

**COMPANY REGISTRATION NUMBER 3156792**

**Flextech Homeshopping Limited**

**Financial Statements**

**31 December 2007**

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# **Flextech Homeshopping Limited**

## **Financial Statements**

**Year ended 31 December 2007**

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# Flextech Homeshopping Limited

## Company Information

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<b>The board of directors</b>	Virgin Media Directors Limited Virgin Media Secretaries Limited M J Erickson
<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

# **Flextech Homeshopping Limited**

## **The Directors' Report**

**Year ended 31 December 2007**

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The directors present their report and the financial statements of the company for the year ended 31 December 2007

### **Principal activities**

The principal activity of the company was to hold an investment in HSN Direct International Limited, a company that was dissolved on 30 April 2005

The company is a wholly-owned subsidiary undertaking of Virgin Media Inc, which changed its name from NTL Incorporated on 6 February 2007 as part of the rebrand to Virgin Media. Virgin is one of the most recognised consumer brands in the world and gives the group a prominent profile in a crowded communications marketplace. The Virgin Media group believes that the strong heritage and reputation of the Virgin brand is a powerful competitive advantage and the Virgin Media group's distinctive approach to advertising, packaging and marketing differentiates it from the competition.

The Virgin Media group is a leading UK entertainment and communications business providing the first "quad-play" offering of television, broadband, fixed line telephone and mobile telephone services in the UK, together with one of the most advanced TV on demand services available in the UK market.

At 31 December 2007, by customer numbers, the Virgin Media group was the UK's largest residential broadband and mobile virtual network provider and the second largest provider in the UK of pay television and fixed line 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.

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 Virgin 1, Living and Bravo, through UKTV, its joint ventures with BBC Worldwide, and through the portfolio of retail television channels operated by sit-up tv.

On 8 February 2007, the names of certain Virgin Media group companies were changed including

- ntl Cable PLC became Virgin Media Finance PLC
- Flextech Television Limited became Virgin Media Television Limited

The new company names are used throughout the rest of this report and financial statements whether describing events before or after the change of name.

### **Results and dividends**

The loss for the financial year amounted to £28,000 (2006 - profit of £17,010,000). The directors have not recommended an ordinary dividend (2006 - £nil).

# Flextech Homeshopping Limited

## The Directors' Report *(continued)*

Year ended 31 December 2007

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### Directors

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

Virgin Media Directors Limited

M J Erickson

Virgin Media Secretaries Limited

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

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 7 October 2008

# **Flextech Homeshopping Limited**

## **Statement of Directors' Responsibilities**

**Year ended 31 December 2007**

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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.

# **Flextech Homeshopping Limited**

## **Independent Auditor's Report to the Members of Flextech Homeshopping Limited**

**Year ended 31 December 2007**

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We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, The Balance Sheet, Cash Flow Statement and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

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

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

### **Basis of audit opinion**

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

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

# Flextech Homeshopping Limited

Independent Auditor's Report to the Members of Flextech Homeshopping Limited *(continued)*

Year ended 31 December 2007

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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 2007 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

7 October 2008



# Flextech Homeshopping Limited

## Profit and Loss Account

Year ended 31 December 2007

	Note	2007 £000	2006 £000
Administrative expenses		644	17,604
<b>Operating profit</b>	2	<b>644</b>	<b>17,604</b>
Interest payable and similar charges	4	(672)	(594)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(28)</b>	<b>17,010</b>
Tax on (loss)/profit on ordinary activities	5	–	–
<b>(Loss)/profit for the financial year</b>	10	<b>(28)</b>	<b>17,010</b>

All of the activities of the company are classed as continuing

### Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the loss of £28,000 attributable to the shareholder for the year ended 31 December 2007 (2006 - profit of £17,010,000)

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

# Flextech Homeshopping Limited

## Balance Sheet

31 December 2007

		2007	2006
	Note	£000	£000
Creditors: Amounts falling due within one year	6	(15,183)	(15,155)
Total assets less current liabilities		(15,183)	(15,155)
Amounts owed to minority shareholder		(2,238)	(2,238)
		<u>(17,421)</u>	<u>(17,393)</u>
Capital and reserves			
Called-up equity share capital	9	567	567
Profit and loss account	10	(17,988)	(17,960)
Deficit	10	<u>(17,421)</u>	<u>(17,393)</u>

These financial statements were approved by the directors on 7 October 2008 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.

# Flextech Homeshopping Limited

## Notes to the Financial Statements

Year ended 31 December 2007

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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

#### *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 11)

#### *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

### 2. Operating profit

Operating profit is stated after crediting

	2007	2006
	£000	£000
Release against amounts due from group undertakings	—	(17,604)

# Flextech Homeshopping Limited

## Notes to the Financial Statements

Year ended 31 December 2007

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

The company has corporate directors which receive no remuneration

Auditor's remuneration disclosed of £1,000 (2006 - £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 the 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 Virgin Media Television Limited

### 4. Interest payable and similar charges

	2007	2006
	£000	£000
Interest payable to group undertakings	<u>672</u>	<u>594</u>

### 5. Taxation

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

The tax charge is made up as follows

	2007	2006
	£'000	£'000
<b>Current tax charge:</b>		
Current tax on (loss)/profit for the year	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total tax charge on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

# Flextech Homeshopping Limited

## Notes to the Financial Statements

Year ended 31 December 2007

### 5 Taxation (continued)

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

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

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

	2007 £000	2006 £000
(Loss)/profit on ordinary activities before taxation	(28)	17,010
(Loss)/profit on ordinary activities multiplied by the rate of tax	(8)	5,103
Income not taxable	(193)	(5,281)
Group relief surrendered without payment	201	178
Total current tax (note 5(a))	-	-

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

Deferred tax assets of £367,000 (2006 - £394,000) in respect of tax losses 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

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008. This rate change will affect the amount of the future cash tax payments to be made by the Virgin Media group. The deferred tax asset has been reduced by £27,000 in the current year to reflect this tax rate change.

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

	2007 £000	2006 £000
Variable rate loan stock	14,667	13,995
Amounts owed to group undertakings	516	515
Accruals and deferred income	-	645
	15,183	15,155

Amounts owed to group undertakings, including the variable rate loan stock, are unsecured and repayable on demand. The rates of interest on the amounts payable ranged from 0% to 7.75% (2006 - 0% to 7%).

### 7. 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 2007, the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £4,905 million (2006 - £5,125 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.

# Flextech Homeshopping Limited

## Notes to the Financial Statements

Year ended 31 December 2007

### 8. 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

### 9 Share capital

#### Authorised share capital:

	2007	2006
	£000	£000
453,288 Ordinary A shares of £1 each	453	453
113,322 Ordinary B shares of £1 each	114	114
	<u>567</u>	<u>567</u>

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

	2007		2006	
	No	£000	No	£000
Ordinary A shares of £1 each	453,288	453	453,288	453
Ordinary B shares of £1 each	113,322	114	113,322	114
	<u>566,610</u>	<u>567</u>	<u>566,610</u>	<u>567</u>

Save as summarised below, the 'A' ordinary shares and 'B' ordinary shares shall rank pari passu in all respects

The holder of a majority of the 'A' shares has the right to appoint and remove up to three directors ('A' directors) and the holder of a majority of the 'B' shares has the right to appoint and remove one director

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

	Share capital	Profit and loss	Total share-
	£000	account	holder's funds
	£000	£000	£000
At 1 January 2006	567	(34,970)	(34,403)
Profit for the year	—	17,010	17,010
At 31 December 2006 and 1 January 2007	567	(17,960)	(17,393)
Loss for the year	—	(28)	(28)
At 31 December 2007	<u>567</u>	<u>(17,988)</u>	<u>(17,421)</u>

# **Flextech Homeshopping Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2007**

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### **11. Parent undertaking and controlling party**

The company's immediate parent undertaking is Telewest Communications Holdco 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 2007 was Virgin Media Inc , a company incorporated in the state of Delaware, United States of America Virgin Media Inc changed its name from NTL Incorporated 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