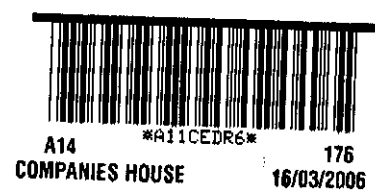


Registered number  
657093

**NTL (SOUTH LONDON) LIMITED**

**Report and Accounts**

**31 December 2004**



**Ntl (South London) Limited**

**Registered number**

**657093**

**Directors**

ntl Directors Limited

ntl Secretaries Limited

**Company Secretary**

ntl Secretaries Limited

**Auditors**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

**Registered Office**

ntl House

Bartley Wood Business Park

Hook

Hampshire RG27 9UP

## **NTL (SOUTH LONDON) LIMITED**

### **Directors' Report**

The directors present their report and accounts for the year ended 31 December 2004.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £910,000 (2003 – loss of £27,224,000). The directors are unable to recommend the payment of a dividend until the company has distributable reserves (2003– £nil).

#### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company continues to be the provision of cable television and telecommunications services under licences awarded to it for the South London area.

Turnover increased by 3% and gross profit margins improved slightly due to the increase in subscribers, particularly broadband customers. Administrative expenses decreased in 2004 compared to 2003 due to lower operating expenses as a result of the reduction in the ntl group allocable cost base and lower depreciation charges. The directors consider the results for the year to be satisfactory.

#### **EVENTS SINCE THE BALANCE SHEET DATE**

On 3 March 2006, NTL Incorporated, the company's ultimate parent undertaking, and Telewest Global, Inc. announced that they had completed the merger of the two businesses, creating the UK's second largest communications company.

Telewest Global, Inc. (now renamed NTL Incorporated), NTL Cable plc, NTL Investment Holdings Limited and certain of its subsidiaries and Telewest Communications Networks Limited and certain of its subsidiaries executed a Senior Facilities Agreement with a consortium of financial institutions. The new senior secured credit facility replaces the old facility and has an aggregate principal amount of £3.3 billion, comprising of a £3.2 billion 5 year term loan facility and a £100 million 5 year multi-currency revolving credit facility.

Telewest Global, Inc. and NTL Incorporated (now renamed NTL Holdings Inc.) also entered into a Senior Bridge Facilities Agreement with a consortium of financial institutions. This facility consists of a 1 year (automatically extendable to a 10 year) senior subordinated bridge facility in an aggregate principal amount of \$3.1 billion (£1.8 billion equivalent) for the purposes of financing the cash consideration payable pursuant to the merger agreement and paying the related fees, costs and expenses in connection therewith. This facility has now been fully drawn. In addition, NTL Incorporated and NTL Investment Holdings Limited agreed to engage the financial institutions for any take-out financing for the bridge facility.

**NTL (SOUTH LONDON) LIMITED**  
**Directors' Report**

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and thereafter and their interests in the share capital of the company were as follows:

R M Mackenzie	(resigned 1 October 2004)
S E Schubert	(resigned 1 October 2004)
G N Roberts	(alternate director to R M Mackenzie) (appointed 24 March 2004; resigned 31 August 2004)
R C Gale	(alternate director to S E Schubert) (appointed 24 March 2004; resigned 1 October 2004)
ntl Directors Limited	(appointed 1 October 2004)
ntl Secretaries Limited	(appointed 1 October 2004)

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption under SI802, The Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, not to disclose the directors' interests in the common stock of NTL Incorporated, a company incorporated in the USA and the ultimate parent undertaking of the company.

NTL Incorporated has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

**COMPANY SECRETARY**

On 24 March 2004, G E James was appointed joint company secretary and resigned on 1 October 2004.

On 1 October 2004, Robert Mackenzie resigned as joint company secretary and ntl Secretaries Limited was appointed as company secretary.

**AUDITORS**

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

By order of the board



G E James  
For and on behalf of ntl Secretaries Limited

**14 MAR 2006**

## **NTL (SOUTH LONDON) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF NTL (SOUTH LONDON) LIMITED**

We have audited the company's accounts for the year ended 31 December 2004, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 16. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's member, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditors' 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 auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

14 March 2006

**NTL (SOUTH LONDON) LIMITED**  
**Profit and Loss Account**  
**for the year ended 31 December 2004**

	Notes	2004 £'000	2003 £'000
Turnover	2	52,683	51,121
Cost of sales		(16,311)	(18,056)
<b>Gross profit</b>		<u>36,372</u>	<u>33,065</u>
Administrative expenses		(14,752)	(39,981)
<b>Operating profit/(loss)</b>	3	<u>21,620</u>	<u>(6,916)</u>
Interest payable	4	(22,530)	(20,308)
<b>Loss on ordinary activities before taxation</b>		<u>(910)</u>	<u>(27,224)</u>
Taxation	5	-	-
<b>Retained loss for the financial year</b>	12	<u>(910)</u>	<u>(27,224)</u>

**Statement of Total Recognised Gains and Losses**

The company has no recognised gains or losses other than those reflected in the profit and loss account for the years ended 31 December 2004 and 31 December 2003.

**NTL (SOUTH LONDON) LIMITED**  
**Balance Sheet**  
**as at 31 December 2004**

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	7	121,102	90,801
Investments	8	-	-
		<u>121,102</u>	<u>90,801</u>
<b>Creditors: amounts falling due within one year</b>	9	-	(487,070)
<b>Net current liabilities</b>		-	(487,070)
<b>Total assets less current liabilities</b>		<u>121,102</u>	<u>(396,269)</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(518,281)	-
<b>Net liabilities</b>		<u>(397,179)</u>	<u>(396,269)</u>
<b>Capital and reserves</b>			
Called up share capital	11	53,783	53,783
Profit and loss account	12	(450,962)	(450,052)
<b>Equity shareholder's deficit</b>	12	<u>(397,179)</u>	<u>(396,269)</u>

*R. C. Gale*

R C Gale  
For and on behalf of ntl Directors Limited  
14 March 2006



**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

**1 Accounting policies**

***Fundamental accounting concept***

The accounts have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances such that sufficient resources will be made available for the foreseeable future so that the company can meet its liabilities as and when they fall due.

***Accounting convention***

The accounts are prepared under the historical cost convention, in accordance with applicable United Kingdom accounting standards.

***Group accounts***

The company has taken advantage of the exemption from preparing group accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company incorporated in Great Britain which prepares group accounts (see note 15).

***Intangible fixed assets***

***Licences:***

Costs incurred in securing the licences to run cable television services have been capitalised, and are written off to the profit and loss account from the date services commence to the date the relevant franchise expires. Costs are also reviewed for impairment on the same basis as goodwill.

***Depreciation***

***Network assets:***

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful lives as follows:

Freehold buildings	-	50 years
Leasehold buildings	-	length of lease
Cable and ducting	-	40 years
Network	-	15 years
Head end equipment	-	15 years
Subscriber equipment	-	4-15 years
Computer equipment	-	3-5 years

**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

**1 Accounting policies (continued)**

***Depreciation (continued)***

*Other:*

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful lives, as follows:

Freehold buildings	-	50 years
Leasehold land and buildings	-	length of lease
Furniture and fixtures	-	10 years
Plant and office equipment	-	3-10 years
Motor vehicles	-	4 years
Computer equipment	-	3-5 years
Satellite equipment	-	4 years

***Deferred taxation***

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

- (a) provision is made for 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;
- (b) provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- (c) 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.

***Cash flow statement***

The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate parent undertaking (see note 15).

***Investments***

Investments are recorded at cost, less any provision for impairment.

**2 Turnover**

Turnover represents the value of services provided, stated net of Value Added Tax, and is attributable to one continuing activity, being the provision of cable television services and telecommunication services and to run certain of the telecommunication systems over which they are provided, all of which is attributable to the United Kingdom.

**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

<b>3 Operating profit/(loss)</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>

This is stated after (crediting)/charging:

Depreciation of fixed assets	<u>(5,477)</u>	<u>9,163</u>
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The directors' and auditors' remuneration is paid by ntl Group Limited and disclosed in the accounts of ntl Cable PLC. ntl Group Limited, a fellow group undertaking, employs most of the employees of the NTL Group. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl Group Limited. The company does not have any directly employed associates.

Certain expenses are specifically attributable to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

<b>4 Interest payable</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>

Interest on amounts owed to group undertakings	<u>22,530</u>	<u>20,308</u>
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**5 Taxation**

**(a) Tax on loss on ordinary activities**

The tax charge is made up as follows:

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax charge:</b>		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total tax charge on loss on ordinary activities	<u>-</u>	<u>-</u>

**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

**5 Taxation (continued)**

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

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

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss on ordinary activities before tax</b>	<u>(910)</u>	<u>(27,224)</u>
Loss on ordinary activities multiplied by the applicable statutory rate 30% (2003 - 30%)	(273)	(8,167)
Expenses not deductible for tax purposes	144	65
Capital allowances in excess of depreciation	(1,646)	2,942
Unrelieved tax losses	1,775	3,811
Group relief without payment	<u>-</u>	<u>1,349</u>
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>

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

Deferred tax assets have not been recognised in respect of tax losses of £36,356,277 and depreciation in excess of capital allowances of £31,168,060 as there is insufficient certainty as to the availability of future taxable profits.

**6 Intangible fixed assets**

	<b>Licences</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January and 31 December 2004	<u>104</u>
<b>Amortisation</b>	
At 1 January and 31 December 2004	<u>104</u>
<b>Net book value</b>	
At 1 January and 31 December 2004	<u>-</u>

**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

**7 Tangible fixed assets**

	<b>Network £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2004	361,395	7,980	369,375
Additions	24,824	-	24,824
At 31 December 2004	<u>386,219</u>	<u>7,980</u>	<u>394,199</u>
<b>Depreciation</b>			
At 1 January 2004	273,067	5,507	278,574
(Credit)/charge for the year	(5,677)	200	(5,477)
At 31 December 2004	<u>267,390</u>	<u>5,707</u>	<u>273,097</u>
<b>Net book value</b>			
At 31 December 2004	<u>118,829</u>	<u>2,273</u>	<u>121,102</u>
At 31 December 2003	<u>88,328</u>	<u>2,473</u>	<u>90,801</u>

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

	<b>2004 £'000</b>	<b>2003 £'000</b>
Freehold	939	983
Short leasehold	<u>1,324</u>	<u>1,478</u>

**8 Investments**

	<b>Subsidiary undertakings £'000</b>
<b>Cost</b>	
At 1 January and 31 December 2004	<u>34</u>
<b>Provision for impairment</b>	
At 1 January and 31 December 2004	<u>34</u>
<b>Net book value:</b>	
At 1 January and 31 December 2004	<u>-</u>

All of 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:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Principal activities</i>
<b>Direct shareholdings</b>			
ntl (Greenwich and Lewisham) Limited	UK	100%	Dormant
ntl (Lambeth and Southwark) Limited	UK	100%	Dormant
ntl (Wandsworth) Limited	UK	100%	Dormant

**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

**9 Creditors: amounts falling due within one year**

**2004**  
**£'000**

**2003**  
**£'000**

Amounts due to parent undertakings

- 487,070

**10 Creditors: amounts falling due after more than one year**

**2004**  
**£'000**

**2003**  
**£'000**

Amounts due to parent undertakings

518,281 -

**11 Share capital**

**2004**  
**£'000**

**2003**  
**£'000**

Authorised:

65,000,000 ordinary shares of £1 each

65,000 65,000

Allotted, called up and fully paid:

53,783,358 ordinary shares of £1 each

53,783 53,783

**12 Reconciliation of shareholder's deficit and movements on reserves**

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	53,783	(422,828)	(369,045)
Loss for the year	-	(27,224)	(27,224)
At 1 January 2004	53,783	(450,052)	(396,269)
Loss for the year	-	(910)	(910)
At 31 December 2004	53,783	(450,962)	(397,179)

**13 Contingent liabilities**

In April 2004, the company, along with fellow subsidiary undertakings, became party to a senior secured credit facility with a syndicate of banks replacing a previous facility which the company was also a party to. The company is a guarantor of borrowings made by certain other group companies under the new facility as it was under the previous facility. At 31 December 2004 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,417 million (2003 - £2,785 million). Borrowings under the facility are secured on the assets of certain members of the NTL Group including those of the company.

**NTL (SOUTH LONDON) LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2004**

**14 Related parties**

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as it is a subsidiary undertaking which is at least 90% controlled by the ultimate parent undertaking.

**15 Parent undertaking and controlling party**

The company's immediate parent undertaking is ntl (V) Limited.

The company's results are included in the group accounts of ntl Cable PLC, copies of which may be obtained from ntl, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

The company's ultimate parent undertaking and controlling party is NTL Incorporated, 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 Secretary, NTL Incorporated, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

**16 Post balance sheet event**

On 3 March 2006, NTL Incorporated, the company's ultimate parent undertaking, and Telewest Global, Inc. announced that they had completed the merger of the two businesses, creating the UK's second largest communications company.

Telewest Global, Inc. (now renamed NTL Incorporated), NTL Cable plc, NTL Investment Holdings Limited and certain of its subsidiaries and Telewest Communications Networks Limited and certain of its subsidiaries executed a Senior Facilities Agreement with a consortium of financial institutions. The new senior secured credit facility replaces the old facility and has an aggregate principal amount of £3.3 billion, comprising of a £3.2 billion 5 year term loan facility and a £100 million 5 year multi-currency revolving credit facility.

Telewest Global, Inc. and NTL Incorporated (now renamed NTL Holdings Inc.) also entered into a Senior Bridge Facilities Agreement with a consortium of financial institutions. This facility consists of a 1 year (automatically extendable to a 10 year) senior subordinated bridge facility in an aggregate principal amount of \$3.1 billion (£1.8 billion equivalent) for the purposes of financing the cash consideration payable pursuant to the merger agreement and paying the related fees, costs and expenses in connection therewith. This facility has now been fully drawn. In addition, NTL Incorporated and NTL Investment Holdings Limited agreed to engage the financial institutions for any take-out financing for the bridge facility.