Registered number
SC075177

ntl GLASGOW

Report and Accounts

31 December 2004

ntl GLASGOW
Registered number
SC075177

Directors
ntl Directors Limited
ntl Secretaries Limited

Company Secretary
ntl Secretaries Limited

Auditors
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ntl GLASGOW
Directors' Report

The directors present their report and accounts for the year ended 31 December 2004.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £32,353,000 (2003 – £25,466,000). The directors do not recommend the payment of a dividend (2003 – £nil).

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is to provide cable television services and telecommunication services and run certain of the telecommunication systems over which they are provided.

Revenues have increased by 9% and gross profit margins have been slightly improved principally due to an increase in broadband subscribers. The directors consider the results for the year to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and thereafter and their interests in the share capital of the company were as follows:

R M Mackenzie	(resigned 1 October 2004)
S E Schubert	(resigned 1 October 2004)
G N Roberts	(alternate director to R M Mackenzie) (appointed 24 March 2004; resigned 31 August 2004)
R C Gale	(alternate director to S E Schubert) (appointed 24 March 2004; resigned 1 October 2004)
ntl Directors Limited	(appointed 1 October 2004)
ntl Secretaries Limited	(appointed 1 October 2004)

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption under SI802, The Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, not to disclose the directors' interests in the common stock of NTL Incorporated, a company incorporated in the USA and the ultimate parent undertaking of the company.

NTL Incorporated has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

COMPANY SECRETARY

G E James was appointed joint company secretary on 24 March 2004 and resigned on 1 October 2004.

On 1 October 2004, Robert Mackenzie resigned as joint company secretary and ntl Secretaries Limited was appointed as company secretary.

AUDITORS

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

By order of the board

R. Mac

R M Mackenzie
For and on behalf of ntl Secretaries Limited

21 DEC 2005

ntl GLASGOW
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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ntl GLASGOW

We have audited the company's accounts for the year ended 31 December 2004, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 17. These accounts have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with United Kingdom law and Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

21 DEC 2005

ntl GLASGOW
Profit and Loss Account
for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	95,248	86,986
Cost of sales		(22,822)	(22,574)
Gross profit		72,426	64,412
Administrative expenses		(36,196)	(37,685)
Operating profit	3	36,230	26,727
Interest payable	4	(3,877)	(1,281)
Profit on ordinary activities before taxation		32,353	25,446
Taxation	5	-	-
Retained profit for the financial year	12	32,353	25,446

Statement of Total Recognised Gains and Losses

The company had no recognised gains or losses other than those reflected in the profit and loss account for the years ended 31 December 2004 and 31 December 2003.

ntl GLASGOW
Balance Sheet
as at 31 December 2004

	Notes		2004 £'000		2003 £'000
Fixed assets					
Tangible assets	6		85,967		84,914
Current assets					
Debtors	8	74,085		39,434	
Cash at bank and in hand		256		275	
		74,341		39,709	
Creditors: amounts falling due within one year	9	(10,225)		(6,893)	
Net current assets			64,116		32,816
Total assets less current liabilities			150,083		117,730
Creditors: amounts falling due after more than one year	10		(101,870)		(101,870)
Net assets			48,213		15,860
Capital and reserves					
Called up share capital	11		23,290		23,290
Share premium account	12		376,384		376,384
Profit and loss account	12		(351,461)		(383,814)
Equity shareholders' funds	12		48,213		15,860

R C Gale

R C Gale
For and on behalf of ntl Directors Limited

21 DEC 2005

ntl GLASGOW
Notes to the Accounts
for the year ended 31 December 2004

1 Accounting policies

Accounting convention

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

Depreciation

Network assets:

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 lives as follows:

Freehold buildings	-	50 years
Leasehold buildings	-	length of lease
Cable and ducting	-	40 years
Network	-	15 years
Head end equipment	-	15 years
Subscriber equipment	-	4-15 years
Computer equipment	-	3-5 years

Other:

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 lives, as follows:

Freehold buildings	-	50 years
Leasehold land and buildings	-	length of lease
Furniture and fixtures	-	10 years
Plant and office equipment	-	3-10 years
Motor vehicles	-	4 years
Computer equipment	-	3-5 years
Satellite equipment	-	4 years

Investments

Investments are recorded at cost, less any provision for impairment.

Pensions

The company makes a defined contribution to the ntl sponsored group personal pension plans for eligible employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The company also operates a defined benefit pension scheme. The pension scheme is closed to new entrants as of 6 April 1994. The scheme is funded by the payment of contributions to separately administered trust funds. Contributions to these funds are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Additional disclosures regarding the company's defined benefit pension plan is required under the transitional provisions of FRS 17 "Retirement Benefits" and these are set out in note 13. They provide information which will be necessary for full implementation of FRS 17 in the year ending 31 December 2005.

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

(a) provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;

(b) provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and

(c) deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash flow statement

The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate parent undertaking (see note 16).

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company incorporated in Great Britain which prepares group accounts (see note 16).

2 Turnover

Turnover represents the value of services provided, stated net of Value Added Tax, and is attributable to one continuing activity, being the provision of cable television services and telecommunication services and run certain of the telecommunication systems over which they are provided, all of which is attributable to the United Kingdom.

3 Operating profit

	2004 £'000	2003 £'000
This is stated after charging:		
Depreciation of fixed assets	3,170	7,293
Pension costs	122	78

The directors' and auditors' remuneration is paid by ntl Group Limited and disclosed in the accounts of NTL (UK) Group, Inc.

ntl Group Limited, a fellow group undertaking, employs most of the employees of the NTL Group. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl Group Limited. The company does not have any directly employed staff.

Certain expenses are specifically attributable to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

4 Interest payable

	2004 £'000	2003 £'000
Interest payable on loan notes	3,877	1,281

5 Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004 £'000	2003 £'000
Current tax charge:		
Current tax on income for the period	-	-
	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
	-	-
Total tax charge on profit on ordinary activities	-	-

(b) Factors affecting current tax charge

The difference between the effective statutory rate and the actual current tax charge is reconciled as follows:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	32,353	25,446
Profit on ordinary activities multiplied by the applicable statutory rate 30% (2003 - 30%)	9,706	7,634
Expenses not deductible for tax purposes	48	102
Depreciation in excess of capital allowances	914	2,089
Other short term timing differences	516	178
Utilisation of tax losses and other deductions	(11,184)	(10,003)
Total current tax charge	-	-

(c) Factors that may affect future tax charges

Deferred tax assets have not been recognised in respect of tax losses of £29,727,344, depreciation in excess of capital allowances of £72,704,632 and other timing differences of £1,036,540, as there is insufficient certainty as to the availability of future taxable profits.

6 Tangible fixed assets

	Network £'000	Other £'000	Total £'000
Cost			
At 1 January 2004	324,287	4,947	329,234
Additions	4,169	54	4,223
At 31 December 2004	328,456	5,001	333,457
Depreciation			
At 1 January 2004	241,071	3,249	244,320
Charge for the year	2,960	210	3,170
At 31 December 2004	244,031	3,459	247,490
Net book value			
At 31 December 2004	84,425	1,542	85,967
At 31 December 2003	83,216	1,698	84,914

Included in 'Other' are the following net book values of land and buildings:

	2004 £'000	2003 £'000
Freehold	677	704
Long leasehold	116	127
Short leasehold	149	164
	942	995

7 Investments

At 31 December 2004 the company had an investment in shares of subsidiary undertakings acquired at the cost of £1, representing some 8.72% of the voting rights of CableTel Scotland Limited. CableTel Scotland holds 10.1% of the voting rights in the company.

8 Debtors

	2004 £'000	2003 £'000
Trade debtors	6,771	6,128
Amounts owed by group undertakings	66,122	32,550
Prepayments and accrued income	1,192	756
	74,085	39,434

9 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Interest payable on loan notes	5,158	1,281
Accruals and deferred income	5,067	5,612
	10,225	6,893

10 Creditors: amounts falling due after one year

	2004 £'000	2003 £'000
Loan notes to parent undertakings	101,870	101,870

Notes payable to parent undertakings are repayable on demand. The rate of interest on the notes payable to parent undertakings was 3.81%.

Borrowings are repayable as follows:	2004 £'000	2003 £'000
Amounts falling due:		
In one year or less	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	101,870	101,870
	101,870	101,870
Less: amounts falling due within one year	-	-
	101,870	101,870

Details of loans not wholly repayable within five years are as follows:

	2004 £'000	2003 £'000
Loan notes to parent undertakings	101,870	101,870
	101,870	101,870

11 Share capital

	2004 £'000	2003 £'000
Authorised:		
7,500,000 ordinary shares of £1 each	7,500	7,500
92,500,000 'B' ordinary shares of £1 each	92,500	92,500
	100,000	100,000
Allotted, called up and fully paid:		
6,736,853 ordinary shares of £1 each	6,737	6,737
16,553,417 'B' ordinary shares of £1 each	16,553	16,553
	23,290	23,290

The rights associated with the 'B' ordinary shares and ordinary shares are the same except that each 'B' ordinary share carries one vote whilst each ordinary share carries 0.2652 of one vote.

12 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	23,290	21,703	(409,260)	(364,267)
Profit for the year	-	-	25,446	25,446
Arising on share issues	-	354,681	-	354,681
At 1 January 2004	23,290	376,384	(383,814)	15,860
Profit for the year	-	-	32,353	32,353
At 31 December 2004	23,290	376,384	(351,461)	48,213

13 Pension commitments

Defined benefit schemes

The company operates the ntl Glasgow Plan (the Plan), a funded defined benefit pension plan, which provides benefits based on final pensionable pay, with contributions being charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company. The Plan is closed to new entrants. The assets of the Plan are held separately from the company in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet. The pension cost for 2004 was £122,000 (2003 - £78,000), equal to the contributions paid. Therefore no provision or prepayment has built up in 2004 (2003 –£ nil).

The most recent actuarial valuation of the Plan was performed as at 5 April 2003. At the time, the market value of assets was £1,150,000, which represented 60% of the liabilities of the Plan. The assumptions that had the most significant effect on the valuation are:

Discount rate – pre retirement:	7.50%
Discount rate – post retirement:	4.70%
Salary increase rate:	3.20%
Pension increases:	2.70%
Inflation:	2.70%

FRS17 Note

Additional disclosures regarding the Plan are required under the transitional provision of FRS17 "Retirement Benefits" and these are set out below.

The last actuarial valuation of the Plan as at 5 April 2003 was updated to 31 December 2004 by a qualified actuary, using a set of assumptions consistent with those required under FRS17. The major assumptions used by the actuary were:

	2004	2003	2002
Rate of earnings growth	3.0%	3.0%	4.9%
Pension increases in payment	2.75%	2.75%	2.4%
Discount rate	5.25%	5.5%	5.5%
Inflation	2.75%	2.75%	2.4%
Level of funding being the market value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	62%	68%	57%

13 Pension commitments (continued)

FRS17 Note (continued)

	Long-term rate of return expected	*Value* 2004 £'000	*Long-term rate of return expected*	*Value* 2003 £'000	*Long-term rate of return expected*	*Value* 2002 £'000
Equities	8.25%	1,228	8.25%	1,072	7.5%	905
Property	7.75%	36	-	-	-	-
Government bonds	4.50%	103	4.75%	111	5.0%	145
Corporate bonds	5.3%	42	5.5%	46	-	-
Cash and other	4.75%	150	3.75%	96	4.0%	120
Total market value of assets		1,559		1,325		1,170
Present value of scheme liabilities		(2,521)		(1,959)		(2,062)
Deficit in the scheme		(962)		(634)		(892)
Related deferred tax asset		289		190		268
Net pension liability		(673)		(444)		(624)

Analysis of the amount that would have been charged to operating profit under FRS 17:

	2004 £'000	2003 £'000	2002 £'000
Current service cost	72	110	72
Past service cost	-	-	-
(Gain)/loss on settlements and curtailments	-	-	-
	72	110	72

Analysis of the amount that would have been credited to net finance income under FRS 17:

	2004 £'000	2003 £'000	2002 £'000
Expected return on pension scheme assets	105	81	103
Interest on pension scheme liabilities	(109)	(112)	(112)
	(4)	(31)	(9)

Analysis of the actuarial gain/(loss) that would have been recognised in the statement of total recognised gains and losses:

	2004 £'000	2003 £'000	2002 £'000
Actual return less expected return on pension scheme assets	(5)	35	(320)
Experience gains and losses arising on pension scheme liabilities	1	(14)	(3)
Changes in assumptions underlying the present value of the scheme liabilities	(370)	300	(50)
	(374)	321	(373)

13 Pension commitments (continued)

Total actuarial gains and (losses):

	2004 £'000	2003 £'000	2002 £'000
Deficit at start of year	(634)	(892)	(508)
Total operating charge	(72)	(110)	(72)
Company contributions	122	78	70
Other financing charges	(4)	(31)	(9)
Actuarial gain/(loss)	(374)	321	(373)
Deficit at end of year	(962)	(634)	(892)

History of experience gains and losses:

	2004	2003	2002
Difference between the expected and actual return on scheme assets			
Amount (£'000)	(5)	35	(320)
Percentage of scheme assets	(0.3%)	2.6%	(27.4%)
Experience gains and losses arising on scheme liabilities			
Amount (£'000)	1	(14)	(3)
Percentage of the present value of scheme liabilities	0.0%	(0.7%)	(0.1%)
Total amount recognised in the statement of total recognised gains and losses			
Amount (£'000)	(374)	321	(373)
Percentage of the present value of scheme liabilities	(14.8%)	(16.4%)	(18.1%)

	2004 £'000	2003 £'000
The company's reserves under full implementation of FRS 17 would be as follows:		
Profit and loss account	(351,461)	(383,814)
Add back SSAP 24 provision	-	-
Profit and loss account excluding SSAP 24 provision	(351,461)	(383,814)
FRS 17 deficit	(673)	(444)
Profit and loss account including FRS 17 deficit	(352,134)	(384,258)

The company's balance sheet under full implementation of FRS 17 would be as follows:

Net assets	48,213	15,860
Add back SSAP 24 provision	-	-
Net assets excluding SSAP 24 provision	48,213	15,860
Net FRS 17 deficit	(673)	(444)
Net assets including FRS 17 deficit	47,540	15,416

14 Contingent liabilities

In April 2004, the company, along with fellow subsidiary undertakings, became party to a senior secured credit facility with a syndicate of banks. This facility replaced a previous agreement which the company was a party to. The company is a guarantor of borrowings made by certain other group companies under this facility. At 31 December 2004 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,417 million (2003 - £2,785 million). Borrowings under the facility are secured on the assets of certain members of the NTL Group including those of the company.

15 Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as it is a subsidiary undertaking which is at least 90% controlled by the ultimate parent undertaking.

16 Parent undertaking and controlling party

The company's immediate parent undertaking is ntl Glasgow Holdings Limited.

The company's results are included in the group accounts of ntl Communications Limited, copies of which may be obtained from ntl, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

The company's ultimate parent undertaking and controlling party is NTL Incorporated, a company incorporated in the state of Delaware, United States of America.

Copies of all sets of group accounts, which include the results of the company, are available from The Secretary, NTL Incorporated, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

17 Post balance sheet event

On 2 October 2005, NTL Incorporated and Telewest Global Inc announced that they had agreed a framework to combine both businesses. NTL Incorporated and ntl Investments Holdings Limited, an indirect subsidiary of the company, have agreed to a commitment letter with several financial institutions who have agreed to arrange and to underwrite the new credit facilities in respect of this transaction.