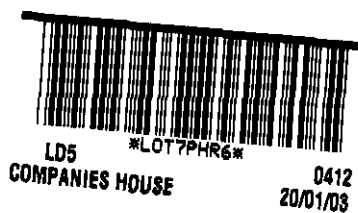


**Flextech Satellite Investments Limited**

**Directors' report and financial  
statements**

**Registered number 2710978**

**31 December 2001**



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## Directors' report

The directors present their annual report and the financial statements for the year ended 31 December 2001.

### Principal activities

The principal activity of the company is to hold investments.

### Business review

The company did not trade during the year (2000: £nil).

No dividend was charged to the profit and loss account for the year (2000: £nil).

### Directors and directors' interests

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

MW Luiz

The director did not have any interest in the shares of the company. The directors' interests in Telewest Communications plc, the ultimate parent company, are disclosed in the directors' report of that company.

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

By order of the board



C Burns  
Secretary

Unit 1  
Genesis Business Park  
Albert Drive  
Woking  
Surrey  
GU21 5RW

14 JAN 2003.

## 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**

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## **Independent auditors' report to the members of Flextech Satellite Investment Limited**

We have audited the financial statements on pages 4 to 9.

### *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. 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 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.

### *Going concern*

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty over the continued funding of the company due to the uncertainty over the ability of one of the ultimate joint venture partners to continue to provide the financial support required by the company. In view of the significance of this uncertainty we consider it should be brought to your attention but our opinion is not qualified in this respect.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**

**KPMG LLP**

*Chartered Accountants*

*Registered Auditors*

15th January 2003

## Balance sheet

at 31 December 2001

	Note	2001		2000 (restated)	
		£	£	£	£
<b>Fixed assets</b>					
Investments	3		5,832,820		5,832,820
<b>Current assets</b>					
Debtors: amounts due after more than one year	4	28,132,938		28,132,938	
<b>Net current assets</b>			28,132,938		28,132,938
<b>Total assets less current liabilities</b>			33,965,758		33,965,758
<b>Creditors: amounts falling due after more than one year</b>	5		(28,132,938)		(28,132,938)
<b>Net assets</b>			5,832,820		5,832,820
<b>Capital and reserves</b>					
Called up share capital	6		3,828,932		3,828,932
Other reserve	7		2,003,888		2,003,888
<b>Equity shareholders' funds</b>	8		5,832,820		5,832,820

These financial statements were approved by the board of directors on 14 JAN 2003 and were signed on its behalf by:

  
 MW Luiz  
 Director

## **Profit and loss account**

*for the year ended 31 December 2001*

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.

## 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. The company has adopted FRS 18 'Accounting Policies' in these financial statements. The impact of adoption on the company's financial statements was not material.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Going concern*

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate. Although the company does not trade it is dependent on one of the ultimate joint venture partners not to recall debts due in over one year.

However, Telewest Communications plc has recently issued a statement about its financial position. As stated in its Interim report, dated 1 August 2002, the Telewest group's debt obligations begin to mature in late 2003 and its directors are currently considering their options to allow the Group to meet these obligations and to stabilise its medium to long term financial position. At the date of approval of these financial statements Telewest Communications plc continues to trade.

Based on this information the directors have no reason to believe that any of its liabilities will fall due. However, although there can be no certainty that this position will continue the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this going concern basis of preparation being inappropriate.

#### *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.

#### *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.

## Notes (continued)

### 2 Staff numbers and costs

The company had no employees other than the director during the current and prior year.

The director did not receive any remuneration from the company during the year (2000: £nil).

### 3 Fixed asset investments

	Shares in undertakings in which the company has a participating interest £	Total  £
At beginning and end of the year	5,832,820	5,832,820

All of the above investments are unlisted.

	Country of registration or incorporation	Principal activity	Class and percentage of shares held	Capital and reserves at 31 2000
<i>Associated undertakings</i>				
UK Gold Television Limited	England and Wales	Dormant	35%	9,863

Although the share of net assets of the associated undertaking are lower than the investment held by the company, an option to acquire all the business and undertakings of UK Gold Holdings Limited at book value is held by UK Gold Services Limited (a wholly owned subsidiary of Flextech Satellite Investments Limited). Hence 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.

### 4 Debtors: amounts due after more than one year

	2001 £	2000 £
Amounts owed by joint venture, parent/group undertaking	28,132,938	28,132,938

**Notes (continued)**

**5 Creditors: amounts falling due after more than one year**

	2001	2000 (restated)
	£	£
Amounts owed to joint venture parent	28,132,938	28,132,938

Prior year comparatives have been restated due to a reclassification of £12,000 creditors from less than one year to more than one year.

**6 Called up share capital**

	2001	2000
	£	£
<i>Authorised:</i>		
35,000,000 ordinary shares of £1 each	35,000,000	35,000,000
<i>Allotted, called up and fully paid:</i>		
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.

**7 Reserves**

	Other Reserve £
At 1 January 2001 and 31 December 2001	2,003,888

**8 Reconciliation of movements in equity shareholders' funds**

	2001	2000
	£	£
Shareholders' funds at beginning and end of the year	5,832,820	5,832,820

**Notes** *(continued)*

**9 Ultimate parent company**

The company is a subsidiary undertaking of UK Gold Holdings Limited, a joint venture owned 50% by BBC Worldwide Limited (a wholly owned subsidiary of the BBC) and 50% by Flextech Broadband Limited (formerly Cheltrading 283 Limited, a subsidiary undertaking of Telewest Communications plc).

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

Telewest Communications plc  
160 Great Portland Street  
London  
W1W 5QA

The Secretary  
BBC Broadcasting House  
Portland Place  
London  
W1A 1AA