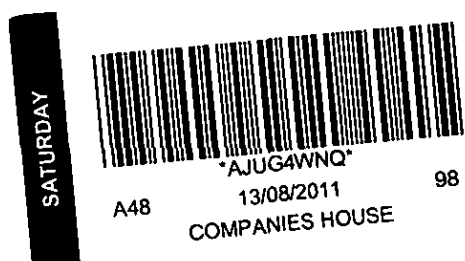


**Interactive Digital Sales Limited**  
**Financial Statements**  
**31 December 2010**



# **Interactive Digital Sales Limited**

## **Financial Statements**

**Year ended 31 December 2010**

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# **Interactive Digital Sales Limited**

## **Company Information**

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

# Interactive Digital Sales Limited

## The Directors' Report

Year ended 31 December 2010

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

### Principal activities and business review

The principal activity of the company during the year was to act as agent in the sale of advertising airtime on behalf of channels within the Virgin Media Television group (VMTV), UKTV and external companies

On 12 July 2010, Virgin Media Inc sold the television channel business, VMTV, to British Sky Broadcasting Limited (BSkyB) and BSkyB took over responsibility for selling advertising for the acquired VMTV channels from January 2011. Consequently the company will implement the wind-down of operations during 2011.

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.

In addition, 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 through Virgin Media Business (formerly ntl Telewest Business). The Virgin Media group also has an interest in the UKTV television channels through its joint ventures with BBC Worldwide.

Due to the size and nature of the company, in the opinion of the directors it is not appropriate to disclose the key performance indicators of the company. The company's accounts are consolidated into the financial statements of both Virgin Media Finance PLC and Virgin Media Inc. Copies of these accounts are available from the company secretary, Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP.

### Results and dividends

The profit for the financial year amounted to £371,000 (2009 - loss of £103,000). The directors have not recommended an ordinary dividend (2009 - £nil).

### Principal risks and uncertainties

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

# Interactive Digital Sales Limited

## The Directors' Report *(continued)*

Year ended 31 December 2010

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### Directors

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

R C Gale	(Appointed 30 April 2010)
R M Mackenzie	(Appointed 30 April 2010)
Virgin Media Directors Limited	(Resigned 30 April 2010)
Virgin Media Secretaries Limited	(Resigned 30 April 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.

### Going concern

After making enquiries, and obtaining the necessary assurances from the company's ultimate parent company that sufficient resources will be made available to meet any liabilities as they fall due should the company's income not be sufficient, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors



R M Mackenzie  
Director

Approved by the directors on 24 June 2011

# **Interactive Digital Sales Limited**

## **Statement of Directors' Responsibilities**

**Year ended 31 December 2010**

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Interactive Digital Sales Limited**

## **Independent Auditor's Report to the Member of Interactive Digital Sales Limited**

**Year ended 31 December 2010**

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We have audited the financial statements of Interactive Digital Sales Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

# Interactive Digital Sales Limited

## Independent Auditor's Report to the Member of Interactive Digital Sales Limited *(continued)*


Year ended 31 December 2010

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

24 June 2011



# Interactive Digital Sales Limited

## Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover		11,059	11,190
Cost of sales		(2,181)	(2,064)
Gross profit		8,878	9,126
Distribution costs		(3,030)	(3,403)
Administrative expenses		(5,477)	(5,826)
Operating profit/(loss)	2	371	(103)
Attributable to			
Operating profit/(loss) before exceptional items		371	(102)
Exceptional items	2	—	(1)
		371	(103)
Profit/(loss) on ordinary activities before taxation		371	(103)
Taxation on profit/(loss) on ordinary activities	4	—	—
Profit/(loss) for the financial year		371	(103)

The company has no other gains or losses and therefore no separate statement of total recognised gains or losses is presented

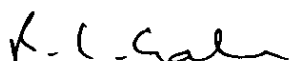
All activities, other than those in respect of inter-company funding arrangements, relate to discontinued operations

The notes on pages 9 to 15 form part of these financial statements.

**Interactive Digital Sales Limited****Balance Sheet****31 December 2010**

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	5	–	487
Investments	6	–	19
		<u>–</u>	<u>506</u>
<b>Current assets</b>			
Debtors due within one year	7	4,440	5,349
<b>Creditors: Amounts falling due within one year</b>	8	<u>(5,493)</u>	<u>(7,279)</u>
<b>Net current liabilities</b>		<u>(1,053)</u>	<u>(1,930)</u>
<b>Total assets less current liabilities</b>		<u>(1,053)</u>	<u>(1,424)</u>
<b>Capital and reserves</b>			
Share capital	11	–	–
Profit and loss account	12	<u>(1,053)</u>	<u>(1,424)</u>
<b>Deficit</b>	12	<u>(1,053)</u>	<u>(1,424)</u>

These financial statements were approved by the directors on 24 June 2011 and are signed on their behalf by



R C Gale  
Director

The notes on pages 9 to 15 form part of these financial statements.

# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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### 1. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006, and applicable UK accounting standards.

#### ***Fundamental accounting concept***

The financial statements have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances that sufficient resources will be made available, so that the company can meet its liabilities as and when they fall due, for at least twelve months from the date of approval of these financial statements.

#### ***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 amounts re-charged to fellow subsidiary undertakings and external companies for costs incurred by the company on their behalf during the year, and is derived from operations in the United Kingdom.

#### ***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:

Fixtures & Fittings	4 - 6 years
Electronic Equipment	4 years

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.

#### ***Deferred taxation***

Deferred tax is recognised, as appropriate, in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

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

#### *Trade and other debtors*

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

#### *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.

### 2. Operating profit/(loss)

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

	2010 £000	2009 £000
Depreciation of owned fixed assets	359	289
Realisation of loss on impaired balances due from group undertakings	–	6
Release of impairment provision against amounts due from group undertakings	–	(5)

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 no change in the provision against amounts due from group undertakings should be made (2009 - £nil). In 2009 the amounts due from a group undertaking totalling £19,000 were transferred to a different group undertaking at their fair value of £13,000. As a result of this transaction the company realised a loss on the impaired balance of £6,000, which was partially offset by a release of the impairment provision of £5,000.

Auditor's remuneration of £1,100 (2009 - £1,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group.

The company had corporate directors until 30 April 2010, which received no remuneration. On 30 April 2010 new directors were appointed. The directors received remuneration for the year of £367 in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited.

# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 3. Staff costs

The company does not have any directly employed staff. Prior to the sale of VMTV, Virgin Media Television Limited employed most of the employees of the VMTV business, subsequently Flextech Broadband Limited became the principal employer. The company was charged an allocation of costs by Virgin Media Television Limited and Flextech Broadband Limited.

### 4. Taxation on profit/(loss) on ordinary activities

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

The tax charge is made up as follows

	2010 £000	2009 £000
<b>Current tax charge:</b>		
Current tax on profit/(loss) for the year	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Total tax charge on loss on ordinary activities	-	-

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

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax of 28% (2009 - 28%).

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

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before taxation	371	(103)
Profit/(loss) on ordinary activities multiplied by rate of tax	104	(29)
Expenses not deductible for tax purposes	4	96
Accelerated capital allowances	(1,577)	81
Income not taxable	-	(1)
Group relief surrendered/(claimed) without payment	1,469	(147)
Total current tax (note 4(a))	-	-

# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 4. Taxation on profit/(loss) ordinary activities *(continued)*

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

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

	2010 £000	2009 £000
Depreciation in excess of capital allowances	-	1,742

#### (d) Change in tax rate

As at 31 December 2010 the enacted UK corporation tax rate scheduled to take effect in 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%. 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 2010.

### 5. Tangible fixed assets

	Fixtures & Fittings £000	Electronic equipment £000	Total £000
<b>Cost</b>			
At 1 January 2010	12	7,170	7,182
Disposals	(12)	(7,170)	(7,182)
<b>At 31 December 2010</b>	-	-	-
<b>Depreciation</b>			
At 1 January 2010	6	6,689	6,695
Charge for the year	6	353	359
On disposals	(12)	(7,042)	(7,054)
<b>At 31 December 2010</b>	-	-	-
<b>Net book value</b>			
At 31 December 2010	-	-	-
At 31 December 2009	6	481	487

# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 6. Investments

	Investment
	£000
<b>Cost</b>	
At 1 January 2010	19
Disposals	(19)
At 31 December 2010	-
<b>Net book value</b>	
At 31 December 2010	-
At 31 December 2009	19

On 31 December 2010 the company disposed of its investment in Clearcast Limited

### 7. Debtors

	2010	2009
	£000	£000
Amounts owed by group undertakings	4,440	4,305
Other debtors	-	354
Other prepayments and accrued income	-	690
	<u>4,440</u>	<u>5,349</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand

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

	2010	2009
	£000	£000
Trade creditors	-	901
Amounts owed to group undertakings	929	1,126
Other creditors	408	920
Accruals and deferred income	4,156	4,332
	<u>5,493</u>	<u>7,279</u>

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

# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 9. 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.

### 10. 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 13).

During the year, the company acted as an agent for channels operating under the UKTV brand name, selling advertising space on their channels. The UKTV companies are owned 50% by a fellow group undertaking and 50% by BBC Worldwide Limited. The value of advertising space sold on behalf of the UKTV portfolio of channels was £134,853,000 (2009 - £116,712,000). Costs of £6,459,000 (2009-£6,192,000) were recharged by the company to UKTV. There were no amounts due to or from UKTV companies at 31 December 2010 (2009 - £nil).

As the company acts as an agent, the revenue disclosed above is not reflected in the Profit and Loss Account of the company.

### 11. Share capital

#### Authorised share capital:

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



# Interactive Digital Sales Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 11. Share capital *(continued)*

Allotted, called up and fully paid:

	2010		2009	
	No	£000	No	£000
Ordinary shares of £1 each	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

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

	Profit and loss account £000
At 1 January 2009	(1,321)
Loss for the year	<u>(103)</u>
At 31 December 2009 and 1 January 2010	(1,424)
Profit for the year	<u>371</u>
At 31 December 2010	<u>(1,053)</u>

### 13. Parent undertaking and controlling party

The company's immediate parent undertaking is Flextech Broadband 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 & 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