COMPANY REGISTRATION NUMBER 2387713

ntl CableComms Derby

Financial Statements

31 December 2010

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Company Information

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

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

Principal activity 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

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)	**18,082**	17,875	Turnover has increased by 1 2% primarily due to selective price increases, 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 (%)	**83.2**	78 8	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)	**10,649**	9,045	Administrative expenses have increased by 17 7% during 2010 primarily due to a £272,000 foreign exchange loss in 2010 compared with a gain of £793,000 in 2009, together with increased marketing, employee and outsourcing costs and higher asset usage charges allocated to the company by fellow group undertakings

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	**28,900**	28,600
Fixed line telephone	**31,900**	32,400
Broadband	**32,200**	31,600
Total	**93,000**	92,600
Total customers	**37,600**	37,700
Products per customer	**2.47**	2 46

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 movement from net current assets to net current liabilities and a decrease in net liabilities 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 £2,230,000 (2009 - profit of £2,719,000) The directors have not recommended an ordinary dividend (2009 - £nil)

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, and obtaining the necessary assurances from the company's ultimate parent company that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient 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

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

We have audited the financial statements of ntl CableComms Derby 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

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

Ernst & Young LLP

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

22 July 2011

ntl CableComms Derby

Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover		**18,082**	17,875
Cost of sales		**(3,033)**	(3,792)
Gross profit		**15,049**	14,083
Administrative expenses		**(10,649)**	(9,045)
Operating profit	2	**4,400**	5,038
Attributable to			
Operating profit before exceptional items		**4,517**	5,038
Exceptional items	2	**(117)**	–
		4,400	5,038
Interest payable and similar charges	4	**(2,167)**	(2,319)
Profit on ordinary activities before taxation		**2,233**	2,719
Taxation on profit on ordinary activities	5	**(3)**	–
Profit for the financial year		**2,230**	2,719

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 18 form part of these financial statements.

ntl CableComms Derby

Balance Sheet

31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	6	**16,372**	16,595
Current assets			
Debtors due within one year	7	**9,743**	2,217
Creditors: Amounts falling due within one year	8	**(55,975)**	(2,071)
Net current (liabilities)/assets		**(46,232)**	146
Total assets less current liabilities		**(29,860)**	16,741
Creditors: Amounts falling due after more than one year	9	**–**	(48,831)
Net liabilities		**(29,860)**	(32,090)
Capital and reserves			
Called-up equity share capital	12	**18,131**	18,131
Share premium account	13	**45,867**	45,867
Profit and loss account	13	**(93,858)**	(96,088)
Total deficit	13	**(29,860)**	(32,090)

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

R C Gale

R C Gale
Director

The notes on pages 11 to 18 form part of these financial statements.

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

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 twelve months from the date of approval of these financial statements

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

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	**2,335**	2,171
Loss on disposal of fixed assets	**–**	4
Net loss/(profit) on foreign currency translation	**272**	(793)
Provision against amounts due from group undertakings	**117**	–

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 an increase of the provision against amounts due from group undertakings totalling £117,000 should be made (2009 - £nil)

Auditor's remuneration of £1,000 (2009 - £1,000) 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 £1,553 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
Interest on amounts owed to group undertakings	**2,167**	2,319

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
Current tax charge:		
Current tax on profit for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax charge on profit on ordinary activities	-	-

	2010 £000	2009 £000
Foreign tax		
Adjustments in respect of prior periods	3	-
Total current tax	3	-

(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	2,233	2,719
Profit on ordinary activities multiplied by rate of tax	625	761
Expenses not deductible for tax purposes	38	4
Depreciation in excess of capital allowances	655	613
Utilisation of tax losses	(1,318)	(1,378)
Us tax expense	3	-
Total current tax (note 5(a))	3	-

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	**10,316**	12,019
Depreciation in excess of capital allowances	**12,864**	12,696
	23,180	24,715

(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
Cost			
At 1 January 2010	70,276	1,881	72,157
Additions	2,112	–	2,112
Disposals	(2,566)	(12)	(2,578)
At 31 December 2010	**69,822**	**1,869**	**71,691**
Depreciation			
At 1 January 2010	54,287	1,275	55,562
Charge for the year	2,283	52	2,335
On disposals	(2,566)	(12)	(2,578)
At 31 December 2010	**54,004**	**1,315**	**55,319**
Net book value			
At 31 December 2010	**15,818**	**554**	**16,372**
At 31 December 2009	15,989	606	16,595

6. Tangible fixed assets *(continued)*

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

	2010 £000	2009 £000
Freehold	**410**	435
Short leasehold improvements	**137**	157

7. Debtors

	2010 £000	2009 £000
Amounts owed by group undertakings	**9,743**	2,217

Amounts owed by group undertakings are -

	2010 £000	2009 £000
Amounts owed by group undertakings	**9,860**	2,217
Impairment provision	**(117)**	–
	9,743	2,217

Amounts owed by group undertakings are unsecured and interest free

8. Creditors: Amounts falling due within one year

	2010 £000	2009 £000
Amounts owed to group undertakings	**55,975**	2,071

The analysis of amounts owed to group undertakings is

	2010 £000	2009 £000
Loans advanced to group undertakings	**49,241**	–
Interest on loan notes due to group undertakings	**1,324**	1,259
Other amounts owed to group undertakings	**5,410**	812
	55,975	2,071

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 £3,779,000 (2009 - £9,795,000)

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

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

	2010	2009
	£000	£000
Amounts owed to group undertakings	–	48,831

Amounts owed to group undertakings are -

	2010	2009
	£000	£000
Loans advanced by group undertakings	–	48,831

Amounts owed to 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 under which it has guaranteed the amounts drawn down 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, which has been guaranteed by the company, 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 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 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 credit facility

On 20 May 2011, the senior secured credit facility was amended to reduce the margins payable on the facilities, 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)

12. Share capital

Authorised share capital:

	2010 £000	2009 £000
2,000,100,000 Ordinary shares of £0 01 each	**20,001**	20,001

Allotted, called up and fully paid:

	2010 No	£000	2009 No	£000
Ordinary shares of £0 01 each	**1,813,125,340**	**18,131**	1,813,125,340	18,131

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2009	18,131	45,867	(98,807)	(34,809)
Profit for the year	–	–	2,719	2,719
At 31 December 2009 and 1 January 2010	18,131	45,867	(96,088)	(32,090)
Profit for the year	–	–	2,230	2,230
At 31 December 2010	18,131	45,867	(93,858)	(29,860)

14. Parent undertaking and controlling party

The company's immediate parent undertaking is ntl Derby Cablevision Holding Company

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