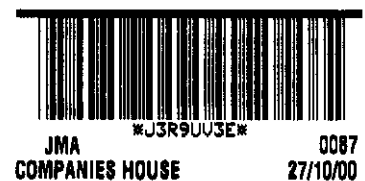


Registered No: 2407940

**Doncaster Cable Communications Limited**  
**Annual Report**  
**for the year ended 31 December 1999**



# **Doncaster Cable Communications Limited**

## **Annual Report for the year ended 31 December 1999**

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**Directors and advisers**

**Directors**

**C J Burdick** (USA)  
**S S Cook**

**Registered Auditors**

**KPMG Audit Plc**  
Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
Preston  
Lancashire PR2 2YF

**Secretary and registered office**

**J M Laver** (resigned 1 August 2000)  
**C Burns** (appointed 1 August 2000)  
Communications House  
Mayfair Business Park  
Broad Lane  
Bradford  
BD4 8PW

**Bankers**

**Barclays Bank plc**  
10 Market Street  
Bradford  
BD1 1NR

**Directors' report  
for the year ended 31 December 1999**

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

**Principal activities**

The Company owns and operates an integrated broadband and telecommunications network in the Rotherham and Doncaster franchise covering 192,000 franchised premises.

**Review of business**

1999 was a year of continued strong growth, in which significant increases in turnover and operating cash flow were achieved in all the Company's trading areas.

On 31 March 1999 the sale and leaseback arrangements of the Company were terminated as part of the overall refinancing of the Group.

**Results**

Turnover for the year was £9,888,000 (1998: £8,156,000). The loss on ordinary activities before taxation was £4,638,000 (1998: £3,830,000). The loss transferred to reserves was £4,638,000 (1998: £3,830,000).

The directors do not propose to pay a dividend (1998: £Nil).

**Fixed assets**

The movement in fixed assets during the year is set out in note 9.

**Future Developments**

The Company will focus its resources into areas that offer the most attractive returns in supplying its customers with broadband telecommunications.

**Directors**

The directors who held office during the year were:

C J Burdick	(USA)
S S Cook	(appointed 18 August 2000)
D R Van Valkenburg	(resigned 16 March 1999)
A K Illsley	(resigned 19 April 2000)
V M Hull	(resigned 18 August 2000)

**Directors' report (continued)****Directors' interests**

At 31 December 1999, C J Burdick, V M Hull and A K Illsley were directors of Telewest Communications plc. As permitted by statutory instrument, the financial statements do not disclose the interest of directors who are also directors of a parent company. Accordingly the interests of these directors are detailed in the financial statements of Telewest Communications plc.

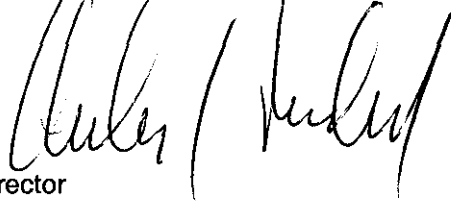
**Statement of directors' responsibilities**

- (i) In compliance with legal requirements, the directors have prepared financial statements for the year ended 31 December 1999 which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of the loss for the year ended on that date.
- (ii) The financial statements have been prepared in accordance with applicable Accounting Standards and on the going concern basis.
- (iii) The directors have adopted suitable accounting policies which have been consistently applied in the preparation of the financial statements for the year ended 31 December 1999 and these have been supported by reasonable and prudent judgements and estimates.
- (iv) The directors are responsible for the maintenance of adequate accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities. The directors also have responsibility for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming annual general meeting.

**By order of the board**



Director

27 October 2000

**Auditors' report to the members of  
Doncaster Cable Communications Limited**

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards.

**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. 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 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 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*

*27 October 2000*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
Preston

**Profit and loss account  
for the year ended 31 December 1999**

	Notes	1999 £'000	1998 £'000
Turnover	2	9,888	8,156
Cost of sales	3	(3,883)	(2,416)
<b>Gross profit</b>	3	<b>6,005</b>	<b>5,740</b>
Operating expenses	3	(8,465)	(6,166)
<b>Operating loss before exceptional charge</b>	3	<b>(2,460)</b>	<b>(426)</b>
Exceptional charges	4	-	(524)
<b>Operating loss after exceptional charge</b>		<b>(2,460)</b>	<b>(950)</b>
Interest payable and similar charges	6	(2,178)	(2,880)
<b>Loss on ordinary activities before taxation</b>	7	<b>(4,638)</b>	<b>(3,830)</b>
Taxation	8	-	-
<b>Loss on ordinary activities after taxation</b>	15	<b>(4,638)</b>	<b>(3,830)</b>

All activities relate to continuing operations.

The Company had no recognised gains or losses other than those shown in the profit and loss account, therefore a statement of total recognised gains and losses has not been presented.

There is no difference between the reported results and the historical cost results.

# Balance sheet

## as at 31 December 1999

	Notes	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	9	43,579	42,247
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	-	1,135
Creditors: amounts falling due within one year	11	-	(2,236)
<b>Net current liabilities</b>		-	(1,101)
<b>Total assets less current liabilities</b>		43,579	41,146
Creditors: amounts falling due after more than one year	12	(62,506)	(55,435)
<b>Net liabilities</b>		(18,927)	(14,289)
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	(18,927)	(14,289)
<b>Equity shareholders' funds</b>	16	(18,927)	(14,289)

The financial statements on pages 5 to 13 were approved by the board of directors on  
27 October 2000 and were signed on its behalf by:

2000



Director



**Notes to the financial statements  
for the year ended 31 December 1999****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention. The financial statements are prepared on a going concern basis which assumes the support of the ultimate parent company. The directors of the ultimate parent company have indicated that this support will continue.

**Tangible fixed assets**

The cost of tangible fixed assets comprises the purchase cost, together with any incidental acquisition and installation costs. In the case of the telecommunications network this includes the costs of planning, design and supervision of construction.

Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over their expected useful economic lives.

	<b>Years</b>
Freehold buildings	50
Network civil work and ducting	20
Cable and installations	20
Switch and line electronics	8
Headend equipment	5
Set-top converters	5
Other fixed assets	5

**Turnover**

Turnover, which excludes Value Added Tax, represents the invoice value of services provided.

**Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

**Foreign currencies**

Invoices denominated in foreign currencies are translated at the rate ruling at the time of the transaction. All monetary assets and liabilities are subsequently translated at the year-end rate or the hedged forward rate. Differences arising on translation are charged to the profit and loss account in the year incurred.

**Leased Assets**

Assets funded through finance leases are capitalised and the resulting lease obligations are included in creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

## Notes to the financial statements

### Cash Flow

The Company has not prepared a cashflow statement as the Company is a wholly owned subsidiary of a company established under the law of a member state of the European Community.

## 2 Segmental analysis

Turnover is attributable principally to the provision of cable television and telephony services in the United Kingdom which the directors consider to be the same class of business and accordingly no segmental analysis of operating loss is shown. Turnover comprised the following:

	1999 £'000	1998 £'000
<b>Turnover</b>		
Cable telephony	7,543	6,081
Cable television	2,345	2,075
Total turnover	<u>9,888</u>	<u>8,156</u>

## 3 Cost of sales and other operating expenses

	1999 £'000	1998 £'000
Cost of sales	3,883	2,416
<b>Gross profit</b>	<u>6,005</u>	<u>5,740</u>
Selling and distribution costs	1,303	837
Administrative expenses	7,162	5,329
Net operating expenses	<u>8,465</u>	<u>6,166</u>
<b>Operating loss</b>	<u>(2,460)</u>	<u>(426)</u>

## 4 Exceptional charge

The 1998 charge of £524,000 was the decrease in the fixed asset values resulting from the change in the useful lives of the assets to those applied by Telewest Communications plc.

## Notes to the financial statements

### 5 Directors remuneration

The Company has no employees other than the directors. The Company's activities are undertaken by employees of fellow group companies.

The directors received no remuneration in respect of their services to the Company ( 1998: £nil ).

### 6 Interest payable and similar charges

	1999 £'000	1998 £'000
On loans from group companies repayable after 5 years	<u>2,178</u>	<u>2,880</u>

### 7 Operating loss for the year

	1999 £'000	1998 £'000
Operating loss for the year is stated after charging:		
Depreciation of tangible owned fixed assets	2,909	1,530
Depreciation of assets held under finance leases	362	1,438
Auditors' remuneration for audit work	-	3
	<u>-</u>	<u>3</u>

### 8 Taxation

	1999 £'000	1998 £'000
United Kingdom Corporation tax at 30%	<u>-</u>	<u>-</u>

The Company has accumulated tax losses available for offset against future trading profits amounting to not less than £16 million, subject to agreement with the Inland Revenue.

## Notes to the financial statements

## 9 Tangible fixed assets

	Freehold land and buildings £'000	Cable network construction and equipment £'000	Other Fixed Assets £'000	Total £'000
<b>Cost</b>				
At 1 January 1999	284	50,343	161	50,788
Reclassifications	2	-	(2)	-
Additions	-	4,603	-	4,603
<b>At 31 December 1999</b>	<b>286</b>	<b>54,946</b>	<b>159</b>	<b>55,391</b>
<b>Depreciation</b>				
At 1 January 1999	14	8,464	63	8,541
Charge for year	5	3,235	31	3,271
<b>At 31 December 1999</b>	<b>19</b>	<b>11,699</b>	<b>94</b>	<b>11,812</b>
<b>Net book value</b>				
<b>At 31 December 1999</b>	<b>267</b>	<b>43,247</b>	<b>65</b>	<b>43,579</b>
Net book value				
At 31 December 1998	270	41,879	98	42,247
Net book value of assets held under finance leases included above <b>at 31st December 1999</b>	-	-	-	-
at 31st December 1998	-	13,042	-	13,042

The ability of the Company to recover its investment in tangible fixed assets is dependent upon the continued successful development of the cable telecommunications business.

## 10 Debtors

	1999 £'000	1998 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	1,121
Prepayments and accrued income	-	14
	-	1,135

**Notes to the financial statements**

**11 Creditors: amounts falling due within one year**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	-	259
Obligations under finance leases	-	819
Accruals and deferred income	-	1,158
	<u>-</u>	<u>2,236</u>

**12 Creditors: amounts falling due after more than one year**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Loans from parent and fellow subsidiaries	<b>62,506</b>	41,222
Obligations under finance leases	-	14,188
Retentions on civil contracts	-	25
	<u><b>62,506</b></u>	<u>55,435</u>

The loans payable to parent and fellow subsidiaries have no fixed terms of repayment. Interest is allocated on the basis of cash resources made available.  
Repayment is expected to be made after more than five years.

**13 Obligations under Finance Leases**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases fall due as follows:		
In one year or less	-	819
Between one and two years	-	-
Between two and five years	-	5,345
In five years or more	-	8,843
	<u>-</u>	<u>15,007</u>

On 24 December 1996, the Group entered into a sale and leaseback agreement with a consortium of financial institutions. During the year, this arrangement was terminated at the request of the Group. In accordance with the provisions of Financial Reporting Standard Number 5, the transaction has not been reflected in the movements on tangible fixed assets in note 9.

## Notes to the financial statements

## 14 Called up share capital

	1999 £'000	1998 £'000
<b>Authorised</b>		
20,001,000 ordinary shares of £1 each	<u>20,001</u>	<u>20,001</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

## 15 Reserves

	Profit & loss account £'000
At 1 January 1999	(14,289)
Loss for the year	(4,638)
<b>At 31 December 1999</b>	<u><b>(18,927)</b></u>

## 16 Reconciliation of movement in equity shareholders' funds

	£'000
Equity shareholders' funds at 1 January 1999	(14,289)
Loss for the year	(4,638)
<b>Equity shareholders' funds at 31 December 1999</b>	<u><b>(18,927)</b></u>

## 17 Capital commitments

	1999 £'000	1998 £'000
Capital expenditure which has been contracted for but not provided for in the financial statements	<u>-</u>	<u>23</u>

## 18 Contingent liabilities

The Company is party to the £1.5 billion senior secured facility which was entered into by the Group on 17 May 1999. This facility is secured on the assets of the Group including those of the Company.

**Notes to the financial statements****19 Related party transactions**

As permitted by Financial Reporting Standard Number 8, transactions which eliminate on consolidation have not been reported as the Company is a wholly owned subsidiary of The Yorkshire Cable Group Limited.

**20 Ultimate parent company**

The ultimate parent company is Telewest Communications plc, a company incorporated and registered in England. Copies of the consolidated financial statements of Telewest Communications plc may be obtained from The Secretary, Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW.

The intermediate parent company is The Yorkshire Cable Group Limited, a company incorporated and registered in England. Copies of the financial statements of The Yorkshire Cable Group Limited may be obtained from The Secretary, Communications House, Mayfair Business Park, Broad Lane, Bradford, BD4 8PW.