COMPANY REGISTRATION NUMBER 02407924

ntl CableComms Greater Manchester

Financial Statements

31 December 2011

ntl CableComms Greater Manchester

Financial Statements

Year ended 31 December 2011

Contents	**Pages**

ntl CableComms Greater Manchester

Company Information

The board of directors	R C Gale J C Tillbrook
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 2011

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 ("the group") is a leading entertainment and communications business, being a "quad play" provider of broadband internet, television, fixed line telephony and mobile telephony services that offer a variety of entertainment and communications services to residential and commercial customers throughout the UK

As at 31 December 2011, the 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 2011 provided mobile telephony services to approximately 1 5 million prepay mobile customers and approximately 1 5 million contract mobile customers over third party networks As of 31 December 2011, approximately 64% of residential customers on the group's cable network were "triple play" customers, receiving broadband internet, television and fixed line telephony services from the group In addition, the group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organizations and service providers in the U K through Virgin Media Business

The 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

On 30 September 2011 the group completed the disposition of its interest in the UKTV television channels to a subsidiary of Scripps Networks Interactive Inc On 12 July 2010 the group sold its television channel business known as Virgin Media TV

On 23 March 2012 the company undertook a lease and leaseback transaction with ntl CableComms Greater Manchester Leasing Limited, whereby ntl CableComms Greater Manchester Leasing Limited entered into a 10 year headlease agreement over certain of the network fixed assets of the company Subsequently the company entered into a 5 year sublease agreement over the same assets with that subsidiary

Key performance indicators (KPI's)

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

	2011	2010	Comments
Turnover (£000)	**41,303**	40,124	Turnover has increased by 2 9% primarily due to the uptake of broadband from new and existing customers and successful up-selling and cross-selling to our existing customer base, partially offset by higher price discounting to stimulate customer activity and retention in light of competitive factors in the market place
Gross profit margin (%)	**83.1**	82 2	This increase reflects changes in the product mix including additional customers subscribing to the higher margin broadband product, partially offset by higher price discounting to stimulate customer activity
Administrative expenses (£000)	**24,623**	26,336	Administrative expenses have decreased by 6 5% during 2011 primarily due to net profit on foreign currency translation of £1,588,000 (2010 - net loss of £2,978,000), partially offset by net loss on disposal of fixed assets of £75,000 (2010 - net profit of £716,000) 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 2011 and 31 December 2010 are shown in the table below

	2011	2010
Products		
Television	**58,300**	59,200
Fixed line telephone	**64,600**	65,700
Broadband	**66,000**	65,400
Total	**188,900**	190,300
Total customers	**75,400**	76,300
Products per customer	**2.51**	2 49

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 an increase in net current liabilities and a decrease in total assets less current liabilities for the year ended 31 December 2011 as a result of normal operations 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
Detail of the future outlook of the group is provided in Virgin Media Inc 's financial statements and annual report for 2011, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

Results and dividends
The loss for the financial year amounted to £4,285,000 (2010 - loss of £11,459,000) The directors have not recommended an ordinary dividend (2010 - £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	
J C Tillbrook	(Appointed 16 September 2011)
R M Mackenzie	(Resigned 16 September 2011)

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 suitable 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/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Signed on behalf of the directors

R C Gale
Director

Approved by the directors on 18 September 2012

Statement of Directors' Responsibilities

Year ended 31 December 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 Greater Manchester for the year ended 31 December 2011 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 Statement of Directors' Responsibilities set out on page 5, 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 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 2011 and of its loss 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

18 September 2012

ntl CableComms Greater Manchester

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover		**41,303**	40,124
Cost of sales		**(6,966)**	(7,146)
Gross profit		**34,337**	32,978
Administrative expenses		**(24,623)**	(26,336)
Other operating income	2	**1,059**	-
Operating profit	3	**10,773**	6,642
Attributable to			
Operating profit before exceptional items		**10,773**	6,960
Exceptional items	3	**-**	(318)
		10,773	6,642
Interest payable and similar charges	5	**(15,128)**	(18,028)
Loss on ordinary activities before taxation		**(4,355)**	(11,386)
Tax on loss on ordinary activities	6	**70**	(73)
Loss for the financial year		**(4,285)**	(11,459)

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 10 to 17 form part of these financial statements.

COMPANY REGISTRATION NUMBER: 02407924

ntl CableComms Greater Manchester

Balance Sheet

31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	7	**44,878**	45,346
Current assets			
Debtors due within one year	8	**41,544**	38,398
Creditors: Amounts falling due within one year	9	**(385,437)**	(378,474)
Net current liabilities		**(343,893)**	(340,076)
Total assets less current liabilities		**(299,015)**	(294,730)
Capital and reserves			
Share capital	12	**22,520**	22,520
Share premium account	13	**58,433**	58,433
Profit and loss account	13	**(379,968)**	(375,683)
Deficit	13	**(299,015)**	(294,730)

These financial statements were approved by the directors on 18 September 2012 and are signed on their behalf by

R C Gale
Director

The notes on pages 10 to 17 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 statement
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 it ultimate parent company, Virgin Media Inc

Turnover
Turnover represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of cable television, telephony, broadband 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 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 amount is fully written off when the probability for recovery of a balance is assessed as being remote

2. Other operating income

	2011	2010
	£000	£000
Other operating income	**1,059**	–

Other operating income represents an allocation of a VAT rebate received by the group during the year

3. Operating profit

Operating profit is stated after charging/(crediting)

	2011	2010
	£000	£000
Depreciation of owned tangible fixed assets	5,546	6,087
Loss/(profit) on disposal of fixed assets	75	(716)
Net (profit)/loss on foreign currency translation	(1,588)	2,978
Increase in provision against amounts due from group undertakings	–	318

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 impairment review of inter-company indebtedness as at 31 December 2011 concluded that no release of the provision against amounts due from group undertakings is required (2010 - impairment of £318,000)

Auditor's remuneration of £4,000 (2010 - £3,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group

The directors received remuneration for the year of £4,816 (2010 - £3,447) in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited The company had corporate directors until 30 April 2010 that received no remuneration On 30 April 2010 new directors were appointed

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

4. Staff costs

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

5. Interest payable and similar charges

	2011	2010
	£000	£000
Interest on amounts owed to group undertakings	15,128	18,028

6. Taxation on ordinary activities

(a) Analysis of charge in the year

The tax (credit)/charge is made up as follows

	2011 £000	2010 £000
Current tax charge:		
Current tax on loss for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Foreign tax (credit)/charge:		
Current tax on income for the year	(70)	73
Total tax (credit)/charge on loss on ordinary activities	(70)	73

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than (2010 - higher) the standard rate of corporation tax in the UK of 26 50% (2010 - 28%)

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

	2011 £000	2010 £000
Loss on ordinary activities before taxation	(4,355)	(11,386)
Loss on ordinary activities multiplied by rate of tax	(1,154)	(3,188)
Effects of		
Expenses not deductible for tax purposes	9	100
Depreciation in excess of capital allowances	1,506	1,507
(Utilisation of tax losses)/tax losses carried forward	(361)	1,581
US tax (credit)/expense	(70)	73
Total current tax (note 6(a))	(70)	73

6. Taxation 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

	2011 £000	2010 £000
Tax losses	**41,012**	49,528
Depreciation in excess of capital allowances	**41,655**	43,472
	82,667	93,000

(d) Change in tax rate

As at 31 December 2011 the enacted UK corporation tax rate was 25% A rate reduction to 24% was substantively enacted under the Provisional Collection of Taxes Act in March 2012 with effect from 1 April 2012, and further rate reductions were announced to be introduced in annual decrements to reduce the rate to 22% In addition, changes to the capital allowances regime were enacted in the Finance Act 2011, 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 unprovided deferred tax assets have been calculated using the enacted rates as at 31 December 2011

7. Tangible fixed assets

	Network £000	Other £000	Total £000
Cost			
At 1 January 2011	**217,324**	**2,335**	**219,659**
Additions	**5,153**	**–**	**5,153**
Disposals	**(3,432)**	**(30)**	**(3,462)**
At 31 December 2011	**219,045**	**2,305**	**221,350**
Depreciation			
At 1 January 2011	**173,118**	**1,195**	**174,313**
Charge for the year	**5,459**	**87**	**5,546**
On disposals	**(3,357)**	**(30)**	**(3,387)**
At 31 December 2011	**175,220**	**1,252**	**176,472**
Net book value			
At 31 December 2011	**43,825**	**1,053**	**44,878**
At 31 December 2010	44,206	1,140	45,346

7 Tangible fixed assets *(continued)*

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

	2011	2010
	£000	£000
Freehold	**814**	862
Short leasehold improvements	**227**	259

8. Debtors

	2011	2010
	£000	£000
Amounts owed by group undertakings	**41,544**	38,398

The analysis of amounts owed by group undertakings is

	2011	2010
	£000	£000
Amounts owed by group undertakings	**41,862**	38,716
Impairment provision on amounts owed by group undertakings	**(318)**	(318)
	41,544	38,398

Amounts owed by group undertakings are unsecured and repayable on demand

9. Creditors: Amounts falling due within one year

	2011	2010
	£000	£000
Amounts owed to group undertakings	**385,437**	378,474

The analysis of amounts owed to group undertakings is

	2011	2010
	£000	£000
Loans advanced by group undertakings	**288,294**	291,135
Other amounts owed to group undertakings	**97,143**	87,339
	385,437	378,474

Amounts owed to group undertakings are unsecured and repayable on demand

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 2011 this comprised a term facility of £750 million and a revolving facility of £450 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 2011 amounted to approximately £2,575 million (2010 - £1,495 million) Borrowings under the notes 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

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:

	2011	2010
	£000	£000
2,251,956,437 Ordinary share of £0 01 each	22,520	22,520

Allotted, called up and fully paid:

	2011		2010	
	No	£000	No	£000
Ordinary shares of £0 01 each	2,251,956,437	22,520	2,251,956,437	22,520

13. Reconciliation of deficit and movement on reserves

	Share capital	Share premium account	Profit and loss account	Deficit
	£000	£000	£000	£000
At 1 January 2010	22,520	58,433	(364,224)	(283,271)
Loss for the year	–	–	(11,459)	(11,459)
At 31 December 2010 and 1 January 2011	22,520	58,433	(375,683)	(294,730)
Loss for the year	–	–	(4,285)	(4,285)
At 31 December 2011	22,520	58,433	(379,968)	(299,015)

14. Parent undertaking and controlling party

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

The smallest and largest groups of which the company is a member and in to 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 2011 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