

COMPANY REGISTRATION NUMBER 2883742

**Telewest Communications Cable Limited**

**Financial Statements**

**31 December 2006**

WEDNESDAY



LD4 \*LVTBAV1Q\* 156  
28/11/2007  
COMPANIES HOUSE

# **Telewest Communications Cable Limited**

## **Financial Statements**

**Year ended 31 December 2006**

---

<b>Contents</b>	<b>Pages</b>
Company information	<b>1</b>
The directors' report	<b>2 to 3</b>
Statement of directors' responsibilities	<b>4</b>
Independent auditor's report to the member	<b>5 to 6</b>
Profit and loss account	<b>7</b>
Balance sheet	<b>8</b>
Notes to the financial statements	<b>9 to 13</b>

---

# Telewest Communications Cable Limited

## Company Information

---

<b>The board of directors</b>	Virgin Media Directors Limited Virgin Media Secretaries Limited
<b>Company secretary</b>	Virgin Media Secretaries Limited
<b>Registered office</b>	160 Great Portland Street London W1W 5QA
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

# Telewest Communications Cable Limited

## The Directors' Report

Year ended 31 December 2006

---

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 was, and will continue to be, that of a holding company. The material investments of the company are shown in note 5.

Following the merger of the NTL and Telewest groups on 3 March 2006, the company is now 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.

Administrative income represents a release of £64.7 million against the provision for non-recovery of inter-company balances in 2006 (2005 – release of £1.6 million).

### **Results and dividends**

The profit for the year amounted to £64,661,000. 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.

The company's financial instruments mainly comprise interest free inter-company debt. 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 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 directors will revisit the appropriateness of these policies should the company's operations change in size or nature.

# Telewest Communications Cable Limited

## The Directors' Report *(continued)*

Year ended 31 December 2006

---

### Directors

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

Virgin Media Directors Limited	(Appointed 12 September 2006)
Virgin Media Secretaries Limited	(Appointed 12 September 2006)
N R Smith	(Resigned 12 September 2006)
A W P Stenham	(Resigned 12 September 2006)
S S Cook	(Resigned 3 March 2006)

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 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

KPMG Audit PLC resigned as auditors on 22 August 2006, Ernst & Young LLP was appointed on 24 August 2006, and 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 22 November 2007

# **Telewest Communications Cable Limited**

## **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.

# **Telewest Communications Cable Limited**

## **Independent Auditor's Report to the Member of Telewest Communications Cable Limited**

**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 12. 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 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.

# Telewest Communications Cable Limited

Independent Auditor's Report to the Member of Telewest Communications Cable Limited *(continued)*

Year ended 31 December 2006

---

## 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 profit 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

23 November 2007



# Telewest Communications Cable Limited

## Profit and Loss Account

Year ended 31 December 2006

	Note	2006 £000	2005 £000
Administrative income		64,661	1,603
Operating profit	2	64,661	1,603
Profit on ordinary activities before taxation		64,661	1,603
Tax on profit on ordinary activities	4	—	—
Profit for the financial year		64,661	1,603

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 profit of £64,661,000 attributable to the shareholder for the year ended 31 December 2006 (2005 - profit of £1,603,000)

The notes on pages 9 to 13 form part of these financial statements

# Telewest Communications Cable Limited

## Balance Sheet

31 December 2006

	Note	2006 £000	2005 £000
<b>Fixed assets</b>			
Investments	5	<u>270,302</u>	<u>270,302</u>
<b>Current assets</b>			
Debtors	6	490,672	426,011
<b>Creditors: Amounts falling due within one year</b>	7	<u>(1,257)</u>	<u>(1,257)</u>
<b>Net current assets</b>		<b>489,415</b>	<b>424,754</b>
<b>Total assets less current liabilities</b>		<u><b>759,717</b></u>	<u><b>695,056</b></u>
<b>Capital and reserves</b>			
Called-up equity share capital	10	100,124	100,124
Share premium account	11	384,272	384,272
Other reserves	11	270,187	270,187
Profit and loss account	11	<u>5,134</u>	<u>(59,527)</u>
<b>Shareholder's funds</b>	11	<u><b>759,717</b></u>	<u><b>695,056</b></u>

These financial statements were approved by the directors on 21 November 2007 and are signed on their behalf by



R C Gale

For and on behalf of Virgin Media Directors Limited

The notes on pages 9 to 13 form part of these financial statements.

# Telewest Communications Cable Limited

## Notes to the Financial Statements

Year ended 31 December 2006

### 1. Accounting policies

#### *Accounting convention*

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

#### *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 12). 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.

#### *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 12).

#### *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 pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Trade and other receivables*

Receivables are stated at recoverable amount. Provision is made when the amount receivable is not considered recoverable and the full amount is written off when the probability for recovery of a balance is assessed as being remote.

### 2. Operating profit

Operating profit is stated after charging/(crediting)

	2006	2005
	£000	£000
Release of provision against amounts due from group undertakings	(64,661)	(1,603)

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. For the year ended 31 December 2006, there was a decrease in provision of £64,661,000 (2005 – provision decrease of £1,603,000).

# Telewest Communications Cable Limited

## Notes to the Financial Statements

Year ended 31 December 2006

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

The directors' remuneration is paid by Virgin Media Limited (formerly ntl Group Limited) and disclosed in the group accounts of Virgin Media Finance PLC (formerly ntl Cable PLC)

Certain expenses are specifically attributable to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

Auditor's remuneration of £1,000 (2005 - £1,000) represents costs attributed to the company by the fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group. Audit fees for the prior year are in respect of the company's previous auditor, KPMG Audit Plc. 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.

### 3. Staff costs

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

### 4. Taxation

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

The tax charge is made up as follows:

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

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

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

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

	2006 £000	2005 £000
Profit on ordinary activities before taxation	64,661	1,603
Profit on ordinary activities multiplied by the rate of tax	19,398	481
Expenses not deductible for tax purposes	(19,398)	(481)
Total current tax (note 4(a))	-	-

# Telewest Communications Cable Limited

## Notes to the Financial Statements

Year ended 31 December 2006

### 4. Taxation *(continued)*

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

At the year end, the company had no tax losses or other timing differences available to relieve future profits and, as such, a deferred tax balance has not been recognised

### 5. Investments

	Subsidiary undertakings
	£000
<b>Cost</b>	
At 1 January 2006 and 31 December 2006	<u>270,302</u>
<b>Net book value</b>	
At 31 December 2006	<u>270,302</u>
At 31 December 2005	<u>270,302</u>

In the opinion of the directors the aggregate value of the investments in group undertakings is not less than the amount at which they are stated in the financial statements

All of 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 dormant except for

<i>Name of Company</i>	<i>Country of Incorporation</i>	<i>Holdings</i>	<i>Proportion held</i>	<i>Nature of Business</i>
Theseus No 1 Limited	UK	Ordinary	100%	Holding
Theseus No 2 Limited	UK	Ordinary	100%	Holding
Telewest Communications (South West) Limited	UK	Ordinary	100% #	Investment
Telewest Communications (Cotswold) Limited	UK	Ordinary	100% #	Investment
Telewest Communications (London South) Limited	UK	Ordinary	100% #	Investment
Telewest Communications (North East) Limited	UK	Ordinary	100% #	Investment
Telewest Communications (South East) Limited	UK	Ordinary	100% #	Investment
Telewest Communications (Tyneside) Limited	UK	Ordinary	100% #	Investment
Telewest Communications (South Thames Estuaries) Limited	UK	Ordinary	100% #	Investment

# held by subsidiary

# Telewest Communications Cable Limited

## Notes to the Financial Statements

Year ended 31 December 2006

### 5. Investments *(continued)*

The company also holds indirectly a 100% interest in the following joint ventures and partnership, whose principal activity is the development and operation of a broadband telecommunication network

	Principal place of business
Avon Cable Limited Partnership and Telewest Communications (South West) Limited Joint Venture	Bristol
London South Cable Partnership and Telewest Communications (London South) Limited Joint Venture	Croydon
Telewest Communications (South East) Partnership	Basildon
Telewest Communications (Cotswold) Venture	Cheltenham
Telewest Communications (Scotland) Venture	Edinburgh

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 12)

The company has taken advantage of Section 231(5) of the Companies Act 1985 and disclosed only those investments whose results or financial position principally affected the figures shown in the company's annual financial statements

### 6. Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings	<u>490,672</u>	<u>426,011</u>

Amounts owed by group undertakings are interest free and stated after deducting an impairment provision of £414,000 (2005 - £65,075,000)

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

	2006 £000	2005 £000
Amounts owed to group undertakings	<u>1,257</u>	<u>1,257</u>

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

### 8. 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 borrowings of certain Virgin Media group companies. At 31 December 2006, the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £5,125 million (2005 - £1,780 million). Borrowings under the facility are secured against the assets of certain members of the group including those of the company.

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

# Telewest Communications Cable Limited

## Notes to the Financial Statements

Year ended 31 December 2006

### 9. 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

### 10. Share capital

#### Authorised share capital:

	2006 £000	2005 £000
1,232,558,500 Ordinary shares of £0 10 each	123,256	123,256
265,276,500 Convertible preference shares of £0 10 each	26,528	26,528
	<u>149,784</u>	<u>149,784</u>

#### Allotted and called up:

	2006 No	£000	2005 No	£000
Ordinary shares of £0 10 each	<u>1,001,244,940</u>	<u>100,124</u>	<u>1,001,244,940</u>	<u>100,124</u>

### 11. Reconciliation of shareholder's funds and movement on reserves

	Share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2005	100,124	384,272	270,187	(61,130)	693,453
Profit for the year	—	—	—	1,603	1,603
At 31 December 2005 and 1 January 2006	100,124	384,272	270,187	(59,527)	695,056
Profit for the year	—	—	—	64,661	64,661
At 31 December 2006	<u>100,124</u>	<u>384,272</u>	<u>270,187</u>	<u>5,134</u>	<u>759,717</u>

### 12. Parent undertaking and controlling party

The company's immediate parent undertaking is the Telewest Limited

The company's results are included in the group accounts of Virgin Media Finance PLC

The company's ultimate parent undertaking and controlling party at 31 December 2006 was NTL Incorporated, a company incorporated in the state of Delaware, United States of America. NTL Incorporated changed its name to Virgin Media Inc on 6 February 2007

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