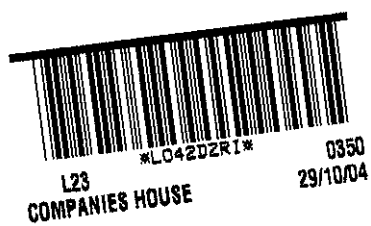


Flextech Childrens Channel Limited

**Directors' report and financial
statements**

Registered number 2678881

31 December 2003



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Directors' report

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

Principal activities

The principal activity of the company is to hold an investment in Flextech Communications limited, which does not trade.

The Company has not traded in the current or previous year and therefore no profit and loss account is presented.

Subsequent Events

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

Dividends

The directors are unable to recommend the payment of a dividend (2002: *£nil*).

Directors and directors' interests

The directors who held office during the year and to the date of this report were as follows:

NR Smith (appointed 15 September 2003)

CJ Burdick (resigned 18 February 2004)

SS Cook

MW Luiz (resigned 31 October 2003)

LM Opie (appointed 16 September 2003)

None of the directors had any disclosable interest in the shares of the company during the year.

SS Cook and CJ Burdick were also directors of Telewest Communications plc at the year-end. The interests of the directors who held office at the end of the year in the share capital of that company are disclosed in the Telewest Communications plc group accounts.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Directors' report *(continued)*

Auditor

Pursuant to shareholders' resolution, the Company is not obliged to reappoint its auditor annually and KPMG Audit Plc will therefore continue in office.

By order of the board



C Burns
Secretary

Export House
Cawsey Way
Woking, Surrey
GU21 6QX

29 October 2004

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;
- 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 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.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Flextech Childrens Channel Limited

We have audited the financial statements on pages 6 to 9.

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 auditor's 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 any 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 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.

Independent auditors' report to the members of Flextech Childrens Channel 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 2003 and of the result of the company 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

29 October 2004

Balance sheet

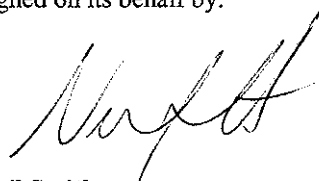
at 31 December 2003

	Note	2003 £	2002 £
Current assets			
Debtors due within one year:		2	2
Creditors: amounts falling due within one year:			
Amounts due to group undertakings		(1)	(1)
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	4	1,000	1,000
Share premium	5	2,465,002	2,465,002
Profit and loss account	5	(2,466,001)	(2,466,001)
Shareholders' funds - equity	6	<u>1</u>	<u>1</u>

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

29 October

2004 and were



Neil Smith
 Director

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 UK accounting standards and under the historical cost accounting rules.

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

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

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

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value

Cash flow statement

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 Communications plc, includes it in its own published consolidated financial statements.

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 FRS 19 Deferred Tax. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from 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.

Profit and loss account

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

Notes (continued)

2 Administrative expenses

The auditor's remuneration for 2003 and 2002 was borne by the ultimate holding company, Telewest Communications plc.

3 Employees and directors

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

4 Called up share capital

	2003 £	2002 £
<i>Authorised, allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000

5 Share premium and reserves

	Share premium account £	Profit and loss account £
At beginning and end of year	2,465,002	(2,466,001)

6 Reconciliation of movements in shareholders' funds - equity

	2003 £	2002 £
Opening and closing shareholders' funds – equity	1	1

7 Contingent liabilities

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

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

Notes *(continued)*

8 Related party transactions

As the company was a wholly owned subsidiary of Telewest Communications plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances which entities which form part of the group. The consolidated statements of Telewest Communications plc, within which the company is included, can be obtained from the address given in note 9.

9 Ultimate parent company

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