

Flextech Satellite Investments Limited

**Directors' report and financial
statements**

Registered number 2710978

31 December 2004



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Directors' report

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

Principal activities

The principal activity of the company is to hold investments.

Business review

The results for the year ended 31 December 2004 and the financial position of the company at that date are set out on pages 4 and 5 of the financial statements.

Directors and directors' interests

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

LM Opie
NR Smith

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company.

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

By order of the board



C Burns
Secretary

Export House
Cawsey Way
Woking
Surrey
GU21 6QX

28 OCTOBER 2005

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 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;
- 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 LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Flextech Satellite Investments Limited

We have audited the financial statements on pages 4 to 8.

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 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 2, 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.

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 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditor

28 October 2005

Profit and loss account

for the year ended 31 December 2004

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure as all costs are borne by the parent undertaking.

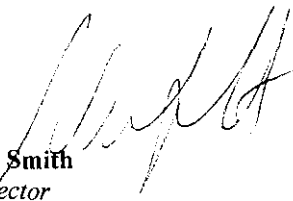
Consequently, during those years the company made neither a profit nor a loss.

Balance sheet

at 31 December 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Investments	4		5,832,821		5,832,821
Current assets					
Debtors: amounts due after more than one year	5	28,132,938		28,132,938	
Net current assets			28,132,938		28,132,938
Total assets less current liabilities			33,965,759		33,965,759
Creditors: amounts falling due after more than one year	6		(28,132,939)		(28,132,939)
Net assets			5,832,820		5,832,820
Capital and reserves					
Called up share capital	7		3,828,932		3,828,932
Other reserve	8		2,003,888		2,003,888
Equity shareholders' funds	9		5,832,820		5,832,820

These financial statements were approved by the board of directors on 28 October 2005 and were signed on its behalf by:


NR 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 accounting standards and under the historical cost accounting rules.

Accounting convention

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider appropriate.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

Investments

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

Related parties

As the company is a wholly owned subsidiary of UK Gold Holdings Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard No.8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of UK Gold Holdings Limited, within which this company is included, are available to the public and may be obtained from its registry.

2 Staff numbers and costs

The company had no employees other than the directors during the current and prior year (2003:nil).

3 Remuneration of directors

None of the directors of the company received any remuneration during the year (2003:£nil).

Notes (continued)

4 Fixed asset investments

	Subsidiary undertakings £
<i>Cost and net book value</i>	
At 1 January 2004 and 31 December 2004	5,832,821

	Country of registration or incorporation	Principal activity	Class and percentage of shares held	Capital and reserves at 31 December 2004
<i>Subsidiary undertakings</i>				
UK Gold Television Limited	England and Wales	Investment holding company	100% ordinary	£9,863,001

The directors are of the opinion that the investments held by the company are worth at least the amounts at which they are stated in the balance sheet of the company.

5 Debtors: amounts due after more than one year

	2004 £	2003 £
Amounts owed by ultimate joint venture parent and its subsidiaries	28,132,938	28,132,938

6 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts owed to ultimate joint venture parent and its subsidiaries	28,132,939	28,132,939

Notes (continued)

7 Called up share capital

	2004 £	2003 £
Authorised:		
35,000,000 ordinary shares of £1 each	35,000,000	35,000,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	3,828,932	3,828,932

On 18 October 1999, 8,319,352 shares were redeemed at a market value of £25,542,222 (£2.83 per share), leaving 19,060,802 shares in issue at a nominal value of £3,828,932.

8 Reserves

	Other Reserve £
At 1 January 2004 and 31 December 2004	2,003,888

9 Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Shareholders' funds at beginning and end of the year	5,832,820	5,832,820

10 Post Balance Sheet Events

On 3rd October 2005 it was announced that one of the ultimate joint venture parents of the company, Telewest Global, Inc., had entered into an agreement and plan of merger to combine with NTL Incorporated

11 Ultimate parent company

The company is a wholly owned subsidiary of UK Gold Holdings Limited, which in turn is a joint venture owned 50% by BBC Worldwide Limited (a wholly owned subsidiary of the BBC) and 50% by Flextech Broadband Limited (a wholly owned subsidiary of Telewest Global, Inc.). Telewest Global, Inc. replaced Titan Cable plc (formerly Telewest Communications plc) as the ultimate parent of the Telewest group on the completion of the financial restructuring in July 2004.

The accounts of all of these companies are available to the public and may be obtained from the following addresses:

The Company Secretary
 Telewest Broadband
 Export House
 Cawsey Way
 Surrey
 GU21 6QX

The Director Of Governance
 BBC Governance Unit
 35 Marylebone High Street
 London
 W1U 4AA