

# **Windsor Television Limited**

## **Directors' report and financial statements**

**31 December 2003**

**Registered number 1745542**



# Windsor Television Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	2 – 3
Independent auditors' report to the members of Windsor Television Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7 – 13

# Windsor Television Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### Principal activity and review of business

The principal activity of the Company is, and will continue to be, the development and operation of its cable television and communications network.

### Subsequent Events

In July 2004 the Company's ultimate parent, Telewest Communications plc, successfully completed its financial restructuring and Telewest Global, Inc. became the Company's ultimate holding company. Further details are set out in note 1, basis of preparation.

### Results and dividends

The loss for the year after taxation was £18,474,000 (2002: £3,760,000). The directors recommend that no dividend be paid (2002: *£nil*).

### Directors and their interests

The directors who served during the year, and subsequently, were as follows:

CJ Burdick	(resigned 18 February 2004)
SS Cook	
AWP Stenham	(appointed 18 February 2004)
NR Smith	(appointed 18 February 2004)

None of the directors who held office at the end of the financial year had any interest in the share capital of the Company or group subsidiary undertakings.

At 31 December 2003, CJ Burdick and SS Cook were directors of Telewest Communications plc and their interest in the ordinary share capital of Telewest Communications plc at 31 December 2003 and the beginning of the year are disclosed in the directors' report attached to the financial statements of that company.

During the financial year, no rights to subscribe for shares in the Company or group subsidiary undertakings were granted to or exercised by any director who held office at the end of the financial year and to the date of this report or by any member of his immediate family.

# Windsor Television Limited

## Directors' report (*continued*)

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Auditors

Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually.

On behalf of the board



**C Burns**  
Secretary

Export House  
Cawsey Way  
Woking  
Surrey  
GU21 6QX

27 October 2004

# Windsor Television Limited

## Independent auditors' report to the members of Windsor Television Limited

We have audited the financial statements on pages 5 to 13.

This report is made solely to the Company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 group is not disclosed.

### Basis of audit opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*WMC Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

2 Cornwall Street  
Birmingham  
B3 2DL

*27 October* 2004

# Windsor Television Limited

## Profit and loss account

For the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover		32,569	32,012
Cost of sales		(9,159)	(10,912)
<b>Gross profit</b>		<b>23,410</b>	<b>21,100</b>
Administrative expenses		(15,825)	(24,586)
Amounts written off investments	9	(25)	-
<b>Operating profit / (loss)</b>	2	<b>7,560</b>	<b>(3,486)</b>
Interest payable and similar charges	5	(26,034)	(274)
<b>Loss on ordinary activities before taxation</b>		<b>(18,474)</b>	<b>(3,760)</b>
Tax on loss on ordinary activities	6	-	-
<b>Loss for the financial year</b>		<b>(18,474)</b>	<b>(3,760)</b>
<b>Retained loss brought forward</b>		<b>(108,521)</b>	<b>(104,761)</b>
<b>Retained loss carried forward</b>		<b>(126,995)</b>	<b>(108,521)</b>

All figures relate to continuing operations and there is no difference between the result reported in the profit and loss account and the result on an historical cost basis.

The Company had no recognised gains and losses other than those reflected in its profit and loss account.

# Windsor Television Limited

## Balance sheet

At 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	8	69,918	77,963
Investments	9	-	25
		<u>69,918</u>	<u>77,988</u>
<b>Current Assets</b>			
Debtors: amounts falling due within one year	10	8,688	11,173
Cash at bank and in hand		2,648	8
		<u>11,336</u>	<u>11,181</u>
Creditors: amounts falling due within one year	11	(198,753)	(137,353)
<b>Net current liabilities</b>		<u>(187,417)</u>	<u>(126,172)</u>
<b>Total assets less current liabilities</b>		<u>(117,499)</u>	<u>(48,184)</u>
<b>Creditors: amounts falling due after more than one year</b>			
	12	(1,799)	(52,640)
<b>Net liabilities</b>		<u>(119,298)</u>	<u>(100,824)</u>
<b>Capital and reserves</b>			
Called up share capital	14	826	826
Share premium	15	6,871	6,871
Profit and loss account		(126,995)	(108,521)
<b>Equity shareholders' deficit</b>	15	<u>(119,298)</u>	<u>(100,824)</u>

These financial statements were approved by the board of directors on and were signed on its behalf by:

27 October

2004

  
NR Smith  
Director

# Windsor Television Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate as the Company relies on support from its ultimate holding company. The ultimate holding company was Telewest Communications plc at 31 December 2003.

In July 2004, Telewest Communications plc successfully completed its financial restructuring. This resulted in the reorganisation of the business and operations of Telewest Communications plc and its subsidiaries ('the Group') under Telewest Global, Inc., incorporated in the United States, which became the new ultimate holding company. The directors believe that the restructuring has left Telewest Global, Inc. and its subsidiaries ('the new Group') with sufficient liquidity to meet the new Group's funding needs and enable it to provide continued support to subsidiary companies.

The Company has transferred all inter-company liabilities due to its ultimate parent company and subsidiaries, from 'Creditors falling due after more than one year' to 'Creditors falling due within one year'.

#### ***Cash flow exemption***

Under FRS 1, the Company is exempt from producing a cash flow statement on the grounds that the ultimate parent company, Telewest Communications plc, includes it in its own published consolidated financial statements.

#### ***Related party transactions***

As the Company was a wholly owned subsidiary of Telewest Communications plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Telewest Communications plc, within which this company is included, can be obtained from The Company Secretary, Telewest Communications plc, Export House, Cawsey Way, Woking, Surrey, GU21 6QX.

#### ***Fixed assets and depreciation***

Depreciation is provided by the Company to write off the cost, less estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	50 years
Cable network construction costs	-	20 years
Network Equipment	-	5 - 8 years
Other equipment	-	4 - 5 years



# Windsor Television Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date, except as otherwise required by Financial Reporting Standard (FRS) 19 Deferred Tax. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different to those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### Leases

Where the Company enters into a lease which entails taking 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 over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments. All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

#### Turnover

All turnover arises from sales in the United Kingdom. Revenues are recognised as network communications services are provided. Connection and activation fees relating to cable television, telephony and internet customers are recognised in the period of connection to the extent that such fees are less than direct selling costs.

### 2 Operating profit / (loss)

	2003 £'000	2002 £'000
<i>Operating profit / (loss) is stated after charging:-</i>		
Depreciation of owned fixed assets	11,116	12,118
Impairment of owned fixed assets	-	1,853
Loss on tangible fixed assets	115	154
Depreciation of assets held under finance leases and hire purchase contracts	456	906
Operating lease rentals	1,175	1,250
	<hr/>	<hr/>

### 3 Directors' remuneration

No remuneration was paid to the directors during the year (2002: £nil).

# Windsor Television Limited

## Notes (continued)

### 4 Staff costs

Staff costs are borne by a fellow subsidiary undertaking. A salary recharge of £8,648,702 (2002: £10,671,477) was made by the fellow subsidiary undertaking during the year

### 5 Interest payable and similar charges

	2003 £'000	2002 £'000
Finance charges payable under finance leases and hire purchase contracts	244	274
On amounts due to group undertakings	25,790	-
	<u>26,034</u>	<u>274</u>

### 6 Tax on ordinary activities

	2003 £'000	2002 £'000
Reconciliation of the company's current tax rate to the UK statutory rate		
Loss on ordinary activities before taxation	(18,474)	(3,760)
Tax on pre tax loss at 30%	(5,542)	(1,128)
Effect of:-		
Expenses not deductible for tax purposes	962	-
Timing differences	3,369	4,237
Creation / (Utilisation) of tax losses	1,211	(3,109)
Current tax	-	-
UK Corporation tax at 30% (2002: 30%)	-	-
UK Deferred tax	-	-
Tax on ordinary activities	-	-

### 7 Deferred tax

Subject to Inland Revenue agreement, the Company estimates that it has at 31 December 2003:

- £50 million (2002: £49.1 million) of tax losses available to relieve future profits and
- £110.3 million (2002: £88.3 million) of unclaimed capital allowances.

A deferred tax asset of £27.8 million (2002: £17.8 million) has not been recognised on carry forward losses and other timing differences. These assets can only be deducted against certain types of future income. There is currently insufficient evidence that the right type of income will be generated.

# Windsor Television Limited

## Notes (continued)

### 8 Tangible fixed assets

	Freehold land and buildings	Cable network construction and equipment	Other fixed assets	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2003	2,256	171,593	26,462	200,311
Additions	(31)	3,762	1	3,732
Disposals	-	(619)	(554)	(1,173)
at 31 December 2003	2,225	174,736	25,909	202,870
<b>Depreciation</b>				
At 1 January 2003	1,823	96,734	23,791	122,348
Charge for year	29	9,790	1,753	11,572
Disposals	-	(619)	(349)	(968)
at 31 December 2003	1,852	105,905	25,195	132,952
<b>Net Book Value</b>				
at 31 December 2003	373	68,831	714	69,918
At 1 January 2003	433	74,859	2,671	77,963

Included in the net book value of cable network construction and equipment and other fixed assets is £714,000 and £433,000 respectively (2002: £1,049,000 and £755,000 respectively) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation charged on these assets was £456,000 (2002: £906,000).

# Windsor Television Limited

## Notes (continued)

### 9 Investments

	£'000
<b>Subsidiary undertakings and trade investment</b>	
at beginning of year	25
Impairment	(25)
at end of year	-

The Company has carried out an impairment review of the subsidiary undertakings and the trade investment in accordance with FRS 11 *Impairment of Fixed Assets and Goodwill* to ensure that investments are stated at no more than the recoverable amount being the higher of net realisable value and value in use. As a result £25,000 has been charged to the profit and loss account in the year.

Subsidiary undertaking	Country of Incorporation	Description of shares held	Proportion of nominal shares
The Cable Corporation Equipment Limited	England	£1	100%
Chariot Collection Services Limited	England	£1	100%
European Business Networks Limited	England	£1	100%
<b>Trade Investment</b>			
Cable Guide Publications Limited	England	£1 Ordinary	15%
		£1 Preference	20%

### 10 Debtors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade Debtors	5,565	* 6,586
Amounts owed by group undertakings	-	2,582
Other debtors	938	76
Prepayments and accrued income	2,185	1,929
	<u>8,688</u>	<u>11,173</u>

### 11 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Obligations under finance leases and hire purchase contracts (note 13)	719	831
Trade creditors	64	23
Amounts owed to group undertakings	183,080	124,928
Other creditors	214	186
Accruals and deferred income	14,676	11,385
	<u>198,753</u>	<u>137,353</u>

# Windsor Television Limited

## Notes (continued)

### 12 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Obligations under finance leases and hire purchase contracts (note 13)	1,578	2,268
Amounts owed to group undertakings	-	50,103
Other creditors	221	269
	<u>1,799</u>	<u>52,640</u>

### 13 Obligations under finance leases and hire purchase contracts

	2003 £'000	2002 £'000
Amounts payable net of finance charges:		
Within one year	719	831
Between one and two years	753	690
Between two and five years	825	1,554
Over five years	-	24
	<u>2,297</u>	<u>3,099</u>

### 14 Share Capital

	2003 £'000	2002 £'000
<b>Authorised:</b>		
5,800,000 ordinary shares of 25p each	1,450	*1,450
<b>Allocated, issued and fully paid:</b>		
3,305,716 ordinary shares of 25p each	826	826

### 15 Reconciliation of movement in equity shareholders' deficit and reserves

	Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	826	6,871	(108,521)	(100,824)
Profit for year			(18,474)	(18,474)
At 31 December 2003	<u>826</u>	<u>6,871</u>	<u>(126,995)</u>	<u>(119,298)</u>

# Windsor Television Limited

## Notes (continued)

### 16 Capital commitments

The Company had capital commitments at the end of the financial year of £12,000 (2002: £36,000).

### 17 Operating lease commitments

At 31 December 2003 annual commitments of the Company under non-cancellable leases for land and buildings were as follows:-

	2003 £'000	2002 £'000
Leases which expire:		
- Within one year	-	-
- In the second to fifth year inclusive	310	310
- Over five years	767	767
<b>At 31 December 2003</b>	<b>1,077</b>	<b>1,077</b>

Certain of the costs of these commitments are recharged to other group companies

### 18 Contingent liabilities

The Company has joint and several liabilities under a group VAT registration.

The Company, together with other group companies, has given a guarantee and a fixed and floating charge over certain of its assets to secure borrowings of other group companies. The guaranteed borrowings of those companies were £2,250 million (2002: £2,250 million), of which £2,000 million (2002: £2,000 million) was drawn down at the year end.

In July 2004, Telewest Communications plc, successfully completed its financial restructuring and the terms of the secured borrowings were amended. The above guarantee has remained in place subsequent to the financial restructuring.

### 19 Ultimate parent company

At 31 December 2003, the ultimate parent company was Telewest Communications plc, which is registered in England and Wales. Telewest Communications plc is the parent of the smallest and largest group for which group financial statements, including the Company, are drawn up. Copies of these group financial statements may be obtained from The Company Secretary, Telewest Communications plc, Export House, Cawsey Way, Woking, Surrey, GU21 6QX. Telewest Global, Inc. became the ultimate parent of the Company on 14 July 2004.