COMPANY REGISTRATION NUMBER 2410378

ntl CableComms Wessex

Financial Statements

31 December 2006

ntl CableComms Wessex

Financial Statements

Year ended 31 December 2006

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Company Information

The board of directors	Vırgın Medıa Dırectors Lımıted Vırgın Medıa Secretarıes Lımıted
Company secretary	Vırgın Medıa Secretarıes Lımıted
Registered office	160 Great Portland Street London W1W 5QA
Audıtor	Ernst & Young LLP 1 More London Place London SE1 2AF

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

Principal activities and business review

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

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

Turnover has increased by 2 9% to £27 3 million for the year ended 31 December 2006 from £26 5 million in 2005 The increase predominantly relates to the increase in Broadband customers served by the company

Customer statistics for the company were not used for management accounting or reporting for 2005 and 2006, although certain statistics were tracked at regional level for the Virgin Media group At 31 December 2006, the total number of residential customers in the Virgin Media region that included the company's operations was approximately 763,000 compared to approximately 788,000 as at 31 December 2005 Whilst overall customers number dropped, the number of Broadband customers increased by 18% to approximately 506,000

Administrative expenses increased by 5 7% in 2006 over 2005 mainly due to an increase in costs allocated to the company by the Virgin Media group as a result of expenses incurred in connection with the merger of NTL and Telewest Operating profit has increased from £6,464,000 in 2005 to £6,774,000 in 2006 predominantly due to the reasons stated above

Results and dividends

The loss for the year amounted to £4,262,000 The directors have not recommended a dividend

Financial risk management

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

Liquidity risk

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

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

Interest rate and foreign exchange rate risk

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

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

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

The company's financial instruments comprise the liability for the payment of dividends to the preference shareholder The cumulative dividend will be paid when the company has sufficient distributable reserves

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

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

Virgin Media Directors Limited
Virgin Media Secretaries Limited

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

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

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

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

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

Signed on behalf of the directors

R M Mackenzie
For and on behalf of Virgin Media Secretaries Limited

Approved by the directors on 19 December 2007

Statement of Directors' Responsibilities

Year ended 31 December 2006

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

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

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

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

Independent Auditor's Report to the Members of ntl CableComms Wessex

Year ended 31 December 2006

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's 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
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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

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

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

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

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

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

Opinion
In our opinion

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

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

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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

20 December 2007

ntl CableComms Wessex

Profit and Loss Account

Year ended 31 December 2006

	Note	2006	2005
		£000	£000
Turnover		**27,301**	26,527
Cost of sales		**(7,126)**	(7,388)
Gross profit		**20,175**	19,139
Administrative expenses		**(13,401)**	(12,675)
Operating profit	2	**6,774**	6,464
Interest payable and similar charges	4	**(11,036)**	(12,625)
Loss on ordinary activities before taxation		**(4,262)**	(6,161)
Tax on loss on ordinary activities	5	**–**	–
Loss for the financial year		**(4,262)**	(6,161)

All of the activities of the company are classed as continuing

Statement of Total Recognised Gains and Losses
There are no recognised gains or losses other than the loss of £4,262,000 attributable to the shareholders for the year ended 31 December 2006 (2005 - loss of £6,161,000)

The notes on pages 9 to 16 form part of these financial statements.

ntl CableComms Wessex

Balance Sheet

31 December 2006

	Note	2006 £000	2005 *(restated)* £000
Fixed assets			
Intangible assets	6	–	–
Tangible assets	7	**25,531**	24,800
		25,531	24,800
Creditors: Amounts falling due after more than one year	8	**(189,826)**	(184,833)
		(164,295)	(160,033)
Capital and reserves			
Called-up equity share capital	11	**14,201**	14,201
Share premium account	12	**12,216**	12,216
Profit and loss account	12	**(190,712)**	(186,450)
Deficit	12	**(164,295)**	(160,033)

These financial statements were approved by the directors on 19 December 2007 and are signed on their behalf by

R C Gale

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

The notes on pages 9 to 16 form part of these financial statements.

1. Accounting policies

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

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

Classification of shares as debt or equity
Financial instruments issued by the company are treated as equity to the extent that they meet the following two conditions

(a) there are no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability in the Balance Sheet Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to these shares

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

Cash flow statement
The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate parent undertaking (see note 13)

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

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

1. Accounting polıcies *(contınued)*

Tangıble fixed assets
Depreciatıon ıs calculated so as to wnte off the cost of a tangıble fixed asset, less ıts estımated resıdual value, on a straıght lıne basıs over the useful economıc lıfe of that asset as follows

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

The carryıng values of tangıble fixed assets are revıewed for ımpaırment when events or changes ın cırcumstances ındıcate that the carryıng value may not be recoverable

Deferred taxatıon
Deferred tax ıs recognısed ın respect of all tımıng dıfferences that have ongınated but not reversed at the balance sheet date where transactıons or events have occurred at that date that wıll result ın an oblıgatıon to pay more, or a nght to pay less or to receıve more tax, wıth the followıng exceptıons

- provısıon ıs made for deferred tax on gaıns arısıng from the revaluatıon (and sımılar faır value adjustments) of fixed assets, and gaıns on dısposal of fixed assets that have been rolled over ınto replacement assets, only to the extent that, at the balance sheet date, there ıs a bındıng agreement to dıspose of the assets concerned However, no provısıon ıs made where, on the basıs of all avaılable evıdence at the balance sheet date, ıt ıs more lıkely than not that the taxable gaın wıll be rolled over ınto replacement assets and charged to tax only where the replacement assets are sold, and

- deferred tax assets are recognısed only to the extent that the dırectors consıder that ıt ıs more lıkely than not that there wıll be suıtable taxable profits from whıch the future reversal of the underlyıng tımıng dıfferences can be deducted

Deferred tax ıs measured on an undıscounted basıs at the tax rates that are expected to apply ın the penods ın whıch tımıng dıfferences reverse, based on tax rates and laws enacted or substantıvely enacted at the balance sheet date

2. Operating profit

Operatıng profit ıs stated after chargıng

	2006	2005
	£000	£000
Depreciatıon of owned fixed assets	**364**	553
Audıtor's remuneratıon		
- as audıtor	**3**	4
Reorganısatıon costs	**1,042**	421

The dırectors' remuneratıon ıs paıd by Vırgın Medıa Lımıted (formerly ntl Group Lımıted) and dısclosed ın the group accounts of Vırgın Medıa Fınance PLC (formerly ntl Cable PLC)

Certaın expenses are specıfically attnbutable to the company Where costs are ıncurred by other group companıes on behalf of the company, expenses are allocated to the company on a basıs that, ın the opınıon of the dırectors, ıs reasonable

2 Operating profit *(continued)*

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

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

3. Staff costs

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

4. Interest payable and similar charges

	2006	2005
	£000	£000
Accrued dividend on shares classed as financial liabilities	**854**	854
Interest on amounts owed to group undertakings	**10,182**	11,771
	11,036	12,625

5. Taxation on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows

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

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

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

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

	2006	2005
	£000	£000
Loss on ordinary activities before taxation	**(4,262)**	(6,161)
Loss on ordinary activities multiplied by the rate of tax	**(1,279)**	(1,848)
Expenses not deductible for tax purposes	**70**	292
Depreciation in excess of capital allowances	**92**	168
Unrelieved tax losses	**1,117**	1,388
Total current tax (note 5(a))	**-**	-

(c) Factors that may affect future tax charges

Deferred tax assets of £35,906,001 (2005 - £36,176,717) in respect of tax losses and £15,352,663 (2005 - £12,663,383) in respect of depreciation in excess of capital allowances have not been recognised as there is insufficient certainty as to the availability of future taxable profits

6. **Intangible fixed assets**

	Licences
	£000
Cost	
At 1 January 2006	**12**
Fully written off	**(12)**
At 31 December 2006	**-**
Amortisation	
At 1 January 2006	**12**
Fully written off	**(12)**
At 31 December 2006	**-**
Net book value	
At 31 December 2006	**-**
At 31 December 2005	-

7 Tangible fixed assets

	Network £000	Other £000	Total £000
Cost			
At 1 January 2006	126,089	6,389	132,478
Additions	1,046	–	1,046
Disposals	–	(5)	(5)
Transfers	57	13	70
At 31 December 2006	127,192	6,397	133,589
Depreciation			
At 1 January 2006 (restated)	102,797	4,881	107,678
Charge for the year	257	107	364
On disposals	–	(5)	(5)
Transfers	21	–	21
At 31 December 2006	103,075	4,983	108,058
Net book value			
At 31 December 2006	24,117	1,414	25,531
At 31 December 2005 (restated)	23,292	1,508	24,800

For the year ended 31 December 2005 the accumulated depreciation on assets transferred from a group undertaking was understated by £1,870,000 A prior year adjustment has been made to correct the brought forward depreciation and amounts owed to group undertakings There was no impact on the Profit and Loss Account

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

	2006 £'000	2005 £'000
Freehold	645	690
Short leasehold	678	734

8. Credıtors: Amounts falling due after more than one year

	2006	2005 *(restated)*
	£000	£000
Preference share dıvıdend payable	**11,100**	10,246
Amounts owed to group undertakıngs	**178,726**	174,587
	189,826	184,833

Detaıls of the preference shares are set out ın note 11 Amounts owed to group undertakıngs are repayable on demand, but are not expected to be repaıd wıthın 5 years The rates of ınterest on the amounts payable ranged from 0% to 7 61%

For the year ended 31 December 2005 the accumulated deprecıatıon on assets transferred from a group undertakıng was understated by £1,870,000 A prıor year adjustment has been made to correct the brought forward deprecıatıon and amounts owed to group undertakıngs There was no ımpact on the Profit and Loss Account

9. Contingent lıabilitıes

The company, along wıth fellow group undertakıngs, ıs party to a senıor secured credıt facılıty wıth a syndıcate of banks under whıch ıt has guaranteed the borrowıngs of certaın Vırgın Medıa group companıes At 31 December 2006, the maxımum contıngent lıabılıty represented by outstandıng borrowıngs by these companıes amounted to approxımately £5,125 mıllıon (2005 - £1,713 mıllıon) Borrowıngs under the facılıty are secured agaınst the assets of certaın members of the group ıncludıng those of the company

The company has joınt and several lıabılıtıes under a group VAT regıstratıon

10 Related party transactıons

The company has taken advantage of the exemptıon under FRS 8 not to dısclose transactıons wıth group undertakıngs as ıt ıs a subsıdıary undertakıng whıch ıs at least 90% controlled by the ultımate parent undertakıng

11. Share capital

Authorised share capital:

	2006	2005
	£000	£000
12,843,915 Ordinary 'A' shares of £1 each	**12,844**	12,844
13,571,170 Ordinary 'B' shares of £0 10 each	**1,357**	1,357
100 Preference shares of £1 each	**-**	-
	14,201	14,201

Allotted, called up and fully paid:

	2006		2005	
	No	**£000**	No	£000
Ordinary 'A' shares of £1 each	**12,843,915**	**12,844**	12,843,915	12,844
Ordinary 'B' shares of £0 10 each	**13,571,170**	**1,357**	13,571,170	1,357
	26,415,085	**14,201**	26,415,085	14,201

The preference shares are classified as a liability under FRS 25 and shown in note 8

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 and speak, but vote at all general meetings of the company

£0 10 'B' ordinary shares
The right to attend and speak, but not vote at all general meetings of the company

Distributable profits
Distributable profits are allocated on the following basis

Preference Shareholder
The company's Articles of Association provide for a fixed cumulative dividend at the rate of £854,000 per annum This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2013 After payment of the preference dividend, the preference shareholder is entitled to 15% of the remaining distributable profits on winding up

All 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 of £854,000 due to the non-equity shareholder for each of the years ended 31 December 2005 and 2006 has been treated as an expense in the Profit and Loss Account in accordance with FRS 25 "Financial Instruments Disclosure and Presentation"

12 Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premıum account £000	Profit and loss account £000	Total share-holders' funds £000
At 1 January 2005	14,201	12,216	(180,289)	(153,872)
Loss for the year	–	–	(6,161)	(6,161)
At 31 December 2005 and 1 January 2006	14,201	12,216	(186,450)	(160,033)
Loss for the year	–	–	(4,262)	(4,262)
At 31 December 2006	14,201	12,216	(190,712)	(164,295)

13. Parent undertakıng and controlling party

The company's ımmedıate parent undertakıng ıs ntl CableComms Holdıngs No 2 Lımıted

The company's results are ıncluded ın the group accounts of Vırgın Medıa Fınance PLC

The company's ultımate parent undertakıng and controllıng party at 31 December 2006 was NTL Incorporated, a company ıncorporated ın the state of Delaware, Unıted States of Amerıca NTL Incorporated changed ıts name to Vırgın Medıa Inc on 6 February 2007

Copıes of all sets of group accounts whıch ınclude the results of the company are avaılable from the Secretary, Vırgın Medıa, 160 Great Portland Street, London, W1W 5QA