

TeleWest Communications Group Limited

Directors' report and financial statements

31 December 1993

Registered number 2514287



TeleWest Communications Group Limited

Directors' report and financial statements

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TeleWest Communications Group Limited

Company information

Directors

LJ Carleton (USA)
SJ Davidson
A Michels (USA) (appointed 20 May 1994)

Company secretary

GD Broadest

Registered office

The Quadrangle
Imperial Square
Cheltenham
Gloucestershire
GL50 1YX

Auditors

KPMG Peat Marwick
1 Puddle Dock
Blackfriars
London
EC4V 3PD

Solicitors

Wiggin and Co
The Quadrangle
Imperial Square
Cheltenham
Gloucestershire
GL50 1YX

Charles Russell & Co
Hale Court
Lincoln's Inn
London WC2A 3UL

TeleWest Communications Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1993.

Principal activities and business review

The group's business is, and will continue to be, the provision of management and administration services to cable television and telecommunications companies in the TCI/US WEST Cable Communications Group.

Results and dividends

The results for the year ended 31 December 1993 and the financial position of the group and the company are shown in the annexed financial statements. The directors do not recommend the payment of a dividend in respect of the year.

Significant changes in fixed assets

Information relating to changes in tangible fixed assets is given in note 5 to these financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

GS Bryson	(resigned 20 May 1994)
LJ Carleton	
SJ Davidson	(appointed 16 November 1993)
BS Sonn	(resigned 25 May 1994)

A Michels was appointed as a director of the company on 20 May 1994.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or other group companies.

No rights to subscribe for shares in the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

TeleWest Communications Group 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

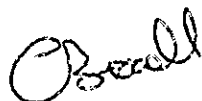
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the group 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 group and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



GD Broadest
Secretary

The Quadrangle
Imperial Square
Cheltenham
Gloucestershire
GL50 1YX

28 July 1994

Report of the auditors to the members of TeleWest Communications Group Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 group'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 group's and company's affairs as at 31 December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

PO Box 486
1 Fuddle Dock
Blackfriars
London
EC4V 3PD

22 July 1994

TeleWest Communications Group Limited

Consolidated profit and loss account for the year ended 31 December 1993

	<i>Note</i>	1993 £	1992 £
Turnover - continuing operations		14,092,121	7,109,283
Administrative expenses		(14,501,308)	(7,146,552)
Operating loss - continuing operations	2	(409,187)	(37,269)
Other interest receivable and similar income		154,037	37,271
(Loss)/profit for the financial year		(255,150)	2
Retained profit brought forward		2	-
Retained loss carried forward		(255,148)	2

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

TeleWest Communications Group Limited

Consolidated balance sheet at 31 December 1993

	Note	1993		1992	
		£	£	£	£
Fixed assets					
Tangible assets	5		2,769,485		2,889,120
Current assets					
Debtors	7	4,818,460		4,558,872	
Cash at bank and in hand		928,821		47,993	
		<u>5,747,281</u>		<u>4,606,865</u>	
Creditors: amounts falling due within one year	8	(2,861,114)		(3,867,251)	
Net current assets			<u>2,886,167</u>		<u>739,614</u>
Total assets less current liabilities			<u>5,655,652</u>		<u>3,628,734</u>
Creditors: amounts falling due after more than one year	9		(4,260,338)		(1,978,270)
Net assets			<u>1,395,314</u>		<u>1,650,464</u>
Capital and reserves					
Called up share capital	10		2		2
Other reserves	11		1,650,460		1,650,460
Profit and loss account			(255,148)		2
			<u>1,395,314</u>		<u>1,650,464</u>

These financial statements were approved by the board of directors on 28 July 1994 and were signed on its behalf by:



LJ Carleton
Director

TeleWest Communications Group Limited

Company balance sheet at 31 December 1993

	Note	1993		1992	
		£	£	£	£
Fixed assets					
Tangible assets	5.		2,769,485		2,889,120
Investments	6		2		2
			<u>2,769,487</u>		<u>2,889,122</u>
Current assets					
Debtors	7	4,818,460		4,558,872	
Cash at bank and in hand		928,821		47,993	
		<u>5,747,281</u>		<u>4,606,865</u>	
Creditors: amounts falling due within one year	8	(2,861,116)		(3,867,253)	
			<u>2,886,165</u>		<u>739,612</u>
Net current assets					
			<u>5,655,652</u>		<u>3,628,734</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	9		(4,260,338)		(1,978,270)
			<u>1,395,314</u>		<u>1,650,464</u>
Net assets					
Capital and reserves					
Called up share capital	10		2		2
Other reserves	11		1,650,460		1,650,460
Profit and loss account			(255,148)		2
			<u>1,395,314</u>		<u>1,650,464</u>

These financial statements were approved by the board of directors on 28 July 1994 and were signed on its behalf by:


LJ Carleton
Director

TeleWest Communications Group Limited

Consolidated cash flow statement for the year ended 31 December 1993

	Note	1993 £	£	1992 £	£
Net cash outflow from operating activities	13	(545,403)		(415,480)	
Returns on investments and servicing of finance					
Interest received		151,813		35,895	
Net cash inflow from returns on investment and servicing of finance		151,813		35,895	
Investing activities					
Purchase of tangible fixed assets		(1,019,922)		(3,230,058)	
Receipts from sale of tangible fixed assets		12,272		28,906	
Net cash outflow from investing activities		(1,007,650)		(3,201,152)	
Net cash outflow before financing		(1,401,240)		(3,580,737)	
Financing					
New long-term loan		2,282,068		1,978,270	
Capital contribution received from parent company		-		1,650,460	
Net cash inflow from financing		2,282,068		3,628,730	
Increase in cash and cash equivalents	14	880,828		47,993	

TeleWest Communications Group 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 group'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.

Fixed assets and depreciation

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

Leasehold land and buildings	-	life of lease
Office furniture and equipment	-	5 years
Software costs	-	4 years
Motor vehicles	-	4 years

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 the gains or losses on translation are included in the profit and loss account.

Leases

Where the group 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 with 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.

Pension costs

The group does not have a pension scheme but contributes to the scheme of the employee's choice.

TeleWest Communications Group Limited

Notes (continued)

1 Accounting policies (continued)

Consolidation

The group financial statements consolidate the financial statements of the TeleWest Communications Group Limited and its subsidiary drawn up to 31 December each year. No profit and loss account is presented for TeleWest Communications Group as provided by Section 228(7) of the Companies Act 1985.

Turnover

Turnover represents the value of management services supplied to fellow subsidiary undertakings in the UK during the period excluding Value Added Tax.

Operating loss

	1993	1992
	£	£

Operating loss is stated after charging

Auditors' remuneration:

Audit

	8,880	5,570
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Other services

	18,135	-
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Depreciation and other amounts written off tangible fixed assets

	1,007,349	447,733
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Hire of motor vehicles, accommodation and office equipment - rentals payable under operating leases

	454,871	114,501
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TeleWest Communications Group Limited

Notes (continued)

3 Remuneration of directors

Directors' emoluments:

	1993 £	1992 £
Remuneration as executives:		
Salary and taxable benefits	448,722	201,940
Pension scheme contribution	1,050	-
	<u>449,772</u>	<u>201,940</u>

The emoluments, excluding pension contributions, of the highest paid director were £427,383 (1992: £107,224).

The emoluments, excluding pension contributions, of the directors (including the highest paid director) were within the following ranges:

	Number of directors	
	1993	1992
£0 - £ 5,000	2	6
£20,000 - £25,000	-	-
£90,001 - £95,000	-	1
£105,001 - £110,000	-	1
£425,001 - £430,000	1	-
	<u>1</u>	<u>-</u>

4 Staff numbers and costs

The average number of persons employed by the group (including directors and those seconded from group companies) during the year, analysed by category, was as follows:

	Number of employees	
	1993	1992
Operations	33	15
Network planning	10	10
Finance	32	21
Management information	16	9
Switching	16	-
	<u>107</u>	<u>55</u>

TeleWest Communications Group Limited

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1993 £	1992 £
Wages and salaries	8,301,282	4,157,813
Social security costs	277,471	130,276
Other pension costs	117,308	55,296
	<u>8,696,061</u>	<u>4,343,385</u>

Included within wages and salaries is an amount recharged by fellow subsidiary undertakings for the services of their employees seconded to the group.

5 Tangible fixed assets

Group and company

	Motor vehicles £	Office furniture & equipment £	Software costs £	Leasehold improvements £	Total £
Cost					
At beginning of year	346,787	1,833,399	720,395	427,922	3,328,503
Additions	346,540	397,731	61,840	93,568	899,679
Disposals	(25,870)	-	(15,272)	-	(41,142)
At end of year	<u>667,457</u>	<u>2,231,130</u>	<u>766,963</u>	<u>521,490</u>	<u>4,187,040</u>
Depreciation					
At beginning of year	49,404	257,078	29,366	103,535	439,383
Charge for year	123,167	509,095	200,163	174,924	1,007,349
On disposals	(13,905)	-	(15,272)	-	(29,177)
At end of year	<u>158,666</u>	<u>766,173</u>	<u>214,257</u>	<u>278,459</u>	<u>1,417,555</u>
Net book value					
At 31 December 1993	<u>508,791</u>	<u>1,464,957</u>	<u>552,706</u>	<u>243,031</u>	<u>2,769,485</u>
At 31 December 1992	<u>297,383</u>	<u>1,576,321</u>	<u>691,029</u>	<u>324,387</u>	<u>2,889,120</u>

TeleWest Communications Group Limited

Notes (continued)

6 Fixed asset investment

Company	Shares in subsidiary undertaking
	£
<i>Cost</i>	
At 1 January and 31 December 1993	<u>2</u>

The company holds 100% of the ordinary shares of Telewest Limited, a company incorporated in Great Britain and registered in England and Wales. TeleWest Limited is a dormant company. The company is consolidated in the financial statements of the group.

7 Debtors

	Group and company	
	1993	1992
	£	£
Amounts owed by fellow subsidiary undertakings	3,377,123	3,589,541
Other debtors	1,194,535	732,917
Prepayments and accrued income	246,802	236,414
	<u>4,818,460</u>	<u>4,558,872</u>

8 Creditors: amounts falling due within one year

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Trade creditors	878,423	837,229	878,423	837,229
Amounts owed to parent and fellow subsidiary undertakings	408,624	1,686,151	408,620	1,686,153
Other creditors including taxation and social security:				
Taxation and social security	864,874	452,669	864,874	452,669
Other creditors	4,667	239,619	4,667	239,619
Accruals and deferred income	704,526	651,583	704,526	651,583
	<u>2,861,114</u>	<u>3,867,251</u>	<u>2,861,116</u>	<u>3,867,253</u>

TeleWest Communications Group Limited

Notes (continued)

9 Creditors: amounts falling due after more than one year

	Group and company	
	1993	1992
	£	£
Amounts loaned by parent undertaking	<u>4,260,338</u>	<u>1,978,270</u>

The long-term loan is provided by TCI/US WEST Cable Communications, Inc., a US corporation. The loan has no fixed repayment date but repayment will not be sought within one year. The loan is interest free and denominated in sterling.

10 Called up share capital

	1993	1992
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Other reserves

	1993	1992
	£	£
Capital contribution	<u>1,650,460</u>	<u>1,650,460</u>

The capital contribution was made by TCI/US WEST Cable Communications, Inc. for the purpose of funding capital assets.

TeleWest Communications Group Limited

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	Group and company	
	1993 £	1992 £
Opening shareholders' funds	1,650,464	2
(Loss)/profit for the financial year	(255,150)	2
Capital contribution made by the shareholder	-	1,650,460
Closing shareholders' funds	<u>1,395,314</u>	<u>1,650,464</u>

13 Reconciliation of operating loss to net cash outflow from operating activities

	1993 £	1992 £
Operating loss	(409,187)	(37,269)
Depreciation charge	1,007,349	447,733
Profit on sale of tangible fixed assets	(307)	(706)
Increase in debtors	(257,364)	(4,557,494)
(Decrease)/increase in creditors	(885,894)	3,732,256
	<u>(545,403)</u>	<u>(415,480)</u>

14 Analysis of changes in cash and cash equivalents during the year

	1993 £	1992 £
Balance at beginning of year	47,993	-
Net cash inflow	880,828	47,993
Balance at end of year	<u>928,821</u>	<u>47,993</u>

TeleWest Communications Group Limited

Notes (continued)

15 Commitments

- (i) Capital commitments of the group at the end of the financial year for which no provision has been made:

	1993 £
Contracted	413,419
Authorised but not contracted	<u>1,897,000</u>

- (ii) Annual commitments of the group under non-cancellable operating leases are as follows:

	1993	
	Land and buildings £	Other £
Operating leases which expire:		
Within one year	-	35,400
Within two to five years	-	96,700
After five years	506,000	-
	<u>506,000</u>	<u>134,100</u>

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

The company is a subsidiary undertaking of TCI/US WEST Cable Communications Group, a United States general partnership between subsidiary undertakings of US WEST, Inc. and Tele-Communications, Inc. US WEST, Inc. and Tele-Communications, Inc. are incorporated in the United States.

This partnership is the only group in which the results of the company are consolidated. The consolidated financial statements of the partnership are not available to the public.