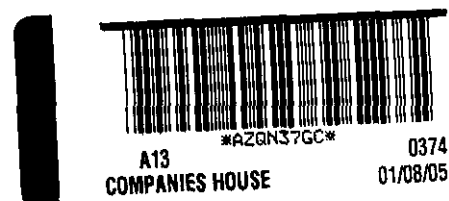


**United Artists Investments Limited**

**Directors' report and financial  
statements**

**Registered number 2761569**

**31 December 2004**



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## Directors' report

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

### Principal activities

The principal activity of the company is to fund UK Gold Holdings Limited, which operates a portfolio of television channels that broadcast on cable and satellite under the brand name UKTV.

### Business review and dividends

In July 2004 the company's ultimate parent, Titan Cable plc (formerly 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.

The directors do not recommend payment of a dividend (2003: £nil).

### Directors and directors' interests

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

CJ Burdick (resigned 18 February 2004)  
SS Cook  
LM Opie  
NR Smith

The company is a wholly-owned subsidiary of Telewest Global, Inc., its ultimate parent company, which is incorporated in Delaware, USA. Therefore under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 directors of the company are exempt from the obligation otherwise imposed by s324 of the Companies Act 1985 to notify the company of their interests in shares in, or debentures of, Telewest Global, Inc.

None of the directors who held office at the end of the financial year had any interest in the share capital of the company or any other UK based group company.

During the financial year, no rights to subscribe for shares in the company or any other UK group company were granted to or exercised by any director who held office at the end of the financial year and to the date of this report or by any member of his immediate family.

### Auditor

Pursuant to a 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

27 May 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 group 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 United Artists Investments Limited**

We have audited the financial statements on pages 5 to 12.

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 auditor**

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.

**Independent auditors' report to the members of United Artists Investments 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 2004 and of the profit 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

27 July 2005

## Profit and loss account

*for the year ended 31 December*

	<i>Note</i>	<b>2004</b>	<b>2003</b>
		<b>£000</b>	<b>(*as restated) £000</b>
<b>Turnover</b>		-	-
Administrative expenses (including write back of £487,813,000 (2003: £312,000,000) against intercompany balances)	2	<b>487,817</b>	311,599
<b>Operating profit</b>		<b>487,817</b>	311,599
Other interest receivable and similar income	5	<b>6,500</b>	8,088
Interest payable and similar charges	6	<b>(1,859)</b>	(1,859)
<b>Profit on ordinary activities before and after taxation</b>	2	<b>492,458</b>	317,828
<b>Profit for the financial period</b>		<b>492,458</b>	317,828

All of the above results are derived from continuing operations.

The historical cost results in the current and prior years are the same as those reported above.

The notes on pages 8 to 12 form part of these financial statements.

\* Details of the prior period adjustment are disclosed in note 1, basis of preparation.

## Balance sheet

at 31 December

	Note	2004	2003
		£000	(*as restated) £000
<b>Fixed assets</b>			
Investments	7	56,299	98,983
<b>Current assets</b>			
Debtors	8	981,584	485,667
Creditors: amounts falling due within one year	9	(168,324)	(207,549)
<b>Net current assets</b>		<b>813,260</b>	<b>278,118</b>
<b>Total assets less current liabilities</b>		<b>869,559</b>	<b>377,101</b>
Creditors: amounts falling due after more than one year	10	(13,281)	(13,281)
<b>Net assets</b>		<b>856,278</b>	<b>363,820</b>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss reserve	12	817,610	325,152
Other reserves	12	38,668	38,668
<b>Shareholders' funds - equity</b>	12	<b>856,278</b>	<b>363,820</b>

\* Details of the prior period adjustment are disclosed in note 1, basis of preparation.

These financial statements were approved by the board of Directors on 27 July  
were signed on its behalf by:

2005 and

Neil Smith  
Director



**Statement of total recognised gains and losses**  
*for the year ended 31 December*

	<i>Note</i>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
<b>Profit/(loss) for the year</b>		<b>492,458</b>	<b>(496,161)</b>
2003 prior period adjustment	<i>1</i>	813,989	-
<b>Total recognised gains and losses recognised since last financial statements</b>		<b>1,306,447</b>	<b>(496,161)</b>

## 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 can rely on support from Telewest UK Limited, an intermediate holding company.

In July 2004, Titan Cable plc (formerly Telewest Communications plc) successfully completed its financial restructuring. This resulted in the reorganisation of the business and operations of Titan Cable plc (formerly Telewest Communications plc) and its subsidiaries ("the group") under Telewest Global, Inc., incorporated in Delaware, USA, 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.

#### *Cash flow statement*

Under Financial Reporting Standard (FRS) 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking, Telewest Global, Inc., includes the company in its own published consolidated financial statements.

#### *Investments*

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

#### *Deferred Tax*

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. Timing differences are differences between the company'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.

#### *Related party transactions*

As the company was a wholly owned subsidiary of Telewest Global, Inc., the company has taken advantage of the exemption contained in Financial Reporting Standard (FRS) 8 and has therefore not disclosed transactions or balances with entities where 90% or more of the voting rights are controlled within the group. The consolidated financial statements of Telewest Global, Inc, within which this company is included, can be obtained from the address given in note 13.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Prior period adjustment*

In the year ended 31 December 2002 a provision against amounts owed by group undertakings of £814,000,000 was correctly recognised as an expense. At 31 December 2002, the amount was presented incorrectly within amounts owed to group undertakings rather than as a reduction of amounts owed by group undertakings.

At 31 December 2003, the Directors determined that a provision of £502,000,000 was required against amounts owed by group undertakings. At 31 December 2003, this amount was correctly presented as a reduction of amounts owed by group undertakings. However, rather than reclassifying the provision recognised at 31 December 2002 and recognising a reduction in that provision of £312,000,000 in the profit and loss for the year ended 31 December 2003, an amount of £502,000,000 was recognised as an expense for the year ended 31 December 2003 and the provision recognised at 31 December 2002 was not reclassified or adjusted.

To correct this error, a prior year adjustment has been made to reduce creditors (amounts owed to group undertakings) at 31 December 2003 by £814,000,000 and to reduce administrative expenses and increase profit on ordinary activities for the year ended 31 December 2003 by £814,000,000 (being the reversal of the provision incorrectly expensed of £502,000,000 and the reduction of £312,000,000 to the provision recognised at 31 December 2002).

This adjustment results in net liabilities at 31 December 2003 as previously presented of £450,169,000 being restated to net assets of £363,820,000 and the loss for the year ended 31 December 2003 previously presented of £496,161,000 being restated to a profit of £317,828,000.

### 2 Operating profit

The company has undertaken a review of amounts due from subsidiary undertakings and parent companies for the year ended December 31, 2004. The basis of assessing the recoverability of these amounts has changed, primarily due to a change in the priority of settlement of these balances. This has resulted in a reduction in the level of provision against such debtors of £487,812,963 as compared to the prior year, which has been released through the profit and loss account for the current year (2003: £312,000,000).

The directors believe the new basis for determining provisions against intercompany debtors in 2004 is preferable since it reflects more fairly the intentions of the Telewest group as to how intercompany debtors will ultimately be repaid and how funds are intended to be used within the group.

The auditor's remuneration for 2004 and 2003 was borne by a fellow group company, which was Titan Cable plc (formerly Telewest Communications plc) up to 14 July 2004 and Telewest Communications Group Limited thereafter.

**Notes (continued)**

**3 Tax on ordinary activities**

	2004 £000	2003 £000
UK Corporation tax at 30% (2003: 30%)	-	-
UK Deferred tax	-	-
	<hr/>	<hr/>
Tax on ordinary activities	-	-
	<hr/>	<hr/>

Reconciliation of the group's current tax to the UK statutory rate:

	2004 £000	2003 (as restated) £000
Current tax at 30%	147,737	95,348
Effects of:		
Expenses not deductible for tax purposes	(146,344)	(93,480)
Utilisation of tax losses	(1,393)	(1,868)
	<hr/>	<hr/>
Total tax change (see above)	-	-
	<hr/>	<hr/>

As at 31 December 2004, the company has no tax losses or other timing differences available to relieve future profits, and as such no deferred tax asset has been recognised.

**4 Employees and directors**

There were no employees during the year (2003: nil). No remuneration was paid to the directors during the year (2003: £nil).

**5 Other interest receivable and similar income**

	2004 £000	2003 £000
Interest from associated undertakings	6,500	8,088
	<hr/>	<hr/>

**6 Interest payable and similar charges**

	2004 £000	2003 £000
Loan note interest payable to parent undertakings	1,859	1,859
	<hr/>	<hr/>

**Notes (continued)**

**7 Fixed asset investments**

	Loans to undertakings in which the company has a participating interest £000
<i>Cost</i>	
At beginning of year	98,983
Repayment of loans in the year	(42,684)
	<hr/>
At end of year	56,299
	<hr/> <hr/>

**8 Debtors**

	2004 £000	2003 £000
Amounts due within one year		
Amounts owed by group undertakings	981,584	485,667
	<hr/>	<hr/>
	981,584	485,667
	<hr/> <hr/>	<hr/> <hr/>

**9 Creditors: amounts falling due within one year**

	2004 £000	2003 (as restated) £000
Amounts owed to group undertakings	168,312	207,533
Accruals and deferred income	12	16
	<hr/>	<hr/>
	168,324	207,549
	<hr/> <hr/>	<hr/> <hr/>

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

	2004 £000	2003 £000
Loan notes owed to group undertaking	13,281	13,281
	<hr/> <hr/>	<hr/> <hr/>

The loan notes are repayable on 31 December 2008 and carry interest at a rate of 14% per annum.

## Notes (continued)

### 11 Called up share capital

	2004	2003
	£	£
<i>Authorised</i>		
19,999,900 Voting shares of £1 each	19,999,900	19,999,900
100 Non-voting shares of £1 each	100	100
	<hr/>	<hr/>
	20,000,000	20,000,000
	<hr/>	<hr/>
<i>Allotted and called up</i>		
100 Voting shares of £1 each	100	100
2 Non-voting shares of £1 each	2	2
	<hr/>	<hr/>
	102	102
	<hr/>	<hr/>

### 12 Reconciliation of movement in shareholders' funds and reserves

	Called up Share Capital £'000	Other Reserves £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2004 as previously stated	-	38,668	(488,837)	(450,169)
Prior period adjustment (see note 1)	-	-	813,989	813,989
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2004 as restated	-	38,668	325,152	363,820
Profit for the financial period	-	-	492,458	492,458
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds – equity	-	38,668	817,610	856,278
	<hr/>	<hr/>	<hr/>	<hr/>

### 13 Ultimate parent company

At 31 December 2004, the ultimate parent company was Telewest Global, Inc., which is incorporated in Delaware, USA. Telewest Global, Inc. is the parent of the largest group for which group financial statements, including the company, are drawn up. The smallest group in which the results of the company are consolidated is that headed by Telewest UK Limited, incorporated in England and Wales. Copies of the group financial statements of Telewest Global, Inc. may be obtained from the Company Secretary, Telewest Broadband, Export House, Cawsey Way, Woking, Surrey, GU21 6QX. Telewest Global, Inc. became the ultimate parent of the company on 14 July 2004.