

Registered number
2379804

NTL CABLECOMMS CHESHIRE

Report and Accounts

31 December 2004



NTL CABLECOMMS CHESHIRE

Registered number
2379804

Directors

ntl Directors Limited
ntl Secretaries Limited

Company Secretary

ntl Secretaries Limited

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

ntl House
Bartley Wood Business Park
Hook
Hampshire RG27 9UP

NTL CABLECOMMS CHESHIRE

Directors' Report

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

RESULTS AND DIVIDENDS

The company made a profit for the year of £4,409,000 (2003 – profit of £16,000). The preference dividend of £494,000 to the non-equity shareholders for the year ended 31 December 2004 (2003 – £494,000) has not been declared, but an appropriation equal to the dividend has been made in the profit and loss account in accordance with FRS 4 "Capital Instruments". The retained profit for the year of £3,915,000 (2003 – retained loss of £478,000) has been transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is to provide cable television services and telecommunication services and run certain of the telecommunication systems over which they are provided.

Turnover increased by 16% and gross profit margins improved slightly due to the increase in subscribers, particularly broadband customers. Administrative expenses decreased in 2004 compared to 2003 due to lower operating expenses as a result of the reduction in the ntl group allocable cost base. The directors consider the results for the year to be satisfactory.

EVENTS SINCE THE BALANCE SHEET DATE

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

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

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

NTL CABLECOMMS CHESHIRE
Directors' Report

DIRECTORS AND THEIR INTERESTS

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

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

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

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

COMPANY SECRETARY

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

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

AUDITORS

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

By order of the board



G E James
For and on behalf of ntl Secretaries Limited

14 MAR 2006

NTL CABLECOMMS CHESHIRE

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 MEMBERS OF NTL CABLECOMMS CHESHIRE

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

This report is made solely to the company's 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

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

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

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

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

Basis of audit opinion

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

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

Opinion

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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

14 March 2006

NTL CABLECOMMS CHESHIRE
Profit and Loss Account
for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	24,835	21,357
Cost of sales		(7,556)	(6,664)
Gross profit		<u>17,279</u>	<u>14,693</u>
Administrative expenses		(13,128)	(14,671)
Operating profit	3	<u>4,151</u>	<u>22</u>
Interest receivable	4	258	-
Interest payable	5	-	(6)
Profit on ordinary activities before taxation		<u>4,409</u>	<u>16</u>
Taxation	6	-	-
Profit for the financial year		<u>4,409</u>	<u>16</u>
Dividends	10	(494)	(494)
Retained profit/(loss) for the financial year	11	<u>3,915</u>	<u>(478)</u>

Statement of Total Recognised Gains and Losses

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

NTL CABLECOMMS CHESHIRE
Balance Sheet
as at 31 December 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	7	24,650	26,602
Creditors: amounts falling due within one year	8	-	(6,851)
Net current liabilities		-	(6,851)
Total assets less current liabilities		24,650	19,751
Creditors: amounts falling due after more than one year	9	(490)	-
Net assets		24,160	19,751
Capital and reserves			
Called up share capital	10	124,615	124,615
Profit and loss account	11	(100,455)	(104,864)
Shareholders' funds		24,160	19,751
Equity interests	12	19,107	15,192
Non-equity interests	12	5,053	4,559
		24,160	19,751

R C Gale

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

NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

1 Accounting policies

Fundamental accounting concept

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

Accounting convention

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

Depreciation

Network assets:

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

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

Other:

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

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

Deferred taxation

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

- (a) provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;
- (b) provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- (c) deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

1 Accounting policies (continued)

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).

2 Turnover

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

3 Operating profit

2004	2003
£'000	£'000

This is stated after charging:

Depreciation of fixed assets	<u>3,592</u>	<u>1,796</u>
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The directors' and auditors' remuneration is paid by ntl Group Limited and disclosed in the accounts of ntl Cable PLC. ntl Group Limited, a fellow group company, employs most of the employees of the NTL Group. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl Group Limited. The company does not have any directly employed associates.

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

4 Interest receivable

2004	2003
£'000	£'000

Interest on loan notes payable from group undertakings	<u>258</u>	<u>-</u>
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5 Interest payable

2004	2003
£'000	£'000

Interest on loan notes payable to group undertakings	<u>-</u>	<u>6</u>
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NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

6 Taxation

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

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

(b) Factors affecting current tax charge

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

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	<hr/>	<hr/>
	4,409	16
Profit on ordinary activities multiplied by the applicable statutory rate 30% (2003 - 30%)	1,323	5
Expenses not deductible for tax purposes	70	33
Capital allowances in excess of depreciation	(1,393)	590
Utilisation of losses brought forward	-	(628)
Total current tax charge	<hr/>	<hr/>
	-	-

(c) Factors that may affect future tax charges

Deferred tax assets have not been recognised in respect of tax losses of £17,610,955, and depreciation in excess of capital allowances of £8,892,271 as there is insufficient certainty as to the availability of future taxable profits.

NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

7 Tangible fixed assets

	Network £'000	Other £'000	Total £'000
Cost			
At 1 January 2004	96,099	1,027	97,126
Additions	1,640	-	1,640
At 31 December 2004	<u>97,739</u>	<u>1,027</u>	<u>98,766</u>
Depreciation			
At 1 January 2004	70,084	440	70,524
Charge for the year	3,540	52	3,592
At 31 December 2004	<u>73,624</u>	<u>492</u>	<u>74,116</u>
Net book value			
At 31 December 2004	<u>24,115</u>	<u>535</u>	<u>24,650</u>
At 31 December 2003	<u>26,015</u>	<u>587</u>	<u>26,602</u>

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

	2004 £'000	2003 £'000
Freehold	33	35
Short leasehold	<u>502</u>	<u>552</u>

8 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts due to parent undertakings	<u>-</u>	<u>6,851</u>

9 Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts due to parent undertakings	<u>490</u>	<u>-</u>

NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

10 Share capital	2004	2003
	£'000	£'000
Authorised:		
300 preference shares of £1 each	-	-
124,615,385 'A' ordinary shares of £1 each	<u>124,615</u>	<u>124,615</u>
Allotted, called up and fully paid:		
300 preference shares of £1 each	-	-
124,615,385 'A' ordinary shares of £1 each	<u>124,615</u>	<u>124,615</u>

Shareholders' voting rights

In the opinion of the directors, the primary rights attached to the various classes of shares are as follows:

£1 preference shares

The right to attend and speak but not vote at all general meetings of the company.

£1 'A' ordinary shares

The right to attend, speak and vote at all general meetings of the company.

Distributable profits

Distributable profits are allocated on the following basis:

Preference Shareholders

The company's articles of association provide for a fixed cumulative dividend at the rate of £494,000 per annum. This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2013. After payment of the preference dividend, the preference shareholders are entitled to 15% of the remaining distributable profits, on winding up.

Ordinary Shareholders

After payment of the preference dividend, ordinary shareholders are entitled to 85% of the remaining distributable profits, on winding up.

Dividends

The preference dividend of £494,000 due to the non-equity shareholders for the year ended 31 December 2004 (2003 £494,000) has not been declared. An appropriation equal to the dividend has been made in the profit and loss account in accordance with FRS 4 "Capital Instruments" and is shown in the Reconciliation of Shareholders' Funds and Movements on Reserves (see note 12).

11 Profit and loss account	2004	2003
	£'000	£'000
At 1 January	(104,864)	(104,880)
Retained profit/(loss)	3,915	(478)
	<u>(100,949)</u>	<u>(105,358)</u>
Undeclared dividends due to non-equity shareholders	494	494
	<u>(100,455)</u>	<u>(104,864)</u>
At 31 December		
<i>Cumulative undeclared dividends due to non-equity shareholders</i>		
At 1 January	4,559	4,065
Appropriated during the year	494	494
	<u>5,053</u>	<u>4,559</u>
At 31 December		

NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

12 Reconciliation of shareholders' funds and movements on reserves	2004	2003
	£'000	£'000
Profit for the year	4,409	16
Non-equity dividends not declared	(494)	(494)
	3,915	(478)
Reversal of non-equity dividends	494	494
Net movement in shareholders' funds	4,409	16
Opening shareholders' funds	19,751	19,735
Closing shareholders' funds	24,160	19,751
Total shareholders' funds		
Equity share capital	124,615	124,615
Non-equity share capital	-	-
Profit and loss account	(100,455)	(104,864)
Total shareholders' funds	24,160	19,751
Shareholders' funds allocated to non-equity		
Non-equity share capital	-	-
Cumulative dividends not yet declared	5,053	4,559
	5,053	4,559
Shareholders' funds allocated to equity		
Difference between shareholders' deficit and amount allocated to non-equity interests	19,107	15,192
Made up as follows:		
Equity share capital	124,615	124,615
Profit and loss account	(100,455)	(104,864)
Cumulative dividends due to non-equity shareholders	(5,053)	(4,559)
	19,107	15,192

13 Contingent liabilities

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

NTL CABLECOMMS CHESHIRE
Notes to the Accounts
for the year ended 31 December 2004

14 Related parties

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

15 Parent undertaking and controlling party

The company's immediate parent undertaking is ntl CableComms Holdings No. 1 Limited.

The company's results are included in the group accounts of ntl CableComms Holdings No. 1 Limited and ntl Cable PLC, copies of which may be obtained from ntl, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

The company's ultimate parent undertaking and controlling party is NTL Incorporated, a company incorporated in the state of Delaware, United States of America.

Copies of all sets of group accounts, which include the results of the company, are available from The Secretary, NTL Incorporated, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

16 Post balance sheet event

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

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

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