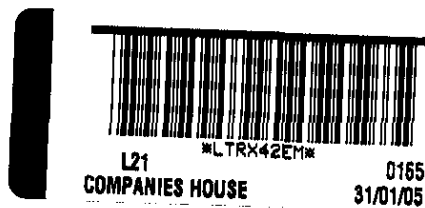


Telewest Communications (Scotland) Limited

Directors' report and financial statements

31 December 2003

Registered number SC80891



Telewest Communications (Scotland) Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	2 – 3
Independent auditors' report to the members of Telewest Communications (Scotland) Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7 – 11

Telewest Communications (Scotland) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activity and review of business

The principal activity of the Company is, and will continue to be, to invest in and manage, in conjunction with another partner, *Telewest Communications (Scotland) Venture*. The Company holds the licence issued by the Independent Broadcasting Commission to provide cable television services in the City of Edinburgh. Additionally, it holds a public telecommunications operator's licence granted under the Telecommunications Act 1984 authorising the running of a telecommunications system in Edinburgh.

Subsequent Events

In July 2004 the Company's ultimate parent, 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 loss for the year after taxation was £264,000 (2002: £111,000). The directors recommend that no dividend be paid (2002: £nil).

Directors and their interests

The following were directors of the Company during the year and up to the date of this report:

CJ Burdick	(resigned 18 February 2004)
SS Cook	
AWP Stenham	(appointed 18 February 2004)
NR Smith	(appointed 18 February 2004)

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 group subsidiary undertakings.

At 31 December 2003, CJ Burdick, AWP Stenham and SS Cook were directors of Telewest Communications plc and their interest in the ordinary share capital of Telewest Communications plc at 31 December 2003 and the beginning of the year or date of appointment are disclosed in the directors' report attached to the financial statements of that Company.

At 31 December 2003, NR Smith was a director of Telewest Communications Networks Limited and his interest in the ordinary share capital of Telewest Communications plc at 31 December 2003 and the date of appointment are disclosed in the directors' report attached to the financial statements of that company.

During the financial year, no rights to subscribe for shares in the Company or group subsidiary undertakings 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 (Scotland) 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:

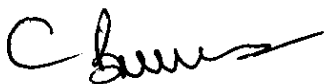
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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



C Burns
Secretary

1 South Gyle Crescent Lane
Edinburgh
EH12 9EG

27 January 2005

Telewest Communications (Scotland) Limited

Independent auditors' report to the members of Telewest Communications (Scotland) Limited

We have audited the financial statements on pages 5 to 11.

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

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 1985. 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 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 2003 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

WMC Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham
B3 2DL

27 Jan 2005

Telewest Communications (Scotland) Limited

Profit and loss account

For the year ended 31 December 2003

	2003 £'000	2002 £'000
Share of loss of joint venture	(264)	(111)
Loss for the financial year	<u>(264)</u>	<u>(111)</u>
Retained loss brought forward	<u>(2,020)</u>	<u>(1,909)</u>
Retained loss carried forward	<u><u>(2,284)</u></u>	<u><u>(2,020)</u></u>

All figures relate to continuing operations and there is no difference between the loss 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.

Telewest Communications (Scotland) Limited

Balance sheet

At 31 December 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Investments	6	-	-
Creditors: amounts falling due within one year	7	(749)	(749)
Net current liabilities		<u>(749)</u>	<u>(749)</u>
Total assets less current liabilities		<u>(749)</u>	<u>(749)</u>
Provision for liabilities and charges	8	(1,055)	(791)
Net liabilities		<u>(1,804)</u>	<u>(1,540)</u>
Capital and reserves			
Called up share capital	9	480	480
Profit and loss account	10	(2,284)	(2,020)
Equity shareholder's deficit	10	<u>(1,804)</u>	<u>(1,540)</u>

These financial statements were approved by the board of directors on 27 JANUARY 2005 and were signed on its behalf by:



NR Smith
Director

Telewest Communications (Scotland) 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 relies on support from Telewest UK Limited, an intermediate holding company.

In July 2004, Telewest Communications plc successfully completed its financial restructuring. This resulted in the reorganisation of the business and operations of Telewest Communications plc and its subsidiaries ('the Group') under Telewest Global, Inc., incorporated in the United States, 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.

Group financial statements

In accordance with Section 228 of the Companies Act 1985, the Company is exempt from the requirements to prepare group financial statements as it is a wholly owned subsidiary undertaking of Telewest Communications plc which prepares consolidated financial statements.

Cash flow exemption

Under FRS 1, the Company is exempt from producing a cash flow statement on the grounds that the ultimate parent Company, Telewest Communications plc, includes it in its own published consolidated financial statements.

Related party transactions

As the Company was a wholly owned subsidiary of Telewest Communications 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 financial statements of Telewest Communications plc, within which this company is included, can be obtained from The Company Secretary, Telewest Communications plc, Export House, Cawsey Way, Woking, Surrey, GU21 6QX.

Deferred taxation

Deferred tax is recognised in respect of all timing differences, which 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 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 (Scotland) Limited

Notes (continued)

1 Accounting policies (continued)

Leases

Finance and operating leases for equipment which have been entered into by the Company for use by the joint venture are subject to direct reimbursement from the joint venture.

Investments

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

2 Directors' remuneration

No remuneration was paid to the directors during the year (2002: nil).

3 Staff costs

The Company had no employees during the year. (2002: none)

4 Tax on ordinary activities

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

	2003 £000	2002 £000
Loss for the financial year	(264)	(111)
Tax on pre tax loss at 30%	(79)	(34)
Effects of:		
Timing differences	35	44
Creation / (Utilisation) of tax losses	44	(10)
Current tax	-	-
UK Corporation tax at 30% (2002: 30%)	-	-
UK Deferred tax	-	-
Tax on ordinary activities	-	-

Telewest Communications (Scotland) Limited

Notes (continued)

5 Deferred tax

As at 31 December 2003, the Company estimates that it has, subject to Inland Revenue agreement, £960,000 (2002: £796,000), of tax losses available to relieve future profits. In addition the Company estimates that it has unclaimed capital allowances as at 31 December 2003 of £nil (2002: £nil), subject to Inland Revenue agreement.

A deferred tax asset of £288,000 (2002: £239,000) has not been recognised on carry 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.

6 Investments

	Shares in group Undertakings £'000	Investment in joint venture £'000	Total £'000
Investments			
At 1 January and 31 December 2003	240	765	1,005
Share of loss of joint venture			
At 1 January and 31 December 2003	-	(765)	(765)
Provisions			
At 1 January and 31 December 2003	(240)	-	(240)
Net book value			
At 31 December 2003	-	-	-
At 31 December 2002	-	-	-

At 31 December 2003 the Company owned 100% of the ordinary shares of the following dormant subsidiaries which were incorporated in Great Britain and registered in Scotland:

Capital City Cablevision Limited
Edinburgh Cablevision Limited
Hieronymous Limited

The investments in these subsidiaries have been written down to the net book value of the underlying assets, thereby writing off all goodwill.

Investment in joint venture

Under an agreement with effect from 1 January 1992, Edinburgh Cable Limited Partnership and the Company have agreed to participate in the Telewest Communications (Scotland) Venture, a joint venture relating to the construction, installation and operation of a cable television and telecommunications system in the Edinburgh franchise area. The address of the joint venture's principal place of business is 1 South Gyle Crescent Lane, Edinburgh, EH12 9EX.

Assets purchased or acquired by the Company for the business of constructing, installing or operating the system are held on trust for or otherwise for the benefit of the joint venture. These assets are reflected in the financial statements of the joint venture. Profit and losses of the joint venture are allocated 99% to Edinburgh Cable Limited Partnership and 1% to the Company.

Telewest Communications (Scotland) Limited

Notes (continued)

7 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to group undertakings	749	749

8 Provision for liabilities and charges

	2003 £'000	2002 £'000
Provision for joint venture loss	1,055	791

9 Share capital

	2003 £'000	2002 £'000
Authorised:		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, issued and fully paid:		
480,000 ordinary shares of £1 each	480	480

10 Reconciliation of movements in shareholders' deficit and reserves

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	480	(2,020)	(1,540)
Loss for the year	-	(264)	(264)
At 31 December 2003	480	(2,284)	(1,804)

Telewest Communications (Scotland) Limited

Notes *(continued)*

11 Contingent liabilities

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

In December 2004, the Company, together with other group companies, entered into 2 new facilities agreements pursuant to which it has given a guarantee and a fixed and floating charge over certain of its assets to secure borrowings of other group companies. The guaranteed borrowings of those companies were £1,800 million, of which £1,700 million was drawn down at the date of these accounts.

In 2003, pursuant to the terms of a then existing and terminated facility agreement, the Company, together with other group companies had given a guarantee and a fixed and floating charge over certain of its assets to secure borrowings of other group companies. The guaranteed borrowings of those companies were £2,250 million, of which £2,000 million was drawn down at the year end.

12 Ultimate parent company

At 31 December 2003, the ultimate parent company was Telewest Communications plc, which is registered in England and Wales. Telewest Communications plc is the parent of the smallest and largest group for which group financial statements, including the Company, are drawn up. Copies of these group financial statements may be obtained from The Company Secretary, Telewest Communications plc, Export House, Cawsey Way, Woking, Surrey, GU21 6QX. Telewest Global, Inc. became the ultimate parent of the Company on 14 July 2004.