COMPANY REGISTRATION NUMBER 2591237

Virgin Media Limited

Financial Statements

31 December 2008

Virgin Media Limited

Financial Statements

Year ended 31 December 2008

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Company Information

The board of directors	R C Gale R M Mackenzie
Joint company secretaries	R M Mackenzie G E James
Registered office	160 Great Portland Street London W1W 5QA
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

Principal activity and business review

The principal activity of the company during the year was, and will continue to be, that of an investment holding company. A full list of its principal investments is shown in note 12 to the financial statements. The company is a principal employer of the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases, commitments and construction in progress.

The company's trading activities include 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. The Virgin Media group is a leading UK entertainment and communications business providing a "quad-play" offering of television, broadband, fixed line telephone and mobile telephone services.

At 31 December 2008, by customer numbers, the Virgin Media group was the UK's largest residential broadband provider and mobile virtual network provider and the second largest provider in the UK of pay television and fixed line telephone services by number of customers. The group owned and operated cable networks that passed approximately 12.6 million homes in the UK and at 31 December 2008 provided services to approximately 4.8 million cable customers on its network, approximately 56% of which were "triple-play" customers, receiving broadband, television and fixed line telephone services. In addition, at 31 December 2008 the Virgin Media group provided mobile telephone services to 2.7 million pre-pay customers and 0.6 million contract customers over third party networks.

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 leading next generation broadband service and one of the most advanced TV on-demand services available in the UK market.

Through ntl:Telewest Business, the Virgin Media group provides a complete portfolio of voice, data and internet solutions to leading businesses, public sector organisations and service providers in the UK.

Through Virgin Media Television, the Virgin Media group also provides a broad range of programming through its wholly-owned channels, such as Virgin1, Living and Bravo; through UKTV, its joint ventures with BBC Worldwide.

Principal activity and business review *(continued)*
Turnover has decreased by 2.35% to £440,639,000 for the year ended 31 December 2008 from £451,252,000 in 2007. The decrease was primarily due to a reduction in telephony usage and higher price discounting to stimulate customer activity and retention in light of competitive factors in the market place. In addition, during 2007 the Virgin Media group took significant steps to increase alignment of the prices paid by existing customers with the prices paid by new customers, the full year impact of which has been reflected in 2008. Partially offsetting these decreases have been increases in revenue from selective telephony and television price increases and from additional customers subscribing to television, broadband and fixed-line telephone services. The gross profit margin has declined from 76.2% to 75.1% principally due to the price discounting and alignment measures described above.

Selected statistics for residential cable customers served by the company at 31 December 2008 and 31 December 2007 are shown in the table below:

Year ended 31 December	**2008**	2007
Revenue generating units		
Television	**575,800**	563,600
Fixed-line telephone	**601,200**	587,700
Broadband	**556,800**	521,100
Total	**1,733,800**	1,672,400
Total customers	**747,000**	760,000

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

The company is a principal employer of the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases, commitments and construction in progress. During 2008 the company saw a decrease in the costs incurred on behalf of, and subsequently recharged to, fellow group undertakings from £1,011,954,000 in 2007 to £953,122,000 in 2008.

Administrative expenses increased by 396.9% in 2008 over 2007 mainly due to losses on foreign currency, increased depreciation charges and significant impairment provisions made against amounts recoverable from group undertakings.

As a result of a review of the recoverability of inter-company receivables an increase in provision against inter-company debt of £1,083,118,000 has been made, whereas the settlement of impaired balances gave rise to a release of provisions in the year amounting to £195,071,000 (2007 - net release of £376,376,000).

Operating profit has decreased from a profit of £326,023,000 in 2007 to a loss of £1,038,172,000 in 2008 predominantly due to the reasons stated above.

Interest payable increased to £135,258,000 (2007 - £87,374,000), due to an increase in interest bearing payable inter-company loans, and interest receivable increased to £249,870,000 (2007 - £200,394,000) due to an increase in interest bearing receivable inter-company loans.

Principal activity and business review (continued)

The company reported a reduction in net current assets predominantly due to the revised classification of inter-company debt between amounts due within one year and amounts due after more than one year. The company reported an increase in net liabilities as at 31 December 2008 as a result of normal operations. No external finance was arranged or settled, other than operating and finance leases, and there was no movement in the called up equity share capital of the company during 2008. Operations are financed through the company's own working capital and inter-company balances with fellow group undertakings, many of which are classified as falling due after more than one year.

Future developments

The Virgin Media group's deep fibre access network has enabled it to take a leading position in the roll-out of next generation broadband access technologies in the UK. During 2008 the Virgin Media group further invested in its cable network with the deployment of the next generation of wideband cable broadband technology, which significantly increased both upstream and downstream transmissions speeds. This technology enables the Virgin Media group to offer high-speed broadband services of 50Mb and higher and provides a platform for incremental upgrades in line with consumer demand. The investment in the next generation broadband access technologies is the latest in a series of infrastructure investments to support entertainment services in the UK. In 2009, the group expects to complete the roll-out of wideband cable broadband technology, allowing 50Mb services to be made available to over 96% of its network.

Subsequent to the year-end date amounts owed to group undertakings totalling approximately £3,000,000,000 are expected to be eliminated as part of a group reorganisation. The amounts owing are in respect of dormant direct and indirect subsidiaries of the company. This reorganisation will not require any cash outflow by the company in the settlement of these liabilities, the majority of which will be eliminated through debt waivers. The impact of this reorganisation has not been recorded in the current year financial statements. The timing of these transactions is dependent on certain legal formalities, a proportion of which are anticipated to be completed by 31 December 2009.

Results and dividends

The loss for the financial year amounted to £923,565,000 (2007 - profit of £439,043,000). The directors have not recommended an ordinary dividend (2007 - £nil).

Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity, interest rate, currency, and credit 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, including the repayment date and interest rate, 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 risk

The group's policy is to manage its interest cost using a mix of fixed and variable rate financial instruments and to hedge all or part of the exposure to increased interest rates. The group's policy is not to hedge against interest rate risk in respect of inter-company debt. However, the company may reduce all or part of the risk by loaning funds to other group undertakings and charging interest at the same rate as the original borrowing.

The company's financial instruments comprise both interest free and interest bearing inter-company debt and as a result it is subject to the risk that interest rates will be increased.

Financial risk management (continued)

Currency risk
Foreign currency risk arises when the company has financial instruments denominated in a currency that is not the functional currency. The group's policy is to manage currency risk in relation to third party borrowings through the use of external hedging instruments. The group's policy is not to hedge against inter-company debt held in foreign currencies. However, the company may reduce all or part of the risk by loaning funds to other group undertakings in the same currency as the original borrowing.

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

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

The company deposits surplus cash balances with banks and other financial institutions with suitably high independent ratings.

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

Creditor payment policy
The company's policy concerning the payment of trade creditors is to agree the terms of payment with suppliers when negotiating the terms and conditions of each transaction. Creditors are paid in accordance with the company's contractual and other legal obligations. Trade creditors, at the year-end, represented 45 days (2007 - 43 days) of purchases.

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

R C Gale
R M Mackenzie

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.

Environmental policies
The Virgin Media group is committed to building an environmentally sound business and has taken a number of steps to understand its impact on the environment and how best to reduce that impact.

Virgin Media released its first Corporate Responsibility Report in July 2008 followed by its second in July 2009. Full details of Virgin Media's environment programme can be found in that report along with details on how, in a wider context, Virgin Media is passionate about becoming a truly responsible business. The most recent report is available for download from the website at the following address:

www.virginmedia.com/about/cr/

The environment section of the first CR report outlines the Virgin Media group's approach to carbon management, its commitment to a CO2 reduction target (15% by 2015 of the 2007 base year) and how it intends to achieve these targets (increasing energy efficiency of its product set, efficiencies in property and infrastructure, the Virgin Media group's fleet of vehicles and other equipment, creating new ways to work and investing in external programmes).

In addition the report outlines Virgin Media's commitment to the development and implementation of a group wide Environmental Management System (for ISO:14001 certification) as well as the steps taken and planned by the group in order to reduce the amount of resources used and increasing the amount of waste recycled. Virgin Media is compliant with the WEEE directive (Waste Electrical and Electronic Equipment) and the Virgin Mobile division also runs a handset recycling scheme that gives customers the chance to donate the value of their phone to charity, with the money raised match-funded by the Virgin Media group.

Donations
During the year the company made the following contributions:

	2008	2007
	£	£
Charitable	**394,848**	43,626

Employment policies and disabled employees
The Virgin Media group remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs.

The Virgin Media group aims to ensure that everyone connected to it is treated fairly and equally, whether they are a current or former member of staff, job applicant, customer or supplier.

Nobody should be discriminated against, either directly or indirectly, on the grounds of their gender, marital status, gender reassignment, pregnancy, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or belief, age, political affiliation or trade union membership. The policy applies to anyone who works for, who has worked for or who applies to work for Virgin Media or its partners. That means permanent, temporary, casual or part-time staff, anyone on a fixed-term contract, agency staff and consultants working with the Virgin Media group, ex-employees and people applying for jobs. This applies to all aspects of employment, including recruitment and training.

The Virgin Media group gives full consideration to applications from employees with disabilities where they can adequately fulfil the requirements of the job. Depending on their skills and abilities, employees with a disability have the same opportunities for promotion, career development and training as other employees. Where existing employees become disabled, it is the Virgin Media group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement
The Virgin Media group is dedicated to increasing the practical involvement of individuals in the running of its business. It seeks to achieve this in two ways, as follows:

- all employees are encouraged to understand the aims of the overall Virgin Media group and their own business segment and to contribute to improving business performance through their knowledge, experience, ideas and suggestions. This requires strong communication to ensure that employees are briefed as widely as possible about activities and developments across the Virgin Media group. The online news channel, open forums, newsletters and team meetings play important roles in this, as does the development of people management skills; and

- the group has put a plan in place to ensure that all employees are involved and consulted with through local involvement and consultation forums.

The Virgin Media group fosters a team spirit among employees and their greater involvement by offering participation in bonus schemes or in divisional reward schemes. There is also a recognition scheme, open to all our employees across the Virgin Media group.

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

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

Signed on behalf of the directors

R. Mac

R M Mackenzie
Company Secretary and Director

Approved by the directors on 29 October 2009

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

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

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

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

Independent Auditor's Report to the Member of Virgin Media Limited

Year ended 31 December 2008

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the 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 2008 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

30 October 2009

Virgin Media Limited

Profit and Loss Account

Year ended 31 December 2008

	Note	**2008 £000**	2007 £000
Turnover		**440,639**	451,242
Cost of sales		**(109,674)**	(107,567)
Gross profit		**330,965**	343,675
Administrative expenses		**(1,564,213)**	(394,087)
Other operating income	2	**195,071**	376,435
Operating (loss)/profit	3	**(1,038,177)**	326,023
Attributable to:			
Operating loss before exceptional items		**(146,462)**	(12,585)
Exceptional items	3	**(891,715)**	338,608
		(1,038,177)	326,023
Interest receivable and similar income	7	**249,870**	200,394
Interest payable and similar charges	8	**(135,258)**	(87,374)
(Loss)/profit on ordinary activities before taxation		**(923,565)**	439,043
Tax on (loss)/profit on ordinary activities	9	**–**	–
(Loss)/profit for the financial year	28	**(923,565)**	439,043

All of the activities of the company are classed as continuing.

The notes on pages 14 to 43 form part of these financial statements.

Virgin Media Limited

Statement of Total Recognised Gains and Losses

Year ended 31 December 2008

	2008 £000	2007 £000
(Loss)/profit for the financial year attributable to the shareholder	**(923,565)**	439,043
Actuarial (loss)/gain in respect of defined benefit pension scheme	**(42,721)**	18,535
Decrease in fair value of cash flow hedges	**–**	(47)
Cash flow hedge gains transferred to profit and loss	**–**	121
Total gains and losses recognised since the last financial statements	**(966,286)**	457,652

The notes on pages 14 to 43 form part of these financial statements.

Virgin Media Limited

Balance Sheet

31 December 2008

	Note	2008 £000	2007 £000
Fixed assets			
Intangible assets	10	–	–
Tangible assets	11	1,395,589	1,246,322
Investments	12	13,010	13,008
		1,408,599	1,259,330
Current assets			
Stocks	13	863	–
Debtors due within one year	14	3,397,269	1,984,855
Debtors due after one year	14	1,368,891	2,032,594
Cash at bank		17,165	53,947
		4,784,188	4,071,396
Creditors: Amounts falling due within one year	15	(3,899,543)	(860,451)
Net current assets		884,645	3,210,945
Total assets less current liabilities		2,293,244	4,470,275
Creditors: Amounts falling due after more than one year	16	(4,720,942)	(5,937,687)
Provisions for liabilities and charges	18	(119,857)	(142,408)
Net liabilities excluding pension liability		(2,547,555)	(1,609,820)
Defined benefit pension scheme liability	20	(33,880)	(5,329)
Net liabilities		(2,581,435)	(1,615,149)
Capital and reserves			
Called-up equity share capital	24	726	726
Share premium account	25	12,214,200	12,214,200
Share options reserve	26	14,018	14,018
Other reserves	27	11	11
Profit and loss account	28	(14,810,390)	(13,844,104)
Deficit	29	(2,581,435)	(1,615,149)

These financial statements were approved by the directors on 29 October 2009 and are signed on their behalf by:

R. C. Gale

R C Gale
Director

The notes on pages 14 to 43 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 twelve months from the date of approval of these financial statements.

Group accounts
The company has taken advantage of the exemption from preparing group accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company incorporated in Great Britain which prepares group accounts (see note 31). These financial statements therefore present information about the company as an individual undertaking and not about its group.

Investments
Investments are recorded at cost, less any provision for impairment. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the assets or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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 31).

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.

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

Intangible fixed assets

Goodwill

Positive goodwill arising on an acquisition is capitalised and classified as an asset on the balance sheet. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value might not be recovered.

Customer lists

Costs incurred in securing customer lists have been capitalised and written off to the profit and loss account over their useful economic lives up to a maximum of five years. Costs are also reviewed for impairment on the same basis as goodwill.

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 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

Construction in progress

Construction in progress comprising materials, consumables and direct labour relating to network construction has been included in tangible fixed assets and is stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials and consumables	- purchase cost
Work in progress	- cost of direct materials and labour

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.

Capitalised overheads

Overheads, including staff costs, relating to the design, construction and development of the network, capital projects, and related services have been capitalised. Depreciation of capitalised overheads is provided on a straight-line basis over 15 years or life of the relevant assets.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance leases

Where the company enters into a lease under which it takes substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments payable under such leases, net of finance charges, are included within creditors. Rentals payable under finance leases are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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

Operating leases
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pensions
The company contributes to the Virgin Media-sponsored group personal pension plans for eligible employees. Contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of each of the plans.

The company operates two defined benefit pension plans. The plans are funded by the payment of contributions to separately administered trust funds and are closed to new entrants. Contributions to these funds are charged to the Profit and Loss Account so as to spread the cost of pensions over the employees' working lives within the Virgin Media group.

The assets of the defined benefit plan are measured at their market value at the balance sheet date and the liabilities of the plan are measured using the projected unit credit method. The discount rate used to measure the plan's liability is the current rate of return on an AA rated corporate bond of equivalent term and currency to the liabilities. The extent to which the plan's assets exceed or fall short of the plan's liabilities is shown as a surplus or deficit in the Balance Sheet.

A credit for the expected return on the plan's assets and a charge for the increase during the period in the present value of the plan's liability because the benefits are one year closer to settlement, are included in the finance cost in the Profit and Loss Account. Differences arising between the actual and expected returns on the plan's assets together with changes in the actuarial assumptions are included in the Statement of Total Recognised Gains and Losses.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the plan membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using the current actuarial assumptions and the resultant gain or loss recognised in the Profit and Loss Account during the period in which the settlement or curtailment occurs.

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

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

Share-based payments
The company has no share-based compensation plans. Certain of the company's employees participate in the Virgin Media Inc. Stock Incentive Plan, which is described in Virgin Media Inc.'s Annual Report and summarised in note 19 below.

Certain employees of the company receive an element of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. The fair value of share options is determined using the Black-Scholes option pricing model. The cumulative expense recognised for equity settled transactions at each reporting date reflects the extent to which the vesting period has expired and management's estimate of the number of awards that will ultimately vest. No expense is recognised for awards that do not ultimately vest.

To the extent that the expense for share-based payments is recharged by the ultimate parent company which issues the shares, no expense is separately identifiable in reserves as it is included within inter-company debt.

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

Provisions for liabilities
A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected cost of dilapidations to leasehold properties are charged against profits when the cost of returning a property to its original state can be reliably estimated. When the effect of the time value of money is material provisions are discounted using a rate that reflects the risks specific to the liability. Where discounting is used, the unwinding of the discount is expensed as incurred and recognised in profit and loss as an interest expense.

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.

Employee benefits
When an employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period. Cash based long-term incentives are accrued at fair value, recognising the movement in the accrual in the financial statements where the conditions and the plan extend beyond a year.

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

Derivative financial instruments and hedging
In the prior year, the company used derivative financial instruments in the form of foreign currency forward contracts to hedge its exposures to foreign exchange fluctuations. The Virgin Media group policy is not to undertake any trading activity in financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value at each period end. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of foreign currency forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those hedges for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the risk being hedged and how effectiveness will be measured throughout its duration. At inception such hedges are required to be expected to be highly effective.

For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to the variability in cash flows that is due to the risk associated with a recognised asset or liability or a forecast transaction. The company discontinues hedge accounting if the hedging instrument expires, is terminated, exercised, no longer meets the criteria for hedge accounting or the company revokes the designation.

Cash flow hedges which meet the conditions for hedge accounting

Any gains or losses arising from changes in fair value of the hedging instruments that are deemed to be effective are recognised in equity, through the Statement of Total Recognised Gains and Losses, and are recycled into the Profit and Loss Account in the same period that the underlying hedged item impacts net income or loss. The ineffective portion is recognised in the Profit and Loss Account immediately.

Derivatives that do not qualify for hedge accounting

Any gains or losses arising from changes in fair value are taken to the Profit and Loss Account.

2. Other operating income

	2008	2007
	£000	£000
Dividends from subsidiary undertakings	–	59
Release of impairment provision against amounts due from group and subsidiary undertakings (see note 3)	195,071	376,376
	195,071	376,435

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2008	2007
	£000	£000
Depreciation of owned fixed assets	231,832	193,362
Depreciation of assets held under finance lease agreements	13,988	7,165
Loss on disposal of fixed assets	1,362	39,454
Profit on transfer of fixed assets	(9,646)	-
Auditor's remuneration		
- as auditor	37	56
Operating lease costs:		
- Plant and equipment	14,477	51,322
- Other	26,103	33,493
Costs allocated to Virgin Media group companies	(953,122)	(1,011,954)
Net loss on foreign currency translation	188,225	27,743
Exceptional items:		
Increase of impairment provision against amounts due from group and subsidiary undertakings	1,083,118	-
Release of impairment provision against amounts due from group and subsidiary undertakings	(195,071)	(376,376)
Reorganisation costs (note 4)	3,668	3,976
Increase in Waste Electrical and Electronic Equipment provision	-	33,792
	891,715	(338,608)

3. Operating (loss)/profit *(continued)*

The company is a principal employer of the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases, commitments and construction in progress. During 2008 the company saw a decrease in the costs incurred on behalf of, and subsequently recharged to, fellow group undertakings from £1,011,954,000 in 2007 to £953,122,000 in 2008. This was predominantly due to cost saving through synergies achieved following the merger with Telewest in 2006. Where costs are incurred on behalf of other group companies, expenses are allocated by the company on a basis that, in the opinion of the directors, is reasonable.

Auditor's remuneration disclosed above represents costs allocated to the company, although it pays 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 the Companies Act 1985, are made in the group accounts of Virgin Media Finance PLC on a consolidated basis.

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. In addition the repayment of previously impaired balances by subsidiary undertakings can lead to a reduction in the provision. During the year there was an increase in the provision of £1,083,118,000 together with a reduction in the provision of £195,071,000 (2007 – net reduction £376,376,000). The primary driver for the change in the provisions is a decline in the valuation of the underlying assets in the Virgin Media group as shown by a third party valuation as at 31 December 2008.

A review of impairment provisions against investments was performed as at 31 December 2008 and no increase in provision was considered necessary (2007 - £nil).

The impact of the WEEE directive represents the cost of establishing a provision for the retirement of equipment classified as Waste Electrical and Electronic Equipment (WEEE). The element expensed is the portion of depreciation that would have been charged up to 31 December 2007, had the cost of disposing of the equipment been capitalised at the date of purchase.

4. Reorganisation costs

	2008	2007
	£000	£000
Reorganisation costs (note 18)	**3,668**	3,976

Reorganisation costs mainly represent the company's allocation of redundancy and property exit costs resulting from the group's ongoing restructuring programme following the merger of the NTL group with the Telewest group.

5. Staff costs

The average number of staff employed by the company during the financial year amounted to:

	2008	Restated 2007
	No	No
Consumer	**8,246**	7,943
Business	**1,640**	1,871
Networks	**2,081**	1,413
Corporate & IT	**1,034**	1,849
	13,001	13,075

The aggregate payroll costs of the above were:

	2008	2007
	£000	£000
Wages and salaries	**444,809**	464,145
Social security costs	**43,561**	42,989
Other pension costs	**14,727**	25,440
Equity-settled share-based payments	**11,506**	11,763
	514,603	544,337

The analysis of other pension costs charged to operating profit is:

	2008	2007
	£000	£000
Defined contribution scheme	**13,317**	13,603
Defined benefit scheme - total operating charge	**1,410**	2,188
Defined benefit scheme - cost of transfer	**–**	9,649
	14,727	25,440

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 7) and amounts recognised in the Statement of Recognised Gains and Losses.

The company is one of the principal employers of the Virgin Media group. Staff costs are allocated to other groups companies as described in note 3.

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£000	£000
Emoluments receivable	**635**	538
Value of company pension contributions to money purchase schemes	**34**	30
	669	568

6. Directors' emoluments *(continued)*

Emoluments of highest paid director:

	2008	2007
	£000	£000
Total emoluments (excluding pension contributions)	321	286
Value of company pension contributions to money purchase schemes	14	12
	335	298

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Money purchase schemes	2	2
Number of directors exercising share options in the ultimate parent company	1	1

7. Interest receivable and similar income

	2008	2007
	£000	£000
Bank interest receivable	9,285	8,928
Interest on amounts owed by group undertakings	238,426	188,665
Gains on held-to-maturity investments	–	122
Net finance income in respect of defined benefit pension schemes	2,159	2,679
	249,870	200,394

8. Interest payable and similar charges

	2008	2007
	£000	£000
Finance charges	8,657	5,639
Other finance costs	4,850	5,783
Interest on amounts owed to group undertakings	121,751	75,952
	135,258	87,374

9. Taxation

(a) Analysis of charge in the year

The tax charge is made up as follows:

	2008	2007
	£000	£000
Current tax charge:		
Current tax on loss for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax (credit)/charge on (loss)/profit on ordinary activities	-	-

9. Taxation *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK. In 2008 the average tax rate was 28.50% (2007 - 30%).

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

	2008	2007
	£000	£000
(Loss)/profit on ordinary activities before taxation	**(923,565)**	439,043
(Loss)/profit on ordinary activities multiplied by the rate of tax	**(263,216)**	131,713
Decelerated/(accelerated) capital allowances	**63,867**	(42,108)
Income not taxable	**256,758**	(113,576)
Other short term timing differences	**(17,327)**	23,971
Utilisation of tax losses & other deductions	**(6,830)**	-
Group relief claimed without payment	**(33,252)**	-
Total current tax (note 9(a))	**-**	-

(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.

	2008	2007
	£000	£000
Tax losses	**1,740**	7,969
Depreciation in excess of capital allowances	**598,370**	560,833
Other short term timing differences	**36,845**	48,069
Defined benefit pension liability	**-**	1,492
	636,955	618,363

The UK Corporation tax rate decreased from 30% to 28% from 1 April 2008. This rate change will affect the amount of future tax payments to be made by the company. The unprovided deferred tax assets reflect this change.

10. Intangible fixed assets

	Goodwill	**Customer lists**	**Total**
	£000	**£000**	**£000**
Cost			
At 1 January 2008 and 31 December 2008	**2,817,472**	**2,500**	**2,819,972**
Amortisation			
At 1 January 2008 and 31 December 2008	**2,817,472**	**2,500**	**2,819,972**
Net book value			
At 31 December 2008	**-**	**-**	**-**
At 31 December 2007	-	-	-

11. Tangible fixed assets

	Network £000	Construction in progress £000	Other £000	Total £000
Cost				
At 1 January 2008	2,526,195	37,297	372,131	2,935,623
Additions	95,974	128,862	82,561	307,397
Disposals	(59,904)	(92)	(103,205)	(163,201)
Transfers - net	209,001	(156,720)	140,908	193,189
At 31 December 2008	**2,771,266**	**9,347**	**492,395**	**3,273,008**
Depreciation				
At 1 January 2008	1,486,271	–	203,030	1,689,301
Charge for the year	178,238	–	62,526	240,764
On disposals	(58,173)	–	(103,205)	(161,378)
Transfers - net	(8,474)	–	117,206	108,732
At 31 December 2008	**1,597,862**	–	**279,557**	**1,877,419**
Net book value				
At 31 December 2008	**1,173,404**	**9,347**	**212,838**	**1,395,589**
At 31 December 2007	1,039,924	37,297	169,101	1,246,322

Transfers represent the net of amounts to and from other group undertakings.

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

	2008 £000	2007 £000
Freehold	19,285	20,101
Short leasehold improvements	50,395	18,608
	69,680	38,709

Finance lease agreements

Included within the net book value of £1,395,589,000 is £102,667,000 (2007 - £21,000,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,988,000 (2007 - £7,165,000).

12. Investments

	Subsidiary undertakings
	£000
Cost	
At 1 January 2008	10,216,457
Additions	2
At 31 December 2008	10,216,459
Value impaired	
At 1 January 2008 and 31 December 2008	10,203,449
Net book value	
At 31 December 2008	13,010
At 31 December 2007	13,008

The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 not to disclose the aggregate amount of capital and reserves and the result for the year for each of the subsidiary undertakings on the basis that their results are included in the group accounts of Virgin Media Finance PLC (see note 31).

The material investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows. All are registered in England and Wales unless otherwise noted.

Name of Company	*Holdings*	*Proportion Held*	*Nature of Business*
Direct subsidiaries			
Limited companies - direct:			
DTELS Limited	Ordinary	100%	Telecoms
ntl Rectangle Limited	Ordinary	100%	Holding
Virgin Media Payments Limited	Ordinary	100%	Collections
X-Tant Limited	Ordinary	100%	Telecoms
Limited liability corporation incorporated in the USA:			
NTL (Triangle) LLC	Common Stock	100%	Holding

12. Investments (continued)

Details of investments (continued)

Name of Company	*Holdings*	*Proportion Held*	*Nature of Business*
Indirect subsidiaries			
Limited companies:			
ntl Cambridge Limited	Ordinary	100% #	Telecoms
ntl Irish Holdings Limited	Ordinary	100% #	Telecoms
ntl (CWC) Limited	Ordinary	100% #	Holding
ntl (B) Limited	Ordinary	100% #	Holding
ntl Communications Services Limited	Ordinary	100% #	Telecoms
ntl CableComms Limited	Ordinary	100% #	Telecoms
ntl (South Hertfordshire) Limited	Ordinary	33.3% #	Telecoms
BCMV Limited	Ordinary	100% #	Telecoms
Unlimited companies:			
ntl (V)	Ordinary	100% #	Holding
ntl CableComms Bolton	Ordinary	100% #	Telecoms
ntl CableComms Bromley	Ordinary	100% #	Telecoms
ntl CableComms Bury and Rochdale	Ordinary	100% #	Telecoms
ntl CableComms Cheshire	Ordinary	100% #	Telecoms
ntl CableComms Derby	Ordinary	100% #	Telecoms
ntl CableComms Greater Manchester	Ordinary	100% #	Telecoms
ntl CableComms Macclesfield	Ordinary	100% #	Telecoms
ntl CableComms Oldham and Tameside	Ordinary	100% #	Telecoms
ntl CableComms Solent	Ordinary	100% #	Telecoms
ntl CableComms Staffordshire	Ordinary	100% #	Telecoms
ntl CableComms Stockport	Ordinary	100% #	Telecoms
ntl CableComms Surrey	Ordinary	100% #	Telecoms
ntl CableComms Sussex	Ordinary	100% #	Telecoms
ntl CableComms Wessex	Ordinary	100% #	Telecoms
ntl CableComms Wirral	Ordinary	100% #	Telecoms
ntl Wirral Telephone and Cable TV Company	Ordinary	100% #	Telecoms

held by subsidiary undertaking

13. Stocks

	2008	2007
	£000	£000
Stock	**863**	-

14. Debtors

	2008 £000	2007 £000
Trade debtors	**198,891**	198,806
Amounts owed by group undertakings	**4,484,051**	3,211,003
Other debtors	**11,082**	33,157
Prepayments and accrued income	**72,136**	574,483
	4,766,160	4,017,449

The debtors above include the following amounts falling due after more than one year:

	2008 £000	2007 £000
Amounts owed by group undertakings	**1,357,809**	1,999,437
Other debtors	**11,082**	33,157
	1,368,891	2,032,594

The analysis of amounts owed by group undertakings is:

	2008 £000	2007 £000
Loan notes due from parent undertakings	**222,221**	222,221
Loan notes due from fellow group undertakings	**205,390**	187,381
Loan notes due from subsidiary undertakings	**930,198**	1,589,835
Other amounts owed by fellow group undertakings	**2,888,469**	1,084,143
Interest on loan notes	**237,773**	127,423
	4,484,051	3,211,003

All amounts owed by group undertakings are unsecured and repayable on demand.

The classification of amounts owed by group undertakings has been reviewed as at 31 December 2008 in order to determine what inter-company balances are current or non-current. The same review has been performed for group payables (see notes 15 and 16).

Loan notes due from subsidiary undertakings are stated after deducting an impairment provision of £1,009,536,000 (2007 - £268,204,000). Other amounts owed by fellow group undertakings are stated after deducting an impairment provision of £1,104,582,000 (2007 - £762,796,000).

The rates of interest on the loan notes due from parent, fellow group and subsidiary undertakings ranged from 5.44% to 10.22% (2007 - 6.58% to 10.37%). Other amounts owed by fellow group undertakings are interest free.

15. Creditors: Amounts falling due within one year

	2008 £000	2007 £000
Overdrafts	**56,708**	295,472
Trade creditors	**372,019**	111,945
Amounts owed to group undertakings	**3,033,127**	–
Other taxation and social security	**58,235**	29,381
Finance lease agreements	**13,176**	8,578
Accruals and deferred income	**366,278**	415,075
	3,899,543	860,451

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

The classification of amounts owed to group undertakings has been reviewed as at 31 December 2008 in order to determine what inter-company balances are current or non-current. The same review has been performed for group receivables (see note 14.)

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

	2008 £000	2007 £000
Amounts owed to group undertakings	**4,585,216**	5,833,282
Finance lease agreements	**126,622**	53,972
Other creditors	**9,104**	50,433
	4,720,942	5,937,687

The analysis of amounts owed to group undertakings is:

	2008 £000	2007 £000
Loan notes due to parent undertakings	**972,215**	773,857
Loan notes due to fellow group undertakings	**2,853**	2,853
Loan notes due to subsidiary undertakings	**368,302**	277,085
Other amounts owed to fellow group undertakings	**3,241,846**	4,733,262
Interest on loan notes	**–**	46,225
	4,585,216	5,833,282

All amounts owed to group undertakings are unsecured and repayable on demand but are not expected to be repaid in full within five years. The rates of interest ranged from 2.90% to 10.22% (2007 - 2.90% to 10.37%).

Details of loans not wholly repayable within five years are as follows:

	2008 £000	2007 £000
Loan notes due to parent undertakings	**972,215**	773,857
Loan notes due to fellow group undertakings	**2,853**	2,853
Loan notes due to subsidiary undertakings	**368,302**	277,085
Other amounts owed to fellow group undertakings	**3,241,846**	4,733,262
	4,585,216	5,787,057

17. Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

	2008	2007
	£000	£000
Amounts payable within 1 year	17,109	14,032
Amounts payable between 2 to 5 years	110,763	36,236
Amounts payable after more than 5 years	84,186	87,795
	212,058	138,063
Less interest and finance charges relating to future periods	(72,260)	(75,513)
	139,798	62,550
Finance lease agreements are analysed as follows:		
Current obligations (note 15)	13,176	8,578
Non-current obligations (note 16)	126,622	53,972
	139,798	62,550

18. Provisions for liabilities and charges

	Restructuring provision	WEEE Provision	Total
	£000	£000	£000
Balance brought forward	89,664	52,744	142,408
Provided during year	22,744	15,279	38,023
Utilised during year	(41,446)	(7,899)	(49,345)
Revisions in cash flow estimates	-	(15,896)	(15,896)
Amortisation of discount (note 8)	-	4,667	4,667
Balance carried forward	70,962	48,895	119,857

Reorganisation

During 2008 the Virgin Media group commenced the implementation of a restructuring plan aimed at driving further improvements in operational performance and eliminating inefficiencies in order to create a fully-integrated, customer focused organisation. Reorganisation costs for the year ended 31 December 2008 related primarily to the company's share of contract and lease exit costs in connection with this restructuring plan. During the year, £19,076,000 of restructuring charges were recharged to group undertakings.

Reorganisation costs for the year ended 31 December 2007 mainly represented the company's allocation of redundancy and property exit costs resulting from the group's ongoing restructuring programme following the merger of the NTL group with the Telewest group. .

Waste Electrical & Electronic Equipment (WEEE)

The provision for the asset retirement obligation in respect of waste electrical and electronic equipment is calculated based on the total equipment purchased, its expected useful economic life and the anticipated cost of disposal.

19. Share-based payments

Equity-settled share-based payments
The company is an indirect, wholly-owned subsidiary of Virgin Media Inc. Accordingly, the company has no share-based compensation plans of its own although certain of the company's employees participate in the share-based compensation plan of Virgin Media Inc., as summarised below.

Share option plans
The Virgin Media Inc. Stock Incentive Plan is intended to encourage Virgin Media Inc. share ownership by employees, directors and independent contractors so that they may acquire or increase their proprietary interest in the group, and to encourage such employees and independent contractors to remain in the group's employ or service and to put forth maximum efforts for the success of the business. To accomplish such purposes, the plan provides that Virgin Media Inc. may grant incentive share options, non-qualified share options, restricted shares, restricted share units and share awards.

All options have a 10 year term and vest and become fully exercisable within 5 years of continued employment. The company accounts for the plan under the fair value recognition provisions of Financial Reporting Standard 20 'Share-based Payment' (FRS 20).

The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Year ended 31 December	**2008**	**2007**
Risk-free Interest Rate	2.43%	4.52%
Expected Dividend Yield	1.0%	0.94%
Expected Volatility	33.65%	29.04%
Expected Lives	4.7 years	4.6 years

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical realised volatility of the ultimate parent company's stock, matched to the expected life of the option, is indicative of future trends, which may not necessarily be the actual outcome.

19. Share-based payments *(continued)*

A summary of the activity and related information of the Virgin Media Inc. Stock Option Plans, pertaining to the employees for the year ended 31 December 2008 is as follows:

	2008 Options	**2008 Weighted Average Exercise Price**	2007 Options	2007 Weighted Average Exercise Price
As at 1 January	**6,994,489**	**$23.31**	5,638,938	$19.76
Transferred in	**466,790**	**$11.16**	3,389,964	$19.76
Granted	**7,593,067**	**$11.80**	3,043,842	$24.46
Exercised	**(12,503)**	**$4.66**	(3,112,582)	$11.12
Expired	**(736,146)**	**$24.09**	(412,671)	$27.60
Forfeited	**(1,117,263)**	**$19.65**	(1,553,002)	$24.46
Outstanding at end of year	**13,188,434**	**$17.09**	6,994,489	$23.31
Exercisable at end of year	**2,947,013**	**$22.36**	1,863,521	$22.36

The options exercisable at the year end had a weighted average remaining contractual term of 7.12 years (2007 - 7.63 years) and the options outstanding at the year end had a weighted average remaining term of 7.65 years (2007 - 8.44 years).

The weighted average share price at the date of exercise for the options exercised in 2008 was $12.82 (2007 - $25.00).

The weighted average fair value of options granted during the year was $3.89 (2007 - $7.27). The range of exercise prices for options outstanding at the year end was $0.02 to $28.59 (2007 - $0.01 to $28.59).

19. Share-based payments *(continued)*

Non-vested shares

	2008 Shares	2008 Weighted Average Grant-date Fair Value	2007 Shares	2007 Weighted Average Grant-date Fair Value
As at 1 January	**444,575**	**$24.42**	1,074,982	$26.52
Transferred in	**41,667**	**$27.14**	100,000	$26.52
Granted	-	-	128,150	$24.76
Vested	**(320,824)**	**$18.69**	(346,057)	$26.63
Forfeited	**(59,584)**	**$5.81**	(512,500)	$27.59
Outstanding at end of year	**105,834**	**$3.39**	444,575	$24.42

Non-vested shares are shares or options issued with certain restrictions attached, which can be either service-based or performance related. The fair value for these shares or options was estimated at the date of grant using the Black-Scholes option-pricing model with the weighted average assumptions listed above.

At 31 December 2008, there was an estimated £0.1 million of total unrecognised compensation costs (2007 - £0.8 million) related to non-vested share based compensation arrangements granted for which a measurement date has been established. The cost is expected to be recognised over a weighted average period of 0.2 years (2007 - 0.7 years).

The expense included in the financial statements of the company relating to the payment of stock-based compensation of certain of its employees is £11,506,000 (2007 - £11,763,000).

20. Pensions and other post retirement benefits

Defined Contribution Plans
The company contributes to the Virgin Media sponsored group personal pension plans for eligible employees. Contributions are charged to the Profit and Loss Account as they become payable, in accordance with the rules of each of the plans. Contributions to the defined contribution plans during the year were £13,317,000 (2007 - £13,603,000). The amount of outstanding contributions at 31 December 2008 included within Creditors: amounts falling due within one year were £1,547,000 (2007 - £1,735,000).

Defined Benefit Plans
The group operates two funded defined benefit pension plans and details are given below in accordance with Financial Reporting Standard 17 "Retirement Benefits" (FRS 17).

Contributions to the company's defined benefit plans during the year were £13,516,000 (2007 - £16,505,000).

The company expects to pay £4.2m to the ntl 1999 Pension Plan and £9.3m to the NTL Pension Plan in 2009.

20. Pensions and other post retirement benefits *(continued)*

ntl 1999 Pension Plan

The company operates the ntl 1999 Pension Plan (the 1999 Plan), a funded defined benefit pension plan, which provides benefits based on final pensionable pay, with contributions being charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the company. The 1999 Plan is closed to new entrants. The assets of the 1999 Plan are held separately from the company in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

Full actuarial valuations of the 1999 Plan have been carried out and updated to 31 December 2008 by a qualified actuary, using a set of assumptions consistent with those required under FRS17. The major assumptions used by the actuary were:

ntl 1999 Pension Plan	**2008**	**2007**	**2006**
	%	**%**	**%**
Rate of increase in salaries	**3.00**	3.50	3.25
Rate of increase in pensions in payment	**2.75**	3.25	3.00
Discount rate	**5.75**	5.75	5.00
Inflation assumption	**2.75**	3.25	3.00

Life expectancy at 65 for	**2008**	**2007**
Male aged 45	**86.1**	86.0
Male aged 65	**84.8**	84.6
Female aged 45	**89.0**	89.0
Female aged 65	**87.9**	87.7

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are:

ntl 1999 Pension Plan		**2008**		**2007**		**2006**
	Long-term rate of return expected %	**Value £000**	**Long-term rate of return expected %**	**Value £000**	**Long-term rate of return expected %**	**Value £000**
Equities	**7.75**	**43,657**	8.25	43,657	8.25	16,697
Government bonds	**4.00**	**6,982**	4.50	6,982	4.50	3,467
Corporate bonds	**5.75**	**933**	5.75	933	5.00	81
Hedge funds	**7.50**	**4,603**	-	-	-	-
Cash and others	**4.00**	**1,944**	5.50	1,944	5.00	421
Total market value of assets		**42,410**		53,516		20,666
Present value of scheme liabilities		**(53,226)**		(58,495)		(29,049)
Deficit in plan and net pension liability		**(10,816)**		(4,979)		(8,383)

No deferred tax asset has been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse.

20. Pensions and other post retirement benefits *(continued)*

NTL Pension Plan

The company operates the NTL Pension Plan (the Plan), a funded defined benefit pension plan, which provides benefits based on final pensionable pay, with contributions being charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the company. The Plan is closed to new entrants. The assets of the Plan are held separately from the company in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

Full actuarial valuations of the Plan have been carried out and updated to 31 December 2008 by a qualified actuary, using a set of assumptions consistent with those required under FRS17. The major assumptions used by the actuary were:

NTL Pension Plan	2008	2007	2006
	%	%	%
Rate of increase in salaries	**3.00**	3.50	3.25
Rate of increase in pensions in payment	**3.00**	3.25	3.00
Discount rate	**5.75**	5.75	5.00
Inflation assumption	**2.75**	3.25	3.00

Life expectancy at 65 for	2008	2007
Male aged 45	**86.1**	86.0
Male aged 65	**84.8**	84.6
Female aged 45	**89.0**	89.0
Female aged 65	**87.9**	87.7

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are:

NTL Pension Plan		2008		2007		2006
	Long-term rate of return expected	Value	Long-term rate of return expected	Value	Long-term rate of return expected	Value
	%	£000	%	£000	%	£000
Equities	**7.75**	**66,449**	8.25	118,042	8.25	117,201
Property	**7.25**	**5,197**	7.75	6,596	7.75	6,892
Government bonds	**4.00**	**105,308**	4.50	95,950	4.50	89,767
Corporate bonds	**5.75**	**32,704**	5.75	34,855	5.00	34,264
Hedge funds	**7.50**	**20,132**	-	-	-	-
Cash and others	**4.00**	**1,698**	5.50	9,594	5.00	7,297
Total market value of assets		**231,488**		265,037		255,421
Present value of scheme liabilities		**(254,552)**		(265,387)		(278,249)
Deficit in plan and net pension liability		**(23,064)**		(350)		(22,828)

No deferred tax asset has been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse.

20. Pensions and other post retirement benefits *(continued)*

The ntl Glasgow Plan and the ntl Business Plan merged into the 1999 Plan on 31 May 2007. This has been shown as a past service cost below.

An analysis of the defined benefit cost follows:

Analysis of the amount charged to operating profit:

2008	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Current service cost	1,111	299	1,410
Loss on settlements and curtailments	-	-	-
Total operating charge (note 5)	**1,111**	**299**	**1,410**

2007	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Current service cost	1,326	613	1,939
Past service cost (ntl Business)	8,858	-	8,858
Past service cost (ntl Glasgow)	791	-	791
Loss on settlements and curtailments	-	249	249
Total operating charge (note 5)	10,975	862	11,837

Analysis of the amount credited to net finance income:

2008	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Expected return on pension plan assets	3,794	16,707	20,501
Interest on pension plan liabilities	(3,369)	(14,973)	(18,342)
Other finance income	**425**	**1,734**	**2,159**

2007	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Expected return on pension plan assets	2,537	16,253	18,790
Interest on pension plan liabilities	(2,432)	(13,679)	(16,111)
Other finance income	105	2,574	2,679

20. Pensions and other post retirement benefits *(continued)*

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses:

2008	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Actual return less expected return on pension plan assets	(18,507)	(49,159)	(67,666)
Experience gain arising on pension plan liabilities	2,135	10,201	12,336
Changes in assumptions underlying the present value of the plan liabilities	7,105	5,504	12,609
Actuarial loss recognised in STRGL	(9,267)	(33,454)	(42,721)

2007	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Actual return less expected return on pension plan assets	(1,118)	(4,916)	(6,034)
Experience loss arising on pension plan liabilities	(5)	(145)	(150)
Changes in assumptions underlying the present value of the plan liabilities	7,443	17,276	24,719
Actuarial gain recognised in STRGL	6,320	12,215	18,535

Analysis of Plan liabilities

2008	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Plans that are wholly or partly funded	53,226	254,552	307,778
Plans that are wholly funded	-	-	-
Net return	**53,226**	**254,552**	**307,778**

2007	**ntl 1999**	**NTL**	**Total**
	£000s	**£000s**	**£000s**
Plans that are wholly or partly funded	58,495	265,387	323,882
Plans that are wholly funded	-	-	-
Net return	58,495	265,387	323,882

20. Pensions and other post retirement benefits *(continued)*

Changes in present value of Plan liabilities:

2008	ntl 1999	NTL	Total
	£000s	£000s	£000s
Opening value of plan liabilities	58,495	265,387	323,882
Current service cost	1,111	299	1,410
Curtailment loss	-	-	-
Interest cost	3,369	14,973	18,342
Experience gains	(2,135)	(10,201)	(12,336)
Impact of changes in assumptions	(7,105)	(5,504)	(12,609)
Employee contributions	272	112	384
Augmentation	95	-	95
Benefits and other	(876)	(10,514)	(11,390)
Transfer of liability from ntl Business	-	-	-
Transfer of liability from ntl Glasgow	-	-	-
Closing value of plan liabilities	53,226	254,552	307,778

2007	ntl 1999	NTL	Total
	£000s	£000s	£000s
Opening value of plan liabilities	29,049	278,249	307,298
Current service cost	1,326	613	1,939
Curtailment loss	-	249	249
Interest cost	2,432	13,679	16,111
Experience gains	5	145	150
Impact of changes in assumptions	(7,443)	(17,276)	(24,719)
Employee contributions	222	122	344
Augmentation	-	-	-
Benefits and other	(536)	(10,394)	(10,930)
Transfer of liability from ntl Business	30,391	-	30,391
Transfer of liability from ntl Glasgow	3,049	-	3,049
Closing value of plan liabilities	58,495	265,387	323,882

20. Pensions and other post retirement benefits *(continued)*

Changes in present value of Plan assets

2008	ntl 1999	NTL	Total
	£000s	£000s	£000s
Opening value of plan assets	53,516	265,037	318,553
Expected return on assets	3,794	16,707	20,501
Actual less expected return on assets	(18,507)	(49,159)	(67,666)
Employer contributions	4,211	9,305	13,516
Employee contributions	272	112	384
Benefits and other	(876)	(10,514)	(11,390)
Transfer of liability from ntl Business	-	-	-
Transfer of liability from ntl Glasgow	-	-	-
Closing value of plan assets	42,410	231,488	273,898

2007	ntl 1999	NTL	Total
	£000s	£000s	£000s
Opening value of plan assets	20,666	255,421	276,087
Expected return on assets	2,537	16,253	18,790
Actual less expected return on assets	(1,118)	(4,916)	(6,034)
Employer contributions	7,954	8,551	16,505
Employee contributions	222	122	344
Benefits and other	(536)	(10,394)	(10,930)
Transfer of liability from ntl Business	21,533	-	21,533
Transfer of liability from ntl Glasgow	2,258	-	2,258
Closing value of plan assets	53,516	265,037	318,553

20. Pensions and other post retirement benefits *(continued)*

History of experience gains and losses

2008	ntl 1999 £000s	NTL £000s	Total £000s
Plan liabilities	(53,226)	(254,552)	(307,778)
Plan assets	42,410	231,488	273,898
Surplus/(deficit)	(10,816)	(23,064)	(33,880)
Experience gains/(losses) on plan liabilities	2,135	10,201	12,336
Experience gains/(losses) on plan assets	(18,507)	(49,159)	(67,666)

2007	ntl 1999 £000s	NTL £000s	Total £000s
Plan liabilities	(58,495)	(265,387)	(323,882)
Plan assets	53,516	265,037	318,553
Surplus/(deficit)	(4,979)	(350)	(5,329)
Experience gains/(losses) on plan liabilities	(5)	(145)	(150)
Experience gains/(losses) on plan assets	(1,118)	(4,916)	(6,034)

2006	ntl 1999 £000s	NTL £000s	Total £000s
Plan liabilities	(29,049)	(278,249)	(307,298)
Plan assets	20,666	255,421	276,087
Surplus/(deficit)	(8,383)	(22,828)	(31,211)
Experience gains/(losses) on plan liabilities	1,100	(3,286)	(2,186)
Experience gains/(losses) on plan assets	715	(818)	(103)

2005	ntl 1999 £000s	NTL £000s	Total £000s
Plan liabilities	(29,201)	(271,706)	(300,907)
Plan assets	18,323	249,086	267,409
Surplus/(deficit)	(10,878)	(22,620)	(33,498)
Experience gains/(losses) on plan liabilities	(95)	(7,864)	7,959
Experience gains/(losses) on plan assets	1,789	20,247	22,036

2004	ntl 1999 £000s	NTL £000s	Total £000s
Plan liabilities	(21,012)	(236,340)	(257,352)
Plan assets	13,590	164,781	178,371
Surplus/(deficit)	(7,422)	(71,559)	(78,981)
Experience gains/(losses) on plan liabilities	-	169	169
Experience gains/(losses) on plan assets	136	5,252	5,388

21. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land and buildings	**Other Items**	Land and buildings	Other Items
	£000	**£000**	£000	£000
Operating leases which expire:				
Within 1 year	**587**	**1,507**	1,604	10,265
Within 2 to 5 years	**3,287**	**2,692**	1,787	2,188
After more than 5 years	**26,045**	**9,785**	26,978	4,631
	29,919	**13,984**	30,369	17,084

22. 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 amount outstanding, which as at 31 December 2008 amounted to approximately £4,289 million (2007 - £4,905 million). Borrowings under the facility are secured against the assets of certain members of the group including those of the company.

On 3 June 2009 and 21 July 2009 Virgin Media Finance PLC, a parent undertaking, issued 9.5% Senior Notes due in 2016. The proceeds of the issues, together with existing cash balances, were used to repay £1,012.1 million of the Virgin Media group's obligations under its senior credit facility.

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

23. Related party transactions

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

24. Share capital

Authorised share capital:

	2008 £000	2007 £000
5,378,375 Ordinary shares of £0.01 each	**54**	54
5,243,153 Ordinary shares of £0.13 each	**682**	682
	735	735

Allotted and called up:

	2008 No	£000	2007 No	£000
Ordinary shares fully paid of £0.01 each	**5,179,802**	**52**	5,179,802	52
Ordinary shares - £0.130115 paid of £0.13 each	**5,179,680**	**674**	5,179,680	674
	10,359,482	**726**	10,359,482	726

25. Share premium account

There was no movement on the share premium account during the financial year.

26. Share options reserve

	2008 £000	2007 £000
Balance brought forward	**14,018**	14,018
Balance carried forward	**14,018**	14,018

27. Other reserves

	2008 £000	2007 £000
Other reserves	**11**	11

28. Profit and loss account

	2008 £000	2007 £000
Balance brought forward	**(13,844,104)**	(14,301,682)
(Loss)/profit for the financial year	**(923,565)**	439,043
Defined pension benefit scheme	**(42,721)**	18,535
Balance carried forward	**(14,810,390)**	(13,844,104)

29. Reconciliation of movements in shareholder's funds

	2008 £000	2007 £000
(Loss)/profit for the financial year	**(923,565)**	439,043
Actuarial (losses)/gains on pension plans	**(42,721)**	18,535
Decrease in fair value of cash flow hedges	–	(47)
Cash flow hedge gains transferred to profit and loss	–	120
Net (reduction)/addition to shareholder's deficit	**(966,286)**	457,651
Opening shareholder's deficit	**(1,615,149)**	(2,072,800)
Closing shareholder's deficit	**(2,581,435)**	(1,615,149)

30. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £106,103,000 (2007 - £81,043,000).

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amounts include commitments entered into on behalf of these companies.

31. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Investment Holdings Limited.

The smallest and largest groups of which the company is a member and for which group accounts have been drawn up are those headed by Virgin Media Finance PLC and Virgin Media Inc., respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2008 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 Secretary, Virgin Media, 160 Great Portland Street, London, W1W 5QA.

32. Post balance sheet event

Subsequent to the year-end date amounts owed to group undertakings totalling approximately £3,000,000,000 are expected to be eliminated as part of a group reorganisation. The amounts owing are in respect of dormant direct and indirect subsidiaries of the company. This reorganisation will not require any cash outflow by the company in the settlement of these liabilities, the majority of which will be eliminated through debt waivers. The impact of this reorganisation has not been recorded in the current year financial statements. The timing of these transactions is dependent on certain legal formalities, a proportion of which are anticipated to be completed by 31 December 2009.