

COMPANY REGISTRATION NUMBER 4197227

Flextech Broadband Holdings Limited

Financial Statements

31 December 2009

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Flextech Broadband Holdings Limited

Financial Statements

Year ended 31 December 2009

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Flextech Broadband Holdings Limited

Company Information

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

Flextech Broadband Holdings Limited

The Directors' Report

Year ended 31 December 2009

The directors present their report and the financial statements of the company for the year ended 31 December 2009

Principal activities

The principal activity of the company during the year was that of a holding company. The company's only investment was dissolved on 18 August 2009. In the future the company is expected to be dormant.

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 2009, 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 2009 provided mobile telephone services to 2.2 million prepay mobile customers and approximately 950,000 contract mobile customers over third party networks. As of 31 December 2009, approximately 60.5% 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 10.7% 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 TV on-demand services available in the UK market.

Through Virgin Media 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.

During the year the Virgin Media group also provided a broad range of television programming through its wholly-owned channels, such as Virgin1, Living and Bravo, through Virgin Media Television (VMTV). An agreement was reached to sell the channels, but not the Virgin brand, on 4 June 2010.

The Virgin Media group continues to provide television programming through UKTV, its joint ventures with BBC Worldwide.

Results and dividends

The loss for the financial year amounted to £39,000 (2008 - profit of £20,000). The directors have not recommended an ordinary dividend (2008 - £nil).

Directors

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

R M Mackenzie (appointed 30 April 2010)

R C Gale (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.

Flextech Broadband Holdings Limited

The Directors' Report *(continued)*

Year ended 31 December 2009

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 are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

This 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 22 June 2010

Flextech Broadband Holdings Limited

Statement of Directors' Responsibilities

Year ended 31 December 2009

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.

Flextech Broadband Holdings Limited

Independent Auditor's Report to the Member of Flextech Broadband Holdings Limited

Year ended 31 December 2009

We have audited the financial statements of Flextech Broadband Holdings Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes. 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 Statement of Directors' Responsibilities 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 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 (APB'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 directors, and the overall presentation of the financial statements.

Flextech Broadband Holdings Limited

Independent Auditor's Report to the Member of Flextech Broadband Holdings Limited *(continued)*

Year ended 31 December 2009

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 2009 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

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

Ernst & Young LLP

Michael Rudberg (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 June 2010

Flextech Broadband Holdings Limited

Profit and Loss Account

Year ended 31 December 2009

	Note	2009 £000	2008 £000
Administrative (expenses)/income		(39)	27
Operating (loss)/profit	2	(39)	27
Attributable to Exceptional items	2	(39)	27
Interest payable and similar charges	4	–	(7)
(Loss)/profit on ordinary activities before taxation		(39)	20
Tax on (loss)/profit on ordinary activities	5	–	–
(Loss)/profit for the financial year		(39)	20

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 £39,000 attributable to the shareholder for the year ended 31 December 2009 (2008 - profit of £20,000)

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

COMPANY REGISTRATION NUMBER: 4197227

Flextech Broadband Holdings Limited

Balance Sheet

31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	6	—	—
Current assets			
Debtors due within one year	7	10	49
Creditors: Amounts falling due within one year	8	<u>(624)</u>	<u>(624)</u>
Net current liabilities		(614)	(575)
Total assets less current liabilities		<u>(614)</u>	<u>(575)</u>
Creditors: Amounts falling due after more than one year	9	<u>(1,364)</u>	<u>(1,364)</u>
		<u>(1,978)</u>	<u>(1,939)</u>
Capital and reserves			
Share capital	12	—	—
Profit and loss account	13	<u>(1,978)</u>	<u>(1,939)</u>
Deficit	13	<u>(1,978)</u>	<u>(1,939)</u>

These financial statements were approved by the directors on 22 June 2010 and are signed on their behalf by



R C Gale
Director

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

Flextech Broadband Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2009

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 14)

Investments

Investments are recorded at cost, less any provision for impairment

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company incorporated in the United Kingdom which prepares group accounts (see note 14) These financial statements therefore present information about the company as an individual undertaking and not about its group

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

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

Flextech Broadband Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2009

2. Operating (loss)/profit

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

	2009 £000	2008 £000
Increase in/(release of) impairment provision against amounts due from group undertakings	<u>39</u>	<u>(27)</u>

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 2009 concluded that an increase in the provision against amounts due from group undertakings totalling £39,000 should be made (2008 – release of £27,000). The primary drivers for the change in the provision are due to an inter-company debt restructure.

Auditor's remuneration disclosed of £1,000 (2008 - £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. Following guidance from Statutory Instrument 2008/489(6)(2)-(3), the company is not required to disclose amounts in respect of non-audit services, as it is a subsidiary of Virgin Media Finance PLC and the group accounts of Virgin Media Finance PLC are required to disclose this information on a consolidated basis.

The company had corporate directors throughout the year, which received no remuneration.

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 payable and similar charges

	2009 £000	2008 £000
On amounts due to group undertakings	<u>-</u>	<u>7</u>

5. Taxation on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows

	2009 £000	2008 £000
Current tax charge:		
Current tax on (loss)/profit for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax (credit)/charge on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

Flextech Broadband Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2009

5. Taxation on ordinary activities *(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 28% (2008 - 28.50%)

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

	2009 £000	2008 £000
(Loss)/profit on ordinary activities before taxation	(39)	20
(Loss)/profit on ordinary activities multiplied by rate of tax	(11)	6
Expenses not deductible for tax purposes	11	-
Group relief surrendered without payment	-	2
Income not taxable	-	(8)
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

6. Investments

	Loans to undertakings in which the company has a participating interest
	£000
Cost	
At 1 January 2009	153
Disposals	(153)
At 31 December 2009	-
Value impaired	
At 1 January 2009	153
On disposals	(153)
At 31 December 2009	-
Net book value	
At 31 December 2009	-
At 31 December 2008	-

The company's investment in Start¹ Games Limited was dissolved on 18 August 2009

Flextech Broadband Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2009

7. Debtors

	2009 £000	2008 £000
Amounts owed by group undertakings	<u>10</u>	<u>49</u>
Amounts owed by group undertakings are -		
	2009 £000	2008 £000
Amounts owed by group undertakings	227	227
Impairment provision	<u>(217)</u>	<u>(178)</u>
	<u>10</u>	<u>49</u>

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

8. Creditors: Amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	<u>624</u>	<u>624</u>

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

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

	2009 £000	2008 £000
Amounts owed to group undertakings	<u>1,364</u>	<u>1,364</u>

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

10. 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 2009 amounted to approximately £3,213 million (2008 - £4,289 million). Borrowings under the facility are secured against the assets of certain members of the group including those of the company.

On 19 January 2010 Virgin Media Secured Finance PLC, a fellow group undertaking, issued \$1.0 billion aggregate principal amount of 6.50% senior secured notes due 2018 and £875 million aggregate principal amount of 7.00% senior secured notes due 2018. Subject to certain exceptions the senior secured notes due 2018 share in the same guarantees and security which have been granted in favour of the senior credit facility. The net proceeds from the issuance of the senior secured notes were used to repay £1,453 million of the group's obligations under its senior credit facility.

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

Flextech Broadband Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2009

10. Contingent liabilities (*continued*)

On 19 April 2010, the group drew down an aggregate principal amount of £1,675 million under its new senior credit facility dated 16 March 2010, and applied the proceeds towards the repayment of all amounts outstanding under its old senior credit facility and for general corporate purposes. The new senior credit facility comprises a term loan A facility in an aggregate principal amount of £1,000 million, a term loan B facility in an aggregate principal amount of £675 million and a revolving credit facility in aggregate principal amount of £250 million. The group also utilised £20.4 million of the new revolving credit facility for bank guarantees and standby letters of credit.

11. 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 100% controlled by the ultimate parent undertaking.

12. Share capital

Authorised share capital:

	2009 £000	2008 £000
1,000 Ordinary shares of £1 each	1	1

Allotted, called up and fully paid:

	2009		2008	
	No	£000	No	£000
Ordinary shares of £1 each	2	-	2	-

13. Reconciliation of shareholder's deficit and movement on reserves

	Profit and loss account £000
At 1 January 2008	(1,959)
Profit for the year	20
At 31 December 2008 and 1 January 2009	(1,939)
Loss for the year	(39)
At 31 December 2009	(1,978)

14. 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 2009 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.