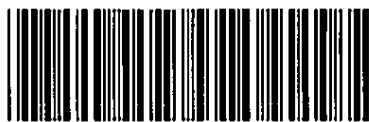


**Telewest Communications (Southport) Limited**  
**Financial Statements**  
**31 December 2008**

THURSDAY



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COMPANIES HOUSE

# **Telewest Communications (Southport) Limited**

## **Financial Statements**

**Year ended 31 December 2008**

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# Telewest Communications (Southport) Limited

## Company Information

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<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 (Southport) Limited

## The Directors' Report

### Year ended 31 December 2008

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

#### Principal activities

The principal activity of the company during the year was the development and operation of its broadband communications network.

During the year ended 31 December 2008, the group undertaking, Telewest Communications (Midlands and North West) Limited, utilised the company's network assets and compensated it with a management charge as shown in note 2 to the financial statements.

The company's trading activities together with all its tangible fixed assets were transferred to a fellow subsidiary undertaking, M&NW Network Limited, at the year end. The fixed assets were transferred at fair market value, determined by the directors with assistance from third party valuation experts.

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; and through UKTV, its joint ventures with BBC Worldwide.

#### 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 its position at the forefront of communications and 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.

# Telewest Communications (Southport) Limited

## The Directors' Report *(continued)*

Year ended 31 December 2008

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### Results and dividends

The loss for the financial year amounted to £851,000 (2007 - profit of £465,000). The directors have not recommended an ordinary dividend (2007 - £nil).

### Directors

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

Virgin Media Directors Limited  
Virgin Media Secretaries Limited

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.

### 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.

### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII 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 25 September 2009

# **Telewest Communications (Southport) Limited**

## **Statement of Directors' Responsibilities**

**Year ended 31 December 2008**

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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 (Southport) Limited**

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

**Year ended 31 December 2008**

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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 15. 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.

# Telewest Communications (Southport) Limited

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

Year ended 31 December 2008

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## 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

25 September 2009



# Telewest Communications (Southport) Limited

## Profit and Loss Account

Year ended 31 December 2008

	Note	2008 £000	2007 £000
Administrative expenses		(690)	(675)
Other operating income	2	1,205	1,140
<b>Operating profit</b>	3	<b>515</b>	<b>465</b>
Loss on disposal of discontinued operations	5	(1,366)	–
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(851)</b>	<b>465</b>
Tax on (loss)/profit on ordinary activities	6	–	–
<b>(Loss)/profit for the financial year</b>	14	<b>(851)</b>	<b>465</b>

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

### Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £851,000 attributable to the shareholder for the year ended 31 December 2008 (2007 - profit of £465,000).

The notes on pages 9 to 14 form part of these financial statements.

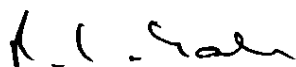
# Telewest Communications (Southport) Limited

## Balance Sheet

31 December 2008

	Note	2008 £000	2007 £000
<b>Fixed assets</b>			
Tangible assets	7	—	6,936
<b>Current assets</b>			
Debtors due after one year	8	5,478	—
		5,478	—
<b>Creditors: Amounts falling due within one year</b>	9	—	(9,985)
<b>Net current assets/(liabilities)</b>		5,478	(9,985)
<b>Total assets less current liabilities</b>		5,478	(3,049)
<b>Creditors: Amounts falling due after more than one year</b>	10	(9,378)	—
		(3,900)	(3,049)
<b>Capital and reserves</b>			
Share capital	13	—	—
Profit and loss account	14	(3,900)	(3,049)
<b>Deficit</b>	14	(3,900)	(3,049)

These financial statements were approved by the directors on 25 September 2009 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 14 form part of these financial statements.

# Telewest Communications (Southport) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

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### 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.

#### *Cashflow*

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 15).

#### *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
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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.

#### *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.

# Telewest Communications (Southport) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

### 2. Other operating income

	2008	2007
	£000	£000
Network asset rentals receivable from group undertakings	<u>1,205</u>	<u>1,140</u>

### 3. Operating profit

Operating profit is stated after charging:

	2008	2007
	£000	£000
Depreciation of owned fixed assets	<u>690</u>	<u>675</u>

The company has corporate directors which receive no remuneration.

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 (2007 - £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. 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.

### 4. 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.

### 5. Loss on disposal of discontinued operations

	2008	2007
	£000	£000
Disposal of discontinued operations:		
Loss on sale of operation	<u>(1,366)</u>	<u>—</u>

At 31 December 2008, the operations and all of the tangible fixed assets of the company were transferred to a fellow subsidiary undertaking, M&NW Networks Limited, at fair market value, determined by the directors with assistance from third party valuation experts, giving rise to the above loss on disposal.

# Telewest Communications (Southport) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

### 6. Taxation

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

The tax charge is made up as follows:

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

#### (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 £000	2007 £000
(Loss)/profit on ordinary activities before taxation	(851)	465
(Loss)/profit on ordinary activities multiplied by the rate of tax	(243)	140
Decelerated capital allowances	243	187
Group relief claimed without payment	-	(327)
Total current tax (note 6(a))	-	-

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

At 31 December 2007, a deferred tax asset of £2,378,000 in respect of depreciation in excess of capital allowances had not been recognised as there was insufficient evidence to suggest that there would be suitable taxable profits against which these timing differences would reverse.

All unrecognised deferred tax assets were transferred to M&NW Network Limited on 31 December 2008.

# Telewest Communications (Southport) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

### 7. Tangible fixed assets

	Network £000
<b>Cost</b>	
At 1 January 2008	12,645
Additions	598
Disposals	(70)
Transfers	(13,173)
<b>At 31 December 2008</b>	<b>—</b>
<b>Depreciation</b>	
At 1 January 2008	5,709
Charge for the year	690
On disposals	(70)
Transfers	(6,329)
<b>At 31 December 2008</b>	<b>—</b>
<b>Net book value</b>	
<b>At 31 December 2008</b>	<b>—</b>
At 31 December 2007	6,936

Transfers were made to group undertakings at fair market value, determined by the directors with assistance from third party valuation experts.

### 8. Debtors due after one year

	2008 £000	2007 £000
Amounts owed by group undertakings	5,478	—

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

	2008 £000	2007 £000
Amounts owed by group undertakings	5,478	—

Amounts owed by group undertakings are interest free and repayable on demand but are not expected to be recovered in full within one year.

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

	2008 £000	2007 £000
Amounts owed to group undertakings	—	9,985

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

# Telewest Communications (Southport) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

### 10. Creditors: Amounts falling due after more than one year

	2008	2007
	£000	£000
Amounts owed to group undertakings	<u>9,378</u>	<u>-</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand but are not expected to be repaid in full within five years.

### 11. 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.

### 12. 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.

### 13. Share capital

#### Authorised share capital:

	2008	2007
	£000	£000
100 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

#### Allotted, called up and fully paid:

	2008		2007	
	No	£000	No	£000
Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

# Telewest Communications (Southport) Limited

## Notes to the Financial Statements

Year ended 31 December 2008

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

	Share capital	Profit and loss account	Total share- holder's funds
	£000	£000	£000
At 1 January 2007	—	(3,514)	(3,514)
Profit for the year	—	465	465
At 31 December 2007 and 1 January 2008	—	(3,049)	(3,049)
Loss for the year	—	(851)	(851)
At 31 December 2008	—	(3,900)	(3,900)

### 15. 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 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.