COMPANY REGISTRATION NUMBER 6024812

Virgin Media Payments Limited

Financial Statements

31 December 2007

Virgin Media Payments Limited

Financial Statements

Period from 11 December 2006 to 31 December 2007

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Company Information

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

The directors present their report and the financial statements of the company for the period from incorporation on 11 December 2006 to 31 December 2007.

Principal activities and business review

The principal activity of the company was, and will continue to be, that of the provision of payment handling and collection services on behalf of the Virgin Media group for substantially all of its residential fixed-line telephone, television and broadband customers.

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.

During February 2007, the names of certain Virgin Media group companies were changed including:

- ntl Cable PLC became Virgin Media Finance PLC
- ntl Investment Holdings Limited became Virgin Media Investment Holdings Limited
- ntl Group Limited became Virgin Media 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.

The company was incorporated on 11 December 2006 and commenced trading in February 2007 in order to coincide with the group's re-brand to Virgin Media. The company provides payment handling and collections services on behalf of the Virgin Media group for substantially all of its residential fixed-line telephone, television and broadband customers. As a result there are few meaningful key performance indicators monitored at an entity level for this company. However, the performance of the group to which the company belongs is monitored and its key performance indicators are available in the group accounts of Virgin Media Finance PLC.

The majority of the Virgin Media group's bank accounts used for receiving consumer collections were transferred to the company by novation. The company's bank accounts generally earn no, or low levels of interest and are regularly transferred to fellow group or parent undertakings for deposit.

The company receives revenues in the form of payment handling charges incurred by those residential customers not settling by direct debit and management charges from the group companies for whom the company acts in collecting direct debit payments. For the period ended 31 December 2007 the company collected payment handling charges as a result of non-payment by direct debit from approximately 873,000 customers per month.

The company centrally manages the majority of the Virgin Media group's credit control procedures and processes and therefore incurs significantly all of the bad debt exposure.

The immediate parent undertaking, Virgin Media Limited, provides the services of certain of its employees for which the company is charged a management fee based on the actual costs incurred.

The company is self-financed and passes the cash collected to Virgin Media Limited for central banking control and management purposes.

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 and 2009, the Virgin Media group plans to deploy the next generation of wideband cable broadband technology enabling ultra-fast broadband services of 50Mb and higher. The investment in next generation broadband access technologies is the latest in a series of significant infrastructure investments to ensure that the Virgin Media group remains at the forefront of communication and entertainment services in the UK.

Results and dividends

The profit for the financial period amounted to £14,585,000. The directors have not recommended an ordinary dividend.

Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity, interest rate and credit risks.

Liquidity risk

The Virgin Media group manages its financial risk via secure, long-dated and cost-effective funding for the group's operations in order to minimise the adverse effects of fluctuations in the financial markets on the value of its financial assets and liabilities, profitability and cash flows.

The Virgin Media group's external debt is used to satisfy the funding requirements of group undertakings via inter-company loans on terms which generally match those of the external debt. In addition, working capital is managed centrally within the Virgin Media group creating further inter-company trading balances, on terms which are generally interest free.

Interest rate risk
The group's policy is to manage its interest cost using a mix of fixed and variable rate financial instruments and to hedge all or part of the exposure to increased interest rates. The group's policy is not to hedge against interest rate risk in respect of inter-company debt. However, the company may reduce all or part of the risk by loaning funds to other group undertakings and charging interest at the same rate as the original borrowing.

The company's financial instruments mainly comprise interest-free inter-company debt and as a result it is exposed to limited risks in respect of interest rates.

Credit risk
Credit risk is the risk that one party to a transaction will cause a financial loss for the other party by failing to discharge an obligation. The company's policies are aimed at minimising such losses, by generally requiring that customers satisfy credit worthiness criteria.

The company's cash balances are only held with banks which have suitably high independent ratings. Cash balances are regularly transferred to Virgin Media Investment Holdings Limited or Virgin Media Limited for deposit.

The directors will revisit the appropriateness of these policies should the company's operations change in size or nature.

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

R C Gale	(Appointed 11 December 2006)
R M Mackenzie	(Appointed 11 December 2006)

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.

Signed on behalf of the directors

R. Mac

R M Mackenzie
Director

Approved by the directors 5 January 2009

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.

Independent Auditor's Report to the Member of Virgin Media Payments Limited

Period from 11 December 2006 to 31 December 2007

We have audited the company's financial statements for the period from 11 December 2006 to 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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 member in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

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

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

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

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 profit for the period 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

6 January 2009

Virgin Media Payments Limited

Profit and Loss Account

Period from 11 December 2006 to 31 December 2007

	Note	£000
Turnover		73,157
Administrative expenses		(58,704)
Operating profit	2	14,453
Interest receivable	4	132
Profit on ordinary activities before taxation		14,585
Tax on profit on ordinary activities	5	–
Profit for the financial period	10	14,585

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

Statement of Total Recognised Gains and Losses
There are no recognised gains or losses other than the profit of £14,585,000 attributable to the shareholder for the period ended 31 December 2007.

The notes on pages 10 to 14 form part of these financial statements.

Virgin Media Payments Limited

Balance Sheet

31 December 2007

	Note	£000
Current assets		
Cash at bank		292,582
		292,582
Creditors: Amounts falling due within one year	6	(277,996)
Net current assets		14,586
Total assets less current liabilities		14,586
Capital and reserves		
Called-up equity share capital	9	1
Profit and loss account	10	14,585
Shareholder's funds	10	14,586

These financial statements were approved by the directors on 5 January 2009 and are signed on their behalf by:

R C Gale

R C Gale
Director

The notes on pages 10 to 14 form part of these financial statements.

1. Accounting policies

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

Cash flow statement
The group 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).

Turnover
Turnover arises from payment charges made to Virgin Media customers who do not pay by direct debit, which is recognised on receipt, and charges to other group companies for the provision of payment, credit and collection services, which is recognised once the service has been provided. All turnover is derived in the United Kingdom.

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 charging:

	Period ended 31 December 2007 £000
Auditor's remuneration	
- as auditor	8

The directors' remuneration is paid by Virgin Media Limited and disclosed in the group accounts of Virgin Media Finance PLC.

Auditor's remuneration above 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.

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.

3. Staff costs

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

4. Interest receivable

	Period ended 31 December 2007 £000
Bank interest receivable	132

5. Taxation

(a) Analysis of charge in the period

The tax charge is made up as follows:

	Period ended 31 December 2007 £000
Current tax charge:	
Current tax on profit for the period	-
Deferred tax:	
Origination and reversal of timing differences	-
Total tax charge on profit on ordinary activities	-

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%.

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

	Period ended 31 December 2007 £000
Profit on ordinary activities before taxation	14,585
Profit on ordinary activities multiplied by the rate of tax	4,376
Expenses not deducible for tax purposes	300
Group relief claimed without payment	(4,676)
Total current tax (note 5(a))	-

(c) Factors that may affect future tax charges

There are no factors that may affect future tax charges.

6. Creditors: Amounts falling due within one year

	2007 £000
Amounts owed to group undertakings	277,996

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.

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

Allotted, called up and fully paid:

	No	£000
Ordinary shares of £1 each	1,000	1

1,000 ordinary shares of £1 each were issued upon incorporation on 11 December 2006.

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

	Share capital £000	Profit and loss account £000	Total share-holder's funds £000
On incorporation at 11 December 2006	1	–	1
Profit for the period	–	14,585	14,585
At 31 December 2007	1	14,585	14,586

11. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media 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.