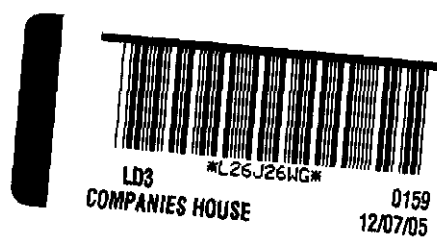


Registered number
657093

ntl (SOUTH LONDON) LIMITED

Report and Accounts

31 December 2003



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

Bankers

National Westminster Bank PLC

PO Box 9

31 Promenade

Cheltenham

Gloucs

GL50 1LH

Solicitors

Travers Smith Braithwaite

10 Snow Hill

London

EC1A 2AL

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 2003.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £27,224,000 (2002 – loss of £118,282,000). The directors do not recommend the payment of a dividend (2002 – £nil).

PRINCIPAL ACTIVITY

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.

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	(appointed 10 January 2003; resigned 1 October 2004)
J B Knapp	(resigned 1 October 2003)
J Gregg	(resigned 10 January 2003)
B Richter	(appointed 10 January 2003; resigned 1 May 2003)
S E Schubert	(appointed 1 May 2003; 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

12 JUL 2005

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 2003, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 15. 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, as a body, 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 them 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 as a body, 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 2003 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

12 JUL 2005

ntl (SOUTH LONDON) LIMITED
Profit and Loss Account
for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	51,121	50,836
Cost of sales		(18,056)	(18,189)
Gross profit		<u>33,065</u>	<u>32,647</u>
Other operating expenses		(39,981)	(132,950)
Operating loss	3	<u>(6,916)</u>	<u>(100,303)</u>
Interest payable	5	(20,308)	(17,979)
Loss on ordinary activities before taxation		<u>(27,224)</u>	<u>(118,282)</u>
Taxation	6	-	-
Retained loss for the financial year	12	<u>(27,224)</u>	<u>(118,282)</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 2003 and 31 December 2002.

ntl (SOUTH LONDON) LIMITED
Balance Sheet
as at 31 December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	90,801	87,994
Investments	9	-	-
		<u>90,801</u>	<u>87,994</u>
Creditors: amounts falling due within one year	10	(487,070)	(457,039)
Net current liabilities		<u>(487,070)</u>	<u>(457,039)</u>
Total assets less current liabilities		<u>(396,269)</u>	<u>(369,045)</u>
Capital and reserves			
Called up share capital	11	53,783	53,783
Profit and loss account	12	(450,052)	(422,828)
Equity shareholder's deficit	12	<u>(396,269)</u>	<u>(369,045)</u>



R M Mackenzie

For and on behalf of ntl Directors Limited

12 JUL 2005

ntl (SOUTH LONDON) LIMITED
Notes to the Accounts
for the year ended 31 December 2003

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 and prematurity period

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

During the time while the company's cable systems are partially under construction and partially in service ("the prematurity period"), depreciation of the network is charged monthly on its estimated costs at the end of the prematurity period, which is taken as two years, using the above rates scaled down by the ratio of average, actual or estimated number of subscribers, whichever is greater, in the current period to the estimated subscriber base at the end of this period.

ntl (SOUTH LONDON) LIMITED
Notes to the Accounts
for the year ended 31 December 2003

1 Accounting policies (continued)

Depreciation and prematurity period (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

Impairment review

In accordance with FRS 11 "Impairment of Fixed Assets and Goodwill", the carrying values of the company's intangible and tangible fixed assets have been compared with their recoverable amounts, represented by their value in use to the company.

The directors consider that the underlying assets of the company's core telecommunications operations are only now beginning to be properly exploited. In addition there are significant barriers to entry, both in terms of the necessary capital investment and regulatory control of the telecommunications sector, which limit the extent to which future competition will erode the expected rates of growth and the level of returns that the assets are expected to generate. As a result the value in use has been derived from discounted cash flow projections that have assumed a period of ten years from 1 January 2003 before applying the UK's long-term growth rate.

The discount rate used to arrive at this calculation was 21.4% on a pre-tax basis.

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).

ntl (SOUTH LONDON) LIMITED
Notes to the Accounts
for the year ended 31 December 2003

2 Turnover

Turnover represents the invoiced amount of services provided, stated net of value added tax, and is attributable to one continuing activity, being the provision of information, communications and entertainment services, all of which is attributable to the United Kingdom.

3 Operating loss	2003	2002
	£'000	£'000

This is stated after charging:

Depreciation of fixed assets	9,163	11,207
Impairment charge (see note 4)	-	87,662

The directors' and auditors' remuneration is paid by ntl Group Limited and disclosed in the accounts of NTL (UK) Group, Inc.

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.

4 Impairment charge	2003	2002
	£'000	£'000

Impairment of tangible fixed assets	-	87,662
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5 Interest payable	2003	2002
	£'000	£'000

Interest on amounts owed to group companies	20,308	17,979
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6 Taxation

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2003	2002
	£'000	£'000

Current tax charge:

Current tax on income for the period	-	-
	-	-

Deferred tax:

Origination and reversal of timing differences	-	-
	-	-

Total tax charge on loss on ordinary activities	-	-
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ntl (SOUTH LONDON) LIMITED
Notes to the Accounts
for the year ended 31 December 2003

6 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:

	2003	2002
	£'000	£'000
Loss on ordinary activities before tax	<u>(27,224)</u>	<u>(118,282)</u>
Loss on ordinary activities multiplied by the applicable statutory rate 30% (2002 - 30%)	(8,167)	(35,485)
Expenses not deductible for tax purposes	65	3,600
Depreciation in excess of capital allowances	2,942	-
Other short term timing differences	-	29,851
Unrelieved tax losses	3,811	2,034
Group relief without payment	1,349	-
Total current tax charge	<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 £38,391,840 and depreciation in excess of capital allowances of £32,205,238 as there is insufficient certainty as to the availability of future taxable profits.

7 Intangible fixed assets

	Licences
	£'000
Cost	
At 1 January and 31 December 2003	<u>104</u>
Amortisation	
At 1 January and 31 December 2003	<u>104</u>
Net book value	
At 1 January and 31 December 2003	<u>-</u>

ntl (SOUTH LONDON) LIMITED
Notes to the Accounts
for the year ended 31 December 2003

8 Tangible fixed assets

	Network £'000	Other £'000	Total £'000
Cost			
At 1 January 2003	348,511	7,980	356,491
Additions	8,366	-	8,366
Transfers	4,518	-	4,518
At 31 December 2003	<u>361,395</u>	<u>7,980</u>	<u>369,375</u>
Depreciation			
At 1 January 2003	263,136	5,361	268,497
Charge for the year	9,017	146	9,163
Transfers	914	-	914
At 31 December 2003	<u>273,067</u>	<u>5,507</u>	<u>278,574</u>
Net book value			
At 31 December 2003	<u>88,328</u>	<u>2,473</u>	<u>90,801</u>
At 31 December 2002	<u>85,375</u>	<u>2,619</u>	<u>87,994</u>

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

	2003 £'000	2002 £'000
Freehold	983	1,009
Short leasehold	<u>1,478</u>	<u>1,595</u>

9 Investments

	Subsidiary undertakings £'000
Cost	
At 1 January and 31 December 2003	<u>34</u>
Provision for impairment	
At 1 January and 31 December 2003	<u>34</u>
Net book value:	
At 1 January and 31 December 2003	<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>
Direct shareholdings			
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 2003

10 Creditors: amounts falling due within one year	2003 £'000	2002 £'000
Amounts owed to parent undertakings and undertakings in which the company has a participating interest	<u>487,070</u>	<u>457,039</u>

11 Share capital	2003 £'000	2002 £'000
Authorised: 65,000,000 ordinary shares of £1 each	<u>65,000</u>	<u>65,000</u>
Allotted, called up and fully paid: 53,783,358 ordinary shares of £1 each	<u>53,783</u>	<u>53,783</u>

12 Reconciliation of shareholder's deficit and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2002	53,783	(304,546)	(250,763)
Loss for the year	-	(118,282)	(118,282)
At 1 January 2003	53,783	(422,828)	(369,045)
Loss for the year	-	(27,224)	(27,224)
At 31 December 2003	<u>53,783</u>	<u>(450,052)</u>	<u>(396,269)</u>

13 Contingent liabilities

The company, along with fellow subsidiary undertakings, is party to a senior secured credit facility with a syndicate of banks. The company is a guarantor of borrowings under this facility of certain other group companies. At 31 December 2003 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,785 million (2002 - £3,193 million). Borrowings under the facility are secured by security over the assets of certain members of the NTL Group including those of the company.

In April 2004, this facility was replaced by a new senior secured credit facility under which the company's assets are secured.

14 Related parties

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

ntl (SOUTH LONDON) LIMITED
Notes to the Accounts
for the year ended 31 December 2003

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 Communications Limited, 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 the 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.