

**Virgin Media Investment Holdings Limited**  
**Financial Statements**  
**31 December 2010**



# Virgin Media Investment Holdings Limited

## Financial Statements

Year ended 31 December 2010

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# Virgin Media Investment Holdings Limited

## Company Information

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<b>The board of directors</b>	R M Mackenzie R C Gale
<b>Joint company secretaries</b>	G E James R M Mackenzie
<b>Registered office</b>	Bartley Wood Business Park Hook Hampshire RG27 9UP
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

# Virgin Media Investment Holdings Limited

## The Directors' Report

### Year ended 31 December 2010

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

#### Principal activities and business review

The principal activity of the company during the year was, and will continue to be, that of a holding company. The material investments of the company are shown in note 18.

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, to develop a next generation set-top box which provides converged television and broadband internet capabilities. Under the agreement with TiVo, they 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.

# Virgin Media Investment Holdings Limited

## The Directors' Report *(continued)*

Year ended 31 December 2010

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### Results and dividends

The loss for the financial year amounted to £362,136,000 (2009 - loss of £186,409,000) The directors have not recommended an ordinary dividend (2009 - £nil)

### Directors

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

R M Mackenzie

R C Gale

J C Tillbrook (alternate director) (Resigned 31 August 2011)

C B E Withers (alternate director) (Resigned 31 August 2011)

R H Martin (appointed 29 March 2010, resigned 4 May 2010)

R J Marshall (appointed 29 March 2010, resigned 4 May 2010)

D J M Beattie (appointed 29 March 2010, resigned 4 May 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

### Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the Virgin Media group operations as a whole The company's operations expose it to a variety of operational and financial risks These are considered in more detail in the financial statements of Virgin Media Inc which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

### 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 C Gale  
Director

Approved by the directors on 14 September 2011

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# Virgin Media Investment Holdings Limited

## Statement of Directors' Responsibilities

Year ended 31 December 2010

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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.

# Virgin Media Investment Holdings Limited

## Independent Auditor's Report to the Member of Virgin Media Investment Holdings Limited

Year ended 31 December 2010

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We have audited the financial statements of Virgin Media Investment Holdings Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. 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 5, 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.

# Virgin Media Investment Holdings Limited

Independent Auditor's Report to the Member of Virgin Media Investment Holdings Limited *(continued)*

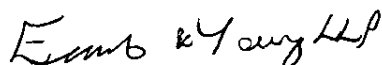
Year ended 31 December 2010

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## 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

14 September 2011



# Virgin Media Investment Holdings Limited

## Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £000	2009 £000
Administrative income/(expenses)		4,509	(4,667)
Other operating income	2	—	258,862
<b>Operating profit</b>	3	<b>4,509</b>	<b>254,195</b>
Attributable to			
Operating profit/(loss) before exceptional items		4,509	(4,667)
Exceptional items	3	—	258,862
		<b>4,509</b>	<b>254,195</b>
Interest receivable	5	146,733	75,035
Interest payable and similar charges	6	(520,031)	(520,569)
<b>Loss on ordinary activities before taxation</b>		<b>(368,789)</b>	<b>(191,339)</b>
Taxation on loss on ordinary activities	7	6,653	4,930
<b>Loss for the financial year</b>		<b>(362,136)</b>	<b>(186,409)</b>

All results relate to continuing operations

# Virgin Media Investment Holdings Limited

## Statement of Total Recognised Gains and Losses

Year ended 31 December 2010

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	2010	2009
	£000	£000
Loss for the financial year attributable to the shareholder	(362,136)	(186,409)
Gain/(loss) on cash flow hedges taken to equity (note 12)	63,949	(95,429)
Total gains and losses recognised since the last annual report	<u>(298,187)</u>	<u>(281,838)</u>

**Virgin Media Investment Holdings Limited****Balance Sheet****31 December 2010**

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Investments	8	<u>6,022,129</u>	<u>6,022,079</u>
<b>Current assets</b>			
Cash at bank		1,267	304,857
Debtors due within one year	9	2,388,892	23,156
Debtors due after one year	9	<u>186,481</u>	<u>1,267,607</u>
		2,576,640	1,595,620
<b>Creditors: Amounts falling due within one year</b>	10	<u>(7,646,759)</u>	<u>(1,642,799)</u>
<b>Net current liabilities</b>		<u>(5,070,119)</u>	<u>(47,179)</u>
<b>Total assets less current liabilities</b>		<u>952,010</u>	<u>5,974,900</u>
<b>Creditors: Amounts falling due after more than one year</b>	11	<u>(42,441)</u>	<u>(4,767,144)</u>
<b>Net assets</b>		<u>909,569</u>	<u>1,207,756</u>
<b>Capital and reserves</b>			
Share capital	15	-	-
Share premium account	16	15,125,544	15,125,544
Hedging reserve	16	24,483	(39,466)
Profit and loss account	16	<u>(14,240,458)</u>	<u>(13,878,322)</u>
<b>Total shareholder's funds</b>	16	<u>909,569</u>	<u>1,207,756</u>

These financial statements were approved by the directors on 14 September 2011 and are signed on their behalf by



R C Gale  
Director

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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### 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, modified to include the revaluation of financial instruments 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.

#### *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 17). These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### *Investments*

Investments are recorded at cost, less any provision for impairment. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the assets or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

#### *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.

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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### 1. Accounting policies *(continued)*

#### *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

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the Profit and Loss Account

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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### 1. Accounting policies (*continued*)

#### ***Derivative financial instruments and hedging***

The Virgin Media group has established policies and procedures to govern the management of risks associated with fluctuating interest rates and foreign currency exchange rates, through the use of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and foreign currency forward contracts

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each period end. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

While these instruments are subject to the risk of loss from changes in exchange rates and interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. The Virgin Media group does not speculate in derivative financial instruments.

For derivatives which are designated as hedges the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends upon the nature of the hedging relationship. The company did not have any fair value hedges during the year.

#### ***Cash flow hedges***

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the Statement of Total Recognised Gains and Losses, while the ineffective portion is recognised in profit or loss. Amounts taken to the Statement of Total Recognised Gains and Losses are transferred to the profit and loss account when the hedged transaction affects the profit and loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in the Statement of Total Recognised Gains and Losses remain in equity until the forecast transaction occurs and are transferred to the profit and loss account or to the initial carrying amount of the non-financial asset or liability above. If the related transaction is not expected to occur, the amount is taken to profit or loss.

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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### 1. Accounting policies *(continued)*

#### *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. Other operating income

	2010	2009
	£000	£000
Release of impairment provision against investments	—	258,862

### 3. Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£000	£000
Net (profit)/loss on foreign currency translation	(4,509)	4,667
Release of impairment provision against investments	—	(258,862)

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 nil should be made (2009 - release of £258,862,000).

Auditor's remuneration of £7,000 (2009 - £7,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group.

The directors received remuneration for the year of £3,500 (2009 - £3,500) in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited.

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.

### 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.

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 5. Interest receivable

	2010	2009
	£000	£000
Interest from group undertakings	140,902	70,013
Other finance income	5,831	5,022
	<u>146,733</u>	<u>75,035</u>

### 6. Interest payable and similar charges

	2010	2009
	£000	£000
Bank loan interest and related charges	74,346	142,460
Losses on derivative instruments	46,159	116,615
Interest on loan notes due to group undertakings	384,409	215,475
Other finance charges	15,117	46,019
	<u>520,031</u>	<u>520,569</u>

### 7. Taxation

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

The tax charge is made up as follows

	2010	2009
	£000	£000
Current tax		
Consortium relief	(6,653)	(4,930)
Total current tax	<u>(6,653)</u>	<u>(4,930)</u>

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

The tax assessed on the loss on ordinary activities for the year is higher 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	2009
	£000	£000
Loss on ordinary activities before taxation	<u>(368,789)</u>	<u>(191,339)</u>
Loss on ordinary activities multiplied by rate of tax	(103,261)	(53,575)
Group relief surrendered without payment	96,608	121,127
Income not taxable	-	(72,482)
Total current tax (note 7(a))	<u>(6,653)</u>	<u>(4,930)</u>



# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 7. Taxation (continued)

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

Deferred tax assets in respect of the following amounts 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

	2010 £000	2009 £000
Tax losses	<u>(397)</u>	<u>(412)</u>

#### (d) Change in tax rate

As at 31 December 2010 the enacted UK corporation tax rate 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. The un-provided deferred tax assets have been calculated using the enacted rates as at 31 December 2010.

### 8. Investments

	Subsidiary undertakings £000
<b>Cost</b>	
At 1 January 2010	19 039,288
Additions	6,022,129
Disposals	<u>(19 039,288)</u>
At 31 December 2010	<u>6 022,129</u>
<b>Amounts written off</b>	
At 1 January 2010	13 017,209
On disposals	<u>(13 017,209)</u>
At 31 December 2010	<u>-</u>
<b>Net book value</b>	
At 31 December 2010	<u>6,022,129</u>
At 31 December 2009	<u>6 022,079</u>

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 8. Investments (continued)

In the opinion of the directors the aggregate value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements

The company has taken advantage of Section 405(2) of the Companies Act 2006 and disclosed only those investments whose results or financial position principally affected the figures shown in the company's financial statements

All of the investments in which the company held at least 20% of the nominal value of any class of share capital, all of which are unlisted, as shown in note 18

During the year, the company transferred all its existing investments in subsidiaries to Virgin Media Investments Limited, a subsidiary undertaking, in exchange for 2,090,135 shares with a book value of £6,022,079,000. The company also acquired two new wholly owned subsidiaries, Virgin Media SFA Finance Limited and Virgin Media Secured Finance PLC in which it acquired 2 and 49,999 ordinary shares of £1 each respectively

### 9. Debtors

	2010	2009
	£000	£000
Amounts owed by group undertakings	2,373,515	1,064,216
Derivative financial assets	187,321	215,895
Deferred finance cost interest receivable	7,917	4,746
Consortium relief recoverable	3,378	2,650
Prepayments and accrued income	3,242	3,256
	<u>2,575,373</u>	<u>1,290,763</u>

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

	2010	2009
	£000	£000
Amounts owed by group undertakings	-	1,053,929
Derivative financial assets	186,481	213,678
	<u>186,481</u>	<u>1,267,607</u>

The analysis of amounts owed by group undertakings is

	2010	2009
	£000	£000
Loan notes due from subsidiary undertakings	2,252,639	1,053,929
Interest receivable from group undertakings	12,122	10,287
Other amounts owed by subsidiary undertakings	108,754	-
	<u>2,373,515</u>	<u>1,064,216</u>

Loan notes due from group undertakings are unsecured and repayable on demand. The rates of interest on the loan notes due from subsidiary undertakings are in the range of 3.25% to 9.75% (2009 - 3.18% to 9.75%)

All other amounts are interest free and repayable on demand

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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

	2010	2009
	£000	£000
Bank loans	–	192
Derivative financial liabilities	13,306	17,785
Amounts owed to group undertakings	7,627,948	1,599,418
Accruals and deferred income	5,505	25,404
	<u>7,646,759</u>	<u>1,642,799</u>

The analysis of amounts owed to group undertakings is

	2010	2009
	£000	£000
Loan notes due to group undertakings	5,409,262	–
Other amounts owed to group undertakings	2,110,297	1,515,377
Interest on amounts owed to group undertakings	108,389	84,041
	<u>7,627,948</u>	<u>1,599,418</u>

Loans advanced by group undertakings are unsecured and were classified as due after more than one year in 2009 (see note 11). Technically these amounts are repayable on demand as they do not include an unconditional right to defer payment, so have been included in creditors falling due within one year in 2010. The directors are of the opinion that, in the ordinary course of business, repayment within such a timescale would not be required. The rates of interest on the amounts payable ranged from 3.25% to 8.88% (2009 - 1.24% to 9.75%).

Other amounts due to group undertakings are unsecured, interest free and repayable on demand.

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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

	2010	2009
	£000	£000
Bank loans	–	1,716,841
Amounts owed to group undertakings	–	2,966,476
Derivative financial liabilities	42,441	83,827
	<u>42,441</u>	<u>4,767,144</u>

The analysis of amounts owed by group undertakings is

	2010	2009
	£000	£000
Loan notes due to parent undertakings	–	2,405,337
Loan notes due to subsidiary undertakings	–	561,139
	<u>–</u>	<u>2,966,476</u>

Borrowings are repayable as follows

#### *Amounts falling due.*

In more than five years

	2010	2009
	£000	£000
Loan notes due to parent undertakings	–	2,405,337
Loan notes due to subsidiary undertakings	–	561,139
	<u>–</u>	<u>2,966,476</u>

Loans advanced by group undertakings have been included in creditors falling due within one year in 2010 (see note 10)

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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### 12. Derivative instruments and hedging activities

The company's principal financial liabilities, other than derivatives, comprise loans owed to Virgin Media Finance PLC on terms matching the issued senior notes with third parties, and loans owed to Virgin Media SFA Finance and Virgin Media Secured Finance PLC on terms matching the issued senior credit facility with third parties. The company has various financial assets, principally loans to subsidiary companies generally on terms matching the related third party funding, together with cash and short term deposits.

The company is exposed to various market risks, including credit risk, foreign currency risk, liquidity risk and interest rate risk.

The principal risks arising from the company's financial liabilities are described below.

#### *Interest rate risk*

The company is subject to interest rate risk because it has substantial indebtedness at variable rates of interest. At 31 December 2010, before taking into account hedging instruments, interest is determined on a variable basis on £1,675.0 million (2009 - £3,112.9 million) or 29% (2009 - 54%) of indebtedness for the Virgin Media group. After taking into consideration these financial instruments interest is determined on a variable basis on 31% (2009 - 24%) of the group's indebtedness.

The principal reason for the reduction in the Virgin Media group's indebtedness, which is subject to variable rates of interest, is the issue of the fixed rate senior secured notes, the proceeds of which were used to repay part of the variable rate senior credit facility.

#### *Foreign currency risk*

The company is also subject to foreign currency exchange risks, because substantially all of its revenues and operating expenses are paid in pounds sterling, but interest and principal obligations with respect to a portion of its indebtedness are paid in US dollars and euros. To the extent that the pound declines in value against the US dollar and the euro, the effective cost of servicing US dollar and euro denominated debt will be higher. Changes in the exchange rate result in foreign currency gains or losses. As of 31 December 2010 the Virgin Media group had £2,742.3 million (2009 - £2,351.3 million), or 46% (2009 - 40%) of external indebtedness, denominated in US dollars and £148.5 million (£152.9 million), or 2% (2009 - 3%) of external indebtedness, denominated in euros. The Virgin Media group has a programme in place to mitigate the risk of losses arising from adverse changes in foreign currency exchange rates which uses a number of derivative financial instruments. When taking into consideration forward currency contracts all external debt is hedged against foreign currency exchange rate risk.

To mitigate the risk from these exposures to interest and foreign currency exchange risks, the company has implemented a cash flow hedging programme. The objective is to reduce the volatility of the cash flows and earnings caused by changes in underlying rates. To achieve this objective the company has entered into a number of derivative financial instruments which comprise interest rate swaps, cross-currency interest rate swaps and foreign currency forward contracts. The company has not entered into any derivatives for trading or speculative purposes.

Financial and operational risk management is undertaken as part of the Virgin Media group operations as a whole. These are considered in more detail in the financial statements of Virgin Media Inc which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

The derivative financial instruments held by the company are recorded at fair value on the balance sheet in accordance with FRS26 "Financial instruments recognition and measurement". The fair values of these derivative financial instruments are valued using counter party valuations, or market transactions in either the listed or over the counter markets, adjusted for non-performance risk. As such, these derivative instruments are classified within level 2 under the fair value hierarchy defined in FRS 29 "Financial instruments disclosures".

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# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 12. Derivative instruments and hedging activities (continued)

Fair values of derivative instruments recognised in the Balance Sheet

	2010 £000	2009 £000
Cash flow hedges	–	278
Derivatives not designated as hedges	840	1,939
Current assets (note 9)	840	2,217
Cash flow hedges	145,846	63,669
Derivatives not designated as hedges	40,635	150,009
Non current assets (note 9)	186,481	213,678
Cash flow hedges	–	(12,229)
Derivatives not designated as hedges	(13,306)	(5,556)
Current liabilities (note 10)	(13,306)	(17,785)
Cash flow hedges	(10,238)	(48,583)
Derivatives not designated as hedges	(32,203)	(35,244)
Non current liabilities (note 11)	(42,441)	(83,827)
Aggregate net fair value of derivative financial instruments	131,574	114,283

Any gains or losses arising from changes in fair value of the hedging instruments that are deemed to be effective are recognised in equity, through the Statement of Total Recognised Gains and Losses

Gain/(loss) through Statement of Total Recognised Gains and Losses

	2010 £000	2009 £000
Loss on cash flow hedges taken to equity	104,327	(216,629)
Amounts reclassified as a result of cash flow hedge discontinuance	32,392	6,428
Amounts reclassified to Profit and Loss Account - foreign exchange losses	(67,670)	90,582
Amounts reclassified to Profit and Loss Account - interest and similar costs	(5,100)	24,180
Net gains/(losses) through Statement of Recognised Gains and Losses	63,949	(95,439)

Where a derivative is deemed ineffective or not qualifying for hedge accounting, any gains or losses arising from changes in fair value are taken to the Profit and Loss Account

	2010 £000	2009 £000
Losses from derivative instruments (note 6)	(46,159)	(116,615)

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 12. Derivative instruments and hedging activities (continued)

#### Cross currency interest rate swaps

The company has entered into cross-currency interest rate swaps with principal amounts of US \$4,836 million (2009 US \$4,370 million) and €180 million (2009 €653 million)

The company manages the derivative instruments for the Virgin Media group and therefore the senior notes are listed below as items being hedged but are not in the company's own Balance Sheet other than as reflected through inter-company Loan Notes on matching terms

The terms of the outstanding cross-currency interest rate swaps, used to mitigate the interest and foreign exchange rate risk relating to the pound sterling value of interest payments on US dollar and Euro denominated senior notes at 31 December 2010 were as follows

Hedged item	Maturity date of hedge	Hedge type	Notional amount due from counterparty \$ million	Notional amount due to counterparty £ million	Weighted average interest rate due from counterparty	Weighted average interest rate due to counterparty
<i>Notional amount due in US dollars</i>						
\$550m senior notes due 2016	August 2016	Cash flow	550.0	301.2	9.13%	8.54%
\$1,350m senior notes due 2016	August 2016	Cash flow	1,350.0	835.5	9.50%	9.98%
\$1,000m senior notes due 2016	November 2016	Not designated	1,000.0	505.6	6.50%	6.95%
\$600m senior notes due 2019	October 2019	Cash flow	264.3	159.8	8.38%	9.03%
\$600m senior notes due 2019	October 2011	Not designated	335.7	228.0	8.38%	9.23%
\$600m senior notes due 2019	October 2011 to October 2019	Cash flow	335.7	203.0	8.38%	9.00%
\$1,000m senior notes due 2018	January 2018	Cash flow	1,000.0	615.4	6.50%	7.01%
			4,835.7	2,848.5		
			€ million	£ million		
<i>Notional amount due in euros</i>						
€180m senior notes due 2016	August 2016	Cash flow	180.0	158.6	9.50%	10.18%
			180.0	158.6		

All of the cross-currency interest rate swaps include exchanges of the notional amount at the start and end of the contract except for the contracts maturing in November 2016 hedging the \$1,000 million senior notes due 2016

#### Foreign Currency Forward Rate Contracts - hedging of committed and forecast transactions

At 31 December 2010 the company had outstanding foreign currency forward rate contracts to purchase US dollars to hedge committed and forecast purchases. The terms of the outstanding foreign currency forward rate contracts at 31 December 2010 were follows

Hedged item	Maturity date of hedge	Hedge type	Notional amount due from counterparty million	Weighted average interest due from counterparty £ million	Weighted average exchange rate
Committed and forecast purchases	January 2011 to December 2011	Not designated	\$70.0	44.0	1.5897

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 12 Derivative instruments and hedging activities (continued)

#### *Interest rate swaps - hedging of interest rate sensitive obligations*

At 31 December 2010 the group had outstanding interest rate swap agreements to manage the exposure to volatility in future cash flows on the interest payments associated with the senior credit facility, which accrue at a variable basis based on LIBOR. The interest rate swaps allow the group to receive interest based on 3 month LIBOR in exchange for payments of interest at fixed rates.

The terms of outstanding interest rate swap contracts at 31 December 2010 were as follows:

Hedged item	Maturity date of hedge	Hedge type	Notional amount £ million	Weighted average interest rate due from counterparty	Weighted average interest rate due to counterparty
Senior credit facility	July 2012 to December 2015	Cash flow	600.0	6 month LIBOR	2.86%
Other	March 2013	Not designated	300.0	3 month LIBOR	3.28%
Other	March 2013	Not designated	300.0	1.86%	3 month LIBOR
Other	September 2012	Not designated	600.0	3 month LIBOR	3.09%
Other	September 2012	Not designated	600.0	1.07%	3 month LIBOR

### 13. 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.



# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 14. 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 17)

### 15. Share capital

#### Authorised share capital:

	2010	2009
	£000	£000
1,000,000 Ordinary shares of £0 001 each	<u>1</u>	<u>1</u>

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

	2010		2009	
	No	£000	No	£000
Ordinary shares of £0 001 each	<u>224,552</u>	<u>-</u>	<u>224,552</u>	<u>-</u>

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

	Share premium account £000	Hedging reserve £000	Profit and loss account £000	Total share- holder's funds £000
At 1 January 2009	15,125,544	55,963	(13,691,913)	1,489,594
Loss for the year	-	-	(186,409)	(186,409)
Decrease in fair value of cash flow hedges	-	(95,429)	-	(95,429)
At 31 December 2009 and 1 January 2010	<u>15,125,544</u>	<u>(39,466)</u>	<u>(13,878,322)</u>	<u>1,207,756</u>
Loss for the year	-	-	(362,136)	(362,136)
Increase in fair value of cash flow hedges	-	63,949	-	63,949
At 31 December 2010	<u>15,125,544</u>	<u>24,483</u>	<u>(14,240,458)</u>	<u>909,569</u>

### 17. Parent undertaking and controlling party

The company's immediate parent undertaking is Virgin Media Finance PLC

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

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 18. List of investments

The material investments in which the company held at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows

<i>Name of Company</i>	<i>Holdings</i>	<i>Proportion Held</i>	<i>Nature of Business</i>
Virgin Media Investments Limited	Ordinary	100%	Holding
Virgin Media Secured Finance PLC	Ordinary	100%	Finance
Virgin Media SFA Finance Limited	Ordinary	100%	Finance
VMIH Sub Limited	Ordinary	100%#	Holding
Virgin Media Limited	Ordinary	100%#	Telecoms
Virgin Media Payments Limited	Ordinary	100%#	Collections
BCMV Limited	Ordinary	100%#	Telecoms
ntl Business (Ireland) Limited	Ordinary	100%#	Telecoms
Diamond Cable Communications Limited	Ordinary	100%#	Holding
ntl Midlands Limited	Ordinary	100%#	Telecoms
ntl Funding Limited	Ordinary	100%#	Telecoms
NTL (Triangle) LLC	Common Stock	100%#(ii)	Holding
ntl Cambridge Limited	Ordinary	100%#	Telecoms
ntl Irish Holdings Limited	Ordinary	100%#	Telecoms
DTELS Limited	Ordinary	100%#	Telecoms
ntl Rectangle Limited	Ordinary	100%#	Holding
X-Tant Limited	Ordinary	100%#	Telecoms
ntl (South Hertfordshire) Limited	Ordinary	33%#	Telecoms
ntl CableComms Limited	Ordinary	100%#	Telecoms
ntl CableComms Bolton	Ordinary	100%#(i)	Telecoms
ntl CableComms Bromley	Ordinary	100%#(i)	Telecoms
ntl CableComms Bury and Rochdale	Ordinary	100%#(i)	Telecoms
ntl CableComms Cheshire	Ordinary	100%#(i)	Telecoms
ntl CableComms Wirral	Ordinary	100%#(i)	Telecoms
ntl CableComms Greater Manchester	Ordinary	100%#(i)	Telecoms
ntl CableComms Macclesfield	Ordinary	100%#(i)	Telecoms
ntl CableComms Oldham and Tameside	Ordinary	100%#(i)	Telecoms
ntl CableComms Solent	Ordinary	100%#(i)	Telecoms
ntl CableComms Staffordshire	Ordinary	100%#(i)	Telecoms
ntl CableComms Stockport	Ordinary	100%#(i)	Telecoms
ntl CableComms Surrey	Ordinary	100%#(i)	Telecoms
ntl CableComms Sussex	Ordinary	100%#(i)	Telecoms
ntl CableComms Wessex	Ordinary	100%#(i)	Telecoms
ntl CableComms Wirral	Ordinary	100%#(i)	Telecoms
ntl Wirral Telephone and Cable TV Company	Ordinary	100%#(i)	Telecoms
ntl Communications Services Limited	Ordinary	100%#	Telecoms

On 9 May 2011, the Virgin Media group purchased the remaining 66.7% of the ordinary shares in ntl (South Hertfordshire) Limited, thereby increasing the company's indirect ownership to 100%

# held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Luxembourg

(iv) registered in Scotland

(v) joint venture

(vi) registered in Jersey

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 18 List of investments (continued)

<i>Name of Company</i>	<i>Holdings</i>	<i>Proportion Held</i>	<i>Nature of Business</i>
ntl (CWC) Limited	Ordinary	100%#	Telecoms
ntl Business Limited	Ordinary	100%#	Telecoms
Virgin Net Limited	Ordinary	100%#	Telecoms
Telewest UK Limited	Ordinary	100%#	Telecoms
Blueyonder Workwise Limited	Ordinary	100%#	Telecoms
Virgin Media Business Limited (changed name from Imminus Limited on 11 February 2010)	Ordinary	100%#	Telecoms
Telewest Communications (South West) Limited	Ordinary	100%#	Telecoms
Telewest Communications (Cotswolds) Limited	Ordinary	100%#	Telecoms
Cable London Limited	Ordinary	100%#	Telecoms
Cable Camden Limited	Ordinary	100%#	Telecoms
Cable Enfield Limited	Ordinary	100%#	Telecoms
Cable Hackney & Islington Limited	Ordinary	100%#	Telecoms
Cable Haringey Limited	Ordinary	100%#	Telecoms
Birmingham Cable Limited	Ordinary	100%#	Telecoms
Birmingham Cable Finance Limited	Ordinary	100%#(vi)	Telecoms
Eurobell (Holdings) Limited	Ordinary	100%#	Telecoms
Eurobell (Sussex) Limited	Ordinary	100%#	Telecoms
Eurobell (South West) Limited	Ordinary	100%#	Telecoms
Eurobell (West Kent) Limited	Ordinary	100%#	Telecoms
Eurobell Internet Services Limited	Ordinary	100%#	Telecoms
Telewest Communications Networks Limited	Ordinary	100%#	Holding
Telewest Communications (London South) Limited	Ordinary	100%#	Telecoms
Telewest Communications (South East) Limited	Ordinary	100%#	Telecoms
Telewest Communications (South Thames Estuary) Limited	Ordinary	100%#	Holding
Telewest Communications (Midlands & North West) Limited	Ordinary	100%#	Telecoms
M&NW Network Limited	Ordinary	100%#	Telecoms
M&NW Network II Limited	Ordinary	100%#	Telecoms
Telewest Communications (Cumbernauld) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (Dumbarton) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (Dundee & Perth) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (Falkirk) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (Glenrothes) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (Motherwell) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (Scotland) Limited	Ordinary	100%#(iv)	Telecoms
Telewest Communications (North East) Limited	Ordinary	100%#	Telecoms
Yorkshire Cable Communications Limited	Ordinary	100%#	Telecoms
Barnsley Cable Communications Limited	Ordinary	100%#	Telecoms
Doncaster Cable Communications Limited	Ordinary	100%#	Telecoms
Halifax Cable Communications Limited	Ordinary	100%#	Telecoms
Sheffield Cable Communications Limited	Ordinary	100%#	Telecoms
Wakefield Cable Communications Limited	Ordinary	100%#	Telecoms

# held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Luxembourg

(iv) registered in Scotland

(v) joint venture

(vi) registered in Jersey

# Virgin Media Investment Holdings Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 18 List of investments (continued)

<i>Name of Company</i>	<i>Holdings</i>	<i>Proportion Held</i>	<i>Nature of Business</i>
Middlesex Cable Limited	Ordinary	100%#	Telecoms
Windsor Television Limited	Ordinary	100%#	Telecoms
Virgin Media Wholesale Limited (changed name from Telewest Communications Group Limited on 11 February 2010)	Ordinary	100%#	Telecoms
Bluebottle Call Limited	Ordinary	100%#	Telecoms
Virgin Mobile Group (UK) Limited	Ordinary	100%#	Telecoms
Virgin Mobile Telecoms Limited	Ordinary	100%#	Telecoms
Future Entertainment Sàrl	Ordinary	100%#(ii)	Television services
Interactive Digital Sales Limited	Ordinary	100%#	Content
Flextech B Limited (changed name from Bravo TV Limited on 20 July 2010)	Ordinary	100%#	Content
Flextech L Limited (changed name from Living TV Limited on 20 July 2010)	Ordinary	100%#	Content
Flextech C (changed name from Challenge TV on 20 July 2010)	Ordinary	100%#(i)	Content
Flextech Broadband Limited	Ordinary	100%#	Content
UK Channel Management Limited	Ordinary	50%#(v)	Content
UK Gold Holdings Limited	Ordinary	50%#(v)	Content
UKTV New Ventures Limited	Ordinary	50%#(v)	Content

# held by subsidiary undertaking

(i) unlimited company

(ii) incorporated in the USA

(iii) registered in Luxembourg

(iv) registered in Scotland

(v) joint venture

(vi) registered in Jersey

The company has taken advantage of Section 405(2) of the Companies Act 2006 and disclosed only those investments whose results or financial position materially affected the figures shown in the company's annual financial statements