 million, respectively, and (ii) the alignment of certain of our accounting policies to Liberty Global's policies, which had an impact of £2.8 million during the three months ended September 30, 2013;

- Increases in equipment costs of £6.0 million or 18.5% and £13.8 million or 14.0%, respectively, due primarily to (i) increased mobile handset costs as a result of our growing postpaid customer base and the introduction of higher value handsets and (ii) increased B2B LAN equipment sales; and

- Increases in facilities costs of £2.4 million or 15.3% and £9.8 million or 22.4%, respectively, primarily due to property tax refunds of £2.1 million and £9.6 million, respectively, during the prior year periods.

SG&A

SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. We do not include share-based compensation in the following discussion and analysis of our SG&A expenses as share-based compensation expense is discussed separately below. As noted above, we are subject to inflationary pressures with respect to our labor and other costs.

Our total SG&A expenses (exclusive of share-based compensation) decreased £5.1 million or 3.8% and £15.6 million or 3.8% during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012. These decreases include the following factors:

- A decrease in marketing and advertising costs £11.7 million or 7.2% during the nine-month period primarily due to lower advertising and promotional spend. The three-month period was relatively unchanged from the prior-year period;

- Decreases in staff-related costs of £6.7 million or 12.1% and £3.1 million or 1.9%, respectively, primarily due to the net impact of (i) lower expected achievement levels for certain of our 2013 bonus plans, (ii) increased staffing levels and (iii) employee severance costs in 2012; and

- Increases in outsourced labor and professional fees associated with integration activities in connection with the LG/VM Transaction of £1.0 million and £2.0 million, respectively.

Share-based compensation expense (included in SG&A expenses)

Our share-based compensation expense includes amounts allocated to our company by Liberty Global. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	in millions			
Performance-based incentive awards	£ 1.4	£ 0.2	£ 11.6	£ 6.6
Other share-based incentive awards	38.1	4.2	73.2	14.8
Total (a)	£ 39.5	£ 4.4	£ 84.8	£ 21.4

(a) In connection with the LG/VM Transaction, the Virgin Media Replacement Awards (as defined and described below) were remeasured as of June 7, 2013, resulting in an aggregate estimated fair value attributable to the post-transaction period of £123.8 million. During the second and third quarters of 2013, £18.3 million and £22.8 million, respectively, of the June 7, 2013 estimated fair value of the Virgin Media Replacement Awards was charged to expense in recognition of the Virgin Media Replacement Awards that were fully vested on June 7, 2013 or for which vesting was accelerated pursuant to the terms of the LG/VM Transaction Agreement on or prior to September 30, 2013. The remaining June 7, 2013 estimated fair value will be amortized over the remaining service periods of the unvested Virgin Media Replacement Awards, subject to forfeitures and the satisfaction of performance conditions. In addition, £1.8 million was charged to share-based compensation expense with respect to awards issued subsequent to June 7, 2013 or issued by Liberty Global prior to June 7, 2013 for individuals who are now Virgin Media employees.

For additional information concerning our share-based compensation, see note 9 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased £173.4 million or 72.8% and £211.6 million or 29.2% during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012, due primarily to the impacts of higher cost bases of our intangible assets and property and equipment as a result of the push-down of acquisition accounting in connection with the LG/VM Transaction and, to a lesser extent, increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating charges (credits) of £21.6 million and £78.2 million during the three and nine months ended September 30, 2013, respectively, as compared to £4.7 million and (£4.5 million) during the three and nine months ended September 30, 2012, respectively. The 2013 amounts are primarily related to the LG/VM Transaction and include (i) severance costs of £12.8 million and £18.6 million, respectively, (ii) impairment costs of £9.2 million and £9.2 million, respectively, and (iii) direct acquisition costs of £0.5 million and £54.3 million, respectively. The amounts that were recognized during the three months ended September 30, 2012 primarily relate to employee termination and contract and lease exit costs. The amounts that were recognized during the nine months ended September 30, 2012 includes a net gain of £12.5 million related to the termination of a capital lease during the second quarter of 2012. We expect to incur additional restructuring costs during the fourth quarter of 2013 and during 2014 as the integration process with Liberty Global continues.

Interest expense – third-party

Our third-party interest expense increased £17.9 million or 17.9% and £2.5 million or 0.8% during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012 due primarily to higher average outstanding third-party debt balances. In addition, the nine-month period was also impacted by lower weighted average interest rates.

For additional information regarding our outstanding third-party indebtedness, see note 6 to our condensed consolidated financial statements.

Interest expense – related-party

Our related-party interest expense increased £2.2 million and £5.8 million during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012, due to interest expense incurred on a related-party note payable to LGI that one of our subsidiaries entered into in connection with the LG/VM Transaction. This note was paid in full during the third quarter of 2013. For additional information regarding our related-party indebtedness, see note 10 to our condensed consolidated financial statements.

Interest income – related-party

Our related-party interest income increased £48.2 million and £58.9 million during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012 , primarily due to interest income earned on a related-party note receivable from Liberty Global Limited that we entered into following the LG/VM Transaction. For additional information, see note 10 to our condensed consolidated financial statements.

Gain (loss) on debt modification and extinguishment, net

We recognized gains (losses) on debt modification and extinguishment, net, of nil and £0.5 million during the three and nine months ended September 30, 2013, respectively, as compared to nil and (£58.6 million) during the three and nine months ended September 30, 2012, respectively. The loss during the nine months ended September 30, 2012 relates to the redemption of $500.0 million (£309.0 million) principal amount of 9.50% senior notes and includes premiums paid of £48.1 million, the write off of unamortized original issue discount of £6.8 million and the write off of £3.7 million of deferred financing costs.

Realized and unrealized gains (losses) on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	in millions			
Cross-currency and interest rate derivative contracts (a)	£ (261.8)	£ (9.7)	£ (184.7)	£ (20.2)
Equity-related derivative instruments (b)	(10.1)	54.4	86.8	89.1
Foreign currency forward contracts	—	(0.7)	(2.0)	(1.0)
Total	£ (271.9)	£ 44.0	£ (99.9)	£ 67.9

(a) The loss during the three and nine months ended September 30, 2013 is primarily attributable to the net effect of (i) losses associated with increases in the pound sterling relative to the U.S. Dollar, and (ii) gains associated with increases in market interest rates in the pound sterling market. In addition, the losses during the three and nine months ended September 30, 2013 include net gains of £39.4 million and £22.4 million, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the 2012 three-month period is primarily attributable to the effect of losses associated with increases in the pound sterling relative to the U.S. Dollar. The loss during the 2012 nine-month period is primarily attributable to the effect of (i) losses associated with increases in the pound sterling relative to the U.S. Dollar, and (ii) losses associated with decreases in market interest rates in the pound sterling market. In addition, the losses during the 2012 periods include net gains of £12.0 million and £16.6 million, respectively, resulting from changes in our credit risk valuation adjustments.

(b) These amounts represent activity related to the Virgin Media Capped Calls and the derivative embedded in the VM Convertible Notes. The fair values of our equity-related derivative instruments are primarily impacted by the trading prices of the underlying security.

For additional information concerning our derivative instruments, see notes 3 and 4 to our condensed consolidated financial statements.

Foreign currency transaction gains (losses), net

Our foreign currency transaction gains or losses primarily result from the remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction gains (losses), net, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
	in millions			
U.S. dollar denominated debt issued by our company	£ 155.2	£ —	£ 101.0	£ —
Related-party payables and receivables denominated in a currency other than our functional currency (a)	(65.0)	—	(39.0)	—
Cash and restricted cash denominated in a currency other than our functional currency	9.1	(0.7)	15.1	(5.8)
Other	4.4	1.0	1.3	0.3
Total	£ 103.7	£ 0.3	£ 78.4	£ (5.5)

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(a) Amounts primarily relate to our U.S. dollar denominated notes receivable from Liberty Global Limited. Accordingly, these amounts are a function of movements of the U.S. dollar against the pound sterling.

Other income (expense), net

Our other income (expense), net, decreased £0.4 million and £5.9 million during the three and nine months ended September 30, 2013, respectively, as compared to the corresponding periods in 2012 due primarily to lower average cash and cash equivalent balances and, during the nine-month period, a decrease associated with the reversal of a £5.5 million provision during the second quarter of 2012.

Income tax expense

We recognized income tax expense of £173.1 million and £0.4 million during the three months ended September 30, 2013 and 2012, respectively.

The income tax expense during the three months ended September 30, 2013 differs from the expected income tax benefit of £100.2 million (based on the U.S. federal income tax rate of 35%) due primarily to the negative impacts of (i) a reduction in net deferred tax assets in the U.K. due to enacted changes in tax law and (ii) statutory tax rates in certain jurisdictions in which we operate that are different than the U.S. federal income tax rate.

The income tax expense during the three months ended September 30, 2012 differs from the expected income tax expense of £43.5 million (based on the U.S. federal income tax rate of 35%) due primarily to the positive impact of a net decrease in valuation allowances.

We recognized income tax expense of £197.7 million and £0.8 million during the nine months ended September 30, 2013 and 2012, respectively.

The income tax expense during the nine months ended September 30, 2013 differs from the expected income tax benefit of £36.2 million (based on the U.S. federal income tax rate of 35%) due primarily to the negative impact of a reduction in net deferred tax assets in the U.K. due to enacted changes in tax law. The negative impact of this item was partially offset by the positive impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

The income tax expense during the nine months ended September 30, 2012 differs from the expected income tax expense of £68.7 million (based on the U.S. federal income tax rate of 35%) due primarily to the positive impact of a net decrease in valuation allowances.

For additional information concerning our income taxes, see note 7 to our condensed consolidated financial statements.

Net earnings (loss)

During the three months ended September 30, 2013 and 2012, we reported net earnings (loss) of (£459.3 million) and £123.9 million, respectively, including (i) operating income (loss) of (£45.9 million) and £179.8 million, respectively, (ii) non-operating expense of £240.3 million and £55.5 million, respectively, and (iii) income tax expense of £173.1 million and £0.4 million, respectively.

During the nine months ended September 30, 2013 and 2012, we reported net earnings (loss) of (£301.0 million) and £195.6 million, respectively, including (i) operating income of £170.7 million and £490.3 million, respectively, (ii) non-operating expense of £274.0 million and £293.9 million, respectively, and (iii) income tax expense of £197.7 million and £0.8 million, respectively.

Gains or losses associated with items such as (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets and changes in ownership are subject to a high degree of volatility, and as such, any gains from these sources do not represent reliable sources of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our aggregate operating cash flow to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) depreciation and amortization, (c) impairment, restructuring and other operating items, net, (d) interest expense, (e) other net non-operating expenses and (f) income tax expenses. Operating cash flow is defined as revenue less operating and SG&A expenses (excluding share-based compensation, depreciation and amortization, impairment, restructuring and other operating items).

Due largely to the fact that Liberty Global generally seeks to cause our company to maintain our debt at levels that result in a consolidated debt balance that is between four and five times our consolidated operating cash flow, as discussed under *Material Changes in Financial Condition — Capitalization* below, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information with respect to certain trends that may affect our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see the above discussion.

Material Changes in Financial Condition

Sources and Uses of Cash

Cash and cash equivalents

Although our consolidated subsidiaries have generated cash from operating activities, the terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. At September 30, 2013, we had cash and cash equivalents of £343.1 million, of which £112.0 million was held by our subsidiaries. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax and legal considerations and other factors.

Liquidity of Virgin Media

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) funding from Lynx Europe 2, our immediate parent, (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our operating subsidiaries. For information regarding limitations imposed by our subsidiaries' debt instruments, see note 6 to our condensed consolidated financial statements.

The ongoing cash needs of Virgin Media include corporate general and administrative expenses and interest expense on the VM Convertible Notes. From time to time, Virgin Media may also require cash in connection with (a) the repayment of outstanding debt and related party obligations, including $1,615.5 million (£998.3 million) payable to Liberty Global that is classified as a current liability in our condensed consolidated balance sheet, (b) the satisfaction of contingent liabilities or (c) acquisitions and other investment opportunities. The $1,615.5 million payable to Liberty Global has been classified as a current liability based on the terms of the underlying agreement that provide Liberty Global with the right to request settlement on demand. We have no expectation that Liberty Global would request payment of all or any portion of this amount within the next 12 months. No assurance can be given that funding from Lynx Europe 2 (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

Liquidity of our Operating Subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our operating subsidiaries is cash provided by operations and, in the case of VMIH, any borrowing availability under the VM Revolving Facility. For information regarding the borrowing availability of the VM Revolving Facility, see note 6 to our condensed consolidated financial statements.

The liquidity of our operating subsidiaries generally is used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. For a discussion of our consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Virgin Media, Liberty Global or other Liberty Global subsidiaries. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Our most significant financial obligations are our debt obligations, as described in note 6 to our condensed consolidated financial statements. The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Capitalization

Liberty Global seeks to maintain its debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, Liberty Global generally seeks to cause our company to maintain our debt at levels that result in a consolidated debt balance (measured using debt figures at swapped foreign currency exchange rates, consistent with the covenant calculation requirements of our debt agreements) that is between four and five times our consolidated operating cash flow, although it should be noted that the timing of our acquisitions and financing transactions may temporarily cause this ratio to exceed the targeted range. The ratio of our September 30, 2013 Senior Net Debt to annualized operating cash flow (last two quarters annualized) for purposes of the applicable maintenance tests was 3.83x. In addition, the ratio of our September 30, 2013 Total Net Debt to annualized operating cash flow (last two quarters annualized) for purposes of the applicable maintenance tests was 4.55x, with each ratio defined and calculated in accordance with the VM Credit Facility.

As further discussed in note 3 to our condensed consolidated financial statements, we use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments. For further information with respect to our derivative instruments, see note 3 to the condensed consolidated financial statements.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase the operating cash flow of our operating subsidiaries and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our operating cash flow were to decline, we could be required to repay or limit our borrowings under the VM Credit Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. We do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At September 30, 2013, our outstanding consolidated third-party debt and capital lease obligations aggregated £8,535.9 million, including £130.7 million that is classified as current in our condensed consolidated balance sheet and £8,262.0 million that is not due until 2018 or thereafter.

We believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit and equity markets we access and our future financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the VM Convertible Notes, all of our consolidated debt and capital lease obligations have been borrowed or incurred by our subsidiaries at September 30, 2013. For additional information concerning our debt and capital lease obligations, see note 6 to our condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

Summary. The condensed consolidated statements of cash flows for the nine months ended September 30, 2013 and 2012 are summarized as follows (in millions):

	Successor	Predecessor	
	Period from June 8 to September 30, 2013	Period from January 1 to June 7, 2013	Nine months ended September 30, 2012
Net cash provided by operating activities	£ 306.3	£ 588.1	£ 861.0
Net cash used by investing activities	(2,539.8)	(309.3)	(572.3)
Net cash provided (used) by financing activities	2,028.1	(38.9)	(467.8)
Effect of exchange rate changes on cash and cash equivalents	(6.3)	0.9	(7.9)
Net increase (decrease) in cash and cash equivalents	£ (211.7)	£ 240.8	£ (187.0)

Operating Activities. Net cash provided by our operating activities increased £33.4 million during the first nine months of 2013, as compared to the corresponding period in 2012. This increase in net cash provided is primarily attributable to an increase in cash provided due to lower net cash payments for interest.

Investing Activities. Net cash used by our investing activities increased £2,276.8 million during the first nine months of 2013, as compared to the corresponding period in 2012. This increase in net cash used is primarily attributable to the net effect (i) an increase in cash used to fund advances to a subsidiary of Liberty Global of £2,290.6 million and (ii) a decrease in cash used due to lower capital expenditures of £7.4 million.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude amounts financed under capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital lease arrangements. A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in the condensed consolidated statements of cash flows is set forth below (in millions):

	Nine months ended September 30,	
	2013	2012
Property and equipment additions	£ 660.7	£ 674.7
Assets acquired under capital leases	(86.6)	(78.3)
Changes in liabilities related to capital expenditures	(10.2)	(25.1)
Total capital expenditures	£ 563.9	£ 571.3

Our capital expenditures were £563.9 million and £571.3 million during the nine months ended September 30, 2013 and 2012, respectively, and our property and equipment additions were £660.7 million and £674.7 million during the nine months ended September 30, 2013 and 2012, respectively. The decrease in our property and equipment additions is primarily due to the net impact of (i) a decrease in expenditures for the purchase and installation of customer premises equipment, (ii) an increase in expenditures for support capital, such as information technology upgrades and general support systems and (iii) an increase in expenditures for new build and upgrade projects to expand services. We expect our full year 2013 property and equipment additions to range from 19% to 21% of our total revenue.

Financing Activities. Net cash provided by our financing activities was £1,989.2 million during the nine months of 2013, as compared to net cash used by our financing activities of £467.8 million during the nine months of 2012. This change is primarily attributable to the net effect of (i) an increase in cash due to the release of restricted cash in connection with the LG/VM Transaction of £2,313.6 million, (ii) an increase in cash from a parent capital contribution of £2,290.6 million, (iii) a decrease in cash related to higher net repayments of third-party debt of £2,022.9 million, (iv) a decrease in cash related to higher net repayments of related-party debt of £832.2 million, (v) an increase in cash related to an increase in payments received on our derivative instruments of £361.7 million, and (vi) an increase in cash due to lower repurchases of common stock of £330.2 million.

Capital Optimization Programs

Under the terms of the LG/VM Transaction Agreement, our capital returns program was suspended pending consummation of the LG/VM Transaction, and cancelled on consummation of the LG/VM Transaction.

Off Balance Sheet Arrangements

In the ordinary course of business, we may provide indemnifications to our lenders, our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Contractual Commitments

The pound sterling equivalents of our contractual commitments as of September 30, 2013 are presented below:

	Payments due during:							
	Remainder of 2013	Year ending December 31,						Total
		2014	2015	2016	2017	2018	Thereafter	
	in millions							
Debt (excluding interest)	£ 33.9	£ —	£ —	£ —	£ —	£ 1,492.9	£ 6,620.9	£ 8,147.7
Capital leases (excluding interest)	32.5	83.2	60.5	32.4	5.2	0.1	34.8	248.7
Operating leases	10.9	38.4	32.6	24.3	17.5	12.1	51.4	187.2
Programming obligations	45.0	187.8	162.7	115.5	47.7	16.0	—	574.7
Other commitments	313.8	189.0	162.8	114.3	102.8	28.7	5.1	916.5
Total (a)	£ 436.1	£ 498.4	£ 418.6	£ 286.5	£ 173.2	£ 1,549.8	£ 6,712.2	£10,074.8
Projected cash interest payments on debt and capital lease obligations (b)	£ 164.2	£ 467.2	£ 463.5	£ 461.3	£ 458.1	£ 407.3	£ 855.9	£ 3,277.5

(a) The commitments reflected in this table do not reflect any liabilities that are included in our September 30, 2013 balance sheet other than debt and capital lease obligations.

(b) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of September 30, 2013. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs, discounts or premiums, all of which affect our overall cost of borrowing.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the period from June 8 to September 30, 2013, the period from January 1 to June 7, 2013 and the nine months ended September 30, 2012, the programming costs incurred aggregated £164.4 million, £232.3 million and £373.5 million, respectively. The ultimate amount payable in excess of the contractual minimums of our content contracts is dependent upon the number of subscribers to our service.

Other commitments principally comprise (i) commitments associated with our MVNO agreement, (ii) open purchase orders and (iii) ongoing commitments to third-party suppliers.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2013 and 2012, see note 3.

We also have commitments pursuant to pension agreements which are not included in the above table because they are not fixed or determinable.

Critical Accounting Estimates

Our consolidated financial statements and related financial information are prepared in accordance with GAAP. GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the amount of assets, liabilities, revenues and expenses reported as well as disclosures about contingencies, risks and financial condition. Actual results may differ from these estimates as a result of different conditions or events.

Other than as stated below in relation to nonrecurring valuations, our critical accounting policies are as disclosed in our 2012 Annual Report on Form 10-K/A. See note 1 to our condensed consolidated financial statements for changes made as a result of the LG/VM Transaction.

Nonrecurring Valuations

Nonrecurring Valuations. Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain. A significant portion of our long-lived assets were initially recorded through the application of acquisition accounting and all of our long-lived assets are subject to impairment assessments. For additional information, see note 2 to our condensed consolidated financial statements.

PART II—OTHER INFORMATION

The capitalized terms used in Part II of this quarterly report have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms, “we,” “our,” “our company” and “us” may refer, as the context requires, to Virgin Media (or Old Virgin Media) or collectively to Virgin Media (or Old Virgin Media) and its subsidiaries.

ITEM 1. LEGAL PROCEEDINGS

LG/VM Transaction Litigation. On February 12, 2013, February 19, 2013 and March 26, 2013, respectively, three purported shareholders of Old Virgin Media filed lawsuits in the Supreme Court of the State of New York, New York County against the members of the Old Virgin Media board of directors, Old Virgin Media, LGI, Liberty Global and certain LGI subsidiaries challenging the LG/VM Transaction Agreement. All three plaintiffs purported to sue on behalf of the public stockholders of Old Virgin Media and alleged that the members of the Old Virgin Media board of directors breached their fiduciary duties to Old Virgin Media stockholders in connection with the sale of Old Virgin Media to LGI by, among other things, failing to secure adequate consideration, failing to engage in a fair sales process and failing to disclose material information in the joint proxy statement/prospectus. The complaints alleged that LGI, Liberty Global and certain LGI subsidiaries aided and abetted the alleged breaches of fiduciary duty by Old Virgin Media's board of directors. The complaints sought, among other things, rescission and plaintiffs' attorneys' fees and costs. Certain of the plaintiffs also sought damages. On April 10, 2013, the three actions were consolidated in the Commercial Division of the Supreme Court of the State of New York. On May 23, 2013, the parties to the consolidated lawsuit entered into a binding Term Sheet to settle the consolidated cases and, on July 22, 2013, executed the Settlement. On October 3, 2013, the Supreme Court of the State of New York issued a final order and judgment approving the Settlement. No stockholders of Virgin Media elected out of the Settlement. The Settlement did not have a material impact on our financial condition or results of operations. All of the actions having been settled, this matter will not be reported in future quarters.