COMPANY REGISTRATION NUMBER 3173552

Virgin Media Investment Holdings Limited

Financial Statements

31 December 2011

Virgin Media Investment Holdings Limited

Financial Statements

Year ended 31 December 2011

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Virgin Media Investment Holdings Limited

Company Information

The board of directors	R C Gale J C Tillbrook
Company secretary	G E James
Registered office	Bartley Wood Business Park Hook Hampshire RG27 9UP
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 year ended 31 December 2011

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 ("the group") is a leading entertainment and communications business, being a "quad play" provider of broadband internet, television, fixed line telephony and mobile telephony services that offer a variety of entertainment and communications services to residential and commercial customers throughout the UK

As at 31 December 2011, the 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 2011 provided mobile telephony services to approximately 1 5 million prepay mobile customers and approximately 1 5 million contract mobile customers over third party networks As of 31 December 2011, approximately 64% of residential customers on the group's cable network were "triple play" customers, receiving broadband internet, television and fixed line telephony services from the group In addition, the group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organizations and service providers in the U K through Virgin Media Business

The 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

On 30 September 2011 the group completed the disposition of its interest in the UKTV television channels to a subsidiary of Scripps Networks Interactive Inc On 12 July 2010 the group sold its television channel business known as Virgin Media TV

Future outlook
Detail of the future outlook of the group is provided in Virgin Media Inc 's financial statements and annual report for 2011, which are available from the company secretary at Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP

Results and dividends
The loss for the financial year amounted to £197,913,000 (2010 - loss of £362,136,000) The directors have not recommended an ordinary dividend (2010 - £nil)

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

R C Gale	
J C Tillbrook	(Appointed 16 September 2011)
R M Mackenzie	(Resigned 16 September 2011)

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 group's 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 suitable 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/she is obliged to take as a director in order to make himself/herself 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 18 September 2012

The dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng those financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements,
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

We have audited the financial statements of Virgin Media Investment Holdings Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17 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 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 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 2011 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

J I Gordon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 September 2012

Virgin Media Investment Holdings Limited

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £000	2010 £000
Administrative (expenses)/income		**(451)**	4,508
Operating (loss)/profit	**2**	**(451)**	4,508
Interest receivable	**4**	**178,905**	146,733
Interest payable and similar charges	**5**	**(381,551)**	(520,030)
Loss on ordinary activities before taxation		**(203,097)**	(368,789)
Tax on loss on ordinary activities	**6**	**5,184**	6,653
Loss for the financial year		**(197,913)**	(362,136)

All results relate to continuing operations

The notes on pages 10 to 26 form part of these financial statements.

Virgin Media Investment Holdings Limited

Statement of Total Recognised Gains and Losses

Year ended 31 December 2011

	2011 £000	2010 £000
Loss for the financial year attributable to the shareholder	(197,913)	(362,136)
(Loss)/gain on cash flow hedges taken to equity	(46,445)	63,949
Total recognised gains and losses relating to the year	(244,358)	(298,187)

The notes on pages 10 to 26 form part of these financial statements

COMPANY REGISTRATION NUMBER: 3173552

Virgin Media Investment Holdings Limited

Balance Sheet

31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	7	**6,022,129**	6,022,129
Current assets			
Debtors due after one year	8	**203,329**	186,481
Debtors due within one year	8	**2,870,826**	2,388,892
Cash at bank		**130**	1,267
		3,074,285	2,576,640
Creditors: Amounts falling due within one year	9	**(8,385,434)**	(7,646,759)
Net current liabilities		**(5,311,149)**	(5,070,119)
Total assets less current liabilities		**710,980**	952,010
Creditors: Amounts falling due after more than one year	10	**(45,769)**	(42,441)
Net assets		**665,211**	909,569
Capital and reserves			
Share capital	14	**–**	–
Share premium account	15	**15,125,544**	15,125,544
Hedging reserve	15	**(21,962)**	24,483
Profit and loss account	15	**(14,438,371)**	(14,240,458)
Total shareholder's funds	15	**665,211**	909,569

These financial statements were approved by the directors on 18 September 2012 and are signed on their behalf by

R C Gale

R C Gale
Director

The notes on pages 10 to 26 form part of these financial statements.

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)

Investments
Investments are recorded at cost, less provision for impairment as appropriate 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 it ultimate parent company, Virgin Media Inc

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

Deferred taxation

Deferred tax is recognised, as appropriate, 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

1. Accounting policies *(continued)*

Derivative financial instruments and hedging

The group has established policies and procedures to govern the management of its exposure to interest rate and foreign currency exchange rate risks, through the use of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and foreign currency forward rate 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 balance sheet date Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative Derivatives are presented as debtors due after one year or creditors amounts falling due after more than one year, if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months Other derivatives are presented as debtors due within one year or creditors amounts falling due within one year

The foreign currency forward rate contracts, interest rate swaps and cross-currency interest rate swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty

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 group does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed

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

The group designates certain derivatives as either fair value hedges, when hedging exposure to variability in the fair value of recognised assets or liabilities or firm commitments, or as cashflow 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

Derivatives that are not part of an effective hedging relationship, as set out in FRS 26, must be classified as held for trading and measured at fair value through profit or loss

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends upon the nature of the hedging relationship and are treated as follows

1 Accounting policies *(continued)*

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 reclassified to the profit and loss account when the hedged transaction is recognised in profit or loss, such as when a forecast sale or purchase occurs, in the same line of the profit and loss account as the recognised hedged item

If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in 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 reclassified to the profit and loss account

Fair value hedges

For fair value hedges, the changes in the fair value of the hedging instrument are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the profit and loss account relating to the hedged item

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, then the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date

Trade and other debtors

Trade and other debtors are stated at their recoverable amount Provision is made when the amount receivable is not considered recoverable and the amount is fully written off when the probability for recovery of a balance is assessed as being remote

2 Operating (loss)/profit

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

	2011	2010
	£000	£000
Net loss/(profit) on foreign currency translation	**451**	(4,508)

2. Operating (loss)/profit *(continued)*

Auditor's remuneration of £5,000 (2010 - £7,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the group

The directors received remuneration for the year of £2,500 (2010 - £3,500) in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited

3 Staff costs

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group

4 Interest receivable

	2011	2010
	£000	£000
Interest on amounts owed by group undertakings	**178,180**	140,902
Other finance income	**725**	5,831
	178,905	146,733

5. Interest payable and similar charges

	2011	2010
	£000	£000
Bank loan interest and related charges	**4,183**	74,346
Interest on amounts owed to group undertakings	**370,010**	384,409
Losses on derivative instruments	**7,358**	46,159
Other finance charges	**–**	15,117
	381,551	520,031

Interest on amounts owed to group undertakings includes the impact of hedging activities

6 Taxation

(a) Analysis of charge/(credit) in the year

The tax charge/(credit) is made up as follows

	2011	2010
	£000	£000
Current tax charge/(credit):		
Consortium relief	**(5,184)**	(6,653)
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax credit	**(5,184)**	(6,653)

6. Taxation *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than (2010 - higher) the standard rate of corporation tax in the UK of 26 50% (2010 - 28%)

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

	2011	2010
	£000	£000
Loss on ordinary activities before taxation	**(203,097)**	(368,789)
Loss on ordinary activities multiplied by rate of tax	**(53,820)**	(103,261)
Effects of		
Group relief surrendered without payment	**53,820**	103,261
Consortium relief receivable	**(5,184)**	(6,653)
Total current tax (note 6(a))	**(5,184)**	(6,653)

(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

	2011	2010
	£000	£000
Tax losses	**(367)**	(397)

(d) Change in tax rate

As at 31 December 2011 the enacted UK corporation tax rate was 25% A rate reduction to 24% was substantively enacted under the Provisional Collection of Taxes Act in March 2012 with effect from 1 April 2012, and further rate reductions were announced to be introduced in annual decrements to reduce the rate to 22% These rate changes will affect the amount of future tax payments to be made by the company The unprovided deferred tax assets have been calculated using the enacted rates as at 31 December 2011

7. Investments

	Subsidiary undertakings
	£000
Cost	
At 1 January 2011 and 31 December 2011	6,022,129
Net book value	
At 31 December 2011 and 31 December 2010	**6,022,129**

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 the exemption under Section 400 of the Companies Act 2006 not to disclose the aggregate amount of capital and reserves and the result for the year for each of the subsidiary undertakings on the basis that their results are included in the group accounts of Virgin Media Finance PLC (see note 17)

All of the material investments in which the company holds at least 20% of direct and indirect nominal value of any class of share capital, all of which are unlisted, are shown in note 17

8. Debtors

	2011	2010
	£000	£000
Amounts owed by group undertakings	2,849,442	2,381,432
Consortium relief recoverable	2,622	3,378
Derivative financial assets	205,252	187,321
Prepayments and accrued income	11,724	3,242
Other debtors	5,115	–
	3,074,155	2,575,373

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

	2011	2010
	£000	£000
Derivative financial assets	203,329	186,481

The analysis of amounts owed by group undertaking is

	2011	2010
	£000	£000
Loans advanced to group undertakings	2,764,511	2,264,762
Other amounts owed by group undertakings	84,931	116,670
	2,849,442	2,381,432

Amounts owed by group undertakings are unsecured and repayable on demand

9. Creditors Amounts falling due within one year

	2011	2010
	£000	£000
Derivative financial liabilities	7,501	13,306
Amounts owed to group undertakings	8,372,690	7,627,948
Accruals and deferred income	5,243	5,505
	8,385,434	7,646,759

The analysis of amounts owed to group undertakings is

	2011	2010
	£000	£000
Loans advanced by group undertakings	5,186,779	5,517,651
Other amounts owed to group undertakings	3,185,911	2,110,297
	8,372,690	7,627,948

Amounts owed to group undertakings are unsecured and repayable on demand

10. Creditors Amounts falling due after more than one year

	2011	2010
	£000	£000
Derivative financial liabilities	45,769	42,441

11. Derivative instruments and hedging activities

The group has obligations in a combination of U S dollars, euros and sterling at fixed and variable interest rates As a result, the group is exposed to variability in its cash flows and earnings resulting from changes in foreign currency exchange rates and interest rates

The group's objective in managing its exposure to interest rate and foreign currency exchange rates is to decrease the volatility of it earnings and cash flows caused by changes in the underlying rates The group has established policies and procedures to govern these exposures and has entered into derivative financial instruments including interest rate swaps, cross-currency interest swaps and foreign currency forward rate contracts It is the group's policy not to hedge against inter-company debt denominated in foreign currencies It is the group's policy not to enter into derivative financial instruments for speculative trading purposes, nor to enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed The amounts below include amounts relating to short term as well as long term creditors

Financial and operational risk management is undertaken as part of the group's 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 internal models based on observable inputs, counterparty 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"

The fair values of derivative financial instruments recognised in the Balance Sheet of the company are as follows

	2011	2010
	£000	£000
Cash flow hedges	**88**	–
Derivatives not designated as hedges	**1,835**	840
Current assets (note 9)	**1,923**	840
Cash flow hedges	**57,666**	145,846
Fair value hedges	**114,562**	–
Derivatives not designated as hedges	**31,101**	40,635
Non current assets (note 9)	**203,329**	186,481
Derivatives not designated as hedges	**(7,501)**	(13,306)
Current liabilities (note 10)	**(7,501)**	(13,306)
Cash flow hedges	**(7,311)**	(10,238)
Derivatives not designated as hedges	**(38,458)**	(32,203)
Non current liabilities (note 10)	**(45,769)**	(42,441)
Aggregate net fair value of derivative financial instruments	**151,982**	131,574

11 *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 $4,450 million (2010 US $4,836 million) and €180 million (2010 €180 million)

The company manages derivative instruments for the group and therefore the senior, and senior secured notes listed below as items being hedged 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 2011 were as follows

Hedged item	Maturity date	Hedge type	Notional amount due from counterparty	Notional amount due to counterparty	Weighted average interest rate due from counterparty	Weighted average interest rate due to counterparty
			$000	£000		
$1 350m senior notes due 2016	August 2016	Cash flow	1 350 000	835 952	9 50%	9 99%
$1 000m senior notes due 2016	November 2016	Not designated	1 000 000	516 912	6 50%	6 91%
$600m senior notes due 2019	October 2019	Cash flow	264 323	159 846	8 38%	9 03%
$600m senior notes due 2019	October 2011 to October 2019	Cash flow	335 677	203 017	8 38%	9 00%
$1 000m senior secured notes due 2018	January 2018	Cash flow	1 000 000	615 671	6 50%	7 02%
$500m senior secured notes due 2021	January 2021	Fair value	500 000	308 928	5 25%	6 months LIBOR + 1 94%
			4 450 000	2 640 327		
			€000	£000		
€180m senior notes due 2016	August 2016	Cash flow	180 000	158 580	9 50%	10 18%
			180 000	158 580		

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

On 26 July 2011, the cross-currency interest rate swaps hedging the $550 million senior notes due 2016 were settled for £65 5 million in cash, which approximated the fair value of these swaps as at the date of settlement

11 ***Derivative instruments and hedging activities (continued)***

Interest rate swaps - hedging of interest rate sensitive obligations

At 31 December 2011 the company 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 on a variable basis based on LIBOR

The company has also entered into interest rate swap agreements to manage its exposure to changes in the fair value of certain group debt obligations due to interest rate fluctuations The interest rate swaps allow the company to receive or pay interest based on three or six month LIBOR in exchange for payments or receipts of interest at fixed rates

The terms of outstanding interest rate swap contracts at 31 December 2011 were as follows

Hedged item	Maturity date	Hedge type	Notional amount (£000s)	Weighted average interest rate due from counterparty	Weighted average interest rate due to counterparty
Senior credit facility					
	July 2012 to December 2015	Not designated	200 000	6 month LIBOR	2 91%
	July 2012 to December 2015	Not designated	200 000	6 month LIBOR	2 87%
	July 2012 to December 2015	Not designated	200 000	6 month LIBOR	2 79%
£650m senior secured notes due 2021					
	January 2021	Fair value	650 000	5 50%	6 months LIBOR + 1 84%
Other					
	March 2013	Not designated	300 000	3 month LIBOR	3 28%
	October 2013	Not designated	300 000	1 86%	3 month LIBOR
	September 2012	Not designated	600 000	3 month LIBOR	3 09%
	September 2012	Not designated	600 000	1 07%	3 month LIBOR

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

At 31 December 2011 the company had outstanding foreign currency forward rate contracts to purchase U S dollars and South African rand to hedge committed and forecast purchases The terms of the outstanding foreign currency forward rate contracts at 31 December 2011 were follows

Hedged item	Maturity date	Hedge type	Notional amount due from counterparty ('000s)	Notional amount due to counterparty (£000s)	Weighted average exchange rate
Committed and forecasted purchases					
	January 2012 to June 2012	Cash flow	ZAR 39	3 033	12 8588
	January 2012 to June 2012	Not designated	$72,000	44,722	1 6099

11 ***Derivative instruments and hedging activities (continued)***

Cash flow hedges
For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on derivatives is reported in equity, through the Statement of Total Recognised Gains and Losses, and reclassified into the profit and loss account in the same period or periods during which the hedged transactions affect earnings

Gains or losses representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognised in profit or loss in the period in which they occur During the year ended 31 December 2011 no gain or loss relating to ineffectiveness was recognised (2010 - £0 5 million)

The following table presents the effective amount of gain or loss recognised through the Statement of Total Recognised Gains and Losses

	2011	2010
	£000	£000
(Loss)/gain on cash flow hedges taken to equity	**(24,147)**	104,327
Amounts reclassified as a result of cash flow hedge discontinuance	**(31,072)**	32,392
Amounts reclassified to Profit & Loss Account - foreign exchange losses	**6,259**	(67,670)
Amounts reclassified to Profit & Loss Account - interest and similar costs	**2,515**	(5,100)
Net (loss)/gain through Statement of Recognised Gains and Losses	**(46,445)**	63,949

The company reclassified gains of £31 1 million accumulated in equity to the profit and loss account for the year ended 31 December 2011 as a result of the discontinued hedge accounting for the cross-currency interest rate swaps associated with the $550 million denominated 9 125% senior notes due 2016 and two interest rate swaps associated with the senior credit facility

Fair value hedges
For derivative instruments that are designated and qualify as fair value accounting hedges, the gain or loss on derivatives is recognised in profit or loss in the period in which they occur, together with any changes in the fair value of the hedged debt obligations due to changes in the hedged risks

Gains or losses representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognised as gains or losses on derivative instruments in the profit and loss account in the period in which they occur During the year ended 31 December 2011 an ineffectiveness loss of £3 7 million was recognised (2010 - no gain or loss)

Derivatives not qualifying for hedge accounting
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

	2011	2010
	£000	£000
Losses from derivative instruments (note 5)	**(7,358)**	(46,159)

12. 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 2011 this comprised a term facility of £750 million and a revolving facility of £450 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 2011 amounted to approximately £2,575 million (2010 - £1,495 million) Borrowings under the notes 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

13. 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)

14. Share capital

Authorised share capital:

	2011	2010
	£000	£000
1,000,000 Ordinary shares of £0 001 each	**1**	1

Allotted, called up and fully paid:

	2011		2010	
	No	**£000**	No	£000
Ordinary shares of £0 001 each	**224,552**	**-**	224,552	-

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

	Share capital	**Share premium account**	**Hedging reserve**	**Profit and loss account**	**Total share-holder's funds**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 January 2010	–	**15,125,544**	**(39,466)**	**(13,878,322)**	**1,207,756**
Loss for the year	–	–	–	**(362,136)**	**(362,136)**
Increase in fair value of cashflow hedges	–	–	**63,949**	–	**63,949**
At 31 December 2010 and 1 January 2011	–	**15,125,544**	**24,483**	**(14,240,458)**	**909,569**
Loss for the year	–	–	–	**(197,913)**	**(197,913)**
Decrease in fair value of cashflow hedges	–	–	**(46,445)**	–	**(46,445)**
At 31 December 2011	–	**15,125,544**	**(21,962)**	**(14,438,371)**	**665,211**

16 Post balance sheet events

On 13 March 2012 the group issued a $500 million 5 25% senior note due 2022 at par, and the group received proceeds of £316 0 million, net of fees of £3 1 million The net proceeds, and cash on the group's balance sheet, were used to redeem $500 million of the $1,350 million 9 50% senior notes due 2016 on 28 March 2012 for cash of £362 1 million inclusive of a redemption premium of £48 1 million

On 28 June 2012 the group borrowed £100 0 million under the revolving credit facility

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 2011 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

18. Lıst of ınvestments

The materıal ınvestments ın whıch the company held at least 20% of the nomınal value of any class of share capıtal, all of whıch are unlısted, are as follows

Name of Company	*Holdıngs*	*Proportıon Held*	*Nature of Busıness*
Vırgın Medıa Investments Lımıted	Ordınary	100%	Holdıng
Vırgın Medıa Secured Fınance PLC	Ordınary	100%	Fınance
Vırgın Medıa SFA Fınance Lımıted	Ordınary	100%	Fınance
VMIH Sub Lımıted	Ordınary	100%#	Holdıng
Vırgın Medıa Lımıted	Ordınary	100%#	Telecoms
Vırgın Medıa Payments Lımıted	Ordınary	100%#	Collectıons
BCMV Lımıted	Ordınary	100%#	Telecoms
ntl Busıness (Ireland) Lımıted	Ordınary	100%#	Telecoms
Dıamond Cable Communıcatıons Lımıted	Ordınary	100%#	Holdıng
ntl Mıdlands Lımıted	Ordınary	100%#	Telecoms
ntl Fundıng Lımıted	Ordınary	100%#	Telecoms
NTL (Trıangle) LLC	Common Stock	100%#(ıı)	Holdıng
ntl Cambrıdge Lımıted	Ordınary	100%#	Telecoms
ntl Irısh Holdıngs Lımıted	Ordınary	100%#	Telecoms
ntl Rectangle Lımıted	Ordınary	100%#	Holdıng
X-Tant Lımıted	Ordınary	100%#	Telecoms
ntl (South Hertfordshıre) Lımıted	Ordınary	100%#	Telecoms
ntl CableComms Lımıted	Ordınary	100%#	Telecoms
ntl CableComms Bolton	Ordınary	100%#(ı)	Telecoms
ntl CableComms Bromley	Ordınary	100%#(ı)	Telecoms
ntl CableComms Bury and Rochdale	Ordınary	100%#(ı)	Telecoms
ntl CableComms Cheshıre	Ordınary	100%#(ı)	Telecoms
ntl CableComms Derby	Ordınary	100%#(ı)	Telecoms
ntl CableComms Greater Manchester	Ordınary	100%#(ı)	Telecoms
ntl CableComms Macclesfield	Ordınary	100%#(ı)	Telecoms
ntl CableComms Oldham and Tamesıde	Ordınary	100%#(ı)	Telecoms
ntl CableComms Solent	Ordınary	100%#(ı)	Telecoms
ntl CableComms Staffordshıre	Ordınary	100%#(ı)	Telecoms
ntl CableComms Stockport	Ordınary	100%#(ı)	Telecoms
ntl CableComms Surrey	Ordınary	100%#(ı)	Telecoms
ntl CableComms Sussex	Ordınary	100%#(ı)	Telecoms
ntl CableComms Wessex	Ordınary	100%#(ı)	Telecoms
ntl CableComms Wırral	Ordınary	100%#(ı)	Telecoms
ntl Wırral Telephone and Cable TV Company	Ordınary	100%#(ı)	Telecoms
ntl Communıcatıons Servıces Lımıted	Ordınary	100%#	Telecoms

held by subsıdıary undertakıng
(ı) unlımıted company
(ıı) ıncorporated ın the USA
(ııı) regıstered ın Luxembourg
(ıv) regıstered ın Scotland
(v) regıstered ın Jersey

List of investments (continued)

Name of Company	*Holdings*	*Proportion Held*	*Nature of Business*
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	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%#(v)	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) registered in Jersey

List of investments (continued)

Name of Company	*Holdings*	*Proportion Held*	*Nature of Business*
Middlesex Cable Limited	Ordinary	100%#	Telecoms
Windsor Television Limited	Ordinary	100%#	Telecoms
Virgin Media Wholesale Limited	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%#(iii)	Television services
Interactive Digital Sales Limited	Ordinary	100%#	Servicing of debt
Flextech B Limited	Ordinary	100%#	Finance
Flextech L Limited	Ordinary	100%#	Servicing of debt
Flextech C	Ordinary	100%#(i)	Servicing of debt
Flextech Broadband Limited	Ordinary	100%#	Holding

held by subsidiary undertaking
(i) unlimited company
(ii) incorporated in the USA
(iii) registered in Luxembourg
(iv) registered in Scotland
(v) registered in Jersey