

**LEWIS REED DEBT RECOVERY LIMITED**  
**(formerly Central Cable Communications Limited)**

**Report and Financial Statements**

**31 December 1998**

**KPMG**  
**2 Cornwall Street**  
**Birmingham**  
**B3 2DL**



**LEWIS REED DEBT RECOVERY LIMITED**  
**(formerly Central Cable Communications Limited)**

**REPORT AND FINANCIAL STATEMENTS 1998**

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**LEWIS REED DEBT RECOVERY LIMITED**  
**(formerly Central Cable Communications Limited)**

**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C J Burdick  
V M Hull  
A K Illsley  
F R Webb

**SECRETARY AND REGISTERED OFFICE**

J M Laver  
Cablephone House  
Small Heath Business Park  
Talbot Way  
Birmingham  
B10 OHJ

**AUDITORS**

KPMG Audit Plc  
Chartered Accountants & Registered Auditor  
2 Cornwall Street  
Birmingham  
B3 2DL

**LEWIS REED DEBT RECOVERY LIMITED**  
**(formerly Central Cable Communications Limited)**

## **DIRECTOR'S REPORT**

The directors present their annual report and the financial statements for the year ended 31 December 1998.

### **ACTIVITIES**

The company has not traded during the year and consequently a profit and loss account has not been prepared.

### **DIRECTORS AND DIRECTOR'S INTERESTS**

The directors who served during the year and since the year end are stated below.

C J Burdick (appointed 16 February 1999)  
V M Hull (appointed 16 February 1999)  
A K Illsley (appointed 16 February 1999)  
J W Darkin (resigned 12 March 1999)  
D J Smith (resigned 12 March 1999)  
P Hall (appointed 6 May 1998, resigned 27 November 1998)  
F R Webb

No director had an interest in the shares of the company during the year. C J Burdick, V M Hull, and A K Illsley are directors of the Company's ultimate parent undertaking, Telewest Communications Plc, and their interests in the shares of group companies are stated in the financial statements of that company.

### **MILLENNIUM ISSUES**

In November 1997, the group, of which the Company is a part, established a steering committee, supported by dedicated project teams, to establish and monitor procedures required to achieve Year 2000 compliance in the group's franchises. The project team is responsible for managing programs that review products, systems and services used in the group's business to determine Year 2000 compliance. It relies on in-house testing and confirmation from relevant suppliers and manufacturers.

The project teams work with suppliers and manufacturers to modify or upgrade products, systems and services that are non-compliant. In the event that modifications cannot be made or upgrades are not available, the group intends to actively seek and secure alternative suppliers or develop contingency arrangements. The project teams are also working with those parties with whom the groups networks interconnect and from whom the group otherwise receives services (eg programme suppliers) to determine Year 2000 compliance. The group cannot provide assurance that these parties will achieve Year 2000 compliance or that, even if achieved, there will be no disruptions in interconnection or other supply arrangements in the Year 2000.

The project objective is to ensure complete compliance in advance of the Year 2000. The group believes that its relatively modern systems and systems upgrades planned for 1999 that incorporate external package solutions that are Year 2000 compliant, should help it achieve this objective. The estimated aggregate cost of achieving Year 2000 compliance will be approximately £4.0 million, of which the group had spent approximately £2.5 million up to 31 December 1998. Although the group believes that it will achieve Year 2000 compliance in advance of 1 January 2000, the group cannot provide assurance that it will do so.

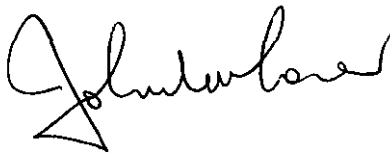
**LEWIS REED DEBT RECOVERY LIMITED**  
**(formerly Central Cable Communications Limited)**

**DIRECTOR'S REPORT**

**AUDITORS**

Deloitte & Touche resigned as Auditors during the year and KPMG Audit Plc were appointed to the resulting vacancy. A resolution to re-appoint KPMG Audit Plc as Auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'J M Laver', written over a large, stylized 'X' mark.

J M Laver

Secretary

31 August 1999

**LEWIS REED DEBT RECOVERY LIMITED**  
**(formerly Central Cable Communications Limited)**

**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 as at the end of the financial year and of the profit or loss of the company for that year. 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; and
- 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 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 detect fraud and other irregularities.

## **AUDITORS' REPORT TO THE MEMBERS OF**

### **LEWIS REED DEBT RECOVERY LIMITED**

**(formerly Central Cable Communications Limited)**

We have audited the financial statements on pages 6 and 7 that have been prepared under the accounting policies set out on page 7.

#### **Respective responsibilities of directors and auditors**

As described on page 4 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 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 1998 and of its result 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

31 August 1999

2 Cornwall Street

Birmingham

B3 2DL

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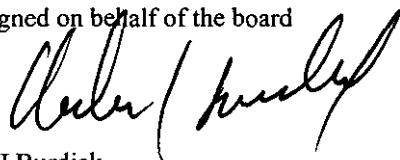
**BALANCE SHEET**  
**31 December 1998**

	Note	1998 £	1997 £
<b>CURRENT ASSETS</b>			
Amounts owed by parent company		<u>2</u>	<u>2</u>
<b>CAPITAL</b>			
Called up equity share capital	3	<u>2</u>	<u>2</u>

The company was dormant throughout the year.

This balance sheet was approved by the Board of Directors on 31 August 1999.

Signed on behalf of the board



C J Burdick

Director



**LEWIS REED DEBT RECOVERY LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**

**1. ACCOUNTING POLICY**

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

The financial statements have been prepared on the basis that the Company will continue as a going concern and do not include any adjustment that might result from the outcome of uncertainties relating to a change of shareholder control of the ultimate parent company, Telewest Communications plc, ("Telewest").

As discussed in the Annual Report of Telewest for the year ended 31 December 1998, a change of control followed by a specified ratings decline within a certain period of time could require Telewest to offer to repurchase certain of its Notes and Debentures. In the event that such an obligation arises, Telewest would need to seek waivers or would need to arrange appropriate financing. Whilst this potentially creates uncertainty for Telewest, the directors of the Company are of the opinion that the situation will be managed successfully at the parent company level and that these events are sufficiently remote not to impact on the ability of the Company to trade as a going concern.

**2. PROFIT AND LOSS ACCOUNT**

The company did not trade during the year and consequently no profit and loss account has been prepared.

**3. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted and fully paid</b>		
2 Ordinary shares of £1 each	2	2

**4. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking was Birmingham Cable Corporation Limited until 1 September 1998 on which date the ultimate parent undertaking became Telewest Communications Plc.

The parent undertaking of the smallest higher group of undertakings for which group accounts are drawn up and of which the company is a member of is Birmingham Cable Corporation Limited. Copies of the group financial statements of Birmingham Cable Corporation Limited are available from Companies House, Crown Way, Maundy, Cardiff, CF4 3UZ.

A copy of Telewest Communications Plc's group financial statements can be obtained from Companies House, Crown Way, Maundy, Cardiff, CF4 3UZ.

**5. RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary, and has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with other companies in the Telewest Group.