

Windsor Television Limited

Directors' report and financial statements

31 December 2004

Registered number 1745542



Windsor Television Limited

Directors' report and financial statements

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Windsor Television Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

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.

In July 2004 the Company's ultimate parent, Titan Cable plc (formerly 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 results for the year ended 31 December 2004 and the financial position of the Company are shown in the financial statements. The directors recommend that no dividend be paid (2003: nil).

Directors and their interests

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

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

The Company is a wholly - owned subsidiary of Telewest Global, Inc., its ultimate parent company, which is incorporated in Delaware, USA. Therefore under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 directors of the Company are exempt from the obligation otherwise imposed by s324 of the Companies Act 1985 to notify the Company of their interests in shares in, or debentures of, Telewest Global, Inc.

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 any other UK based group company.

During the financial year, no rights to subscribe for shares in the Company or any other UK group company 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:

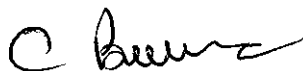
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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

2 AUGUST 2005

Windsor Television Limited

Report of the independent auditors, KPMG Audit Plc, to the members of Windsor Television Limited

We have audited the financial statements on pages 6 to 14.

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.

Going concern

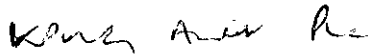
In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the reliance on the company's intermediary holding company, Telewest UK Limited for continued financial support. In view of the significance of the uncertainty inherent in this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Windsor Television Limited

Report of the independent auditors, KPMG Audit Plc, to the members of Windsor Television Limited *(continued)*


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 2004 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham
B3 2DL

 2005

Windsor Television Limited

Profit and loss account

For the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover		34,352	32,569
Cost of sales		(11,657)	(9,159)
Gross profit		22,695	23,410
Administrative expenses		(16,246)	(15,825)
Amounts written off investments	9	-	(25)
Operating profit	2	6,449	7,560
Interest payable and similar charges	5	(7,745)	(26,034)
Loss on ordinary activities before taxation		(1,296)	(18,474)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(1,296)	(18,474)
Retained loss brought forward		(126,995)	(108,521)
Retained loss carried forward		(128,291)	(126,995)

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 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	8	63,198	69,918
Investments	9	-	-
		<u>63,198</u>	<u>69,918</u>
Current Assets			
Debtors	10	8,417	8,688
Cash at bank and in hand		-	2,648
		<u>8,417</u>	<u>11,336</u>
Creditors: amounts falling due within one year	11	(191,162)	(198,753)
Net current liabilities		<u>(182,745)</u>	<u>(187,417)</u>
Total assets less current liabilities		<u>(119,547)</u>	<u>(117,499)</u>
Creditors: amounts falling due after more than one year	12	(1,047)	(1,799)
Net liabilities		<u>(120,594)</u>	<u>(119,298)</u>
Capital and reserves			
Called up share capital	14	826	826
Share premium	15	6,871	6,871
Profit and loss account		(128,291)	(126,995)
Equity shareholders' deficit	15	<u>(120,594)</u>	<u>(119,298)</u>

These financial statements were approved by the board of directors on 2 August
and were signed on its behalf by:

2005


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 have been prepared on the going concern basis, notwithstanding net liabilities of £120,594,000 which the directors believe to be appropriate for the following reasons. Telewest UK Limited, an intermediate holding company, has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this indication the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

In July 2004, Titan Cable plc (formerly Telewest Communications plc) successfully completed its financial restructuring. This resulted in the reorganisation of the business and operations of Titan Cable plc (formerly Telewest Communications plc) and its subsidiaries ('the Group') under Telewest Global, Inc., incorporated in Delaware, USA, 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.

Cash flow exemption

Under Financial Reporting Standard (FRS) 1, the Company is exempt from producing a cash flow statement on the grounds that the Company's ultimate parent company, Telewest Global, Inc., includes it in its own published consolidated financial statements.

Related party transactions

As the Company was a wholly owned subsidiary of Telewest Global, Inc., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities where 90% or more of the voting rights are controlled within the group. The consolidated financial statements of Telewest Global, Inc., within which this company is included, can be obtained from The Company Secretary, Telewest Broadband, 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:

Buildings	-	50 years
Cable and ducting	-	20 years
Electronic 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

	2004 £'000	2003 £'000
Operating profit is stated after charging:-		
Depreciation of owned fixed assets	8,580	11,116
Depreciation of assets held under finance leases and hire purchase contracts	584	456
Loss / (profit) on disposal of tangible fixed assets	104	(115)
Operating lease rentals	1,136	1,175
	<hr/>	<hr/>

The auditors' remuneration for 2004 and 2003 was borne by Telewest Communications Group Limited.

3 Directors' remuneration

No remuneration was paid to the directors during the year (2003: £nil).

Windsor Television Limited

Notes (continued)

4 Staff costs

The Company's activities are undertaken by employees of fellow group companies.

5 Interest payable and similar charges

	2004 £'000	2003 £'000
Finance charges payable under finance leases and hire purchase contracts	160	244
On amounts due to group undertakings	7,555	25,790
Other	30	-
	<u>7,745</u>	<u>26,034</u>

6 Tax on ordinary activities

	2004 £'000	2003 £'000
Reconciliation of the company's current tax rate to the UK statutory rate		
Loss on ordinary activities before taxation	(1,296)	(18,474)
Tax on pre tax loss at 30%	(389)	(5,542)
Effect of:-		
Expenses not deductible for tax purposes	-	962
Timing differences	3,008	3,369
(Utilisation) / Creation of tax losses	(2,619)	1,211
Current tax	<u>-</u>	<u>-</u>
UK Corporation tax at 30% (2003: 30%)	-	-
UK Deferred tax	-	-
Tax on ordinary activities	<u>-</u>	<u>-</u>

Windsor Television Limited

Notes (continued)

7 Deferred tax

Subject to Inland Revenue agreement, the Company estimates that it has at 31 December 2004:

- £44.7 million (2003: £50 million) of tax losses available to relieve future profits and
- £111.2 million (2003: £110.3 million) of unclaimed capital allowances.

A deferred tax asset of £28 million (2003: £27.8 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.

8 Tangible fixed assets

	Freehold land and buildings	Cable and ducting	Electronic equipment	Other fixed assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2004	2,225	112,990	61,746	25,909	202,870
Reclassifications	-	(359)	-	(10)	(369)
Additions	-	1,822	799	-	2,621
Disposals	-	-	-	(771)	(771)
at 31 December 2004	2,225	114,453	62,545	25,128	204,351
Depreciation					
At 1 January 2004	1,852	48,583	57,322	25,195	132,952
Reclassifications	-	(226)	-	(143)	(369)
Charge for year	48	5,519	2,976	621	9,164
Disposals	-	-	-	(594)	(594)
at 31 December 2004	1,900	53,876	60,298	25,079	141,153
Net Book Value					
at 31 December 2004	325	60,577	2,247	49	63,198
at 31 December 2003	373	64,407	4,424	714	69,918

Included in the net book value of electronic equipment and other fixed assets is £383,500 and £nil respectively (2003: £714,000 and £433,000 respectively) in respect of assets held under finance leases and similar hire purchase contracts.

Depreciation charged on these assets was £583,738 (2003: £456,000).

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Notes (continued)

9 Investments

	£'000
Subsidiary undertakings	
Cost at 1 January 2004 & 31 December 2004	25
Impairment at 1 January 2004 & 31 December 2004	(25)
at 01 January & 31 December 2004	-

In the prior year, the Company 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 were 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 that 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%

10 Debtors

	2004 £'000	2003 £'000
Trade Debtors	2,984	5,565
Other debtors	2,964	938
Prepayments and accrued income	2,469	2,185
	8,417	8,688

11 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Bank overdraft	2,000	-
Trade creditors	28	64
Amounts owed to group undertakings	176,030	183,080
Obligations under finance leases and hire purchase contracts (note 13)	763	719
Other creditors	1,516	214
Accruals and deferred income	10,825	14,676
	191,162	198,753

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Notes (continued)

12 Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Obligations under finance leases and hire purchase contracts (note 13)	826	1,578
Other creditors	221	221
	<u>1,047</u>	<u>1,799</u>

13 Obligations under finance leases and hire purchase contracts

	2004 £'000	2003 £'000
Amounts payable net of finance charges:		
Within one year	763	719
Between one and two years	621	753
Between two and five years	205	825
	<u>1,589</u>	<u>2,297</u>

14 Share Capital

	2004 £'000	2003 £'000
Authorised:		
5,800,000 ordinary shares of 25p each	1,450	1,450
Allocated, issued and fully paid:		
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 2004	826	6,871	(126,995)	(119,298)
Profit for year			(1,296)	(1,296)
At 31 December 2004	<u>826</u>	<u>6,871</u>	<u>(128,291)</u>	<u>(120,594)</u>

Windsor Television Limited

Notes (continued)

16 Capital commitments

The Company had capital commitments at the end of the financial year of £153,000 (2003: £12,000).

17 Operating lease commitments

At 31 December 2004 annual commitments of the Company under non-cancellable leases for land and buildings were as follows:-

	2004 £'000	2003 £'000
Leases which expire:		
- Within one year	310	-
- In the second to fifth year inclusive	-	310
- Over five years	767	767
At 31 December 2004	1,077	1,077

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.

In December 2004, the Company, together with other group companies, entered into 2 new facilities agreements pursuant to which it 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 £1,800 million, of which £1,700 million was drawn down at the year end.

In 2003, pursuant to the terms of a then existing and terminated facility agreement, the Company, together with other group companies had 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, of which £2,000 million was drawn down at the year end.

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

At 31 December 2004, the ultimate parent company was Telewest Global, Inc., which is incorporated in Delaware, USA. Telewest Global, Inc. is the parent of the largest group for which group financial statements, including the Company, are drawn up. The smallest group in which the results of the Company are consolidated is that headed by Telewest UK Limited, incorporated in England and Wales. Copies of the group financial statements of Telewest Global, Inc. may be obtained from The Company Secretary, Telewest Broadband, Export House, Cawsey Way, Woking, Surrey, GU21 6QX. Telewest Global, Inc. became the ultimate parent of the Company on 14 July 2004.