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Technical Director File Reference No. 2012-200 FASB 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116

#### director@fasb.org

Dear Madam / Sir.

## Exposure draft ("ED") – Disclosures about Liquidity Risk and Interest Rate Risk

We appreciate the opportunity to comment on the Exposure Draft – Disclosures about Liquidity Risk and Interest Rate Risk.

Virgin Media is an SEC registrant as a U.S. domestic filer, and our financial statements are prepared in accordance with US generally accepted accounting principles. We are 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.

We generally support the FASB's efforts to help users of the financial statements understand the key risks of an entity's financial instruments through increased disclosure. However, as discussed below, we have the following concerns regarding the ED:

- The ED will result in an increase in the volume of disclosures without a corresponding increase in the effectiveness of those disclosures because of the similarities of the ED to current SEC disclosure requirements.
- The usefulness of any proposed disclosure is impaired by the lack of any guidance on how to interpret the term 'expected maturity.' Without such guidance we envisage significant variability in implementation, thereby potentially reducing the comparability of financial statements.

 As presently drafted, it appears that the ED could require disclosure of information that many preparers would consider commercially sensitive, particularly as it relates to future plans to refinance debt. We believe many of these issues could be resolved with clearer definition of the expected maturity concept.

We have provided responses to certain of the questions posed by the Board in the appendix to this letter.

### Similarity to current SEC disclosure requirements

We would prefer the SEC and FASB collaborate to improve existing requirements rather than impose new disclosure requirements. While we acknowledge that there are certain differences between the disclosure format required by the ED and the current SEC disclosures, we do not see many substantive differences between the two disclosure regimes for non-financial institutions. The objective of both is to provide insight into companies' financial obligations and liquidity risks by requiring certain information regarding expected cash flows. Rather than requiring companies to produce similar but slightly different disclosures in different sections of SEC filings, we would prefer that the Board works with the SEC to modify the existing SEC disclosure requirements and require the presentation of a single set of information that the Board believes would be beneficial to users of financial statements. For example, we believe that presenting maturity of financial assets and liabilities segregated on a quarterly basis as proposed in the ED could be more useful to users than segregation of that information on an annual basis as is currently required; however, we would prefer that the Board coordinates with the SEC on that and other incremental changes to the existing SEC disclosure requirements (including requiring their inclusion in the financial statements if necessary) to minimize the incremental regulatory burden on preparers.

# Relevance and consistency of application by constituent companies when determining expected maturity and consistence of application with similar GAAP concepts.

We understand the approach in the ED requires the reporting entity to produce disclosure of future obligations based on their expected maturity. We question the relevance of showing liabilities at their expected maturity when the early repayment of the instrument is at the option of the entity. Such an approach could result in users inferring that an entity has a less favourable liquidity position because it is forecasting repaying a liability ahead of schedule, which it could later choose to pay according to the contractual maturity if it becomes necessary. We believe that this could be overcome by requiring expected maturity to differ from contractual maturity only when a reasonable threshold of certainty has been achieved.

There is currently very little guidance in the ED regarding the meaning of the term "expected maturity" and should this be carried forward into the final standard, we expect this will inevitably result in inconsistency in application. If the Board proceeds with its proposed approach, we believe the provision of interpretive guidance will be important to ensure comparability between preparers. Without comprehensive illustrations of circumstances where a reporting entity would or would not be required to disclose deviations in expected maturity compared to contractual maturity, the use of expected maturity as a comparable measure would be undermined because different preparers will take a different view of the impact of a particular set of circumstances on the expected maturity of an instrument.

We also ask the Board to consider the effect that disclosure of 'expected maturity' of financial instruments could have on the consistency of other items in financial statements. For example, the extent to which an entity has certainty over contemplated extinguishments of debt can have an impact on the balance sheet classification of that debt, the continued capitalization and amortization of issuance costs and the continuing effectiveness of related cash flow hedging relationships. Unless the threshold for disclosure of 'expected maturity' is clearly defined and universally understood, the risk exists that there could be inconsistency between the disclosure under this ED and the ongoing recognition of these other items, both within an entity's financial statements and between similar preparers.

### Commercial sensitivity

An entity often decides to pursue a long term capital strategy to maximise equity value or optimize financing costs and making elements of this strategy widely known before contemplated actions have been launched can have a detrimental impact on the success of those actions. As currently presented, it appears that the ED would require an entity to disclose an instrument as having a maturity shorter than the contractual maturity when it has an expectation (with an undefined level of certainty) that the instrument will be repaid early. We believe many preparers would consider this information commercially sensitive.

We sincerely appreciate the opportunity to comment on this matter, please contact me (+44 1256 75 4517) or Dean Checkley (+44 1256 75 2470) if you would like to discuss any of the issues in this letter.

Yours faithfully,

Robert Gale Vice President - Controller

Appendix – Answers to specific questions

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**Question 2:** For an entity that is not a financial institution, the proposed amendments would require a cash flow obligation table that includes the expected maturities of an entity's obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

Based on the lack of guidance in the ED regarding the term expected maturity, it is difficult to accurately predict potential operational issues related to its application. Generally, we would anticipate that assessing the expected maturity of each of our financial obligations on a quarterly basis would be extremely challenging due to the volume of individual obligations, particularly obligations such as routine purchases in the ordinary course of business whose expected payment date will be subject to frequent and significant changes as we optimise our working capital position. In order to determine if the expected maturity date is different from the contractual maturity date, we will need to implement processes and policies across the various departments within our organisations to make that assessment. Further, while contractual maturity is an objective piece of information that is currently collected and not generally subject to interpretation, expected maturity will result in a more subjective analysis and one that is incremental to our current processes. We strongly suggest that the Board should exclude routine 'working capital-type' cash flow obligations from the application of the expected maturity approach to alleviate some of our concerns.

**Question 3:** The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. Expected maturity is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity's expected timing of the sale or transfer of the instrument. Do you agree that the term expected maturity is more meaningful than the term contractual maturity in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

We agree that expected maturity could be more meaningful than the term contractual maturity in some circumstances, provided the threshold for its use is sufficiently well defined to ensure that it is producing consistent information. We suggest that the Board provides more guidance and illustrative examples regarding the term expected maturity. This guidance should make clear that expected maturity is an outcome that is highly likely of occurrence in order to avoid confusing or misleading users. We suggest the use of a probability weighted approach that is based on the principles in ASC 450. For example, if an entity determined it probable (as that term is described in ASC 450) that a contractual obligation will be settled at a time that is different than the contractual maturity, the entity would then present the cash obligation based on the most likely date of settlement. Incorporating the guidance in ASC 450 would make the transition to the use of an expected maturity approach more efficient because it is a framework that is currently well understood by both preparers and users.

**Question 4:** The proposed amendments would require a quantitative disclosure of an entity's available funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We do not foresee and significant operational concerns or constraints in complying with this requirement.

**Question 6:** As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statement to develop an understanding of your entity's exposure to liquidity risk? If not, what other information would better achieve this objective?

As a non-financial institution, we believe that the current SEC disclosure requirements provide useful information for users of our financial statements. We do not believe that re-producing similar information in the financial statements represents a material improvement in our financial reporting.

**Question 22:** Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC's current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially amendments outweigh their benefits? Please explain why.

Yes, we believe that for non-financial institutions there is a significant overlap with the SEC's current disclosure requirements regarding cash obligations and commitments. While we do not expect the ED would present severe operational difficulties to implement, we do not believe it will provide a great deal of additional benefit to users of our financial statements. We believe that mandating largely duplicative disclosures in multiple sections of annual reports will further contribute to the perception of disclosure overload that is pervasive in both the user and preparer community. It is for this reason that we prefer that the SEC and FASB collaborate to improve existing requirements rather than impose more disclosure requirements.