

3092897

# Metro South Wales Limited

(formerly Tickdown Limited)

## Report and Accounts

31 December 1996



**Metro South Wales Limited**  
(formerly Tickdown Limited)

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Registered No. 3092897

**DIRECTORS**

J B Knapp (Chairman)  
R M Mackenzie  
H Heidary  
T M Ryan

**SECRETARY**

R M Mackenzie

**AUDITORS**

Ernst & Young  
Southgate House  
Wood Street  
Cardiff CF1 1EW

**BANKERS**

National Westminster Bank Plc  
31 Promenade  
Cheltenham  
Gloucestershire GL50 1LH

**REGISTERED OFFICE**

CableTel House  
1 Lakeside Road  
Farnborough  
Hampshire GU14 6XP  
United Kingdom

# Metro South Wales Limited

(formerly Tickdown Limited)

## DIRECTORS' REPORT

The directors present their first report and accounts for the 16 months ("the period") from incorporation on 18 August 1995 to 31 December 1996.

### INCORPORATION AND CHANGE OF NAME

The company was incorporated on 18 August 1995 as Tickdown Limited. It changed its name to Metro South Wales Limited on 24 November 1995 and commenced trading on the same date.

### RESULTS AND DIVIDENDS

The loss for the period, after taxation, amounted to £410,044. The directors do not recommend the payment of a dividend.

### PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company is a member of a group of CableTel subsidiaries situated in South Wales which hold, inter alia, licences under the Telecommunications Act 1984, the Cable and Broadcasting Act 1984 (as replaced by the Broadcasting Act 1990) and the Broadcasting Act 1990 respectively, to run telecommunications systems and to provide cable services, prescribed diffusion services and local delivery services over such systems in South Wales.

The operation of the group's South Wales business is managed by CableTel South Wales Limited.

For a more detailed review of the CableTel group's business activities and future prospects, the report and accounts of NTL (UK) Group, Inc. for the year ended 31 December 1996 should be consulted. NTL (UK) Group, Inc. is the group parent company of the company and is registered in England and Wales as a foreign company with number FC18124.

### FIXED ASSETS

Details of changes in fixed assets during the period are shown in note 8 to the accounts.

### DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

J B Knapp	(appointed 3 November 1995)
R M Mackenzie	(appointed 27 October 1995, resigned 3 November 1995, re-appointed 7 October 1996)
H Heidary	(appointed 18 June 1996)
T M Ryan	(appointed 3 November 1995)
Hallmark Registrars Ltd	(appointed 18 August 1995, resigned 21 August 1995)
K A Spain	(appointed 21 August 1995, resigned 27 October 1995)
R D Dijkstra	(appointed 21 August 1995, resigned 27 October 1995)
M V Pagella	(appointed 27 October 1995, resigned 18 June 1996)
J M Soulsby	(appointed 3 November 1995, resigned 28 March 1996)
A J Walker	(appointed 3 November 1995, resigned 28 March 1996)
P J Twamley	(appointed 28 March 1996, resigned 7 October 1996)
J M James	(appointed 28 March 1996, resigned 7 October 1996)

No director had any interest in the share capital of the company.

**Metro South Wales Limited**  
(formerly Tickdown Limited)

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**DIRECTORS' REPORT**

**AUDITORS**

Ernst & Young were appointed as first auditors by the directors during the period, and have expressed their willingness to continue in office.

The company passed an elective resolution, in accordance with section 379A of the Companies Act 1985, on 3 November 1995 to dispense with the requirement to appoint auditors annually under the provisions of section 386 of the Act. Accordingly, Ernst & Young will remain in office as auditors.

By order of the board



R M Mackenzie  
Secretary

29 OCT 1997

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS**

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Metro South Wales Limited**  
**(formerly Tickdown Limited)**

We have audited the accounts on pages 6 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

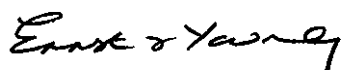
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditor  
Cardiff

29 OCT 1997

**Metro South Wales Limited**  
(formerly Tickdown Limited)

**PROFIT AND LOSS ACCOUNT**

for the period from incorporation to 31 December 1996

	<i>Notes</i>	<i>Period ended 31 December 1996 £</i>
<b>TURNOVER</b>	3	3,077,478
Cost of sales		1,354,157
		<hr/>
<b>GROSS PROFIT</b>		1,723,321
Other operating costs		1,519,912
Administrative expenses		612,795
		<hr/>
<b>OPERATING LOSS</b>	4	(409,386)
Interest payable		658
		<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(410,044)
Tax on loss on ordinary activities	7	-
		<hr/>
<b>LOSS FOR THE FINANCIAL PERIOD</b>	14	(410,044)
		<hr/> <hr/>

There are no recognised gains or losses other than the loss for the period of £410,044.

**Metro South Wales Limited**  
(formerly Tickdown Limited)

**BALANCE SHEET**  
at 31 December 1996

	<i>Notes</i>	<i>1996 £</i>
<b>FIXED ASSETS</b>		
Tangible assets	8	602,042
<b>CURRENT ASSETS</b>		
Stocks	9	31,504
Debtors	10	446,917
Cash at bank and in hand		189,431
		667,852
<b>CREDITORS: amounts falling due within one year</b>	11	915,079
<b>NET CURRENT LIABILITIES</b>		(247,227)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		354,815
<b>CAPITAL AND RESERVES</b>		
Called up share capital	13	214,286
Share premium	14	550,573
Profit and loss account	14	(410,044)
		354,815

*R. Mackenzie*

Director

R. M. MACKENZIE

29 OCT 1997



NOTES TO THE ACCOUNTS

at 31 December 1996

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The accounts have been prepared on the going concern concept because the ultimate parent undertaking has given the necessary assurances such that sufficient resources will be made available for the foreseeable future so that the company can meet its liabilities as and when they fall due.

2. **ACCOUNTING POLICIES**

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

*Depreciation*

Depreciation is provided on a straight line basis, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful life, as follows:

Leasehold buildings	-	length of lease
Plant, machinery and office equipment	-	5 - 10 years
Motor vehicles	-	4 years
Computer equipment	-	3 - 5 years

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

*Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value.

*Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

*Leasing commitments*

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

*Pensions*

The company makes a defined contribution to the NTL sponsored group personal pension plan of eligible employees.

3. **TURNOVER**

Turnover represents the invoiced amount of services provided, stated net of value added tax, and is attributable to one continuing activity, being the provision of information, communications and entertainment services, all of which is attributable to the United Kingdom.

**Metro South Wales Limited**  
(formerly Tickdown Limited)

**NOTES TO THE ACCOUNTS**  
at 31 December 1996

**4. OPERATING LOSS**

This is stated after charging:

	<i>Period ended 31 December 1996 £</i>
Depreciation of owned fixed assets	293,612
Auditors' remuneration - audit services	10,663
	<u>          </u>

**5. DIRECTORS' EMOLUMENTS**

	<i>Period ended 31 December 1996 £</i>
Remuneration (including pension contributions)	-
	<u>          </u>

The directors' emoluments are paid by the management company, CableTel (UK) Limited, in which accounts their remuneration is disclosed. A proportion of these emoluments is recharged to Metro South Wales Limited in the management fee.

**6. STAFF COSTS**

	<i>Period ended 31 December 1996 £</i>
Wages and salaries	843,726
Social security costs	74,427
Other pension costs	13,779
	<u>931,932</u>

The average weekly number of employees during the period was as follows:

	<i>Period ended 31 December 1996 No.</i>
Operations	35
Selling, general and administration	20
	<u>55</u>

**7. TAXATION**

There is no taxation charge due to the loss for the period.

**Metro South Wales Limited**  
(formerly Tickdown Limited)

**NOTES TO THE ACCOUNTS**  
at 31 December 1996

**8. TANGIBLE FIXED ASSETS**

	<i>Land and buildings</i> £	<i>Network</i> £	<i>Other</i> £	<i>Total</i> £
Cost:				
Additions	142,886	681,855	78,034	902,775
Disposals	-	-	(11,010)	(11,010)
At 31 December 1996	142,886	681,855	67,024	891,765
Depreciation:				
Charge for the period	5,623	254,894	33,095	293,612
Disposals	-	-	(3,889)	(3,889)
At 31 December 1996	5,623	254,894	29,206	289,723
Net book value:				
At 31 December 1996	137,263	426,961	37,818	602,042
The net book value of land and buildings comprises:				£
Freehold				136,694
Short leasehold				569
				137,263

**9. STOCKS**

Stock represents goods held for network repair.

**10. DEBTORS**

	<i>31 December 1996</i> £
Trade debtors	297,132
Other debtors	144,459
Prepayments and accrued income	5,326
	446,917

**Metro South Wales Limited**  
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**NOTES TO THE ACCOUNTS**  
at 31 December 1996

**11. CREDITORS: amounts falling due within one year**

	<i>31 December 1996 £</i>
Trade creditors	97,123
Long-term advances from parent undertaking	225,367
Amounts due to parent undertaking	102,000
Amounts due to fellow subsidiary undertakings	26,912
Other creditors	116
Accruals and deferred income	463,561
	<u>915,079</u>

Long-term advances from parent undertaking relate to advances in respect of share capital to be issued by the company.

**12. DEFERRED TAXATION**

The deferred tax assets in respect of accelerated capital allowances and unutilised losses have not been recognised in the accounts on the grounds of prudence.

**13. SHARE CAPITAL**

	<i>Authorised, allotted called up and fully paid 31 December 1996 £</i>
Ordinary shares of £1 each	214,286

On incorporation, 1000 ordinary shares of £1 each were authorised. On 21 August 1995, 2 ordinary shares of £1 were issued but not paid.

On 26 October 1995, the authorised share capital was increased by £213,286 by the creation of 149,000 ordinary shares of £1 each and 64,286 'A' ordinary shares of £1 each.

All previously unissued shares were issued on 26 October 1995, treated as fully paid, in consideration of the transfer to Metro South Wales Limited of certain assets and liabilities of Grecian Limited. The nil paid shares were also credited as paid up in consideration of the foregoing.

On 3 November 1995 the 'A' ordinary shares were redesignated as ordinary shares, ranking pari passu to existing ordinary share capital.

**Metro South Wales Limited**  
(formerly Tickdown Limited)

**NOTES TO THE ACCOUNTS**  
at 31 December 1996

**14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
Issue of shares on incorporation	2			2
Further issue of shares	214,284	550,573		764,857
Loss for the period			(410,044)	(410,044)
At 31 December 1996	214,286	550,573	(410,044)	354,815

**15. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking for which group accounts are drawn up and of which the company is a member is NTL Incorporated (formerly International CableTel Incorporated), a company incorporated in the state of Delaware, United State of America. Copies of the consolidated financial statements are available from the Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, New York, NY 10022 USA.

The immediate parent undertaking for which group accounts are drawn up and of which the company is a member is CableTel Newport, registered in England and Wales.

**16. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under FRS 8 as a subsidiary undertaking which is more than 90% controlled by the ultimate parent undertaking.