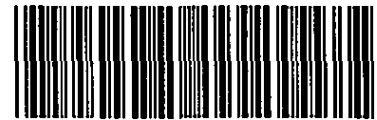


Telewest Communications (Southport) Limited
Financial Statements
31 December 2010

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Telewest Communications (Southport) Limited

Financial Statements

Year ended 31 December 2010

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Telewest Communications (Southport) Limited

Company Information

The board of directors

R C Gale
R M Mackenzie

Company secretary

G E James

Registered office

Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Telewest Communications (Southport) Limited

The Directors' Report

Year ended 31 December 2010

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

Principal activities

The principal activity of the company during the year was, and will continue to be, to receive interest on inter-company receivables due from fellow group undertakings

The company is a wholly owned subsidiary undertaking of Virgin Media Inc. The Virgin Media group is a leading provider of entertainment and communications services in the UK, offering "quad play" television, broadband internet, fixed line telephony and mobile telephony services.

As at 31 December 2010, the Virgin Media group provided services to approximately 4.8 million residential cable customers on its network. The group is also one of the UK's largest mobile virtual network operators by number of customers and at 31 December 2010 provided mobile telephone services to approximately 1.9 million prepay mobile customers and approximately 1.2 million contract mobile customers over third party networks. As of 31 December 2010, approximately 63.0% of residential customers on the group's cable network were "triple play" customers, receiving broadband internet, television and fixed line telephone services from the group and approximately 11.8% were "quad play" customers, also receiving the group's mobile telephone services.

The Virgin Media group believes that its advanced, deep fibre access network enables it to offer faster and higher quality broadband services than its digital subscriber line, or DSL, competitors. As a result it provides its customers with a leading next generation broadband service and one of the most advanced television on-demand services available in the UK market.

Through Virgin Media Business (formerly ntl Telewest Business), the Virgin Media group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organisations and service providers in the UK. During 2010 the Virgin Media group also had an interest in the UKTV television channels through its joint ventures with BBC Worldwide. On 15 August 2011 the Virgin Media group announced it had reached agreement to sell its stake in UKTV.

The Virgin Media group sold its television channel business known as Virgin Media TV on 12 July 2010.

Future outlook

In December 2010, the Virgin Media group launched TiVo set-top boxes (with associated software, including middleware), following a strategic partnership with TiVo Inc, or TiVo, in 2009 to develop a next generation set-top box which provides converged television and broadband internet capabilities. Under the agreement with TiVo, TiVo will become the exclusive provider of user interface software for Virgin Media's next generation set-top boxes and the Virgin Media group will become the exclusive distributor of TiVo services and technology in the UK. This is a "next generation" entertainment set-top box which brings together television, on-demand and web services through a single set-top box and unique content discovery and personalization tools. The Virgin Media TV powered by TiVo service is being rolled out to customers during 2011.

The Virgin Media group's strategic objectives in 2011 revolve around exploiting its superior network infrastructure to offer differentiated products and services, while retaining strong cost control and financial discipline. The Virgin Media group will also place more emphasis on cross-selling mobile services to its Cable customers and seeking to grow revenues from Business customers through an increased focus on managed data services.

The Virgin Media group is also in the process of rolling out the country's fastest widely available broadband service, 100Mb, which is expected to be available right across its network by the middle of 2012. In addition, the group has successfully completed a comprehensive Metro Wi-Fi trial in Ashford, Kent, demonstrating its capabilities in exploiting its growing cable network for the provision of internet connectivity out of the home.

Telewest Communications (Southport) Limited

The Directors' Report *(continued)*

Year ended 31 December 2010

Results and dividends

The loss for the financial year amounted to £2,899,000 (2009 - profit of £223,000) The directors have not recommended an ordinary dividend (2009 - £nil)

Directors

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

| | |
|----------------------------------|---------------------------|
| R C Gale | (Appointed 30 April 2010) |
| R M Mackenzie | (Appointed 30 April 2010) |
| Virgin Media Directors Limited | (Resigned 30 April 2010) |
| Virgin Media Secretaries Limited | (Resigned 30 April 2010) |

Virgin Media Inc has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision is in force as at the date of approving the directors' report

Going concern

After making enquiries, and obtaining the necessary assurances from the company's ultimate parent company that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing these financial statements

Disclosure of information to the auditor

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

Small company provisions

The directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors



R M Mackenzie
Director

Approved by the directors on 12 September 2011

Telewest Communications (Southport) Limited

Statement of Directors' Responsibilities

Year ended 31 December 2010

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Telewest Communications (Southport) Limited

Independent Auditor's Report to the Member of Telewest Communications (Southport) Limited

Year ended 31 December 2010

We have audited the financial statements of Telewest Communications (Southport) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Telewest Communications (Southport) Limited

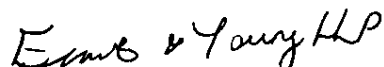
Independent Auditor's Report to the Member of Telewest Communications (Southport) Limited *(continued)*

Year ended 31 December 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

12 September 2011

Telewest Communications (Southport) Limited

Profit and Loss Account

Year ended 31 December 2010

| | Note | 2010 £000 | 2009 £000 |
|---|----------|----------------|--------------|
| Administrative expenses | | (3,283) | — |
| Operating loss | 2 | (3,283) | — |
| Attributable to Exceptional items | 2 | (3,283) | — |
| Interest receivable | 4 | 384 | 223 |
| (Loss)/profit on ordinary activities before taxation | | (2,899) | 223 |
| Taxation on (loss)/profit on ordinary activities | 5 | — | — |
| (Loss)/profit for the financial year | | (2,899) | 223 |

The company has no other gains or losses and therefore no separate statement of total recognised gains or losses is presented

All results relate to continuing operations

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

Telewest Communications (Southport) Limited**Balance Sheet****31 December 2010**

| | Note | 2010 £000 | 2009 £000 |
|---|------|----------------|----------------|
| Current assets | | | |
| Debtors due within one year | 6 | 2,802 | 5,701 |
| Creditors: Amounts falling due within one year | 7 | <u>(9,378)</u> | <u>(9,378)</u> |
| Net current liabilities | | <u>(6,576)</u> | <u>(3,677)</u> |
| Total assets less current liabilities | | <u>(6,576)</u> | <u>(3,677)</u> |
| Capital and reserves | | | |
| Share capital | 10 | — | — |
| Profit and loss account | 11 | <u>(6,576)</u> | <u>(3,677)</u> |
| Total deficit | 11 | <u>(6,576)</u> | <u>(3,677)</u> |

These financial statements were approved by the directors on 12 September 2011 and are signed on their behalf by



R C Gale
Director

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

Telewest Communications (Southport) Limited

Notes to the Financial Statements

Year ended 31 December 2010

1. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, and applicable UK accounting standards.

Fundamental accounting concept

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

Cash flow statement

The company is exempt from publishing a cash flow statement as permitted by FRS 1 "Cash flow statements (revised 1996)", as it is a wholly owned subsidiary of its ultimate parent company, Virgin Media Inc.

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 debtors

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

2. Operating loss

Operating loss is stated after charging

| | 2010 | 2009 |
|--|-------|------|
| | £000 | £000 |
| Provision against amounts owed by group undertakings | 3,283 | — |

Telewest Communications (Southport) Limited

Notes to the Financial Statements

Year ended 31 December 2010

2. Operating loss *(continued)*

The group's inter-company funding arrangements are managed centrally. Recoverability of inter-company receivables is assessed annually. The provision for non-recoverability may decrease or increase as a result of that review. The impairment review of inter-company indebtedness as at 31 December 2010 concluded that an increase of the provision against amounts due from group undertakings of £3,283,000 should be made (2009 - nil).

Auditor's remuneration of £1,000 (2009 - £1,000) represents costs attributed to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group.

The company had corporate directors until 30 April 2010, which received no remuneration. On 30 April 2010 new directors were appointed. The directors received remuneration for the year of £333 in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited.

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.

4. Interest receivable

| | 2010 | 2009 |
|----------------------------------|------|------|
| | £000 | £000 |
| Interest from group undertakings | 384 | 223 |

5. Taxation

(a) Analysis of charge in the year

The tax charge is made up as follows

| | 2010 | 2009 |
|--|------|------|
| | £000 | £000 |
| Current tax charge: | | |
| Current tax on (loss)/profit for the year | - | - |
| Deferred tax: | | |
| Origination and reversal of timing differences | - | - |
| Total tax charge on (loss)/profit on ordinary activities | - | - |

Telewest Communications (Southport) Limited

Notes to the Financial Statements

Year ended 31 December 2010

5. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2009 – lower) than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

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

| | 2010 £000 | 2009 £000 |
|--|--------------|--------------|
| (Loss)/profit on ordinary activities before taxation | (2,899) | 223 |
| (Loss)/profit on ordinary activities multiplied by rate of tax | (812) | 62 |
| Expenses not deductible for tax purposes | 920 | - |
| Group relief claimed without payment | (108) | (62) |
| Total current tax (note 5(a)) | - | - |

(c) Factors that may affect future tax charges

There are no factors which may affect the future tax charge

(d) Change in tax rate

As at 31 December 2010 the enacted UK corporation tax rate scheduled to take effect in April 2011 was 27%. A rate reduction to 26% was enacted under the Provisional Collection of Taxes Act in March 2011 with effect from 1 April 2011, and further rate reductions were announced, to be introduced in annual decrements to reduce the rate to 23%. In addition, on 22 June 2010 the government announced changes to the capital allowances regime, including a reduction in the rate of capital allowances on plant and machinery additions from 20% to 18% with effect from 1 April 2012. These rate changes will affect the amount of future tax payments to be made by the company.

6. Debtors

| | 2010 £000 | 2009 £000 |
|--|--------------|--------------|
| Amounts owed by group undertakings | 2,802 | 5,701 |
| Amounts owed by group undertakings are - | | |
| | 2010 £000 | 2009 £000 |
| Loans advanced to group undertakings | 5,478 | 5,478 |
| Interest on amounts owed by group undertakings | 384 | 223 |
| Amounts owed by group undertakings | 223 | - |
| Impairment provision | (3,283) | - |
| | 2,802 | 5,701 |

Amounts owed by group undertakings are unsecured and repayable on demand. The rate of interest on the amounts receivable ranged from 3.25% to 7.07% (2009 – 3.18% to 7.58%).

Telewest Communications (Southport) Limited

Notes to the Financial Statements

Year ended 31 December 2010

7 Creditors: Amounts falling due within one year

| | 2010 | 2009 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts owed to group undertakings | <u>9,378</u> | <u>9,378</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. As at 31 December 2010 this comprised a term facility of £1,675 million and a revolving facility of £250 million. Borrowings under the facility are secured against the assets of certain members of the group including those of the company.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior credit facility. The amount outstanding under the senior secured notes at 31 December 2010 amounted to approximately £1,495 million (2009 - £nil). Borrowings under the notes are secured against the assets of certain members of the group including those of the company.

On 3 March 2011 Virgin Media Secured Finance PLC, a fellow group undertaking, issued £957 million equivalent aggregate principal amount of senior secured notes due in 2021. The notes are split into a \$500 million US dollar denominated tranche and a £650 million sterling denominated tranche. The notes will rank pari passu with Virgin Media's senior secured credit facility and its existing senior secured notes due in 2018 and, subject to certain exceptions, share in the same guarantees and security granted in favour of its senior secured credit facility and its existing senior secured notes due in 2018. The net proceeds from the issuance of the senior secured notes were in part used to repay £900 million of the group's obligations under its senior secured credit facility.

On 20 May 2011, the senior secured credit facility was amended to reduce the margins payable, reduce the outstanding loan balance by £25 million and increase the revolving credit facility from £250 million to £450 million.

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

9. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Virgin Media Inc., and its subsidiaries (see note 12).

10. Share capital

Authorised share capital:

| | 2010 | 2009 |
|--------------------------------|----------|----------|
| | £000 | £000 |
| 100 Ordinary shares of £1 each | <u>-</u> | <u>-</u> |

Telewest Communications (Southport) Limited

Notes to the Financial Statements

Year ended 31 December 2010

10 Share capital *(continued)*

Allotted, called up and fully paid:

| | 2010 | | 2009 | |
|----------------------------|----------|----------|----------|----------|
| | No | £000 | No | £000 |
| Ordinary shares of £1 each | <u>1</u> | <u>-</u> | <u>1</u> | <u>-</u> |

11 Reconciliation of shareholder's deficit and movement on reserves

| | Profit and loss account £000 |
|--|------------------------------------|
| At 1 January 2009 | (3,900) |
| Profit for the year | <u>223</u> |
| At 31 December 2009 and 1 January 2010 | (3,677) |
| Loss for the year | <u>(2,899)</u> |
| At 31 December 2010 | <u>(6,576)</u> |

12. Parent undertaking and controlling party

The company's immediate parent undertaking is Telewest Communications Holdings Limited

The smallest and largest groups of which the company is a member and into which the company's accounts are consolidated are Virgin Media Finance PLC and Virgin Media Inc , respectively

The company's ultimate parent undertaking and controlling party at 31 December 2010 was Virgin Media Inc , a company incorporated in the state of Delaware, United States of America

Copies of all sets of group accounts which include the results of the company are available from the company secretary, Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP