Flextech Interactive Limited

Directors' report and financial statements

Registered number 3184754

31 December 1999

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The company was dormant for the earlier accounting period. During 1999 the company commenced business, its principal activity being the operation of interactive services on internet, cable television systems in the UK.

Results and business review

The results for the year ended 31 December 1999 are set out on page 5 to the financial statements. The directors do not recommend payment of a dividend *(1998: £nil)*.

Directors and directors' interests

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

Stoorne Services Limited	(resigned 20 January 1999)
Stoorne Incorporations Limited	(resigned 20 January 1999)
SS Cook	(appointed 19 January 1999)
PB Harman	(appointed 19 January 1999; resigned 14 July 2000)
MW Luiz	(appointed 19 January 1999)
C Burdick	(appointed 14 July 2000)

None of the directors had any disclosable interest in the shares of the company during the financial period.

All of the current directors are also directors of Flextech plc. The interests of the directors who held office at the end of the year in the share capital of that company are disclosed in the Flextech plc group financial statements.

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

Year 2000 compliance

In 1998, Flextech plc ("the Group") established a steering committee, supported by a dedicated project team with responsibility for managing programmes that review products, systems and services used in the Group's businesses to determine Year 2000 compliance. The project team relied on in-house testing and confirmation from relevant suppliers and manufacturers to achieve this objective. The project team also worked with suppliers and manufacturers to modify or upgrade products, systems and services that are non-compliant. The project objective was to ensure complete compliance of internal systems in advance of the Year 2000. The group estimates that the aggregate costs of achieving Year 2000 compliance was approximately £850,000 of which approximately £700,000 had been spent at 31 December 1999.

At the date of this report, the Group has experienced no disruption as a result of the date change from 1999 to 2000.

Directors' report

Post balance sheet events

As described in note 14 of the financial statements, the respective boards of Flextech plc and Telewest Communications plc announced details of a proposed merger of their groups, the offer was declared unconditional in all respects on 19 April 2000. Details of the shareholdings in the new, combined group are set out in note 14.

The board of Telewest Communications plc took the necessary steps required and cancelled the listing of Flextech plc on the Official List of the Stock Exchange on 23 May 2000.

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

C Burns
Secretary

4th Floor
The Quadrangle
Imperial Square
Cheltenham
Gloucestershire
GL50 1YX

24 April 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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

KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors' to the members of Flextech Interactive Limited

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

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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 1999 and of its loss 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

30 April 2001

Profit and loss account

for the year ended 31 December 1999

	Note	1999 £000	1998 £000
Turnover	*1*	**1,906**	-
Cost of sales		**(59)**	-
Gross profit		**1,847**	-
Distributions costs		**(1,226)**	-
Administrative expenses		**(4,634)**	-
Operating loss and loss on ordinary activities before and after taxation	*2-5*	**(4,013)**	-
Retained loss for the financial period and retained deficit carried forward		**(4,013)**	-

The above results are derived from continuing operations.

The company had no recognised gains and losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

The historical cost losses in the current period are the same as those reported above.

Balance sheet

at 31 December 1999

	Note	1999		1998	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*6*		2,266		-
Investments	*7*		9,767		-
			12,033		-
Current assets					
Debtors	*8*	372		1	
		372		1	
Creditors: amounts falling due within one year	*9*	(16,417)		-	
Net current (liabilities)/assets			(16,045)		1
Net (liabilities)/assets			(4,012)		1
Capital and reserves					
Called up share capital	*10*		1		1
Profit and loss account			(4,013)		-
Shareholders' (deficit)/funds - equity	*11*		(4,012)		1

These financial statements were approved by the board of directors on 24 April 2001 and were signed on its behalf by:

MW Luiz
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. They have been prepared on a going concern basis as the shareholders have confirmed their intention to provide sufficient financial support to enable the company to continue to trade.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts as it is a subsidiary of Flextech plc, a UK company producing consolidated financial statements.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement on the grounds that its parent undertaking, Flextech plc, includes the company in its own published consolidated financial statements.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer and other technical equipment - 4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Taxation

Taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Pension costs

The company does not have a pension scheme but contributes to the scheme of the employee's choice.

Notes *(continued)*

2 Loss on ordinary activities before taxation

	1999 £000	1998 £000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit	10	-
Depreciation and other amounts written off tangible fixed assets – owned	200	-

3 Remuneration of directors

The directors did not receive any remuneration from the company during the period *(1998:£nil)*.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year analysed by category, was as follows:

	Number of employees	
	1999	1998
Management and office staff	36	-

The aggregate payroll costs of these persons were as follows:

	1999 £000	1998 £000
Wages and salaries	1,205	-
Social security costs	178	-
Other pension costs	39	-
	1,422	-

Notes *(continued)*

5 Taxation

No corporation tax was payable for the period. Tax losses will be offset against the profits of future years.

6 Tangible fixed assets

	Computer equipment £000
Cost	
At start of year	-
Additions	2,466
At end of year	2,466
Depreciation and diminution in value	
At start of year	-
Charge for year	200
At end of year	200
Net book value	
At 31 December 1999	**2,266**
At 31 December 1998	-

Notes *(continued)*

7 Investments

Shares	**Shares in subsidiary undertakings £000**
Cost	
At beginning of year	-
Additions	9,767
At end of year	9,767
Net book value	
At 31 December 1999	**9,767**
At 31 December 1998	-

On 25 August 1999 the company acquired 25% of Multi Media Mapping Limited.

On 15 November 1999 the company acquired 77.5% of the 'A' ordinary shares and 83.8% of the 'B' ordinary share in The Way Ahead Group Limited.

On 16 December 1999 the company acquired 25% of X refer.com Limited.

The undertakings in which the company's interest was more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
The Way Ahead Group Limited	England and Wales	Operation of a ticketing distributor	77.5% of the 'A' ordinary shares and 83.8% of the 'B' ordinary shares
Associated undertakings			
Multi Media Mapping Limited	England and Wales	Operation of online mapping service	£1 ordinary 25%
X refer.com Limited	England and Wales	Operation of a web site	£1 ordinary 25%

In the opinion of the directors the investments in and amounts due from the company's subsidiary and associated undertakings are worth at least the amounts at which they are stated in the balance sheet.

Notes *(continued)*

8 Debtors

	1999 £000	1998 £000
Due within one year		
Amount owed by group undertaking	1	1
Prepayments and accrued income	371	-
	372	-

9 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Loan stock	6,971	-
Amounts owed to group undertakings	8,721	-
Accruals and deferred income	725	-
	16,417	-

Interest on the loan stock accrues at 1% over LIBOR.

10 Called up share capital

	1999 £000	1998 £000
Authorised		
2,000 ordinary shares of £1 each	2	2
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1	1

11 Reconciliation of movements in equity shareholders' deficit

	1999 £000	1998 £000
Opening shareholders' funds	1	-
Share capital subscribed	-	1
Loss for the financial year	(4,013)	-
Closing shareholders' (deficit)/funds	(4,012)	1

Notes *(continued)*

12 Related party transactions

As the company is a wholly owned subsidiary of Flextech plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of Flextech plc, within which the company is included, can be obtained from the address given in note 13. There were no other related party transactions.

13 Ultimate parent company

At the year end the company was a subsidiary undertaking of Flextech plc, incorporated in England and Wales.

The largest and smallest group in which the results of the company were consolidated is that headed by Flextech plc. The consolidated accounts of Flextech plc may be obtained from 160 Great Portland Street, London W1N 5TB.

14 Post balance sheet events

On 27 January 2000, the boards of Flextech plc ("Flextech") and Telewest Communications plc ('Telewest') announced that they had reached agreement on the terms of a proposed merger of their respective groups. The offer was declared unconditional in all respects on 19 April 2000. Upon acquisition by Telewest of the remaining Flextech shares, existing Flextech shareholders hold approximately 20 per cent and Telewest shareholders hold approximately 80 per cent of the combined group.

The board of Telewest Communications plc took the necessary steps required and cancelled the listing of Flextech plc on the Official List of the Stock Exchange on 23 May 2000.