COMPANY REGISTRATION NUMBER 02591237

Virgin Media Limited

Financial Statements

31 December 2011

Virgin Media Limited

Financial Statements

Year ended 31 December 2011

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Virgin Media 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 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 ("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

Key performance indicators (KPI's)

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

	2011	2010	
Turnover (£000)	**400,110**	391,547	Turnover has increased by 2 2% primarily due to selective price increases and the increased uptake of broadband from both new and existing customers, partially offset by higher price discounting to stimulate customer activity and retention in light of competitive factors in the market place
Gross profit margin (%)	**83.2**	82 6	This increase reflects changes in the product mix primarily due to additional customers subscribing to the higher margin broadband product, together with selective price increases
Administrative expenses (£000)	**1,405,977**	1,489,724	Administrative expenses have decreased by 5 6% during 2011 primarily due to reduced rent and related property costs together with lower outsourcing costs This is partially offset by an increase in depreciation expense
Other operating income (£000)	**1,211,331**	1,262,214	Other operating income has decreased during the year primarily due to a fall in the release of the impairment provision against amounts due from group undertakings from £81,470,000 in 2010 to £25,214,000 in 2011 and a decrease in amounts recharged to group companies This is partially offset by the company's allocation of a VAT rebate received by the group in 2011 of £10,586,000

Selected statistics for residential cable customers served by the company at 31 December 2011 and 31 December 2010 are shown in the table below

	2011	2010
Products		
Television	**593,000**	581,300
Fixed line telephone	**634,800**	625,400
Broadband	**642,300**	606,200
Total	**1,870,100**	1,812,900
Total customers	**753,300**	746,300
Products per customer	**2.48**	2 43

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 an increase in net current assets and net assets for the year ended 31 December 2011 as a result of normal operations 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 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 profit for the financial year amounted to £198,759,000 (2010 - profit of £172,112,000) The directors have not recommended an ordinary dividend (2010 - £nil)

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

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

Environmental policies

The group is committed to building a responsible and sustainable business The group openly and transparently reports on its sustainability performance through an innovative website that provides HD videos, news stories and downloadable PDFs virginmedia com/sustainability

The group's strategic focus is on using its experience and capabilities in digital technology to create positive change for customers, their communities and UK enterprise, while managing the many complex issues associated with the development of a digital world Its initiatives in this area include the Virgin Media Pioneers programme, which provides skills training, networking opportunities and peer-to-peer support for young entrepreneurs

The group has prioritised three further objectives as part of its sustainability strategy

- Building a low carbon, low waste business The group has a headline target of reducing carbon emissions by 15% by 2015, against a 2007 base year In 2011 a 0 2% reduction in carbon emissions was achieved against its 2007 baseline The group met its targets of purchasing 90% of electricity from renewable sources defined as CCL Exempt (92% achieved) and improving the efficiency of its fleet by increasing average miles per gallon by 10% (18% achieved) The group recycled 36% of waste at sites with recycling facilities in 2011 (against a target of 40%) and rolled out Closed Loop Recycled Paper across all key sites for internal paper use

- Creating a more diverse and inclusive workforce The group has set itself a target to recruit more females for roles in the traditionally hard to attract areas of the business, such as engineering In 2011, 30% of total applicants were female The group also set a target to conduct a pilot within a retail store to test the customer benefit of different gender balances amongst retail staff The pilot found that having gender balance within the teams was important to achieve both a positive experience for the customer, as well as achievement of sales targets

- Working with suppliers to meet sustainability challenges The group set itself the target of having all suppliers that are managed through the group procurement team to have signed up to its Sustainability Code of Conduct 98% of suppliers had signed up to the Code by the end of 2011 and in 2012 the group will continue to work to ensure that all suppliers sign up to the Code

In 2011, the group conducted a formal stakeholder engagement process to understand perceptions and expectations about the company's sustainability performance One-to-one discussions were organised with five sustainability opinion leaders, an online panel discussion was held with around 400 consumers and staff who were invited to share their opinions through an interactive video booth This process, branded as 'We're all ears', has helped shape the group's sustainability plans for the year ahead Full details can be found online at virginmedia com/sustainability

The group will continue to regularly update the website with engaging and accessible content, as well as formally reporting on progress towards meeting the company's sustainability targets

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

The 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 group, ex-employees and people applying for jobs This applies to all aspects of employment, including recruitment and training

The 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 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

Employee involvement
The 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 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 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 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 group's and company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with The group's trade creditors, at the year-end, represented 36 days (2010 - 37 days) of purchases

Donations
During the year the company made the following contributions

	2011	2010
	£	£
Charitable	**697,512**	418,442

Going concern
After making suitable 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/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

Signed on behalf of the directors

J C Tillbrook
Director

Approved by the directors on 27 September 2012

Statement of Directors' Responsibilities

Year ended 31 December 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

We have audited the financial statements of Virgin Media Limited for the year ended 31 December 2011 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 Statement of Directors' Responsibilities 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 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 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

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

27 September 2012

Virgin Media Limited

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover		**400,110**	391,547
Cost of sales		**(67,333)**	(68,081)
Gross profit		**332,777**	323,466
Administrative expenses		**(1,405,977)**	(1,489,724)
Other operating income	2	**1,211,331**	1,262,214
Operating profit	3	**138,131**	95,956
Attributable to			
Operating profit before exceptional items		**112,917**	14,486
Exceptional items	3	**25,214**	81,470
		138,131	95,956
Interest receivable	6	**174,961**	190,530
Interest payable and similar charges	7	**(114,333)**	(114,374)
Profit on ordinary activities before taxation		**198,759**	172,112
Tax on profit on ordinary activities	8	**–**	–
Profit for the financial year		**198,759**	172,112

All of the activities of the company are classed as continuing

The notes on pages 14 to 41 form part of these financial statements.

Virgin Media Limited

Statement of Total Recognised Gains and Losses

Year ended 31 December 2011

	2011 £000	2010 £000
Profit for the financial year	**198,759**	172,112
Actuarial (loss)/gain in respect of defined benefit pension scheme	**(24,200)**	19,086
Total gains and losses recognised since the last annual report	**174,559**	191,198

The notes on pages 14 to 41 form part of these financial statements.

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Virgin Media Limited

Balance Sheet

31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	**1,732,832**	1,594,081
Investments	10	**20,772**	10,772
		1,753,604	1,604,853
Current assets			
Stocks	11	**915**	840
Debtors due after one year	12	**37,535**	31,565
Debtors due within one year	12	**5,752,594**	5,036,431
Cash at bank		**217,630**	318,657
		6,008,674	5,387,493
Creditors: Amounts falling due within one year	13	**(5,820,108)**	(5,237,821)
Net current assets		**188,566**	149,672
Total assets less current liabilities		**1,942,170**	1,754,525
Creditors: Amounts falling due after more than one year	14	**(202,526)**	(190,197)
Provisions for liabilities	16	**(165,480)**	(169,346)
Net assets excluding pension liability		**1,574,164**	1,394,982
Defined benefit pension scheme liability	19	**(43,615)**	(38,992)
Net assets including pension liability		**1,530,549**	1,355,990
Capital and reserves			
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	**(10,699,503)**	(10,874,062)
Total shareholder's funds	23	**1,530,549**	1,355,990

These financial statements were approved by the directors on 27 September 2012 and are signed on their behalf by

R C Gale

R C Gale
Director

The notes on pages 14 to 41 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 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

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 its ultimate parent company, Virgin Media Inc

Turnover
Turnover represents the value of services provided, stated net of value added tax and discounts, and is attributable to continuing activities, being the provision of cable television, telephony, broadband 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 on a straight line basis over the expected useful economic life of that asset as follows

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

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

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 the 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 Finance lease debtors are recorded in the Balance Sheet, and future instalments payable under finance leases are included within creditors, net of finance charges Rentals receivable and payable under these finance lease arrangements are apportioned, the finance elements are recorded in the Profit and Loss Account on a reducing balance or straight line basis as appropriate, and the capital elements reduce the outstanding liability or asset in accordance with the terms of the contract

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 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 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, 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 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 for 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

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 dilapidations
The company recognises a provision 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

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 amount is fully 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

	2011 £000	2010 £000
Recharges to group undertakings	**1,175,531**	1,180,744
Release of impairment provision against amounts due from group undertakings (see note 3)	**25,214**	81,470
Other operating income	**10,586**	-
	1,211,331	1,262,214

Other operating income represents an allocation of a VAT rebate received by the group during the year

3. Operating profit

Operating profit is stated after charging/(crediting)

	2011	2010
	£000	£000
Depreciation of owned tangible fixed assets	**266,892**	270,320
Depreciation of tangible fixed assets held under finance lease agreements	**53,042**	35,404
Loss/(profit) on disposal of fixed assets	**246**	(345)
Operating lease costs		
- Plant and equipment	**28,025**	30,698
- Other	**17,964**	19,437
Net profit on foreign currency translation	**(11,520)**	(6,890)

Exceptional items:

	2011	2010
	£000	£000
Release of impairment provision against amounts due from group undertakings	**(25,214)**	(81,470)

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually The provision for non-recoverability may increase or decrease as a result of that review The impairment review of inter-company indebtedness as at 31 December 2011 concluded that a release of the provision against amounts due from group undertakings of £25,214,000 should be made (2010 - £81,470,000)

Auditor's remuneration of £43,000 (2010 - £32,000) represents costs allocated to the company in respect of 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

	2011	2010
	No	No
Consumer	4,592	4,939
Business	811	977
Access and Networks	5,501	4,828
Technology	862	1,122
Corporate	1,321	1,427
	13,087	13,293

The aggregate payroll costs of the above were

	2011	2010
	£000	£000
Wages and salaries	478,055	436,356
Social security costs	48,462	55,721
Other pension costs	12,084	15,580
Equity-settled share-based payments	19,986	25,938
	558,587	533,595

The analysis of other pension costs charged to operating profit is

	2011	2010
	£000	£000
Defined contribution scheme	13,464	14,005
Defined benefit scheme - total operating (credit)/charge	(1,380)	1,575
	12,084	15,580

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

The company is one of the principal employers of the group

5. Directors' remuneration

The directors' aggregate remuneration was

	2011	2010
	£000	£000
Remuneration receivable	493	579
Value of company pension contributions to money purchase schemes	38	45
	531	624

£49,657 (2010 - £50,665) of the aggregate amount was in relation to qualifying services as directors of this company

5 Directors' remuneration *(continued)*

Remuneration of highest paid director:

	2011	2010
	£000	£000
Total remuneration (excluding pension contributions)	313	309
Value of company pension contributions to money purchase schemes	31	29
	344	338

	2011	2010
	No	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

	2011	2010
	£000	£000
Bank interest receivable	4,885	3,211
Interest on amounts owed by group undertakings	169,360	182,909
Net finance income in respect of defined benefit pension schemes	716	–
Other finance income	–	4,410
	174,961	190,530

7. Interest payable and similar charges

	2011	2010
	£000	£000
Finance charges	14,892	13,964
Unwinding of discounts on provisions	3,969	4,128
Other finance charges	4,962	4,410
Net finance costs in respect of defined benefit pension schemes	–	1,847
Interest on amounts owed to group undertakings	90,510	90,025
	114,333	114,374

Interest payable and other charges include amounts relating to the unwinding of the discount on provisions for liabilities The 2010 balance of £4,128,000 has been reclassified so as to include the unwinding of the discount, which was historically expensed to administrative expenses in the profit and loss account

8. Taxation

(a) Analysis of charge in the year

The tax charge is made up as follows

	2011 £000	2010 £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	-	-

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2010 - lower) 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 £000	2010 £000
Profit on ordinary activities before taxation	**198,759**	172,112
Profit on ordinary activities multiplied by rate of tax	**52,671**	48,191
Effects of		
(Accelerated capital allowances) / Depreciation in excess of capital allowances	**(9,877)**	75,627
Utilisation of tax losses	-	(3,775)
Group relief claimed without payment	-	(94,904)
Income not taxable	**(24,493)**	(26,455)
Other short term timing differences	**(18,301)**	1,316
Total current tax (note 8(a))	-	-

8. Taxation *(continued)*

(c) Factors that may affect future tax charges

Deferred tax assets in respect of the following amounts have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

	2011 £000	2010 £000
Depreciation in excess of capital allowances	603,658	732,913
Other timing differences	23,041	44,856
	626,699	777,769

(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% In addition, changes to the capital allowances regime were enacted in the Finance Act 2011, 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 unprovided deferred tax assets have been calculated using the enacted rates as at 31 December 2011

9. Tangible fixed assets

	Network £000	Construction in progress £000	Other £000	Total £000
Cost				
At 1 January 2011	3,024,239	53,786	495,656	3,573,681
Additions	16,330	302,924	151,597	470,851
Disposals	(201,855)	–	(65,524)	(267,379)
Transfers	319,200	(319,200)	–	–
At 31 December 2011	3,157,914	37,510	581,729	3,777,153
Depreciation				
At 1 January 2011	1,787,568	–	192,032	1,979,600
Charge for the year	212,486	–	107,448	319,934
On disposals	(190,788)	–	(64,425)	(255,213)
At 31 December 2011	1,809,266	–	235,055	2,044,321
Net book value				
At 31 December 2011	1,348,648	37,510	346,674	1,732,832
At 31 December 2010	1,236,671	53,786	303,624	1,594,081

9. Tangible fixed assets *(continued)*

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

	2011 £000	2010 £000
Freehold	**12,396**	11,822
Short leasehold	**80,503**	90,580

Hire purchase and finance lease agreements

Included within the net book value of £1,732,832,000 is £236,881,000 (2010 - £206,314,000) relating to assets held under finance lease agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £53,042,000 (2010 - £35,404,000)

10. Investments

	£000
Cost	
At 1 January 2011	**10,216,484**
Additions	**10,000**
At 31 December 2011	**10,226,484**
Amounts written off	
At 1 January 2011 and 31 December 2011	**10,205,712**
Net book value	
At 31 December 2011	**20,772**
At 31 December 2010	10,772

On 24 March 2011, the company purchased an additional 10,000 £1 ordinary shares in its wholly owned subsidiary, Virgin Media Secretaries Limited, for a purchase price of £1,000 per share

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 25)

The company has taken advantage of Section 409 of the Companies Act 2006 and only disclosed only those investments whose results or financial position materially affected the figures shown in the company's annual financial statements

10. Investments *(continued)*

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			
ntl Rectangle Limited	Ordinary	100%	Holding
Virgin Media Payments Limited	Ordinary	100%	Collections
X-Tant Limited	Ordinary	100%	Telecoms
Virgin Media Secretaries Limited	Ordinary	100%	Finance
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	100%	Telecoms
BCMV Limited	Ordinary	100%	Telecoms
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
	Ordinary	100%	Telecoms

The company has an indirect shareholding in ntl (South Hertfordshire) Limited through ntl (B) Limited On 9 May 2011, ntl (B) Limited completed the purchase of the 66 7% minority interest in ntl (South Hertfordshire) Limited for £14,293,000, thereby increasing the company's indirect ownership to 100%

11. Stocks

	2011	2010
	£000	£000
Goods for resale	**915**	840

12 Debtors

	2011	2010
	£000	£000
Trade debtors	**323,068**	341,895
Amounts owed by group undertakıngs	**5,348,931**	4,602,021
Other debtors	**37,535**	31,565
Prepayments and accrued ıncome	**80,595**	92,515
	5,790,129	5,067,996

The debtors above ınclude the followıng amounts fallıng due after more than one year

	2011	2010
	£000	£000
Other debtors	**37,535**	31,565

The analysıs of amounts owed by group undertakıngs ıs

	2011	2010
	£000	£000
Loans advanced to group undertakıngs	**1,581,306**	1,727,185
Other amounts owed by group undertakıngs	**3,767,625**	2,874,836
	5,348,931	4,602,021

Loans advanced to group undertakıngs are stated after deductıng an ımpaırment provısıon of £781,075,000 (2010 - £820,991,000) Other amounts owed by group undertakıngs are stated after deductıng an ımpaırment provısıon of £489,946,000 (2010 - £475,244,000)

Included wıthın loans advanced to group undertakıngs are US dollar denomınated balances totallıng $553,650,000 (2010 - $553,650,000) whıch had a carryıng value of £356,137,000 (2010 - £354,927,000)

Amounts owed by group undertakıngs are unsecured and repayable on demand

13. Creditors: Amounts falling due within one year

	2011	2010
	£000	£000
Trade creditors	**296,446**	280,315
Amounts owed to group undertakings	**4,843,215**	4,274,848
Other taxation and social security	**86,447**	86,032
Finance lease agreements	**75,647**	53,901
Accruals and deferred income	**518,353**	542,725
	5,820,108	5,237,821

The analysis of amounts owed to group undertakings is

	2011	2010
	£000	£000
Loan advanced by group undertakings	**1,286,236**	1,114,111
Other amounts owed to group undertakings	**3,556,979**	3,160,737
	4,843,215	4,274,848

Included within loans advanced by group undertakings are US dollar denominated balances totalling $525,000,000 (2010 - $525,000,000) which had a carrying value of £337,707,000 (2010 - £336,560,000) and euro denominated balances totalling €417,553,000 (2010 - €405,785,000) which had a carrying value of £348,280,000 (2010 - £347,801,000)

Amounts owed to group undertakings are unsecured and repayable on demand

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

	2011	2010
	£000	£000
Finance lease agreements	**181,683**	173,461
Other creditors	**20,843**	16,736
	202,526	190,197

15. Commitments under hire purchase and finance lease agreements

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

	2011	2010
	£000	£000
Amounts payable within 1 year	**91,091**	69,453
Amounts payable between 2 to 5 years	**147,519**	140,293
Amounts payable after more than 5 years	**240,836**	204,579
	479,446	414,325
Less interest and finance charges relating to future periods	**(222,116)**	(186,963)
	257,330	227,362
Hire purchase and finance lease agreements are analysed as follows		
Current obligations	**75,647**	53,901
Non-current obligations	**181,683**	173,461
	257,330	227,362

16. Provisions for liabilities

	Redundancy costs £000	Property and contract exit costs £000	Waste Electrical and Electronic Equipment £000	National Insurance £000	Total £000
At 1 January 2011	(1,102)	(106,032)	(48,183)	(14,029)	(169,346)
Provided during the year	(10,200)	(10,498)	(12,241)	129	(32,810)
Utilised during the year	7,100	28,297	-	4,477	39,874
Revisions in cashflow estimates	2,200	11,759	14,924	-	28,883
Amortisation of discount	-	(27,991)	(4,090)	-	(32,081)
At 31 December 2011	**(2,002)**	**(104,465)**	**(49,590)**	**(9,423)**	**(165,480)**

Redundancy costs

During 2008 the Virgin Media group commenced the implementation of a restructuring plan aimed at driving further improvements in operational performance and eliminating inefficiencies in order to create a fully-integrated, customer focused organisation

Property and contract exit costs

Property and contract exit costs relate primarily to the restructuring plan described above There are a large number of properties to which the provision relates, with a wide range of remaining lease terms The majority of the costs are expected to be incurred over the next 25 years

Waste Electrical & Electronic Equipment (WEEE)

The provision for the asset retirement obligation in respect of WEEE is calculated based on the total equipment purchased, its expected useful economic life and the anticipated cost of disposal Costs in relation to disposal of WEEE are expected to be incurred over the next 5 years

National Insurance

Provision has been made for National Insurance contributions on share options and restricted stock unit grants, which are expected to be exercised The provision has been calculated based on Virgin Media Inc 's closing share price at 31 December 2011 and the exercise price of the options and is being allocated over the period from the date of the award to the date that the employee will become unconditionally entitled to the options, which is expected to be the next 5 years

17. Share-based payments

The company ıs an ındırect, wholly-owned subsıdıary of Vırgın Medıa Inc Accordıngly, the company has no share-based compensatıon plans The company's dırectors and certaın of ıts employees partıcıpate ın the share-based compensatıon plan of Vırgın Medıa Inc , as summarısed below

Vırgın Medıa stock incentıve plans
The Vırgın Medıa Stock Incentıve Plans are ıntended to encourage Vırgın Medıa Inc share ownershıp by employees and dırectors so that they may acquıre or ıncrease theır proprıetary ınterest ın the group, and to encourage such employees and dırectors to remaın ın the group's employ or servıce and to put forth maxımum efforts for the success of the busıness To accomplısh such purposes, the plans provıde that Vırgın Medıa Inc may grant ıncentıve share optıons, non-qualıfied share optıons, shares of restrıcted stock, restrıcted stock unıts, performance shares and share awards

Virgin Media Sharesave Plan
The Vırgın Medıa Sharesave Plan ıs a broad based share optıon arrangement whıch enables elıgıble employees to receıve optıons to purchase shares of Vırgın Medıa Inc 's common stock at a dıscount Employees are ınvıted to take out savıngs contracts that last for three years At the end of the contract employees use the proceeds of these savıngs to exercıse optıons granted under the plan

Stock option grants
All optıons have a 10 year term and vest and become fully exercısable wıthın 5 years of contınued employment The company accounts for the plan under Fınancıal Reportıng Standard 20 'Share-based Payment' (FRS 20)

The faır value for these optıons was estımated at the date of grant usıng the Black-Scholes optıon-prıcıng model wıth the followıng weıghted average assumptıons

Year ended 31 December	**2011**	2010
Rısk-free Interest Rate	**1.81%**	1 89%
Expected Dıvıdend Yıeld	**0.63%**	0 90%
Expected Volatılıty	**58.10%**	61 81%
Expected Lıves	**5.3 years**	4 7 years

The expected lıfe of the optıons ıs based on hıstorıcal data and ıs not necessarıly ındıcatıve of exercıse patterns that may occur The expected volatılıty reflects the assumptıon that the hıstorıcal realısed volatılıty of the ultımate parent company's shares, matched to the expected lıfe of the optıon, ıs ındıcatıve of future trends, whıch may not necessarıly be the actual outcome

17. **Share-based payments** *(continued)*

Share options
A summary of the actıvıty and related ınformatıon of the Vırgın Medıa Inc Stock Optıon Plans (whıch ınclude the share ıncentıve plans and Vırgın Medıa Sharesave Plan), pertaınıng to the employees of the company for the year ended 31 December 2011 ıs as follows

	2011 Options	2011 Weighted average exercise price	2010 Options	2010 Weighted average exercise price
As at 1 January	16,630,395	$14.67	15,909,781	$14 01
Transferred ın	-	-	1,196,542	$14 08
Granted	2,835,578	$23.04	2,855,927	$17 41
Exercısed	(4,824,414)	$14.51	(2,004,184)	$12 07
Expıred	(286,850)	$21.44	(278,483)	$22 49
Forfeıted	(1,622,729)	$14.72	(1,049,188)	$14 33
Outstandıng at end of year	12,731,980	$16.43	16,630,395	$14 67
Exercısable at end of year	3,735,200	$18.70	5,004,230	$19 80

Transfers ın relate to the transfer of employees from fellow group undertakıngs

The optıons exercısable at the year end had a weıghted average remaınıng contractual term of 5 68 years (2010 - 6 33 years) and the optıons outstandıng at the year end had a weıghted average remaınıng term of 5 07 years (2010 - 6 35 years)

The weıghted average share prıce at the date of exercıse for the optıons exercısed ın 2011 was $28 17 (2010 - $19 98)

The weıghted average faır value of optıons granted durıng the year was $10 39 (2010 - $9 14) The range of exercıse prıces for optıons outstandıng at the year end was $0 02 to $30 64 (2010 - $0 02 to $28 59)

Restrıcted stock grants

	2011 Shares	2011 Weighted average grant-date fair value	2010 Shares	2010 Weighted average grant-date fair value
Non vested - as at 1 January	437,500	$11.57	755,000	$11 27
Vested	(114,596)	$13.66	(313,750)	$10 87
Forfeıted	(10,404)	$14.28	(3,750)	$9 28
Non vested - as at 31 December	312,500	$10.71	437,500	$11 57

Restrıcted stock grants are ıssued wıth certaın restrıctıons attached, whıch can be eıther servıce-based or performance related For performance based restrıcted stock grants the performance objectıves are set by the Compensatıon Commıttee of the Board of Dırectors of Vırgın Medıa Inc based upon quantıtatıve and qualıtatıve objectıves, ıncludıng earnıngs and stock prıce performance, amongst others These objectıves may be absolute or relatıve to prıor performance or to the performance of other entıtıes, ındıces, benchmarks and may be expressed ın terms of progressıon wıthın a specıfıc range The faır value for restrıcted stock grants ıs determıned usıng the share prıce at the date of grant

17. Share-based payments *(continued)*

Restricted stock unit grants

	2011 Performance based	2011 Weighted average grant-date fair value	2010 Performance based	2010 Weighted average grant-date fair value
Non vested - as at 1 January	5,179,451	$12.29	3,795,223	$12 77
Transferred in	-	-	470,449	$13 01
Granted	1,570,471	$20.27	2,032,828	$14 93
Vested	(974,239)	$12.16	(162,012)	$24 52
Forfeited	(1,697,008)	$13.34	(957,087)	$17 93
Non vested - as at 31 December	**4,078,675**	**$14.96**	5,179,401	$12 29

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

In 2010, the Compensation Committee introduced a relative stock performance measure to the stock incentive plan The vesting of a proportion of restricted stock units under the 2010-2012 and 2011-2013 long term incentive plans are subject to a relative Total Shareholder Value ("TSV") performance measure The measure is based on a comparison of Virgin Media Inc 's stock price growth with that of a comparator group of organisations selected by the Compensation Committee

The fair value of the restricted stock units containing a market condition, granted under the 2010-2012 and 2011-2013 long term incentive plans were estimated at the date of grant using the Monte Carlo simulation model with the following assumptions

Year ended 31 December	2011	2010
Risk-free Interest Rate	0.93% - 2.54%	1 60% - 2 08%
Expected Dividend Yield	0.64%	0 94%
Expected Volatility of Virgin Media Inc shares	69.58%	70 11%
Expected Volatility of Selected Comparator Group shares	25.85% - 59.67%	26 97% - 58 42%
Expected Lives	2.93 years	2 98 years

The expected life of the restricted stock units is based on the stated performance period Actual historical changes in the market values of the ultimate parent company's shares and those of selected comparator group stocks are used to calculate the expected volatility assumption

The restricted stock units that vested during the year had a total fair value of £16 3m (2010 - £1 8m)

Total expense

The expense included in the financial statements of the company relating to the payment of stock-based compensation of certain of its employees is £19,986,000 (2010 - £25,938,000)

18. Commıtments under operatıng leases

At 31 December 2011 the company had annual commıtments under non-cancellable operatıng lease as set out below

	2011		2010	
	Land and buıldıngs £000	Other Items £000	Land and buıldıngs £000	Other Items £000
Operatıng leases whıch expıre				
Wıthın 1 year	3,474	7,666	2,079	4,927
Wıthın 2 to 5 years	19,089	9,714	17,045	14,772
After more than 5 years	7,443	4,647	14,389	5,031
	30,006	22,027	33,513	24,730

19. Pensions and other post retırement benefits

Defined Contrıbutıon Plans

The company contrıbutes to the Vırgın Medıa sponsored group personal pensıon plans for elıgıble employees Contrıbutıons are charged to the Profit and Loss Account as they become payable, ın accordance wıth the rules of each of the plans

Contrıbutıons to the defined contrıbutıon plans durıng the year were £13,464,000 (2010 - £14,005,000) The amount of outstandıng contrıbutıons at 31 December 2011 ıncluded wıthın Credıtors amounts fallıng due wıthın one year were £2,269,000 (2010 - £2,185,000)

Defined Benefit Plans

The company recognıses any actuarıal gaıns and losses ın each perıod ın the Statement of Total Recognısed Gaıns and Losses

The group operates two funded defined benefit pensıon plans that pay out pensıons at retırement based on servıces and final pay, and detaıls are gıven below ın accordance wıth Fınancıal Reportıng Standard 17 "Retırement Benefits" (FRS 17)

Contrıbutıons to the company's defined benefit plans durıng the year were £17,481,000 (2010 - £16,914,000)

The company expects to pay £6 0m to the ntl 1999 Pensıon Plan and £11 7m to the ntl Pensıon Plan ın 2012

- **ntl 1999 Pension Plan**

The company, operates a funded pensıon plan provıdıng defined benefits ("ntl 1999 Pensıon Plan") The plan has never been opened to new entrants except when the plan began and subsequently on 31 May 2007, on both occasıons new members were transferred from other exıstıng plans The assets of the plan are held separately from those of the company, beıng ınvested ın unıts of exempt unıt trusts The plan ıs funded by the payment of contrıbutıons to separately admınıstered trust funds The pensıon costs are determıned wıth the advıce of ındependent qualıfied actuarıes on the basıs of trıennıal valuatıons usıng the projected unıt credıt method

19. Pensions and other post retırement benefits *(contınued)*

Full actuarıal valuatıons of the ntl 1999 Pensıon Plan have been carrıed out and updated to 31 December 2011 by a qualıfied actuary, usıng a set of assumptıons consıstent wıth those requıred under FRS17 The major assumptıons used by the actuary were

ntl 1999 Pensıon Plan	2011	2010
	%	%
Rate of ıncrease ın salarıes	**3.50**	4 00
Rate of ıncrease ın pensıons ın payment	**3.20**	3 75
Dıscount rate	**4.80**	5 75
Inflatıon assumptıon	**3.20**	3 75

Lıfe expectancy for	2011	2010
Male aged 45	**87.9**	87 9
Male aged 65	**86.0**	86 0
Female aged 45	**90.5**	90 5
Female aged 65	**88.6**	88 6

The faır value of the scheme assets and the expected rate of return, the present value of the scheme lıabılıtıes and the resultıng surplus/(defıcıt) are

ntl 1999 Pensıon Plan	2011 Long-term rate of return expected	2011 Value	2010 Long-term rate of return expected	2010 Value
	%	£000	%	£000
Equıtıes	**6 80**	**39,076**	8 00	46,976
Property	**6.30**	**1,947**	7 50	731
Corporate bonds	**4.80**	**28,367**	5 50	20,216
Hedge funds	**6.50**	**5,035**	7 75	5,311
Cash and others	**3.00**	**2,858**	4 25	417
Total market value of assets		**77,283**		73,651
Present value of scheme lıabılıtıes		**(85,434)**		(79,756)
Defıcıt ın plan and net pensıon lıabılıty		**(8,151)**		(6,105)

- **ntl Pensıon Plan**

The company, operates a funded pensıon plan provıdıng defined benefits ("ntl Pensıon Plan") The pensıon plan was closed to new entrants as of 6 Aprıl 1998 The assets of the plan are held separately from those of the company, ın an ındependently admınıstered trust The plan ıs funded by the payment of contrıbutıons to thıs separately admınıstered trust The pensıon costs are determıned wıth the advıce of ındependent qualıfied actuarıes on the basıs of trıennıal valuatıons usıng the projected unıt credıt method

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

Full actuarial valuations of the ntl Pension Plan have been carried out and updated to 31 December 2011 by a qualified actuary, using a set of assumptions consistent with those required under FRS17 The major assumptions used by the actuary were

ntl Pension Plan	**2011**	**2010**
	%	**%**
Rate of increase in salaries	**3.50**	4 00
Rate of increase in pensions in payment	**3.60**	3 75
Discount rate	**4.80**	5 50
Inflation assumption	**3.20**	3 75

Life expectancy for	**2010**	**2010**
Male aged 45	**88.5**	88 5
Male aged 65	**86.5**	86 5
Female aged 45	**91.1**	91 1
Female aged 65	**89.2**	89 2

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	**Long-term rate of return expected**	**2011 Value**	Long-term rate of return expected	2010 Value
	%	**£000**	%	£000
Equities	**6.80**	**86,333**	8 00	94,349
Property	**6.30**	**4,619**	7 50	4,484
Government bonds	**3.00**	**142,721**	4 25	111,891
Corporate bonds	**4.80**	**46,619**	5 50	40,716
Hedge funds	**6.50**	**22,013**	7 75	23,233
Cash and others	**3.00**	**1,418**	4 25	2,761
Total market value of assets		**303,723**		277,434
Present value of scheme liabilities		**(339,187)**		(310,321)
Deficit in plan and net pension liability		**(35,464)**		(32,887)

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

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating profit

2011	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Current service cost	**1,274**	**354**	**1,628**
Past service credit	**(277)**	**(2,731)**	**(3,008)**
Total operating charge/(credit) (note 4)	**997**	**(2,377)**	**(1,380)**

2010	ntl 1999	ntl	Total
	£000	£000	£000
Current service cost	1,262	313	1,575
Past service cost	-	-	-
Total operating charge (note 4)	1,262	313	1,575

Analysis of the amount credited to net finance expense

2011	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Expected return on pension plan assets	**5,605**	**16,268**	**21,873**
Interest on pension plan liabilities	**(4,427)**	**(16,730)**	**(21,157)**
Other finance income/(expense)	**1,178**	**(462)**	**716**

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)

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

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

2011	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Actual return less expected return on pension plan assets	**(6,739)**	**9,889**	**3,150**
Experience losses arising on pension plan liabilities	**(1,000)**	**(3,061)**	**(4,061)**
Changes in assumptions underlying the present value of the plan liabilities	**(214)**	**(23,075)**	**(23,289)**
Actuarial loss recognised in STRGL	**(7,953)**	**(16,247)**	**(24,200)**

2010	ntl 1999	ntl	Total
	£000	£000	£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

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

Changes in present value of Plan liabilities

2011	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Opening value of plan liabilities	**79,756**	**310,321**	**390,077**
Current service cost	**1,274**	**354**	**1,628**
Past service cost	**(277)**	**(2,731)**	**(3,008)**
Interest cost	**4,427**	**16,730**	**21,157**
Experience losses	**1,000**	**3,061**	**4,061**
Impact of changes in assumptions	**214**	**23,075**	**23,289**
Employee contributions	**211**	**109**	**320**
Benefits paid	**(1,171)**	**(11,732)**	**(12,903)**
Closing value of plan liabilities	**85,434**	**339,187**	**424,621**

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 paid	(1,199)	(12,070)	(13,269)
Closing value of plan liabilities	79,756	310,321	390,077

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

Changes in present value of Plan assets

2011	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Opening value of plan assets	**73,651**	**277,434**	**351,085**
Expected return on assets	**5,605**	**16,268**	**21,873**
Actual less expected return on assets	**(6,739)**	**9,889**	**3,150**
Employer contributions	**5,726**	**11,755**	**17,481**
Employee contributions	**211**	**109**	**320**
Benefits paid	**(1,171)**	**(11,732)**	**(12,903)**
Closing value of plan assets	**77,283**	**303,723**	**381,006**

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 paid	(1,199)	(12,070)	(13,269)
Closing value of plan assets	73,651	277,434	351,085

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

History of experience gains and losses

2011	**ntl 1999**	**ntl**	**Total**
	£000	**£000**	**£000**
Plan liabilities	**(85,434)**	**(339,187)**	**(424,621)**
Plan assets	**77,283**	**303,723**	**381,006**
Surplus/(deficit)	**(8,151)**	**(35,464)**	**(43,615)**
Experience losses on plan liabilities	**(1,000)**	**(3,061)**	**(4,061)**
Experience gains/(losses) on plan assets	**(6,739)**	**9,889**	**3,150**

2010	ntl 1999	ntl	Total
	£000	£000	£000
Plan liabilities	(79,756)	(310,321)	(390,077)
Plan assets	73,651	277,434	351,085
Surplus/(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
Surplus/(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
Surplus/(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
Surplus/(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)

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 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

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:

	2011	2010
	£000	£000
5,378,375 Ordinary shares of £0 01 each	54	54
5,243,153 Ordinary shares of $0 20 each	682	682
	736	736

Allotted and called up:

	2011		2010	
	No	£000	No	£000
Ordinary shares fully paid of £0 01 each	5,179,802	52	5,179,802	52
Ordinary shares fully paid of $0 20 each (converted at exchange rate in place at date of issue of shares)	5,179,680	674	5,179,680	674
	10,359,482	726	10,359,482	726

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

	Share capital £000	Share premium account £000	Share options reserve £000	Other reserves £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2010	726	12,214,200	15,115	11	(11,065,260)	1,164,792
Profit for the year	–	–	–	–	172,112	172,112
Actuarial gains on pension plans	–	–	–	–	19,086	19,086
At 31 December 2010 and 1 January 2011	726	12,214,200	15,115	11	(10,874,062)	1,355,990
Profit for the year	–	–	–	–	198,759	198,759
Actuarial losses on pension plans	–	–	–	–	(24,200)	(24,200)
At 31 December 2011	726	12,214,200	15,115	11	(10,699,503)	1,530,549

24. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £162,507,000 (2010 - £117,707,000)

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

The company's immediate parent undertaking is Virgin Media Investments Limited

The smallest and largest groups of which the company is a member and in to 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