COMPANY REGISTRATION NUMBER 657093

ntl (South London) Limited

Financial Statements

31 December 2006

ntl (South London) Limited

Financial Statements

Year ended 31 December 2006

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ntl (South London) Limited

Company Information

The board of directors	Virgin Media Directors Limited Virgin Media Secretaries Limited
Company secretary	Virgin Media Secretaries Limited
Registered office	160 Great Portland Street London W1W 5QA
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activities and business review
The principal activity of the company during the year was, and will continue to be, the provision of cable television, telephony, internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided

The company is a wholly-owned subsidiary undertaking of Virgin Media Inc , which changed its name from NTL Incorporated on 6 February 2007 The Virgin Media group is an innovative and pioneering UK entertainment and communications business and is the first company in the United Kingdom to offer a quad-play package of television, broadband, telephone and mobile The group is one of the UK's most popular residential broadband and pay-as-you-go mobile providers and the second largest provider in the UK of pay television and fixed line telephone services

Turnover has decreased by 6 4% to £42 4 million for the year ended 31 December 2006 from £45 3 million in 2005 The decrease resulted from a reduction in the number of customers served by the company, which operates in an increasingly competitive market The gross profit margin increased from 68 9% to 71 5%, primarily due to the increase in Broadband customers

Customer statistics for the company were not used for management accounting or reporting purposes for 2005 and 2006 although certain statistics were tracked at regional level for the Virgin Media group At 31 December 2006, the total number of residential customers in the Virgin Media region that included the company's operations was approximately 177,000 compared to approximately 183,000 as at 31 December 2005 Whilst overall customer numbers dropped, the number of Broadband customers in the region increased by 18 0% to approximately 68,000

Administrative expenses increased by 7 6% in 2006 over 2005 mainly due to an increase in costs allocated to the company by the Virgin Media group as a result of expenses incurred in connection with the merger of NTL and Telewest and an impairment charge against inter-company debt receivable Operating profit has deceased from £7 1 million in 2005 to £4 4 million in 2006 predominantly due to the reasons stated above

Results and dividends
The loss for the year amounted to £29,806,000 The directors have not recommended a dividend

Financial risk management
The company's operations expose it to a variety of financial risks that include interest rate, credit, foreign exchange and liquidity risks

Liquidity risk
The Virgin Media group manages its financial risk via secure, long-dated and cost-effective funding for the group's operations in order to minimise the adverse effects of fluctuations in the financial markets on the value of its financial assets and liabilities, profitability and cash flows

The Virgin Media group's external debt is used to satisfy the funding requirements of group undertakings via inter-company loans on terms which generally match those of the external debt In addition, working capital is managed centrally within the Virgin Media group creating further inter-company trading balances, on terms which are generally interest free

Interest rate and foreign exchange rate risk
The company is subject to financial risks where interest rates are not fixed or where the debt is denominated in foreign currency The group's policy is to manage its interest cost using a mix of fixed and variable rate financial instruments denominated in sterling and foreign currencies, and to hedge all or part of the exposure to interest rate or foreign currency risk However the group's policy is not to hedge against interest rate or foreign currency risk in respect of inter-company debt

The company's financial instruments mainly comprise interest free and interest bearing inter-company debt The interest rates are not fixed and so are subject to fluctuation The company had no foreign currency denominated financial instruments during the reporting period or prior year

Credit risk
Credit risk is the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge an obligation The company's policies are aimed at minimising such losses, by generally requiring that customers satisfy credit worthiness criteria

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually The provision for non-recoverability may increase or decrease as a result of that review

The directors will revisit the appropriateness of these policies should the company's operations change in size or nature

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

Virgin Media Directors Limited
Virgin Media Secretaries Limited

On 16 February 2007, the names of ntl Directors Limited and ntl Secretaries Limited were changed to Virgin Media Directors Limited and Virgin Media Secretaries Limited respectively

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985 The company seeks exemption under The Companies (Disclosure of Directors Interests) (Exceptions) Regulations 1985, not to disclose the directors' interests in the common stock of Virgin Media Inc , a company registered in the state of Delaware, United States of America, and the ultimate parent undertaking of the company

Virgin Media Inc has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision is in force as at the date of approving the directors' report

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985

Signed on behalf of the directors

R C Gale

For and on behalf of Virgin Media Secretaries Limited

Approved by the directors on 30 October 2007

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent Auditor's Report to the Member of ntl (South London) Limited

Year ended 31 December 2006

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's member in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

31 October 2007

ntl (South London) Limited

Profit and Loss Account

Year ended 31 December 2006

	Note	2006 £000	2005 £000
Turnover		**42,364**	45,277
Cost of sales		**(12,085)**	(14,110)
Gross profit		**30,279**	31,167
Administrative expenses		**(25,903)**	(24,062)
Operating profit	2	**4,376**	7,105
Interest payable and similar charges	4	**(34,182)**	(25,334)
Loss on ordinary activities before taxation		**(29,806)**	(18,229)
Tax on loss on ordinary activities	5	**-**	-
Loss for the financial year		**(29,806)**	(18,229)

All of the activities of the company are classed as continuing

Statement of Total Recognised Gains and Losses
There are no recognised gains or losses other than the loss of £29,806,000 attributable to the shareholder for the year ended 31 December 2006 (2005 - loss of £18,229,000)

The notes on pages 10 to 16 form part of these financial statements.

ntl (South London) Limited

Balance Sheet

31 December 2006

	Note	2006 £000	2005 £000
Fixed assets			
Intangible assets	6	–	–
Tangible assets	7	**125,628**	124,968
Investments	8	–	–
		125,628	124,968
Current assets			
Debtors	9	**18,463**	–
Net current assets		**18,463**	–
Total assets less current liabilities		**144,091**	124,968
Creditors: Amounts falling due after more than one year	10	**(589,305)**	(540,376)
		(445,214)	(415,408)
Capital and reserves			
Called-up equity share capital	13	**53,783**	53,783
Profit and loss account	14	**(498,997)**	(469,191)
Deficit	14	**(445,214)**	(415,408)

These financial statements were approved by the directors on 30 October 2007 and are signed on their behalf by

R C Gale

R C Gale
For and on behalf of Virgin Media Directors Limited

The notes on pages 10 to 16 form part of these financial statements.

1 Accounting policies

Accounting convention
The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Fundamental accounting concept
The financial statements have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances that sufficient resources will be made available so that the company can meet its liabilities as and when they fall due, for at least the next twelve months

Group accounts
The company has taken advantage of the exemption from preparing group accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company incorporated in Great Britain which prepares group accounts (see note 15) These financial statements therefore present information about the company as an individual undertaking and not about its group

Investments
Investments are recorded at cost, less any provision for impairment

Cash flow statement
The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate parent undertaking (see note 15)

Turnover
Turnover represents the value of services provided, stated net of Value Added Tax, and is attributable to continuing activities, being the provision of cable television, telephony, internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided, all of which is derived from operations in the United Kingdom The directors consider this to be a single class of business

Intangible fixed assets
Costs incurred in securing the licences to run cable television services have been capitalised and amortisation is charged over the licence period Licences are written off upon expiry of the licence

Tangible fixed assets
Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, on a straight line basis over the useful economic life of that asset as follows

Network assets	3 - 40 years
Other fixed assets	
- Freehold property	50 years
- Leasehold property	period of lease
- Other	3 - 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

1. **Accounting policies** *(continued)*

Deferred taxation

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

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

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

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

Trade and other receivables

Receivables are stated at recoverable amount Provision is made when the amount receivable is not considered recoverable and the full amount is written off when the probability for recovery of a balance is assessed as being remote

2. **Operating profit**

Operating profit is stated after charging/(crediting)

	2006	2005
	£000	£000
Depreciation of owned fixed assets	**3,563**	3,246
Profit on disposal of fixed assets	**–**	(1)
Auditor's remuneration		
- as auditor	**4**	7
Provision against amounts due from group undertakings	**2,276**	–
Reorganisation costs	**1,618**	720

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually The provision for non-recoverability may increase or decrease as a result of that review For the year ended 31 December 2006, there was an increase in provision of £2,276,000 (2005 – £nil)

2. Operating profit *(continued)*

The directors' remuneration is paid by Virgin Media Limited (formerly ntl Group Limited) and disclosed in the group accounts of Virgin Media Finance PLC (formerly ntl Cable PLC)

Certain expenses are specifically attributable to the company Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable

Auditor's remuneration disclosed above represents costs allocated to the company by the fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group The company is exempt from disclosing additional information regarding non-audit services, as the disclosures required under Regulation 4 (1) (b) of Section 390B of Companies Act 1985, are made in the group accounts of Virgin Media Finance PLC on a consolidated basis

Reorganisation costs in the year ended 31 December 2006 mainly represent the company's allocation of redundancy and property exit costs resulting from the group's restructuring programme following the merger of the NTL group with the Telewest group Reorganisation costs in the year ended 31 December 2005 represent costs resulting from the restructuring of the then NTL group, which commenced in the last quarter of 2000, to reflect its size and trading position at that time The principal constituents are redundancy costs, property exit costs and professional fees

3. Staff costs

The company does not have any directly employed staff but is charged an allocation of staff costs by the Virgin Media group Details of staff numbers and staff costs are disclosed in the group accounts of Virgin Media Finance PLC

4. Interest payable and similar charges

	2006	2005
	£000	£000
Interest on amounts owed to group undertakings	**34,182**	25,334

5. Taxation on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows

	2006	2005
	£'000	£'000
Current tax charge:		
Current tax on loss for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax charge on loss on ordinary activities	-	-

5. Taxation on ordinary actıvıties *(contınued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordınary actıvıtıes for the year ıs hıgher than the standard rate of corporatıon tax ın the UK of 30% (2005 - 30%)

The dıfference between the effectıve statutory rate and the actual current tax charge ıs reconcıled as follows

	2006	2005
	£000	£000
Loss on ordınary actıvıtıes before taxatıon	(29,806)	(18,229)
Loss on ordınary actıvıtıes multıplıed by the rate of tax	(8,942)	(5,469)
Expenses not deductıble for tax purposes	788	183
Depreciatıon ın excess of capıtal allowances	1,019	852
Group relıef surrendered / Unrelıeved tax losses	7,135	4,434
Total current tax (note 5(a))	-	-

(c) Factors that may affect future tax charges

Deferred tax assets of £34,580,532 (2005 - £40,850,346) ın respect of tax losses and £36,483,996 (2005 - £31,991,071) ın respect of depreciatıon ın excess of capıtal allowances have not been recognısed as there ıs ınsuffıcıent certaınty as to the avaılabılıty of future taxable profits

6. Intangible fixed assets

	Lıcences
	£000
Cost	
At 1 January 2006	104
Fully wrıtten off	(104)
At 31 December 2006	-
Amortisation	
At 1 January 2006	104
Fully wrıtten off	(104)
At 31 December 2006	-
Net book value	
At 31 December 2006	-
At 31 December 2005	-

7. Tangible fixed assets

	Network £000	Other £000	Total £000
Cost			
At 1 January 2006	434,432	14,851	449,283
Additıons	4,362	–	4,362
Transfers	(155)	–	(155)
At 31 December 2006	438,639	14,851	453,490
Depreciation			
At 1 January 2006	313,779	10,536	324,315
Charge for the year	3,181	382	3,563
Transfers	(16)	–	(16)
At 31 December 2006	316,944	10,918	327,862
Net book value			
At 31 December 2006	121,695	3,933	125,628
At 31 December 2005	120,653	4,315	124,968

Transfers, made at book value, are to group undertakıngs

Included ın "Other" are the followıng net book values of land and buıldıngs

	2006 £'000	2005 £'000
Freehold	1,427	1,516
Short leasehold	2,281	2,531

8. Investments

	Subsidıary undertakings £000
Cost	
At 1 January 2006 and 31 December 2006	34
Value impaired	
At 1 January 2006 and 31 December 2006	34
Net book value	
At 31 December 2006	-
At 31 December 2005	-

8. Investments *(continued)*

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

Name of Company	*Country of Incorporation*	*Holdings*	*Proportion held*	*Nature of Business*
Direct shareholdings				
ntl (Greenwich and Lewisham) Limited	UK	Ordinary	100%	Dormant
ntl (Lambeth and Southwark) Limited	UK	Ordinary	100%	Dormant
ntl (Wandsworth) Limited	UK	Ordinary	100%	Dormant

The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 not to disclose the aggregate amount of capital and reserves, and the result for the year for each of the subsidiary undertakings on the basis that their results are included in the group accounts of Virgin Media Finance PLC (see note 15)

9. Debtors

	2006	2005
	£000	£000
Amounts owed by group undertakings	**18,463**	–

Amounts owed by group undertakings are interest free and repayable on demand, but are not expected to be recovered in full within one year The amount owed is stated after deducting an impairment provision of £2,276,000 (2005 - £nil)

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

	2006	2005
	£000	£000
Amounts owed to group undertakings	**589,305**	540,376

Amounts owed to group undertakings are unsecured and repayable on demand, but are not expected to be repaid within 5 years The rates of interest on the amounts payable ranged from 0% to 7 59% (2005 - 0% to 9 75%)

11. Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks under which it has guaranteed the borrowings of certain Virgin Media group companies At 31 December 2006, the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £5,125 million (2005 - £1,713 million) Borrowings under the facility are secured against the assets of certain members of the group including those of the company

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

12. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as it is a subsidiary undertaking which is at least 90% controlled by the ultimate parent undertaking

13. Share capital

Authorised share capital:

	2006	2005
	£000	£000
65,000,000 Ordinary shares of £1 each	**65,000**	65,000

Allotted, called up and fully paid:

	2006		2005	
	No	£000	No	£000
Ordinary shares of £1 each	**53,783,358**	**53,783**	53,783,358	53,783

14. Reconciliation of shareholder's funds and movement on reserves

	Share capital	Profit and loss account	Total share-holder's funds
	£000	£000	£000
At 1 January 2005	**53,783**	**(450,962)**	**(397,179)**
Loss for the year	–	**(18,229)**	**(18,229)**
At 31 December 2005 and 1 January 2006	**53,783**	**(469,191)**	**(415,408)**
Loss for the year	–	**(29,806)**	**(29,806)**
At 31 December 2006	**53,783**	**(498,997)**	**(445,214)**

15. Parent undertaking and controlling party

The company's immediate parent undertaking is ntl (V) Limited

The company's results are included in the group accounts of Virgin Media Finance PLC

The company's ultimate parent undertaking and controlling party at 31 December 2006 was NTL Incorporated, a company incorporated in the state of Delaware, United States of America NTL Incorporated changed its name to Virgin Media Inc on 6 February 2007

Copies of all sets of group accounts which include the results of the company are available from the Secretary, Virgin Media, 160 Great Portland Street, London, W1W 5QA