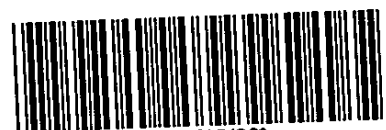


**ntl CableComms Cheshire**  
**Financial Statements**  
**31 December 2010**

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# **ntl CableComms Cheshire**

## **Financial Statements**

**Year ended 31 December 2010**

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# **ntl CableComms Cheshire**

## **Company Information**

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### **The board of directors**

R C Gale  
R M Mackenzie

### **Company secretary**

G E James

### **Registered office**

Bartley Wood Business Park  
Hook  
Hampshire  
RG27 9UP

### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

# **ntl CableComms Cheshire**

## **The Directors' Report**

**Year ended 31 December 2010**

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The directors present their report and the financial statements of the company for the year ended 31 December 2010

### **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, broadband internet and other telecommunication services as well as running some of the telecommunication services over which they are provided

The company is a wholly owned subsidiary undertaking of Virgin Media Inc. The Virgin Media group is a leading provider of entertainment and communications services in the UK, offering "quad-play" television, broadband internet, fixed line telephony and mobile telephony services

As at 31 December 2010, the Virgin Media group provided services to approximately 4.8 million residential cable customers on its network. The group is also one of the UK's largest mobile virtual network operators by number of customers and at 31 December 2010 provided mobile telephone services to approximately 1.9 million prepay mobile customers and approximately 1.2 million contract mobile customers over third party networks. As of 31 December 2010, approximately 63.0% of residential customers on the group's cable network were "triple play" customers, receiving broadband internet, television and fixed line telephone services from the group and approximately 11.8% were "quad play" customers, also receiving the group's mobile telephone services.

The Virgin Media group believes that its advanced, deep fibre access network enables it to offer faster and higher quality broadband services than its digital subscriber line, or DSL, competitors. As a result it provides its customers with a leading next generation broadband service and one of the most advanced television on-demand services available in the UK market.

In addition, the Virgin Media group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organisations and service providers in the UK through Virgin Media Business (formerly ntl Telewest Business). The Virgin Media group also has an interest in the UKTV television channels through its joint ventures with BBC Worldwide.

The Virgin Media group sold its television channel business known as Virgin Media TV on 12 July 2010.

## ntl CableComms Cheshire

### The Directors' Report *(continued)*

Year ended 31 December 2010

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#### Key performance indicators (KPI's)

The company's key financial and other performance indicators for the year are considered below

	2010	2009	Comments
Turnover (£000)	22,468	21,683	Turnover has increased by 3.6% primarily due to selective price increases and the increased uptake of broadband and television services from both new and existing customers, partially offset by the decline in fixed line telephony usage, together with some price discounting to stimulate customer activity and retention due to continued market competition
Gross profit margin (%)	82.4	73.5	This increase reflects changes in the product mix, including a decline in fixed line telephone usage and additional customers subscribing to the higher margin broadband product, together with selective price increases
Administrative expenses (£000)	12,256	9,064	Administrative expenses have increased by 35.2% during 2010 primarily due to a £515,000 release of the provision against amounts due from other group undertakings in 2010 compared with a release of £1,311,000 in 2009, and a £117,000 foreign exchange loss in 2010 compared with a gain of £342,000 in 2009, together with increased marketing employee and outsourcing costs, and higher asset usage charges allocated to the company by fellow group undertakings

## ntl CableComms Cheshire

### The Directors' Report *(continued)*

#### Year ended 31 December 2010

Selected statistics for residential cable customers served by the company at 31 December 2010 and 31 December 2009 are shown in the table below

	2010	2009
Products		
Television	34,400	34,100
Fixed line telephone	37,900	38,300
Broadband	35,900	35,200
Total	108,200	107,600
Total customers	42,400	42,700
Products per customer	2.55	2.52

Each television, telephone and broadband internet subscriber directly connected to the company's network counts as one product. Accordingly, a subscriber who receives both telephone and television services counts as two products. Products may include subscribers receiving some services for free or at a reduced rate in connection with promotional offers.

The company reported a decrease in net current assets and an increase in net assets for the year ended 31 December 2010 as a result of normal operations, together with a reclassification of certain inter-company balances. During the year, no new external finance was arranged and there was no movement in the called up equity share capital of the company. Operations were financed through the company's inter-company balances with fellow group undertakings.

#### Future outlook

In December 2010, the Virgin Media group launched TiVo set-top boxes (with associated software, including middleware), following a strategic partnership with TiVo Inc, or TiVo, to develop a next generation set-top box which provides converged television and broadband internet capabilities. Under the agreement with TiVo, TiVo will become the exclusive provider of user interface software for Virgin Media's next generation set-top boxes and the Virgin Media group will become the exclusive distributor of TiVo services and technology in the UK. This is a "next generation" entertainment set-top box which brings together television, on-demand and web services through a single set-top box and unique content discovery and personalization tools. The Virgin Media TV powered by TiVo service is being rolled out to customers during 2011.

The Virgin Media group's strategic objectives in 2011 revolve around exploiting its superior network infrastructure to offer differentiated products and services, while retaining strong cost control and financial discipline. The Virgin Media group will also place more emphasis on cross-selling mobile services to its Cable customers and seeking to grow revenues from Business customers through an increased focus on managed data services.

The Virgin Media group is also in the process of rolling out the country's fastest widely available broadband service, 100Mb, which is expected to be available right across its network by the middle of 2012. In addition, the group has successfully completed a comprehensive Metro Wi-Fi trial in Ashford, Kent, demonstrating its capabilities in exploiting its growing cable network for the provision of internet connectivity out of the home.

#### Results and dividends

The profit for the financial year, after taxation, amounted to £4,890,000 (2009 - profit of £5,518,000). The directors have not recommended an ordinary dividend (2009 - £nil).

## **ntl CableComms Cheshire**

### **The Directors' Report** *(continued)*

**Year ended 31 December 2010**

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#### **Principal risks and uncertainties**

Financial and operational risk management is undertaken as part of the Virgin Media group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the financial statements of Virgin Media Inc which are available from the company secretary at Virgin Media Limited, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

#### **Directors**

The directors who served the company during the year were as follows

R C Gale	(Appointed 30 April 2010)
R M Mackenzie	(Appointed 30 April 2010)
Virgin Media Directors Limited	(Resigned 30 April 2010)
Virgin Media Secretaries Limited	(Resigned 30 April 2010)

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 2006. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

#### **Disclosure of information to the auditor**

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

Signed on behalf of the directors



R M Mackenzie  
Director

Approved by the directors on 22 July 2011

# **ntl CableComms Cheshire**

## **Statement of Directors' Responsibilities**

**Year ended 31 December 2010**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.



# **ntl CableComms Cheshire**

## **Independent Auditor's Report to the Members of ntl CableComms Cheshire**

**Year ended 31 December 2010**

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We have audited the financial statements of ntl CableComms Cheshire for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

## **ntl CableComms Cheshire**

### **Independent Auditor's Report to the Members of ntl CableComms Cheshire *(continued)***

**Year ended 31 December 2010**

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#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



J I Gordon (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

22 July 2011

## ntl CableComms Cheshire

### Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £000	2009 £000
<b>Turnover</b>		<b>22,468</b>	21,683
Cost of sales		<u>(3,954)</u>	<u>(5,741)</u>
<b>Gross profit</b>		<b>18,514</b>	15,942
Administrative expenses		<u>(12,256)</u>	<u>(9,064)</u>
<b>Operating profit</b>	2	<b>6,258</b>	6,878
Attributable to			
Operating profit before exceptional items		5,743	5,567
Exceptional items	2	<u>515</u>	<u>1,311</u>
		<b>6,258</b>	6,878
Interest payable and similar charges	4	<u>(1,359)</u>	<u>(1,360)</u>
<b>Profit on ordinary activities before taxation</b>		<b>4,899</b>	5,518
Taxation on profit on ordinary activities	5	<u>(9)</u>	<u>—</u>
<b>Profit for the financial year</b>		<b><u>4,890</u></b>	<b><u>5,518</u></b>

The company has no other gains or losses and therefore no separate statement of total recognised gains or losses is presented

All results relate to continuing operations

The notes on pages 11 to 19 form part of these financial statements.

**ntl CableComms Cheshire****Balance Sheet****31 December 2010**

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	6	<u>24,087</u>	<u>24,152</u>
<b>Current assets</b>			
Debtors due within one year	7	36,107	30,448
<b>Creditors: Amounts falling due within one year</b>	8	<u>(18,497)</u>	<u>(437)</u>
<b>Net current assets</b>		17,610	30,011
<b>Total assets less current liabilities</b>		<u>41,697</u>	<u>54,163</u>
<b>Creditors: Amounts falling due after more than one year</b>	9	<u>(8,017)</u>	<u>(25,373)</u>
<b>Net assets</b>		<u>33,680</u>	<u>28,790</u>
<b>Capital and reserves</b>			
Called-up equity share capital	12	124,615	124,615
Profit and loss account	13	<u>(90,935)</u>	<u>(95,825)</u>
<b>Total shareholders' funds</b>	13	<u>33,680</u>	<u>28,790</u>

These financial statements were approved by the directors on 22 July 2011 and are signed on their behalf by



R C Gale  
Director

The notes on pages 11 to 19 form part of these financial statements.

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

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### 1. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, and applicable UK accounting standards.

#### *Classification of shares as debt or equity*

The company has financial instruments in the form of preference shares. As a condition of the shares there is a contractual obligation to accrue for dividends, regardless of performance. As this condition is potentially unfavourable the preference shares have been classified in the Balance Sheet as financial liabilities, rather than equity, in accordance with FRS 25 "Financial Instruments: Disclosure and Presentation".

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

#### *Cash flow*

The company is exempt from publishing a cash flow statement as permitted by FRS 1 "Cash flow statements (revised 1996)", as it is a wholly owned subsidiary of its ultimate parent company, Virgin Media Inc.

#### *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.

#### *Tangible fixed assets*

Depreciation is provided on all tangible fixed assets, other than land, so as to write off the cost of a tangible fixed asset, less its estimated residual value, on a straight line basis over the expected useful economic life of that asset as follows:

Network assets	3 - 30 years
Other fixed assets	
- Freehold property	30 years
- Leasehold property	period of lease
- Other	3 - 12 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.

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

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

#### ***Deferred taxation***

Deferred tax is recognised, as appropriate, 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

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the Profit and Loss Account.

#### ***Trade and other debtors***

Trade and other debtors are stated at their 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)

	2010	2009
	£000	£000
Depreciation of owned fixed assets	2,834	2,584
Profit on disposal of fixed assets	(52)	—
Net loss/(profit) on foreign currency translation	117	(342)
Release of provision against amounts due from group undertakings	(515)	(1,311)

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 2. Operating profit *(continued)*

The group's inter-company funding arrangements are managed centrally. Recoverability of inter-company receivables is assessed annually. The provision for non-recoverability may decrease or increase as a result of that review. The impairment review of inter-company indebtedness as at 31 December 2010 concluded that a release of the provision against amounts due from group undertakings totalling £515,000 should be made (2009 - release of £1,311,000).

Auditor's remuneration of £2,000 (2009 - £2,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group.

The company had corporate directors until 30 April 2010, which received no remuneration. On 30 April 2010 new directors were appointed. The directors received remuneration for the year of £1,930 in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited.

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.

### 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 of the group are disclosed in the group accounts of Virgin Media Finance PLC.

### 4 Interest payable and similar charges

	2010	2009
	£000	£000
Accrued dividend on shares classed as financial liabilities	494	494
Interest on loan notes due to group undertakings	865	866
	<u>1,359</u>	<u>1,360</u>

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 5. Taxation on profit on ordinary activities

#### (a) Analysis of charge in the year

The tax charge is made up as follows

	2010 £000	2009 £000
<b>Current tax charge:</b>		
Current tax on profit for the year	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total tax charge on profit on ordinary activities	-	-
	<b>2010 £000</b>	<b>2009 £000</b>
<b>Foreign tax</b>		
Adjustments in respect of prior periods	9	-
Total current tax	<u>9</u>	<u>-</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

The difference between the effective statutory rate and the actual current tax charge is reconciled as follows

	2010 £000	2009 £000
Profit on ordinary activities before taxation	<u>4,899</u>	<u>5,518</u>
Profit on ordinary activities multiplied by rate of tax	1,372	1,545
Expenses not deductible for tax purposes	144	142
Income not taxable	(144)	(367)
Depreciation in excess of capital allowances	781	730
Utilisation of tax losses and other deductions	(2,153)	(2,050)
US tax expense	9	-
Total current tax (note 5(a))	<u>9</u>	<u>-</u>



# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 5. Taxation on profit on ordinary activities *(continued)*

#### (c) Factors that may affect future tax charges

Deferred tax assets in respect of the following amounts have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

	2010 £000	2009 £000
Tax losses	3,706	6,143
Depreciation in excess of capital allowances	15,026	14,082
	<u>18,732</u>	<u>20,225</u>

#### (d) Change in tax rate

As at 31 December 2010 the enacted UK corporation tax rate scheduled to take effect in April 2011 was 27%. A rate reduction to 26% was enacted under the Provisional Collection of Taxes Act in March 2011 with effect from 1 April 2011, and further rate reductions were announced, to be introduced in annual decrements to reduce the rate to 23%. In addition, on 22 June 2010 the government announced changes to the capital allowances regime, including a reduction in the rate of capital allowances on plant and machinery additions from 20% to 18% with effect from 1 April 2012. These rate changes will affect the amount of future tax payments to be made by the company. The un-provided deferred tax assets have been calculated using the enacted rates as at 31 December 2010.

### 6. Tangible fixed assets

	Network £000	Other £000	Total £000
<b>Cost</b>			
At 1 January 2010	93,373	1,793	95,166
Additions	2,908	–	2,908
Disposals	(3,429)	(532)	(3,961)
<b>At 31 December 2010</b>	<u>92,852</u>	<u>1,261</u>	<u>94,113</u>
<b>Depreciation</b>			
At 1 January 2010	69,952	1,062	71,014
Charge for the year	2,762	72	2,834
On disposals	(3,429)	(393)	(3,822)
<b>At 31 December 2010</b>	<u>69,285</u>	<u>741</u>	<u>70,026</u>
<b>Net book value</b>			
<b>At 31 December 2010</b>	<u>23,567</u>	<u>520</u>	<u>24,087</u>
At 31 December 2009	<u>23,421</u>	<u>731</u>	<u>24,152</u>

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 6. Tangible fixed assets *(continued)*

Included in "Other" are the following net book values of land and buildings

	2010	2009
	£000	£000
Freehold	289	303
Short leasehold improvements	222	408

### 7. Debtors

	2010	2009
	£000	£000
Amounts owed by group undertakings	36,107	30,448

Amounts owed by group undertakings are -

	2010	2009
	£000	£000
Amounts owed by group undertakings	42,850	37,706
Impairment provision	(6,743)	(7,258)
	36,107	30,448

Amounts owed by group undertakings are unsecured and interest free

### 8. Creditors: Amounts falling due within one year

	2010	2009
	£000	£000
Amounts owed to group undertakings	18,497	437

The analysis of amounts owed to group undertakings is

	2010	2009
	£000	£000
Loans advanced by group undertakings	18,027	-
Interest on loan notes due to group undertakings	461	437
Other amounts owed to group undertakings	9	-
	18,497	437

Loans advanced by group undertakings are unsecured. Technically these amounts are repayable on demand as they do not include an unconditional right to defer payment, so have been included in creditors falling due within one year in 2010. The directors are of the opinion that, in the ordinary course of business, repayment within such a timescale would not be required. The rates of interest on the amounts payable ranged from 0.51% to 7.56% (2009 - 0.51% to 7.58%). Included in loans advanced by group undertakings are loan notes denominated in US dollars totalling £1,631,000 (2009 - £4,226,000).

Other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 9. Creditors: Amounts falling due after more than one year

	2010	2009
	£000	£000
300 Preference shares of £1 each	–	–
Preference share dividend payable to group undertakings	8,017	7,523
Amounts owed to group undertakings	–	17,850
	<u>8,017</u>	<u>25,373</u>

Details of the preference shares which are held by group undertakings, are set out in note 12

Loans advanced by group undertakings have been included in creditors falling due within one year in 2010 (see note 8)

### 10. Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2010 this comprised a term facility of £1,675 million and a revolving facility of £250 million. Borrowings under the facility are secured against the assets of certain members of the group including those of the company.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior credit facility. The amount outstanding under the senior secured notes at 31 December 2010 amounted to approximately £1,495 million (2009 - £nil). Borrowings under the notes are secured against the assets of certain members of the group including those of the company.

On 3 March 2011 Virgin Media Secured Finance PLC, a fellow group undertaking, issued £957 million equivalent aggregate principal amount of senior secured notes due in 2021. The notes are split into a \$500 million US dollar denominated tranche and a £650 million sterling denominated tranche. The notes will rank pari passu with Virgin Media's senior secured credit facility and its existing senior secured notes due in 2018 and, subject to certain exceptions, share in the same guarantees and security granted in favour of its senior secured credit facility and its existing senior secured notes due in 2018. The net proceeds from the issuance of the senior secured notes were in part used to repay £900 million of the group's obligations under its senior secured credit facility.

On 20 May 2011, the senior secured credit facility was amended to reduce the margins payable, reduce the outstanding loan balance by £25 million and increase the revolving credit facility from £250 million to £450 million.

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

### 11. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Virgin Media Inc, and its subsidiaries (see note 14).

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 12. Share capital

#### Authorised share capital:

	2010	2009
	£000	£000
124,615,385 Ordinary 'A' shares of £1 each	124,615	124,615
300 Preference shares of £1 each	-	-
	<u>124,616</u>	<u>124,616</u>

#### Allotted, called up and fully paid:

	2010		2009	
	No	£000	No	£000
Ordinary 'A' shares of £1 each	<u>124,615,385</u>	<u>124,615</u>	<u>124,615,385</u>	<u>124,615</u>

The preference shares which are held by group undertakings are classified as a liability under FRS 25 and shown in note 9

#### *Shareholders' voting rights*

In the opinion of the directors, the primary rights attached to the various classes of shares are as follows

##### *£1 preference shares*

The right to attend and speak, but not vote at all general meetings of the company

##### *£1 'A' ordinary shares*

The right to attend, speak and vote at all general meetings of the company

#### *Distributable profits*

Distributable profits are allocated on the following basis

##### *Preference shareholders*

The company's Articles of Association provide for a fixed cumulative dividend at the rate of £494,000 per annum. This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2014. After payment of the preference dividend, the preference shareholder is entitled to 15% of the remaining distributable profits on winding up.

##### *Ordinary Shareholders*

After payment of the preference dividend, all ordinary shareholders are entitled to 85% of the remaining distributable profits on winding up.

#### *Dividends*

The preference dividend payable to group undertakings of £494,000 due to the non-equity shareholder for each of the years ended 31 December 2009 and 2010 has been treated as an expense in the Profit and Loss Account in accordance with FRS 25 "Financial Instruments: Disclosure and Presentation".

# ntl CableComms Cheshire

## Notes to the Financial Statements

Year ended 31 December 2010

### 13. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss	Total share-
	£000	account	holders' funds
	£000	£000	£000
At 1 January 2009	124,615	(101,343)	23,272
Profit for the year	—	5,518	5,518
At 31 December 2009 and 1 January 2010	124,615	(95,825)	28,790
Profit for the year	—	4,890	4,890
At 31 December 2010	124,615	(90,935)	33,680

### 14. Parent undertaking and controlling party

The company's immediate parent undertaking is ntl CableComms Holdings No 1 Limited

The smallest and largest groups of which the company is a member and into which the company's accounts are consolidated are Virgin Media Finance PLC and Virgin Media Inc , respectively

The company's ultimate parent undertaking and controlling party at 31 December 2010 was Virgin Media Inc , a company incorporated in the state of Delaware, United States of America

Copies of all sets of group accounts which include the results of the company are available from the company secretary, Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP