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COMPANY REGISTRATION NUMBER 2591237

Virgin Media Limited

Financial Statements

31 December 2010

Virgin Media Limited

Financial Statements

Year ended 31 December 2010

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Company Information

The board of directors	R C Gale R M Mackenzie
Joint company secretaries	R M Mackenzie 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 2010

Principal activity and business review

The principal activity of the company during the year was, and will continue to be the provision of cable television, telephony, broadband internet and other telecommunication services as well as running some of the telecommunication systems over which they are provided The company is also the principal employer within the Virgin Media group, and manages the majority of its working capital, finance leases, operating leases, capital commitments and construction in progress

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

Key performance indicators (KPI's)
The company's key financial and other performance indicators for the year are considered below

	2010	2009	
Turnover (£000)	**391,547**	409,806	Turnover has decreased by 4 5% primarily due to business revenues being allocated to another group company Consequently, business revenue decreased to £27,712,000 compared with £56,089,000 in 2009 Partially offsetting these decreases has been higher revenue from increased uptake of broadband and fixed line telephony from both new and existing customers
Gross profit margin (%)	**82.6**	78 3	The increase in gross margin reflects changes in the product mix including, in particular, additional customers subscribing to the higher margin broadband product, together with selective price increases
Administrative expenses (£000)	**(1,493,852)**	(1,332,958)	Administrative expenses have increased by 12 1% during 2010 primarily due to a lower foreign exchange gain of £6,890,000 compared to £62,338,000 in 2009, a higher depreciation charge, which increased from £269,559,000 in 2009 to £305,724,000 in 2010, and increased marketing, employee and outsourcing costs
Other operating income (£000)	**1,262,214**	4,754,375	Other operating income has decreased during the year primarily due to a waiver of amounts payable to group undertakings of £3,065,638,000 in 2009, together with a fall in the release of the impairment provision against amounts due from group undertakings from £654,603,000 in 2009 to £81,470,000 in 2010 Partially offsetting these decreases has been the increase from £94,134,000 in 2009 to £146,135,000 in 2010 in the amounts recharged from the company to other group companies in respect of the use of the company's fixed assets

Selected statistics for residential cable customers served by the company at 31 December 2010 and 31 December 2009 are shown in the table below

	2010	2009
Products		
Television	**581,300**	591,400
Fixed line telephone	**625,400**	616,000
Broadband	**606,200**	584,600
Total	**1,812,900**	1,792,000
Total customers	**746,300**	749,400
Products per customer	**2.43**	2 39

Each television, telephone and broadband internet subscriber directly connected to the company's network counts as one product Accordingly, a subscriber who receives both telephone and television services counts as two products Products may include subscribers receiving some services for free or at a reduced rate in connection with promotional offers

The company reported a decrease in net current assets, and an increase in net assets for the year ended 31 December 2010 as a result of normal operations and the reclassification of certain inter-company balances During the year, no new external finance was arranged and there was no movement in the called up equity share capital of the company Operations were financed through the company's inter-company balances with fellow group undertakings

Future developments
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, in 2009 to develop a next generation set-top box which provides converged television and broadband internet capabilities Under the agreement with TiVo, TiVo 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 and 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

Results and dividends
The profit for the financial year amounted to £172,112,000 (2009 - profit of £3,793,298,000) The directors have not recommended an ordinary dividend (2009 - £nil)

Financial risk management
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

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

R C Gale	
R M Mackenzie	
J C Tillbrook (alternate director)	(Appointed 5 August 2009, resigned 31 August 2010)
C B E Withers (alternate director)	(Appointed 5 August 2009, resigned 31 August 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

Environmental policies
Virgin Media is committed to building a responsible and sustainable business The Virgin Media group launched a new website in November 2010 to show people how it intends to achieve this www virginmedia com/sustainability By providing HD videos, news stories and downloadable PDFs, the website represents an innovative approach to corporate responsibility (CR) & sustainability reporting

Virgin Media has focused its efforts on using its experience and capabilities to create sustainable digital lifestyles The website shows how the Virgin Media group is working to create social benefits for people, including through the Virgin Media Pioneers programme, while managing the many complex issues associated with the growth of digital technology

The website also shows how the Virgin Media group is addressing its other sustainability priorities, including

- Building a low carbon, low waste business The Virgin Media group has a headline target of reducing carbon emissions by 15% by 2015, against a 2007 base year The Virgin Media group achieved a 4 7% reduction in carbon emissions in 2010, against a target of 3% The Virgin Media group also acquired ISO14001 certification for its headquarters in Hook The Virgin Media group recycled 27 4% of waste at sites with recycling facilities in 2010 and, in 2011, will continue to extend the number of sites with these facilities in place

- Creating a more diverse and inclusive workforce The Virgin Media group recruited its first woman onto the board of Virgin Media Inc in 2010, as an independent Non-Executive Director The Virgin Media group also met its target of ensuring that all teams reporting directly to the Group Executive Committee included at least one woman and identified specific functions that require gender balance improvement targets in 2011 One area of focus for 2011 is on service technicians and installation teams

- Working with suppliers to meet sustainability challenges The Virgin Media group set itself the target of having all suppliers that are managed through the group procurement team to have signed up to its CR & Sustainability Code of Conduct Over 80% of suppliers had signed up to the Code by the end of 2010 and in 2011 the Virgin Media group will continue to ensure that all suppliers sign up to the Code

Virgin Media will regularly update the website with engaging and accessible content, as well as formally reporting on progress towards meeting the Virgin Media group's CR & Sustainability targets

Employment policies and disabled employees

The Virgin Media group remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs

The Virgin Media group aims to ensure that everyone connected to it is treated fairly and equally, whether they are a current or former member of staff, job applicant, customer or supplier

Nobody should be discriminated against, either directly or indirectly, on the grounds of their gender, marital status, gender reassignment, pregnancy, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or belief, age, political affiliation or trade union membership The policy applies to anyone who works for, who has worked for or who applies to work for Virgin Media or its partners That means permanent, temporary, casual or part-time staff, anyone on a fixed-term contract, agency staff and consultants working with the Virgin Media group, ex-employees and people applying for jobs This applies to all aspects of employment, including recruitment and training

The Virgin Media group gives full consideration to applications from employees with disabilities where they can adequately fulfil the requirements of the job Depending on their skills and abilities, employees with a disability have the same opportunities for promotion, career development and training as other employees Where existing employees become disabled, it is the Virgin Media group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim

Donations

During the year the company made the following contributions

	2010	2009
	£	£
Charitable	418,442	360,800

Employee involvement

The Virgin Media group is dedicated to increasing the practical involvement of individuals in the running of its business It seeks to achieve this in two ways, as follows

- all employees are encouraged to understand the aims of the overall Virgin Media group and their own business segment and to contribute to improving business performance through their knowledge, experience, ideas and suggestions This requires strong communication to ensure that employees are briefed as widely as possible about activities and developments across the Virgin Media group The online news channel, open forums, newsletters and team meetings play important roles in this, as does the development of people management skills and the ongoing conversations about performance and development which underpin mid and year end reviews, and

- the group ensures that all employees are involved and consulted with through local involvement and consultation forums

The Virgin Media group fosters a team spirit among employees and their greater involvement by offering participation in bonus or in local variable reward schemes, through the Virgin Media Sharesave Plan, designed to encourage Virgin Media share ownership, and team development opportunities The group also operates a recognition scheme, designed to reward employees for behaviours which are consistent with the group's values and has launched a volunteering scheme which allows employees to take a day to volunteer with a charity or organisation of their choice

Policy on the payment of creditors

It is the Virgin Media group's and the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Virgin Media group and its suppliers, provided that all trading terms and conditions have been complied with Trade creditors, at the year-end, represented 37 days (2009 - 48 days) of purchases

Going concern

After making enquiries, 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

Signed on behalf of the directors

R C Gale
Director

Approved by the directors on 14 September 2011

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

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

Year ended 31 December 2010

We have audited the financial statements of Virgin Media 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 25 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 8, 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 profit 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 Limited

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

Year ended 31 December 2010

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

14 September 2011

Virgin Media Limited

Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover		**391,547**	409,806
Cost of sales		**(68,081)**	(89,072)
Gross profit		**323,466**	320,734
Administrative expenses		**(1,493,852)**	(1,332,958)
Other operating income	2	**1,262,214**	4,754,375
Operating profit	3	**91,828**	3,742,151
Attributable to			
Operating profit before exceptional items		**10,358**	24,173
Exceptional items	3	**81,470**	3,717,978
		91,828	3,742,151
Interest receivable	6	**190,530**	148,885
Interest payable and similar charges	7	**(110,246)**	(97,738)
Profit on ordinary activities before taxation		**172,112**	3,793,298
Taxation on profit on ordinary activities	8	**-**	-
Profit for the financial year		**172,112**	3,793,298

All results relate to continuing operations

The notes on pages 14 to 43 form part of these financial statements.

Virgin Media Limited

Statement of Total Recognised Gains and Losses

Year ended 31 December 2010

	2010	2009
	£000	£000
Profit for the financial year	172,112	3,793,298
Actuarial gain/(loss) in respect of defined benefit pension scheme	19,086	(48,168)
Total gains and losses recognised since the last annual report	191,198	3,745,130

The notes on pages 14 to 43 form part of these financial statements.

Virgin Media Limited

Balance Sheet

31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	9	**1,594,081**	1,492,361
Investments	10	**10,772**	10,747
		1,604,853	1,503,108
Current assets			
Stocks	11	**840**	2,105
Debtors due within one year	12	**5,036,431**	3,262,791
Debtors due after one year	12	**31,565**	1,446,407
Cash at bank		**318,657**	37,626
		5,387,493	4,748,929
Creditors: Amounts falling due within one year	13	**(5,237,821)**	(3,353,693)
Net current assets		**149,672**	1,395,236
Total assets less current liabilities		**1,754,525**	2,898,344
Creditors: Amounts falling due after more than one year	14	**(190,197)**	(1,539,554)
Provisions for liabilities and charges	16	**(169,346)**	(122,428)
Net assets excluding pension liability		**1,394,982**	1,236,362
Defined benefit pension scheme liability	19	**(38,992)**	(71,570)
Net assets		**1,355,990**	1,164,792
Capital and reserves			
Called-up equity share capital	22	**726**	726
Share premium account	23	**12,214,200**	12,214,200
Share options reserve	23	**15,115**	15,115
Other reserves	23	**11**	11
Profit and loss account	23	**(10,874,062)**	(11,065,260)
Total shareholder's funds	23	**1,355,990**	1,164,792

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

R C Gale

R C Gale
Director

The notes on pages 14 to 43 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

Accounting convention
The financial statements have been prepared under the historical cost convention, modified for fair values in accordance with the Companies Act 2006, and applicable UK accounting standards

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 25) These financial statements therefore present information about the company as an individual undertaking and not about its group

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

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

Turnover
Turnover represents the value of services provided, stated net of value added tax, and is attributable to continuing activities, being the provision of cable television, telephony, internet and other telecommunication services and to run certain of the telecommunication systems over which they are provided, all of which is derived from operations in the United Kingdom The directors consider this to be a single class of business

Tangible fixed assets
Depreciation is provided on all tangible fixed assets, other than land, so as to write off the cost of a tangible fixed asset, less its estimated residual value, on a straight line basis over the expected useful economic life of that asset as follows

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

Network assets	3 - 30 years
Other fixed assets	
- Freehold property	30 years
- Leasehold property	period of lease
- Other	3 - 12 years

Construction in progress
Construction in progress comprising materials, consumables and direct labour relating to network construction has been included in tangible fixed assets and is stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows

Raw materials and consumables	- purchase cost
Work in progress	- cost of direct materials and labour

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

Capitalised overheads
Overheads, including staff costs, relating to the design, construction and development of the network, capital projects, and related services have been capitalised Depreciation of capitalised overheads is provided on a straight-line basis over 15 years or life of the relevant assets

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Finance leases
Where the company enters into a lease under which it takes substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments payable under such leases, net of finance charges, are included within creditors Rentals payable under finance leases are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Operating leases
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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

Pensions

The company contributes to the Virgin Media-sponsored group personal pension plans for eligible employees Contributions are charged to the Profit and Loss Account as they become payable in accordance with the rules of each of the plans

The company also operates two defined benefit pension plans The plans are funded by the payment of contributions to separately administered trust funds and are closed to new entrants

The regular cost of providing benefits under the defined benefit plans is attributed to individual years using the projected unit credit method Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related scheme assets are re-measured using the current actuarial assumptions and the resultant gain or loss is recognised in the Profit and Loss Account during the period in which the settlement or curtailment occurs

The interest element of the defined benefit pension cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on scheme assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect of fair value of the scheme assets of contributions received and benefits paid during the year The difference between the expected return on scheme assets and the interest cost is recognised in the Profit and Loss Account

Actuarial gains and losses are recognised in full in the Statement of Total Recognised Gains and Losses in the period in which they occur

The defined benefit pension asset or liability in the Balance Sheet comprises the total for each scheme of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of scheme assets out of which the obligations are to be settled directly Fair value is based on market price information and, in the case of quoted securities, is the published bid price

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 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 when 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

Share-based payments
The company is an indirect, wholly-owned subsidiary of Virgin Media Inc Accordingly, the company has no share-based compensation plans of its own Certain of the group's employees participate in the share-based compensation plans of Virgin Media Inc , which are described in Virgin Media Inc 's Annual Report and summarised in note 17, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) of Virgin Media Inc common stock

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted The fair value of stock options is determined using the Black-Scholes model These transaction costs are recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, which ends on the date on which the relevant employees become fully entitled to the award (vesting date) The cumulative expense recognised for equity settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, in the opinion of management, at that date and based on the best available estimates

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

To the extent that the expense for share-based payments is recharged by the ultimate parent company which issues the shares, no expense is separately identifiable in reserves as it is included within inter-company debt

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

Provisions for liabilities
A provision is recognised when the company has a present, legal or constructive obligation as a result of a past event which it is probable that the company will be required to settle by an outflow of resources and for which a reliable estimate of the amount of the obligation can be made Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate

Where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation

Provisions for the expected cost of dilapidation to leasehold properties are charged against profits when the cost of returning a property to its original state can be reliably estimated When the effect of the time value of money is material provisions are discounted using a rate that reflects the risks specific to the liability Where discounting is used, the unwinding of the discount is expensed as incurred and recognised in profit and loss as an interest expense

Provision for asset retirement obligation
The company recognises a provision for liabilities associated with participation in the market for Waste Electrical and Electronic Equipment ('WEEE') The company has made assumptions in relation to historical waste regarding the number of units of equipment purchased, the number subsequently disposed of and the expected cost of disposal In relation to future waste, the company has made assumptions about the age profile of the equipment distributed and the cost of disposal

Restructuring provisions
Amounts provided for in relation to restructuring programmes include redundancy costs and amounts expected to be settled in relation to vacant leased properties These provisions are based on the best estimates of factors such as the number of people expected to be made redundant, their length of service and remuneration, the cost of exiting a leased property and the discount rate applied to those specific costs Further details are contained in note 16

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

Employee benefits
When an employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period Cash based long-term incentives are accrued at fair value, recognising the movement in the accrual in the financial statements where the conditions and the plan extend beyond a year

2. **Other operating income**

	2010	2009
	£000	£000
Recharges to group undertakings (see note 3)	1,180,744	1,034,134
Other operating income (see note 3)	81,470	3,720,241
	1,262,214	4,754,375

3. Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£000	£000
Depreciation of owned fixed assets	270,320	239,979
Depreciation of assets held under hire purchase and finance lease agreements	35,404	29,580
Profit on disposal of fixed assets	(345)	(120)
Operating lease costs		
- Plant and equipment	30,698	28,931
- Other	19,437	18,872
Net profit on foreign currency translation	(6,890)	(62,338)
Costs recharged to Virgin Media group companies	(1,180,744)	(1,034,134)

Exceptional Items:

	2010	2009
	£000	£000
Waiver of amounts payable to group undertakings (see note 2)	–	(3,065,638)
Release of impairment provision against amounts due from group undertakings	(81,470)	(654,603)
Increase of impairment provision against investments	–	2,263
	(81,470)	(3,717,978)

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 a release of the provision against amounts due from group undertakings of £81,470,000 should be made (2009 - £654,603,000)

In 2009, amounts payable to group and subsidiary undertakings were waived, which gave rise to a credit to the Profit and Loss Account amounting to £3,065,638,000 These amounts owed to group undertakings were waived as part of a group reorganisation of some of the company's direct and indirect subsidiaries

Auditor's remuneration of £32,000 (2009 - £29,000) represents costs allocated to the company, although it pays all auditor's remuneration on behalf of the Virgin Media group

4. Staff costs

The average number of staff employed by the company during the financial year amounted to

	2010	2009
	No	No
Consumer	**4,939**	5,100
Business	**977**	1,098
Access and Networks	**4,828**	4,539
Technology	**1,122**	1,168
Corporate	**1,427**	1,169
	13,293	13,074

The aggregate payroll costs of the above were

	2010	2009
	£000	£000
Wages and salaries	**436,356**	433,707
Social security costs	**55,721**	49,183
Other pension costs	**15,580**	15,551
Equity-settled share-based payments	**25,938**	15,031
	533,595	513,472

The analysis of other pension costs charged to operating profit is

	2010	2009
	£000	£000
Defined contribution scheme	**14,005**	14,348
Defined benefit scheme - total operating charge	**1,575**	1,203
	15,580	15,551

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income or charged to finance costs (see notes 6 and 7) and amounts recognised in the Statement of Total Recognised Gains and Losses

The company is one of the principal employers of the Virgin Media group

5. Directors' remuneration

The directors' aggregate remuneration was

	2010	2009
	£000	£000
Remuneration receivable	**579**	678
Value of company pension contributions to money purchase schemes	**45**	34
	624	712

£50,665 (2009 - £60,173) of the aggregate amount was in relation to qualifying services as directors of this company

5. Directors' remuneration *(continued)*

Remuneration of highest paid director:

	2010 £000	2009 £000
Total remuneration (excluding pension contributions)	309	336
Value of company pension contributions to money purchase schemes	29	21
	338	357

	2010 No	2009 No
Number of directors who exercised share options under schemes operated by ultimate parent company	2	2
Number of directors accruing benefits under money purchase schemes	2	2

6. Interest receivable

	2010 £000	2009 £000
Bank interest receivable	3,211	1,024
Interest on amounts owed by group undertakings	182,909	145,206
Other finance income	4,410	2,655
	190,530	148,885

7. Interest payable and similar charges

	2010 £000	2009 £000
Finance charges	13,964	13,373
Other finance charges	4,410	7,487
Net finance costs in respect of defined benefit pension schemes	1,847	1,726
Interest on amounts owed to group undertakings	90,025	75,152
	110,246	97,738

8. Taxation

(a) Analysis of charge in the year

The tax charge is made up as follows

	2010 £000	2009 £000
Current tax charge:		
Current tax on profit for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax charge on profit on ordinary activities	-	-

8. Taxation *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower 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
Profit on ordinary activities before taxation	172,112	3,793,298
Profit on ordinary activities multiplied by rate of tax	48,191	1,062,123
Depreciation in excess of capital allowances	75,627	65,242
Utilisation of tax losses	(3,775)	-
Unrelieved tax losses	-	3,917
Group relief surrendered without payment	(94,904)	(84,218)
Income not taxable	(26,455)	(1,044,452)
Other short term timing differences	1,316	(2,612)
Total current tax (note 8(a))	-	-

(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	2009
	£000	£000
Tax losses	-	3,917
Depreciation in excess of capital allowances	732,913	689,581
Other timing differences	44,856	33,002
	777,769	726,500

(d) Change in tax rate

As at 31 December 2010 the enacted UK corporation tax rate enacted at April 2011 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

9. Tangible fixed assets

	Network £000	Construction in progress £000	Other £000	Total £000
Cost				
At 1 January 2010	2,878,758	77,483	492,224	3,448,465
Additions	35,014	241,918	183,700	460,632
Disposals	(155,148)	–	(180,268)	(335,416)
Transfers	265,615	(265,615)	–	–
At 31 December 2010	3,024,239	53,786	495,656	3,573,681
Depreciation				
At 1 January 2010	1,708,440	–	247,664	1,956,104
Charge for the year	213,405	–	92,319	305,724
On disposals	(134,277)	–	(147,951)	(282,228)
At 31 December 2010	1,787,568	–	192,032	1,979,600
Net book value				
At 31 December 2010	1,236,671	53,786	303,624	1,594,081
At 31 December 2009	1,170,318	77,483	244,560	1,492,361

Included in "Other" are the following net book values of land and buildings

	2010 £000	2009 £000
Freehold	11,822	19,127
Short leasehold	90,580	50,625

Hire purchase and finance lease agreements

Included within the net book value of £1,578,441,000 is £206,314,000 (2009 - £110,160,000) relating to assets held under hire purchase and finance lease agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £35,404,000 (2009 - £29,580,000)

During 2010, the company sold 42 properties for proceeds of £35 8 million in cash These properties were immediately leased back for a term of up to 50 years and are classified as finance leases The gain on disposal of these properties has been deferred and will be recognised over the term of the leases

10. Investments

	£000
Cost	
At 1 January 2010	10,216,459
Additions	25
At 31 December 2010	10,216,484
Amounts written off	
At 1 January 2010 and 31 December 2010	10,205,712
Net book value	
At 31 December 2010	**10,772**
At 31 December 2009	10,747

In the opinion of the directors the 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 25)

The material investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows All are registered in England and Wales unless otherwise noted

Name of Company	*Holdings*	*Proportion Held*	*Nature of Business*
Direct subsidiaries			
Limited companies - direct.			
ntl Rectangle Limited	Ordinary	100%	Holding
Virgin Media Payments Limited	Ordinary	100%	Collections
X-TANT Limited	Ordinary	100%	Telecoms
Limited liability corporation incorporated in the USA:			
NTL (Triangle) LLC	Common Stock	100%	Holding
Indirect subsidiaries			
Limited companies:			
ntl Cambridge Limited	Ordinary	100% #	Telecoms
ntl Irish Holdings Limited	Ordinary	100% #	Telecoms
ntl (CWC) Limited	Ordinary	100% #	Holding
ntl (B) Limited	Ordinary	100% #	Holding
ntl Communications Services Limited	Ordinary	100% #	Telecoms
ntl CableComms Limited	Ordinary	100% #	Telecoms
ntl (South Hertfordshire) Limited	Ordinary	33 3% #	Telecoms
BCMV Limited	Ordinary	100% #	Telecoms

10. Investments *(continued)*

Name of Company	*Holdings*	*Proportion Held*	*Nature of Business*
Unlimited companies:			
ntl (V)	Ordinary	100% #	Holding
ntl CableComms Bolton	Ordinary	100% #	Telecoms
ntl CableComms Bromley	Ordinary	100% #	Telecoms
ntl CableComms Bury and Rochdale	Ordinary	100% #	Telecoms
ntl CableComms Cheshire	Ordinary	100% #	Telecoms
ntl CableComms Derby	Ordinary	100% #	Telecoms
ntl CableComms Greater Manchester	Ordinary	100% #	Telecoms
ntl CableComms Macclesfield	Ordinary	100% #	Telecoms
ntl CableComms Oldham and Tameside	Ordinary	100% #	Telecoms
ntl CableComms Solent	Ordinary	100% #	Telecoms
ntl CableComms Staffordshire	Ordinary	100% #	Telecoms
ntl CableComms Stockport	Ordinary	100% #	Telecoms
ntl CableComms Surrey	Ordinary	100% #	Telecoms
ntl CableComms Sussex	Ordinary	100% #	Telecoms
ntl CableComms Wessex	Ordinary	100% #	Telecoms
ntl CableComms Wirral	Ordinary	100% #	Telecoms
ntl Wirral Telephone and Cable TV Company	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

11. Stocks

	2010	2009
	£000	£000
Stock	**840**	2,105

12. Debtors

	2010	2009
	£000	£000
Trade debtors	**354,236**	332,731
Amounts owed by group undertakings	**4,602,021**	4,266,602
Other debtors	**31,565**	26,292
Prepayments and accrued income	**80,174**	83,573
	5,067,996	4,709,198

12. Debtors *(continued)*

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

	2010	2009
	£000	£000
Amounts owed by group undertakings	**–**	1,420,115
Other debtors	**31,565**	26,292
	31,565	1,446,407

The analysis of amounts owed by group undertakings is

	2010	2009
	£000	£000
Loan notes due from parent undertakings	**216,223**	216,194
Loan notes due from fellow group undertakings	**219,138**	193,788
Loan notes due from subsidiary undertakings	**1,097,897**	1,010,133
Other amounts owed by group undertakings	**2,870,426**	2,656,243
Interest on loan notes	**198,337**	190,244
	4,602,021	4,266,602

Loan notes due from subsidiary undertakings are stated after deducting an impairment provision of £820,991,000 (2009 - £899,888,000) Other amounts owed by fellow group undertakings are stated after deducting an impairment provision of £475,244,000 (2009 - £477,817,000)

Included within loan notes are US dollar denominated balances totalling $553,650,000 (2009 - $553,650,000) which had a carrying value of £354,927,000 (2009 - £342,457,000)

The rates of interest on the loan notes due from parent, fellow group and subsidiary undertakings ranged from 3 25% to 9 75% (2009 - 3 18% to 9 75%)

All other amounts owed by group undertakings are unsecured, interest free and repayable on demand

13. Creditors: Amounts falling due within one year

	2010	2009
	£000	£000
Trade creditors	**280,315**	297,854
Amounts owed to group undertakings	**4,274,848**	2,436,603
Other taxation and social security	**86,032**	66,720
Hire purchase and finance lease agreements	**53,901**	35,677
Accruals and deferred income	**542,725**	516,839
	5,237,821	3,353,693

The analysis of amounts owed to group undertakings is

	2010	2009
	£000	£000
Loan notes due to parent undertakings	**928,595**	–
Loan notes due to fellow group undertakings	**2,444**	–
Loan notes due to subsidiary undertakings	**183,072**	–
Other amounts owed to group undertakings	**3,160,737**	2,436,603
	4,274,848	2,436,603

Loans advanced by group undertakings are unsecured 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 9 75% (2009 - 2 90% to 9 75%)

Included within loan notes are US dollar denominated balances totalling $525,000,000 (2009 - $920,197,000) which had a carrying value of £336,560,000 (2009 - £569,182,000) and euro denominated balances totalling €405,785,000 (2009 - €545,349,000) which had a carrying value of £347,801,000 (2009 - £483,451,000)

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

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

	2010 £000	2009 £000
Amounts owed to group undertakings	–	1,414,160
Hire purchase and finance lease agreements (see note 15)	173,461	107,341
Other creditors	16,736	18,053
	190,197	1,539,554

The analysis of amounts owed to group undertakings is

	2010 £000	2009 £000
Loan notes due to parent undertakings	–	896,984
Loan notes due to fellow group undertakings	–	2,853
Loan notes due to subsidiary undertakings	–	349,589
Other amounts owed to fellow group undertakings	–	164,734
	–	1,414,160

Loans advanced by group undertakings have been included in creditors falling due within one year in 2010 (see note 13)

15. Commitments under hire purchase and finance lease agreements

Future commitments under hire purchase and finance lease agreements are as follows

	2010 £000	2009 £000
Amounts payable within 1 year	69,453	45,715
Amounts payable between 2 to 5 years	140,293	93,749
Amounts payable after more than 5 years	204,579	80,088
	414,325	219,552
Less interest and finance charges relating to future periods	(186,963)	(76,534)
	227,362	143,018
Hire purchase and finance lease agreements are analysed as follows		
Current obligations	53,901	35,677
Non-current obligations	173,461	107,341
	227,362	143,018

16. Provisions for liabilities

	Redundancy costs £000	Property and contract exıt costs £000	Waste Electrical and Electronic Equipment £000	National Insurance £000	Total £000
At 1 January 2010	(1,832)	(68,009)	(52,587)	–	(122,428)
Reclassıficatıon	–	(20,147)	–	(3,678)	(23,825)
Provıded durıng the year	(7,845)	(45,643)	(17,315)	(12,226)	(83,029)
Utılised durıng the year	7,716	22,485	6,683	1,875	38,759
Revısıons ın cashflow estımates	859	7,225	16,659	–	24,743
Amortısatıon of dıscount	–	(1,943)	(1,623)	–	(3,566)
31 December 2010	**(1,102)**	**(106,032)**	**(48,183)**	**(14,029)**	**(169,346)**

Redundancy costs
Durıng 2008 the Vırgın Medıa group commenced the ımplementatıon of a restructurıng plan aımed at drıvıng further ımprovements ın operatıonal performance and elımınatıng ınefficıencıes ın order to create a fully-ıntegrated, customer focused organısatıon It ıs expected that the costs for whıch the redundancy provısıon has been raısed wıll be fully ıncurred by 31 December 2011

Property and contract exit costs
Property and contract exıt costs relate prımarıly to the restructurıng plan descrıbed above There are a large number of propertıes to whıch the provısıon relates, wıth a wıde range of remaınıng lease terms The majorıty of the costs are expected to be ıncurred over the next 25 years

Waste Electrıcal and Electronıc Equipment (WEEE)
The provısıon for the asset retırement oblıgatıon ın respect of WEEE ıs calculated based on the total equıpment purchased, ıts expected useful economıc lıfe and the antıcıpated cost of dısposal Costs ın relatıon to dısposal of WEEE are expected to be ıncurred over the next 5 years

Natıonal Insurance
Provısıon has been made for Natıonal Insurance contrıbutıons on share optıons and restrıcted stock unıt grants, whıch are expected to be exercısed The provısıon has been calculated based on Vırgın Medıa Inc 's closıng share prıce at 31 December 2010 and the exercıse prıce of the optıons and ıs beıng allocated over the perıod from the date of the award to the date that the employee wıll become uncondıtıonally entıtled to the optıons

17. Share-based payments

Equity-settled share-based payments

The company is an indirect, wholly-owned subsidiary of Virgin Media Inc Accordingly, the company has no share-based compensation plans The company's directors and certain of its employees participate in the share-based compensation plan of Virgin Media Inc , as summarised below

Virgin Media Sharesave Plan
The Virgin Media Sharesave Plan is a broad based share option arrangement which enables eligible employees to receive options to purchase shares of Virgin Media Inc 's common stock at a discount Employees are invited to take out savings contracts that last for three years At the end of the contract employees use the proceeds of these savings to exercise options granted under the plan

Virgin Media stock incentive plans
The Virgin Media Stock Incentive Plans are intended to encourage Virgin Media Inc share ownership by employees and directors so that they may acquire or increase their proprietary interest in the group, and to encourage such employees and directors to remain in the group's employ or service and to put forth maximum efforts for the success of the business To accomplish such purposes, the plans provide that Virgin Media Inc may grant incentive share options, non-qualified share options, shares of of restricted stock, restricted stock units and share awards

Stock option grants
All options have a 10 year term and vest and become fully exercisable within 5 years of continued employment The company accounts for the plan under Financial Reporting Standard 20 'Share-based Payment' (FRS 20)

The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions

Year ended 31 December	**2010**	2009
Risk-free Interest Rate	**1 89%**	2 34%
Expected Dividend Yield	**0 90%**	3 05%
Expected Volatility	**61.81%**	61 48%
Expected Lives	**4.7 years**	4 6 years

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility reflects the assumption that the historical realised volatility of the ultimate parent company's shares, matched to the expected life of the option, is indicative of future trends, which may not necessarily be the actual outcome

17. Share-based payments *(continued)*

A summary of the activity and related information of the Virgin Media Inc Stock Option Plans, pertaining to employees of the company for the year ended 31 December 2010 is as follows

	2010 Options	2010 Weighted Average Exercise Price	2009 Options	2009 Weighted Average Exercise Price
As at 1 January	**15,909,781**	**$14.01**	13,188,434	$17 09
Transferred in	**1,196,542**	**$14.08**	860,701	$17 13
Granted	**2,855,927**	**$17.41**	6,278,355	$8 30
Exercised	**(2,004,184)**	**$12.07**	(299,968)	$9 73
Expired	**(278,483)**	**$22.49**	(1,188,188)	$22 59
Forfeited	**(1,049,188)**	**$14.33**	(2,929,553)	$13 74
Outstanding at end of year	**16,630,395**	**$14.67**	15,909,781	$14 01
Exercisable at end of year	**5,004,230**	**$19.80**	3,978,883	$20 47

Transfers in relate to the transfer of employees from fellow group undertakings

The options exercisable at the year end had a weighted average remaining contractual term of 6 33 years (2009 - 6 78 years) and the options outstanding at the year end had a weighted average remaining term of 6 35 years (2009 - 7 61 years)

The weighted average share price at the date of exercise for the options exercised in 2010 was $19 98 (2009 - $12 53)

The weighted average fair value of options granted during the year was $9 14 (2009 - $3 96) The range of exercise prices for options outstanding at the year end was $0 02 to $28 59 (2009 - $0 02 to $28 59)

Non-vested shares

	2010 Shares	2010 Weighted Average Grant-date Fair Value	2009 Shares	2009 Weighted Average Grant-date Fair Value
As at 1 January	**755,000**	**$11.27**	105,834	$27 44
Granted	-	-	755,000	$11 27
Vested	**(313,750)**	**$10.87**	(105,834)	$27 44
Forfeited	**(3,750)**	**$9.28**	-	-
Outstanding at end of year	**437,500**	**$11.57**	755,000	$11 27

Non-vested shares of Virgin Media Inc are shares or options issued with certain restrictions attached, which can be either service-based or performance related The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the weighted average assumptions listed above

17. Share-based payments *(continued)*

Restricted stock unit grants

	2010 Performance based	2010 Weighted Average Grant-date Fair Value	2009 Performance based	2009 Weighted Average Grant-date Fair Value
As at 1 January	**3,795,223**	**$12.74**	3,428,090	$16 55
Transferred in	**470,499**	**$13.01**	494,210	$17 04
Granted	**2,032,828**	**$14.93**	1,520,879	$8 89
Vested	**(162,012)**	**$24.52**	(196,416)	$24 65
Forfeited	**(957,087)**	**$17.93**	(1,451,540)	$17 53
Outstanding at end of year	**5,179,451**	**$12.29**	3,795,223	$12 74

Participants in the Virgin Media group's long term incentive plans are awarded restricted stock units which vest after a three year period dependent on the achievement of certain long term performance targets and continued employment The final number of restricted stock units vesting will be settled, at the Compensation Committee's discretion, in either shares in the ultimate parent company or an amount of cash equivalent to the fair market value at the date of vesting

The restricted stock units that vested during the year had a total fair value of £1 8 million (2009 - £0 7 million)

The expense included in the financial statements of the company relating to the payment of stock-based compensation of certain of its employees is £25,938,000 (2009 - £15,031,000)

18. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010 Land and buildings £000	Other £000	2009 Land and buildings £000	Other £000
Operating leases which expire				
Within 1 year	**2,079**	**4,927**	1,101	2,621
Within 2 to 5 years	**17,045**	**14,772**	11,567	11,029
After more than 5 years	**14,389**	**5,031**	22,841	4,501
	33,513	**24,730**	35,509	18,151

19. Pensions and other post retirement benefits

Defined Contribution Plans
The company contributes to the Virgin Media sponsored group personal pension plans for eligible employees Contributions are charged to the Profit and Loss Account as they become payable, in accordance with the rules of each of the plans

Contributions to the defined contribution plans during the year were £14,005,000 (2009 - £14,348,000) The amount of outstanding contributions at 31 December 2010 included within Creditors amounts falling due within one year were £2,185,000 (2009 - £1,773,000)

Defined Benefit Plans
The company operates two funded defined benefit pension plans and details are given below in accordance with Financial Reporting Standard 17 "Retirement Benefits" (FRS 17)

Contributions to the company's defined benefit plans during the year were £16,914,000 (2009 - £13,407,000)

The company expects to pay £5 7 million to the ntl 1999 Pension Plan and £11 7 million to the ntl Pension Plan in 2011

In July 2010, the UK government announced that it will use the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) for the purpose of determining statutory minimum pension increases for private sector pension schemes The scheme rules of the company's defined benefit pension plans specify that pensions for members in deferment will increase in line with statutory increases The reduction in the projected benefit obligation attributable to the change in the basis used to assume minimum pension increases from RPI to CPI for members in deferment has been included as a component of the actuarial gains/(losses) in the Statement of Total Recognised Gains and Losses

The company operates two plans which are defined benefit plans that pay out pensions at retirement based on services and final pay

- **ntl 1999 Pension Plan**

The company operates a funded pension plan providing defined benefits ("ntl 1999 Pension Plan") The plan has never been opened to new entrants except when the plan began and subsequently on 31 May 2007, on both occasions new members were transferred from other existing plans The assets of the plan are held separately from those of the company, being invested in units of exempt unit trusts The plan is funded by the payment of contributions to separately administered trust funds The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method

19. Pensions and other post retirement benefits *(continued)*

Full actuarial valuations of the ntl 1999 Pension Plan have been carried out and updated to 31 December 2010 by a qualified actuary, using a set of assumptions consistent with those required under FRS17 The major assumptions used by the actuary were

ntl 1999 Pension Plan	**2010**	**2009**	**2008**
	%	%	%
Rate of increase in salaries	**4.00**	4 00	3 00
Rate of increase in pensions in payment	**3.75**	3 75	2 75
Discount rate	**5.75**	5 75	5 75
Inflation assumption	**3.75**	3 75	2 75

Life expectancy for	**2010**	**2009**	**2008**
Male aged 45	**87.9**	87 9	86 1
Male aged 65	**86.0**	86 0	84 8
Female aged 45	**90.5**	90 5	89 0
Female aged 65	**88.6**	88 6	87 9

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

ntl 1999 Pension Plan		**2010**		**2009**		**2008**
	Long-term rate of return expected %	**Value £000**	**Long-term rate of return expected %**	**Value £000**	**Long-term rate of return expected %**	**Value £000**
Equities	**8.00**	**46,976**	8 25	36,781	7 75	24,421
Property	**7.50**	**731**	-	-	-	-
Corporate bonds	**5.50**	**20,216**	5 75	15,627	5 75	13,273
Hedge funds	**7.75**	**5,311**	8 00	5,143	7 50	4,603
Cash and others	**4.25**	**417**	4 50	288	4 00	113
Total market value of assets		**73,651**		57,839		42,410
Present value of scheme liabilities		**(79,756)**		(76,282)		(53,226)
Deficit in plan and net pension liability		**(6,105)**		(18,443)		(10,816)

No deferred tax asset has been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

- **ntl Pension Plan**

The company, operates a funded pension plan providing defined benefits ("ntl Pension Plan") The pension plan was closed to new entrants as of 6 April 1998 The assets of the plan are held separately from those of the company, in an independently administered trust The plan is funded by the payment of contributions to this separately administered trust The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method

Full actuarial valuations of the ntl Pension Plan have been carried out and updated to 31 December 2010 by a qualified actuary, using a set of assumptions consistent with those required under FRS17

19. Pensions and other post retirement benefits *(continued)*

The major assumptions used by the actuary were

ntl Pension Plan	2010	2009	2008
	%	%	%
Rate of increase in salaries	**4.00**	4 00	3 00
Rate of increase in pensions in payment	**3.75**	3 75	3 00
Discount rate	**5 50**	5 75	5 75
Inflation assumption	**3 75**	3 75	2 75

Life expectancy for	2010	2009	2008
Male aged 45	**88.5**	88 5	86 1
Male aged 65	**86 5**	86 5	84 8
Female aged 45	**91 1**	91 1	89 0
Female aged 65	**89.2**	89 2	87 9

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

ntl Pension Plan	2010		2009		2008	
	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000
Equities	**8.00**	**94,349**	8 25	78,392	7 75	66,449
Property	**7.50**	**4,484**	7 75	4,139	7 25	5,197
Government bonds	**4.25**	**111,891**	4 50	100,236	4 00	105,308
Corporate bonds	**5.50**	**40,716**	5 75	39,567	5 75	32,704
Hedge funds	**7.75**	**23,233**	8 00	22,496	7 50	20,132
Cash and others	**4.25**	**2,761**	4 50	3,531	4 00	1,698
Total market value of assets		277,434		248,361		231,488
Present value of scheme liabilities		**(310,321)**		(301,488)		(254,552)
Deficit in plan and net pension liability		**(32,887)**		(53,127)		(23,064)

No deferred tax asset has been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

19. Pensions and other post retirement benefits *(continued)*

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating profit

2010	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Current service cost	1,262	313	1,575
Loss on settlements and curtailments	-	-	-
Total operating charge (note 4)	**1,262**	**313**	**1,575**

2009	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Current service cost	930	273	1,203
Loss on settlements and curtailments	-	-	-
Total operating charge (note 4)	**930**	**273**	**1,203**

Analysis of the amount credited to net finance expense

2010	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Expected return on pension plan assets	4,543	15,031	19,574
Interest on pension plan liabilities	(4,396)	(17,025)	(21,421)
Other finance income/(expense)	**147**	**(1,994)**	**(1,847)**

2009	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Expected return on pension plan assets	3,140	12,527	15,667
Interest on pension plan liabilities	(3,066)	(14,327)	(17,393)
Other finance income/(expense)	**74**	**(1,800)**	**(1,726)**

19. Pensions and other post retirement benefits *(continued)*

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)

2010	ntl 1999 £000	ntl £000	Total £000
Actual return less expected return on pension plan assets	6,803	14,538	21,341
Experience gain arising on pension plan liabilities	2,319	3,462	5,781
Changes in assumptions underlying the present value of the plan liabilities	(1,115)	(6,921)	(8,036)
Actuarial gain recognised in STRGL	8,007	11,079	19,086

2009	ntl 1999 £000	ntl £000	Total £000
Actual return less expected return on pension plan assets	9,270	8,936	18,206
Experience loss arising on pension plan liabilities	(2,472)	(3,155)	(5,627)
Changes in assumptions underlying the present value of the plan liabilities	(17,680)	(43,067)	(60,747)
Actuarial loss recognised in STRGL	(10,882)	(37,286)	(48,168)

Analysis of Plan liabilities

2010	ntl 1999 £000	ntl £000	Total £000
Plans that are wholly or partly funded	79,756	310,321	390,077
Plans that are wholly funded	-	-	-
Net return	**79,756**	**310,321**	**390,077**

2009	ntl 1999 £000	ntl £000	Total £000
Plans that are wholly or partly funded	76,282	301,488	377,770
Plans that are wholly funded	-	-	-
Net return	**76,282**	**301,488**	**377,770**

19. Pensions and other post retirement benefits *(continued)*

Changes in present value of Plan liabilities

2010	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Opening value of plan liabilities	76,282	301,488	377,770
Current service cost	1,262	313	1,575
Interest cost	4,396	17,025	21,421
Experience gains	(2,319)	(3,462)	(5,781)
Impact of changes in assumptions	1,115	6,921	8,036
Employee contributions	219	106	325
Benefits and other	(1,199)	(12,070)	(13,269)
Closing value of plan liabilities	79,756	310,321	390,077

2009	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Opening value of plan liabilities	53,226	254,552	307,778
Current service cost	930	273	1,203
Interest cost	3,066	14,327	17,393
Experience losses	2,472	3,155	5,627
Impact of changes in assumptions	17,680	43,067	60,747
Employee contributions	236	112	348
Benefits and other	(1,328)	(13,998)	(15,326)
Closing value of plan liabilities	76,282	301,488	377,770

19. Pensions and other post retirement benefits *(continued)*

Changes in present value of Plan assets

2010	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Opening value of plan assets	57,839	248,361	306,200
Expected return on assets	4,543	15,031	19,574
Actual less expected return on assets	6,803	14,538	21,341
Employer contributions	5,446	11,468	16,914
Employee contributions	219	106	325
Benefits and other	(1,199)	(12,070)	(13,269)
Closing value of plan assets	73,651	277,434	351,085

2009	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Opening value of plan assets	42,410	231,488	273,898
Expected return on assets	3,140	12,527	15,667
Actual less expected return on assets	9,270	8,936	18,206
Employer contributions	4,111	9,296	13,407
Employee contributions	236	112	348
Benefits and other	(1,328)	(13,998)	(15,326)
Closing value of plan assets	57,839	248,361	306,200

19. Pensions and other post retirement benefits *(continued)*

History of experience gains and losses

2010	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Plan liabilities	(79,756)	(310,321)	(390,077)
Plan assets	73,651	277,434	351,085
Deficit	(6,105)	(32,887)	(38,992)
Experience gains on plan liabilities	2,319	3,462	5,781
Experience gains on plan assets	6,803	14,538	21,341

2009	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Plan liabilities	(76,282)	(301,488)	(377,770)
Plan assets	57,839	248,361	306,200
Deficit	(18,443)	(53,127)	(71,570)
Experience losses on plan liabilities	(2,472)	(3,155)	(5,627)
Experience gains on plan assets	9,270	8,936	18,206

2008	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Plan liabilities	(53,226)	(254,552)	(307,778)
Plan assets	42,410	231,488	273,898
Deficit	(10,816)	(23,064)	(33,880)
Experience gains on plan liabilities	2,135	10,201	12,336
Experience losses on plan assets	(18,507)	(49,159)	(67,666)

2007	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Plan liabilities	(58,495)	(265,387)	(323,882)
Plan assets	53,516	265,037	318,553
Deficit	(4,979)	(350)	(5,329)
Experience losses on plan liabilities	(5)	(145)	(150)
Experience losses on plan assets	(1,118)	(4,916)	(6,034)

2006	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Plan liabilities	(29,049)	(278,249)	(307,298)
Plan assets	20,666	255,421	276,087
Deficit	(8,383)	(22,828)	(31,211)
Experience gains/(losses) on plan liabilities	1,100	(3,286)	(2,186)
Experience gains/(losses) on plan assets	715	(818)	(103)

20. 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

21. 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 25)

22. Share capital

Authorised share capital:

	2010 £000	2009 £000
5,378,375 Ordınary shares of £0 01 each	54	54
5,243,153 Ordınary shares of $0 20 each	682	682
	736	736

Allotted and called up:

	2010 No	£000	2009 No	£000
Ordınary shares fully paıd of £0 01 each	5,179,802	52	5,179,802	52
Ordınary shares fully paıd of $0 20 each (converted at exchange rate ın place at date of ıssue of shares)	5,179,680	674	5,179,680	674
	10,359,482	726	10,359,482	726

23. Reconcılıatıon of shareholder's funds and movement on reserves

	Share capital £000	Share premıum account £000	Share optıons reserve £000	Other reserves £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2009	726	12,214,200	14,018	11	(14,810,390)	(2,581,435)
Profit for the year	–	–	–	–	3,793,298	3,793,298
Recognıtıon of equıty-settled share-based payments ın the year	–	–	1,097	–	–	1,097
Actuarıal losses on pensıon plans	–	–	–	–	(48,168)	(48,168)
At 31 December 2009 and 1 January 2010	726	12,214,200	15,115	11	(11,065,260)	1,164,792
Profit for the year	–	–	–	–	172,112	172,112
Actuarıal gaıns on pensıon plans	–	–	–	–	19,086	19,086
At 31 December 2010	726	12,214,200	15,115	11	(10,874,062)	1,355,990

24. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £117,707,000 (2009 - £118,996,000)

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amounts include commitments entered into on behalf of these companies

25. Parent undertaking and controlling party

On 4 January 2010 the company's immediate parent company changed from Virgin Media Investment Holdings Limited to Virgin Media Investments Limited

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