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Technical Director
File Reference No. 2011-230
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13 March 2012

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Dear Sir/Madam

Exposure draft ("ED") – Revenue from Contracts with Customers

We appreciate the opportunity to comment on the Exposure Draft – Revenue from Contracts with Customers.

Virgin Media is a leading entertainment and communications business, being a "quad-play" provider of broadband internet, television, mobile and fixed line telephony services to residential and commercial customers throughout the U.K. We are one of the U.K.'s largest providers of residential broadband internet, pay television and fixed line telephony services by number of customers. We are also one of the U.K.'s largest mobile virtual network operators by number of customers, providing mobile telephony service over third party networks. In addition, we provide a complete portfolio of voice, data and internet solutions to businesses, public sector organizations and service providers in the U.K. through Virgin Media Business. We are a SEC registrant as a U.S. domestic filer and our financial statements are prepared in accordance with U.S. generally accepted accounting principles.

We generally support the FASB's and IASB's ("the Boards") efforts to more closely align U.S. GAAP and IFRS and simplify the revenue recognition rules. However, as discussed below, we have concerns regarding:

- the costs to implement and operate the proposed model to millions of individual transactions in a dynamic pricing environment and,
- the effective date of the proposed model given the preceding point.

We anticipate that the ED will have the most pronounced impact on revenue-generating contracts with our mobile customers, and it is primarily from this perspective that we offer our comments.

Costs to implement and operate

We understand the approach discussed in the ED that requires the total transaction price to be allocated to individual performance obligations based on the standalone selling price of each performance obligation without regard to the current contingent revenue limitations. Our bundled mobile offerings include numerous handset and service combinations that are subject to frequent changes. Further, we operate in a highly competitive environment that requires a dynamic pricing strategy. After considering these factors as well as the incremental data that must be captured (e.g., standalone selling prices for each handset and service), we do not believe that our current accounting IT systems would be capable of allocating revenue in the manner that is currently proposed nor do we believe that a sufficiently robust manual process could be developed. As a result, we would likely have to divert resources from other areas of our business to invest in capable IT systems in order to comply with these requirements. Further costs would be incurred to re-design our existing policies and procedures. While new systems may be required to apply the new rules, we will also need to continue to account for transactions during the comparative periods under the current rules using our existing systems. This dual reporting requirement will introduce further inefficiencies and costs. While we appreciate the importance of compliance and the broader goal of consistent financial reporting, we question whether this investment will provide sufficient benefits to our various stakeholders in order to justify the associated cost.

Effective date considerations

If the final standard includes the proposed allocation model in its current form, we would prefer a sufficiently extended amount of time prior to the beginning of the first comparative period to help mitigate the incremental costs and significant administrative burden. Applying the proposed rules to historical transactions with the required level of precision seems impractical to us; therefore, it will be necessary to have sufficient lead time so that transactions can be accounted for contemporaneously in accordance with the new rules during all comparative periods.

As previously discussed, the proposed model would represent a significant change for our company and many others. We would expect that subsequent to the issuance of a final standard, it would take 6-9 months of internal outreach and education across the affected functional areas of our organization to properly scope the impact of a final standard. To the extent it is determined that incremental investments are required to comply with the standard, we would expect diligence regarding system purchases/enhancements could take another 6-9 months. Acquiring and implementing systems could very easily consume another 6-12 months. At a minimum, we believe we will require at least two years prior to the beginning of the first comparative period. As an example, if the final standard is issued in late 2012, we believe the effective date should be no earlier than January 1, 2017 so that there are at least two years prior to the beginning of the first comparative period in order to adequately prepare. We would also encourage the Boards to clearly signal their intentions in

advance of issuing a final standard to provide companies with as much preparation time as possible.

We support the FASB's and IASB's focus on the accounting for transactions with customers given its importance to companies' financial statements; however, we believe the Boards should also consider the significant impact it could have on existing processes when finalizing the effective date. In challenging economic times, many companies are focused on maximizing the efficiency of finance functions to ensure they are enabling the broader organization to achieve its commercial objectives. Investing significant amounts of money for the purpose of adopting a new accounting standard runs counter to these objectives. Should the Boards issue a final standard that closely resembles the ED, we would ask that these concerns are carefully considered and accommodations made where possible.

Again, we sincerely appreciate the opportunity to comment on this important matter. Please contact me (+44 1256 75 4517) or Evans Koonce (+44 1256 75 2550) if you would like to discuss any of the issues in this letter.

Yours faithfully

Robert Gale
Vice President – Controller