Company Registration No. 2244565

BIRMINGHAM CABLE LIMITED

Directors' Report and Financial Statements

31 December 1999

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 1999

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C J Burdick (USA)
S S Cook
F R Webb

COMPANY SECRETARY

J M Laver (resigned 1 August 2000)
C Burns (appointed 1 August 2000)

REGISTERED OFFICE

Cablephone House
Small Heath Business Park
Talbot Way
Birmingham
B10 OHJ

BANKERS

Lloyds Bank PLC

SOLICITORS

Allen & Overy
Wragge & Co.

AUDITOR

KPMG Plc
Chartered Accountants
Registered Auditor
2 Cornwall Street
Birmingham
B3 2DL

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company continue to be construction and operation of a cable television and telecommunications network in Birmingham and Solihull.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividend can be paid. The profit and loss account is set out on page 5.

DIRECTORS AND THEIR INTERESTS

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

F R Webb	
C J Burdick	(appointed 16 February 1999)
S S Cook	(appointed 18 August 2000)
J W Darkin	(resigned 12 March 1999)
D J Smith	(resigned 12 March 1999)
B W Tanner	(resigned 31 March 1999)
P M Chafe	(resigned 6 April 1999)
J Weardon	(resigned 12 April 1999)
T Bluck	(resigned 14 April 1999)
A K Illsley	(appointed 16 February 1999, resigned 19 April 2000)
V M Hull	(resigned 18 August 2000)

No director had an interest in the shares of the company during the year. At 31 December 1999, CJ Burdick, VM Hull and AK Illsley were directors of Telewest Communications plc, their pension arrangements and interest in the ordinary share capital of Telewest Communications plc at 31 December 1999 and the beginning of the year or date of appointment are disclosed in the directors' report attached to the financial statements of that company.

EMPLOYEES

It is the company's policy that disabled persons are given equal opportunities to train for and attain any position in the group having regard to the maintenance of a safe working environment and the constraints of their disabilities.

The company continues its practice of keeping all its employees informed on matters affecting them in the context of their employment through regular meetings, newsletters and other correspondence.

The company engages its employees on a regular basis in consultation to ensure that their views can be taken into account in relevant decision making processes.

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 as at the end of the financial year 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 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 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 financial statements comply with the Companies Act. 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.

AUDITOR

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by order of the board of directors on 27 October 2000 and signed on its behalf by:

C Burns

C Burns

Secretary

REPORT OF THE AUDITOR, KPMG AUDIT PLC, TO THE MEMBERS OF BIRMINGHAM CABLE LIMITED

We have audited the financial statements on pages 5 to 19.

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. 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 company 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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham
B3 2DL

27 October 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £000	1998 £000
TURNOVER	2	84,284	77,741
Cost of sales		(31,717)	(30,188)
Gross profit		52,567	47,553
Administrative expenses including exceptional depreciation credit of £3,733,000 net (1998: charge of £17,149,000)		(55,847)	(72,630)
OPERATING PROFIT /(LOSS)	3	(3,280)	(25,077)
Interest receivable and similar income	6	4,663	12,820
Interest payable and similar charges	7	(13,057)	(34,881)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION FOR THE FINANCIAL YEAR	17	(11,674)	(47,138)

All activities derive from continuing operations.

There are no recognised gains and losses other than those reflected in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET
31 December 1999

	Note	1999 £000	1998 £000
FIXED ASSETS			
Intangible assets	9	8,327	10,633
Tangible assets	10	217,461	214,885
Investments	11	-	-
		225,788	225,518
CURRENT ASSETS			
Debtors: Amounts falling due within one year	12	12,397	18,774
Debtors: Amounts falling due after more than one year	12	9,160	9,160
Cash at bank and in hand		2,828	31
		24,385	27,965
CREDITORS: Amounts falling due within one year	13	(41,782)	(28,288)
NET CURRENT LIABILITIES		(17,397)	(323)
TOTAL ASSETS LESS CURRENT LIABILITIES		208,391	225,195
CREDITORS: Amounts falling due after more than one year	14	(361,265)	(366,395)
NET LIABILITIES		(152,874)	(141,200)
CAPITAL AND DEFICIENCY			
Called up share capital	16	-	-
Profit and loss account	17	(152,874)	(141,200)
EQUITY SHAREHOLDERS' DEFICIT	18	(152,874)	(141,200)

These financial statements were approved by the Board of Directors on 27 October 2000.

Signed on behalf of the Board of Directors

CJ Burdick

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

1 ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently throughout the year, unless otherwise indicated, in the preparation of the financial statements are as follows:

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. They have been prepared on a going concern basis since the ultimate parent undertaking has agreed to provide or procure financial support for the foreseeable future.

Intangible fixed assets

Deferred development expenditure

In the period prior to achieving full target penetration of the franchise area, certain development expenditure is deferred. The nature of costs so deferred depends on whether they fall within the development or prematurity periods.

Interest costs incurred with respect to network in the course of construction are capitalised during the prematurity and development periods.

Due to the size of the franchise it has been divided into discrete build areas. Each build area has its own development and prematurity periods as described below.

(i) Development period

The period from inception to the date upon which the first subscriber revenue is earned in each build area.

During the period from inception to the date upon which the first subscriber revenue was earned in the first build area, all expenditure not directly attributable to the cable network or other fixed assets has been allocated evenly between each build area and has been treated as deferred development expenditure within intangible fixed assets.

From the date upon which the first subscriber revenue was earned in the first build area all expenditure relating to marketing and customer service is charged to the profit and loss account as incurred. The remaining expenditure not directly attributable to the cable network or other fixed assets is charged to profit and loss as incurred in direct proportion to the number of build areas which have reached the end of their development periods. The remaining expenditure is allocated evenly between each of the build areas which have yet to reach the end of their development periods and is treated as deferred development expenditure within intangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

1 **ACCOUNTING POLICIES (continued)**

(ii) Prematurity period

The period commencing from the date upon which the first subscriber revenue is earned in a build area and terminating on the date upon which it is expected that full target penetration of that build area will have been achieved.

Amortisation of deferred development expenditure

Deferred development expenditure is amortised (by build area) on a straight line basis over the remaining life of the franchise (which expires on 31 October 2012) commencing with the date upon which the first subscriber revenue is earned in each build area.

Franchise application costs

The company has deferred costs attributable to the preparation of the franchise application. These costs, which are classified within intangible fixed assets have been allocated evenly between each build area and will be amortised as outlined above.

Capitalisation of overheads

The company capitalises within tangible fixed assets that proportion of overheads relating to the construction of the cable network incurred subsequent to the prematurity period.

Tangible fixed assets

Tangible fixed assets are shown at original historical cost less accumulated depreciation. Own labour, including attributable overheads, is capitalised at cost in respect of network construction.

Non-network assets

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful life, as follows:

Freehold buildings	50 years straight line
Short leasehold buildings	5 years straight line
Plant and machinery	4 years straight line
Computers	5 years straight line

The estimated useful lives of short leasehold buildings were reassessed retrospectively from the unexpired period of the lease to 5 years. Further information is provided in note 3.

The estimated useful lives of computers were reassessed retrospectively from 3 year to 5 years. Further information is provided in note 3.

Network assets – Switching equipment

Depreciation is provided at a rate calculated at cost, less estimated residual value, of each asset over its estimated useful life, as follows:

Switching equipment	8 years straight line

The estimated useful lives of switching equipment were reassessed retrospectively from 5 years to 8 years. Further information is provided in note 3.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

1 ACCOUNTING POLICIES (CONTINUED)

Network assets - Subscriber related equipment

Depreciation is provided at a rate calculated to write off cost, less estimated residual value, of each asset over its estimated useful life, as follows:

Subscriber related equipment	5 - 8 years straight line.

The *Network assets – Head end*

Depreciation is provided at a rate calculated to write off cost, less estimated residual value, of each asset over its estimated useful life as follows:

Head end	5 years

Network assets - Civils, fibre and construction management

During the development period of each build area no depreciation is charged in respect of network assets. During the prematurity period depreciation on network assets is charged as follows:

The following fraction shall be determined for each month of the relevant prematurity period. The denominator of the fraction shall be the total number of subscribers expected at the end of the relevant prematurity period. The numerator of the fraction shall be the greatest of:

(i) the average number of subscribers expected that month as estimated at the beginning of the relevant prematurity period;

(ii) the average number of subscribers that would be attained using at least equal (that is, straight line) monthly progress in adding new subscribers towards the estimate of subscribers at the end of the relevant prematurity period; and

(iii) the average number of actual subscribers that month of the relevant prematurity period.

Network assets - Civils, fibre and construction management

During each prematurity period, depreciation is determined on a monthly basis by multiplying:

(i) the implied monthly depreciation charge, based on total capitalised costs expected on completion of the relevant prematurity period using the depreciation method that will be applied after the relevant prematurity period (as described below), by

(ii) the fraction described above.

At the end of each prematurity period, depreciation is charged to write off the undepreciated cost, less estimated residual value of each asset, over its remaining estimated useful life as follows:

Civils	20 years straight line
Fibre	20 years straight line
Construction management	20 years straight line

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided under the liability method and provision is made for all timing differences which are expected to reverse at the rate of tax expected to be in force at the time of reversal.

Turnover

Turnover comprises the value of sales (excluding VAT) of services supplied by the company in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

1 ACCOUNTING POLICIES (CONTINUED)

Pensions

The company contributes to individual pension plans on a defined contribution basis in respect of a number of its full time employees, whereby payments are made to insurance companies independent from the finances of the company. Contributions, none of which were outstanding at the year end, are charged against profits as and when incurred.

Leases

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised under creditors due within or after one year as appropriate. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Further information on future commitments is given in note 19.

Cashflow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (revised), to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of Telewest Communications plc, and its cash flows are included within the cashflow statement of that company.

Investments

Investments are shown at cost less provision for any Impairment in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and gains or losses are taken to the profit and loss account.

Development expenditure

Development expenditure is charged to the profit and loss account as incurred except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period which the company is expected to benefit from the project.

Related Party Transactions

Under Financial Reporting Standard 8, the Company is exempt from the requirements to disclose transactions with other group undertakings within the Telewest Communications plc (Telewest) group on the grounds that it is a wholly owned subsidiary of Telewest and its results are included in the consolidated financial statements of Telewest.

Interconnection with other operators

When telephony traffic is carried by other operators the company incurs interconnect costs. Some interconnect costs are subject to regulation in the form of a determination by the Office of Telecommunications. A determination may give rise to amendments, most often in the form of reductions, to interconnect costs relating to prior periods.

The company reviews its interconnect costs on a regular basis and adjusts the rate at which these costs are charged in the profit and loss account in accordance with the estimated interconnect costs for the current

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

1 ACCOUNTING POLICIES (CONTINUED)

Interconnection with other operators (continued)

period. Amendments to costs relating to prior periods are made in the current period, but only when recovery or payment of these amounts is reasonably certain.

Financial Instruments

Interest rate swap agreements which are used to manage interest rate risk on the company's borrowings are accounted for using the accruals method. Net income or expense resulting from the differential between exchanging floating and fixed rate interest payments is recorded on an accruals basis.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of the instrument at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

2 TURNOVER

The company's turnover and loss on ordinary activities before and after taxation was derived solely from its principal activities, which the directors consider to be the same class of activities, in the United Kingdom.

3 OPERATING PROFIT / (LOSS)

The following represents the total amount charged or credited during the year.

	1999	1998
	£000	£000
Depreciation of tangible fixed assets		
Owned	19,548	41,585
Leased	2,661	2,767
Amortisation of intangible fixed assets	2,306	1,476
Hire of other assets - operating leases	148	148
Profit on sale of tangible fixed assets	(118)	(314)
Audit fee	29	34

1999 Exceptional operating items

During the year the company has reassessed its depreciation rates on certain classes of assets. The impact of this reassessment has been a depreciation credit of £8,358,000.

During 1999 Telewest Communications plc, the ultimate parent company of Birmingham Cable Limited, announced plans to launch digital television. As a result the economic useful life of certain analogue equipment, primarily set-top boxes, has been reduced. A review of these assets was undertaken resulting in an exceptional accelerated depreciation charge of £4,625,000.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

3 OPERATING PROFIT (continued)

1998 Exceptional Operating Item

Following the acquisition of the company by Telewest Communications plc ("Telewest") in 1998, the company has aligned its principal depreciation rates to those applied by Telewest. The Telewest depreciation rates have been applied retrospectively to certain classes of fixed assets. The impact of the re-alignment has been an additional depreciation charge of £17,149,000 and is included within the depreciation charge in 1998 of £44,352,000.

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999 £000	1998 £000
Aggregate directors' remuneration		
Emoluments	**551**	714
Pension contributions	**31**	45
	582	759

	1999 Number	1998 Number
Number of directors who are members of a defined contribution pension scheme	**1**	7

	1999 £000	1998 £000
Emoluments of the highest paid director:		
Emoluments	**139**	152

Average monthly number of persons employed by the company (including directors):	1999 Number	1998 Number
Administration	**322**	247
Sales	**157**	185
Construction	**20**	15
Operations	**196**	180
	695	627

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1999 £000	1998 £000
The aggregate payroll costs of these persons, including amounts that have been capitalised in tangible fixed assets, were as follows:-		
Wages and salaries	**13,979**	13,835
Social security costs	**1,568**	1,597
Other pension costs	**389**	327
	15,936	15,759

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £000	1998 £000
Gain on Foreign Exchange	**3**	-
Bank interest	**43**	44
Interest rate swaps	**4,617**	12,776
	4,663	12,820

7 INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £000	1998 £000
Loans	**4,548**	13,860
Finance charges payable in respect of finance leases and hire purchase contracts	**1,524**	1,502
Interest rate swaps	**5,641**	18,153
Other similar charges amounts payable to parent undertaking	**1,344**	1,366
	13,057	34,881

8 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the current or prior years due to the losses sustained.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

9 INTANGIBLE FIXED ASSETS

The movement in intangible fixed assets, which comprises franchise application costs, capitalised interest and deferred development expenditure, was as follows:

	£000
Cost	
At 1 January 1999 and 31 December 1999	**16,742**
Amounts written off	
At 1 January 1999	6,109
Amortisation	2,306
At 31 December 1999	**8,415**
Net book value	
At 31 December 1999	**8,327**
At 31 December 1998	10,633

Cumulative interest capitalised included within the cost of intangible fixed assets amounts to £489,000 (1998 - £489,000).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

10 TANGIBLE FIXED ASSETS

	Land and Buildings £000	Cable and Duct £000	Electronics £000	Other £000	Total £000
Cost					
At 1 January 1999	12,683	160,570	118,648	37,993	329,894
Additions	389	11,243	12,606	830	25,068
Disposals	-	-	(635)	(653)	(1,288)
At 31 December 1999	13,072	171,813	130,619	38,170	353,674
Accumulated Depreciation					
At 1 January 1999	5,641	22,080	68,014	19,274	115,009
Charge for the year	3,741	7,141	7,595	3,732	22,209
Disposals	-	-	(569)	(436)	(1,005)
At 31 December 1999	9,382	29,221	75,040	22,570	136,213
Net book value					
At 31 December 1999	3,690	142,592	55,579	15,600	217,461
At 31 December 1998	7,042	138,490	50,634	18,719	214,885
Leased assets included In the above:-					
Net book value					
At 31 December 1999	-	-	10,519	1,906	12,425
At 31 December 1998	-	-	4,368	9,895	14,263

Land amounting to £1,229,000. (1998 - £1,229,000) has not been depreciated.

The depreciation charge for electronics includes an exceptional charge of £4,625,000 (see note 3).

The depreciation charge for the year also includes additional exceptional credits of £8,358,000 relating to a reassessment of depreciation rates on certain classes of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

11 INVESTMENTS HELD AS FIXED ASSETS

The company owns the entire issued ordinary share capital of the subsidiary undertaking, Birmingham Cable Finance Limited which is registered in Jersey. The main activity of the company is the provision of funding for the company.

In accordance with the provisions of section 228 of the Companies Act 1985 the company is exempt from the obligation to prepare and deliver group accounts as the company is included in the audited consolidated accounts of its ultimate parent undertaking, Telewest Communications plc.

12 DEBTORS

Debtors comprise the following:

	1999	1998
	£000	£000
Amounts falling due within one year		
Trade debtors	9,503	14,218
Other debtors	551	-
Prepayments and accrued income	1,915	4,265
Amounts due from group undertakings	428	291
	12,397	18,774
Amounts falling due after more than one year		
Amount due from group undertakings	9,160	9,160
	9,160	9,160

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£000	£000
Obligations under finance leases (note 15)	3,272	1,806
Payments received on account	6,488	5,814
Trade creditors	3,972	7,044
Other creditors	427	-
Amounts owed to group undertakings	12,302	-
Social security and PAYE	386	405
VAT	1,767	-
Accruals and deferred income	13,168	13,219
	41,782	28,288

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 **£000**	1998 £000
Bank loan (note 15)	-	153,000
Obligations under finance leases (note 15)	13,631	17,098
Junior subordinated debt (note 15)	-	14,990
Amounts due to fellow subsidiary undertakings	347,380	175,364
Other creditors	254	5,943
	361,265	366,395

15 BORROWINGS

	1999 **£000**	1998 £000
Bank loan	-	153,000
Obligations under finance leases	16,903	18,904
Junior subordinated debt	-	14,990
	16,903	186,894
Due within one year	3,272	1,806
Due after more than one year	13,631	185,088
	16,903	186,894

Analysis of loan repayments:

Bank Loan		
Between one and two years	-	7,650
Between two and five years	-	68,850
Due after five years	-	76,500
Obligations under finance leases		
Within one year or on demand	3,272	1,806
Between one and two years	3,170	2,787
Between two and five years	5,657	7,998
Due after five years	4,804	6,313
Junior subordinated debt		
Due after five years	-	14,990
	16,903	186,894

All the bank borrowings under the company's facility were repaid in the year and the facility was cancelled following the negotiation of a new group facility by Telewest Communications plc.

Existing interest rate swap agreements entered into to manage interest rate risk on the bank facility were cancelled during the year as they were no longer required.

The junior subordinate debt due to the shareholders of the immediate parent undertaking, Birmingham Cable Corporation Limited, was repaid during the year following the repayment of the bank facility.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

16 CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
2 ordinary shares of £1 each	2	2

17 PROFIT AND LOSS ACCOUNT

	£000
Balance at 1 January 1999	(141,200)
Retained loss for the year	(11,674)
Balance at 31 December 1999	(152,874)

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	1999 £000	1998 £000
Retained loss for the financial year	(11,674)	(47,138)
Opening shareholders' deficit	(141,200)	(94,062)
Closing shareholders' deficit	(152,874)	(141,200)

19 FINANCIAL COMMITMENTS

	1999 £000	1998 £000
Capital commitments		
Contracted for but not provided	-	1,860

Operating lease commitments

At 31 December 1999, the company was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	Land and buildings		Plant and machinery	
	1999 £000	1998 £000	1999 £000	1998 £000
Leases which expire:				
Within two to five years	65	65	-	-
After five years	83	83	-	-
	148	148		-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

20 CONTINGENT LIABILITIES

The company, along with fellow subsidiary undertakings, is party to a senior secured credit facility with a syndicate of banks. Borrowings under the facility are secured by the assets of the group, including those of the company.

21 ULTIMATE PARENT COMPANY

The ultimate parent company is Telewest Communications plc.

A copy of Telewest Communications plc's group financial statements can be obtained from The Company Secretary, Telewest Communications plc, Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW.