

Telewest Communications Holdco Limited

Directors' report and financial statements

31 December 2004

Registered number 3761983



Telewest Communications Holdco Limited

Directors' report and financial statements

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Telewest Communications Holdco Limited

Directors' report

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

Principal activity and review of business

The principal activity of the Company is, and will continue to be, that of a holding company.

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.

Results and dividends

The profit for the year ended 31 December 2004 and the financial position of the Company is shown in the financial statements. The directors recommend that no dividend be paid (2003: nil).

Directors and their interests

The directors who served during the year, and subsequently, were as follows:

SS Cook	
NR Smith	(appointed 15/09/2003)
AWP Stenham	(appointed 18/02/2004)
CJ Burdick	(resigned 18/02/2004)

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.

Telewest Communications Holdco Limited

Directors' report *(continued)*

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 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; 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 maintaining 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.

Auditors

Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually.

On behalf of the board



NR Smith
Director

Export House
Cawsey Way
Woking, Surrey
GU21 6QX

15 August 2005

Telewest Communications Holdco Limited

Report of the independent auditors, KPMG Audit Plc, to the members of Telewest Communications Holdco Limited

We have audited the financial statements on pages 4 to 13.

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 our audit work, for this report, or for the opinions we have formed.

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 have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 Group 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 2004 and of the profit of the Company 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

PO Box 695
8 Salisbury Square
London
EC4Y 8BB
15 August 2005

Telewest Communications Holdco Limited

Profit and loss account

For the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Administrative expenses (including release of provision of £76,614,000 against amounts due from group undertakings (2003: provision of £1,959,000))		76,614	(1,966)
Operating profit/(loss)	2	<u>76,614</u>	<u>(1,966)</u>
Profit/(loss) on disposal of investments	3	1,215	(787)
Amounts written off investments		-	(5,962)
Interest receivable and other income		-	30
Dividend from associate undertaking		1	271
Profit/(loss) on ordinary activities before taxation		<u>77,830</u>	<u>(8,414)</u>
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the financial year		<u><u>77,830</u></u>	<u><u>(8,414)</u></u>

All figures relate to continuing operations and there is no difference between the profit reported in the profit and loss account and the loss on an historical cost basis.

The Company had no recognised gains and losses other than those reflected in its profit and loss account and therefore no statement of recognised gains and losses has been presented.

Telewest Communications Holdco Limited

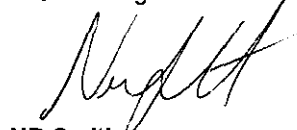
Balance sheet

At 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors: amounts due within one year	8	124,396	29,134
Cash at bank and in hand		780	-
Creditors: amounts falling due within one year	9	(47,728)	(29,516)
Net assets/(liabilities) and net current assets/(liabilities)		77,448	(382)
Capital and reserves			
Called up share capital	10	374,777	374,777
Profit and loss account	11	(297,329)	(375,159)
Equity shareholders' funds/(deficit)		77,448	(382)

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

15 August 2005



NR Smith
Director

Telewest Communications Holdco Limited

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.

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate as the Company may 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.

Prior year adjustment

A prior year adjustment arose in the 2003 financial statements as a consequence of the reinstatement of certain intra-group liabilities, which had been released in the Company financial statements in 2002. These releases were one component of a group wide review of the carrying values of intra-group investments and loan balances at 31 December 2002.

Intra-group receivables amounting to £80,851,000 were reinstated within the Company balance sheet at 31 December 2003 and fully provided against in 2002 as a prior year adjustment since there was never any legally binding agreement to release the relevant debts. This had no overall effect on the Company's distributable reserves.

Deferred taxation

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, except as otherwise required by FRS 19 Deferred Tax. 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.

Telewest Communications Holdco Limited

Notes (continued)

1 Accounting policies (continued)

Group financial statements

The Company is exempt by virtue of section 228 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 exemption

Under Financial Reporting Standard (FRS) 1, the Company is exempt from producing a cash flow statement on the grounds that the Company's ultimate parent company, Telewest Global, Inc., includes it in its own published consolidated financial statements.

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 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 Company Secretary, Telewest Broadband, Export House, Cawsey Way, Woking, Surrey, GU21 6QX.

Investments

Investments in subsidiary and associated undertakings and joint ventures are stated in the Company balance sheet at cost less provision for impairment in value.

2 Operating profit/(loss)

	2004 £'000	2003 £'000
Operating profit/(loss) is after crediting/(charging):		
Release of provision against balances owed by group undertakings	76,614	-
Provision against balances owed by group undertakings	-	(1,959)
	<hr/>	<hr/>

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 £76,614,000 as compared to the prior year, which has been released through the profit and loss account for the current year.

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 auditors' remuneration for 2004 and 2003 was borne by Telewest Communications Group Limited.

Telewest Communications Holdco Limited

Notes (continued)

3 Profit/(loss) on disposal of investments

	2004 £'000	2003 £'000
TV Travel Group Limited	430	(624)
Telewest Workwise Limited	763	-
Ed Stone Limited	16	-
Isee Ventures Limited	6	-
Imagine Broadband Limited	-	(163)
	<u>1,215</u>	<u>(787)</u>

In May 2002 the Company sold its 37.95% stake in TV Travel Group Limited for consideration of £21,182,000 realising a profit of £1,682,000. In January 2003 the deferred consideration was reduced by £624,000 and in January 2004 the deferred consideration was increased by £430,000 to evenly apportion the sellers' market risk between certain sellers who received consideration in the form of stock rather than cash.

In October 2003 the Company sold its 11.10% stake in Imagine Broadband Limited preference shares for consideration of £2,504,000, realising a loss of £163,000.

In January 2004, the Company realised a gain of £6,000 in respect of the members voluntary liquidation of Isee Ventures Limited.

In July 2004 the Company sold Telewest Workwise Limited and Ed Stone Limited to a fellow group undertaking for considerations of £763,000 and £16,000 respectively, realising gains of £763,000 and £16,000 respectively.

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).

Telewest Communications Holdco Limited

Notes (continued)

5 Tax on profit/(loss) on ordinary activities

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

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before taxation	77,830	(8,414)
Tax on pre tax profit/(loss) at 30%	23,349	(2,524)
Effects of:		
Amounts not deductible for tax purposes	-	588
Non-taxable income	(23,349)	-
Timing differences:		
Amounts written off investments	-	2,025
Dividends	-	(82)
Creation of tax losses	-	(7)
Current tax	-	-

There is no corporation tax liability for the current year.

6 Deferred tax

As at 31 December 2004, the Company estimates that it has, subject to Inland Revenue agreement, £1.6 million (2003: £1.6 million), of tax losses available to relieve future profits.

A deferred tax asset of £0.5million has not been recognised on carried forward losses and other timing differences. These assets can only be deducted against certain types of future income. There is currently insufficient evidence that the right type of income will be generated.

Telewest Communications Holdco Limited

Notes (continued)

7 Fixed asset investments

	2004 £'000	2003 £'000
Cost at 1 January and 31 December	5,962	5,962
Provision at 1 January	(5,962)	-
Charge in the year	-	(5,962)
Provision at 31 December	(5,962)	(5,962)
Net book value at 31 December	-	-

In 2004 the following transactions took place:

The Company sold Telewest Workwise Limited and Ed Stone Limited to a fellow group undertaking for considerations of £763,000 and £16,000 respectively, realising gains of £763,000 and £16,000 respectively. These investments had insignificant carrying values.

The Company realised a gain of £6,000 in respect of the members voluntary liquidation of Isee Ventures Limited.

In 2003 the following transactions took place:

The Company wrote off an investment value of £5,962,000 representing its investment in Rapid Travel Solutions Limited as the company is no longer trading.

The investment in Imagine Broadband Limited was transferred to Telewest Communications Holdco Limited from Titan Cable plc (formerly Telewest Communications plc) the ultimate parent company. Subsequently this investment was disposed of for consideration of £2,504,000, realising a loss of £163,000.

Telewest Communications Holdco Limited

Notes (continued)

7 Fixed asset investments (continued)

At 31 December 2004, the Company directly held the following investments. The subsidiary undertakings, associated undertakings and joint ventures are incorporated in Great Britain and registered in England and Wales except for the company indicated by * which is registered in Amsterdam.

	Description of shares held	Proportion held	Nature of business
Subsidiary undertakings			
Rapid Travel Solutions Limited	1p Ordinary	100%	Software development and consultancy
Flextech Investments (Jersey) Limited	£1 Ordinary	100%	Investment holding company
Flextech Homeshopping Limited	£1 Ordinary	80%	Investment holding company
Florida Homeshopping Limited	£1 Ordinary	80%	Dormant company
Take Four BV*	1000 Dfl Ordinary	100%	Holding company
Flextech Broadband Holdings Limited	£1 Ordinary	100%	Holding company
Telewest Directors Limited	£1 Ordinary	100%	Dormant company
Network Gaming Consulting Limited	£1 Ordinary	100%	Software development and consultancy
Smashedatom Limited	10p A Preference shares	60%	IT and product development
Associated undertakings			
Cable Guide Limited	15,000 £1 Ordinary	16.6%	Publication of a monthly television listings magazine
	10,000 £1 Preference shares	20%	
Joint ventures			
Front Row Television Limited	10p Ordinary	50%	Provision of pay per view television

Telewest Communications Holdco Limited

Notes (continued)

8 Debtors

	2004 £'000	2003 £'000
Due within one year		
Amounts owed by group undertakings	130,592	111,944
Provision against amounts owed by group undertakings	(6,196)	(82,810)
	<u>124,396</u>	<u>29,134</u>

9 Creditors

	2004 £'000	2003 £'000
Due within one year		
Amounts owed to group undertakings	<u>(47,728)</u>	<u>(29,516)</u>

10 Called up share capital

	2004 £'000	2003 £'000
Authorised		
374,776,689 ordinary shares of £1 each (2003: 374,776,689 ordinary shares of £1 each)	<u>374,777</u>	<u>374,777</u>
Allotted, issued and fully paid		
374,776,689 ordinary shares of £1 each (2003: 374,776,689 ordinary shares of £1 each)	<u>374,777</u>	<u>374,777</u>

Telewest Communications Holdco Limited

Notes (continued)

11 Reconciliation of movements in shareholders' funds/(deficit) and reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	374,777	(375,159)	(382)
Profit for the financial year	-	77,830	77,830
At 31 December 2004	374,777	(297,329)	77,448

12 Contingent Liabilities

The Company has joint and several liabilities under a group VAT registration.

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

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.