Registered number
2422654

ntl CABLECOMMS SOLENT

Report and Accounts

31 December 2003

ntl CABLECOMMS SOLENT
Registered number
2422654

Directors
ntl Directors Limited
ntl Secretaries Limited

Company Secretary
ntl Secretaries Limited

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
National Westminster Bank PLC
PO Box 9
31 Promenade
Cheltenham
Gloucs
GL50 1LH

Solicitors
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Bartley Wood Business Park
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ntl CABLECOMMS SOLENT
Directors' Report

The directors present their report and accounts for the year ended 31 December 2003.

RESULTS AND DIVIDENDS
The company made a loss for the year of £14,388,000 (2002 – loss of £55,364,000). The preference dividend of £1,330,000 to the non-equity shareholders for the year ended 31 December 2003 (2002 - £1,330,000) has not been declared, but an appropriation equal to the dividend has been made in the profit and loss account in accordance with FRS 4 "Capital Instruments". The retained loss for the year of £15,718,000 (2002 – retained loss of £56,694,000) has been transferred to reserves.

PRINCIPAL ACTIVITY
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.

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	(appointed 10 January 2003; resigned 1 October 2004)
J B Knapp	(resigned 1 October 2003)
J Gregg	(resigned 10 January 2003)
B Richter	(appointed 10 January 2003; resigned 1 May 2003)
S E Schubert	(appointed 1 May 2003; 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
On 24 March 2004, G E James was appointed joint company secretary 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

G E James
For and on behalf of ntl Secretaries Limited
12 JUL 2005

ntl CABLECOMMS SOLENT
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 CABLECOMMS SOLENT

We have audited the company's accounts for the year ended 31 December 2003, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 16. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member 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 2003 and of its loss 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

12 JUL 2005

ntl CABLECOMMS SOLENT
Profit and Loss Account
for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	49,397	47,120
Cost of sales		(15,766)	(17,154)
Gross profit		33,631	29,966
Other operating expenses		(41,509)	(80,519)
Operating loss	3	(7,878)	(50,553)
Interest payable	5	(6,510)	(4,811)
Loss on ordinary activities before taxation		(14,388)	(55,364)
Taxation	6	-	-
Loss for the financial year		(14,388)	(55,364)
Dividends	10	(1,330)	(1,330)
Retained loss for the financial year	12	(15,718)	(56,694)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than those reflected in the profit and loss account for the years ended 31 December 2003 and 31 December 2002.

ntl CABLECOMMS SOLENT
Balance Sheet
as at 31 December 2003

	Notes		2003 £'000		2002 £'000
Fixed assets					
Intangible assets	7		-		-
Tangible assets	8		38,226		40,540
			38,226		40,540
Creditors: amounts falling due within one year	9	(85,123)		(73,049)	
Net current liabilities			(85,123)		(73,049)
Total assets less current liabilities			(46,897)		(32,509)
Capital and reserves					
Called up share capital	10		46,221		46,221
Share premium account	11		105,369		105,369
Profit and loss account	12		(198,487)		(184,099)
Equity shareholders' deficit			(46,897)		(32,509)
Equity interests	13		(60,477)		(44,759)
Non-equity interests	13		13,580		12,250
			(46,897)		(32,509)

R Mackenzie

R M Mackenzie
For and on behalf of ntl Directors Limited

12 JUL 2005

ntl CABLECOMMS SOLENT
Notes to the Accounts
for the year ended 31 December 2003

1 Accounting policies

Fundamental accounting concept

The accounts have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances such that sufficient resources will be made available for the foreseeable future so that the company can meet its liabilities as and when they fall due.

Accounting convention

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

Intangible fixed assets

Licences:

Costs incurred in securing the licences to run cable television services have been capitalised, and are written off to the profit and loss account from the date services commence to the date the relevant franchise expires. Costs are also reviewed for impairment on the same basis as goodwill.

Depreciation and prematurity period

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

During the time while the company's cable systems are partially under construction and partially in service ("the prematurity period"), depreciation of the network is charged monthly on its estimated costs at the end of the prematurity period, which is taken as two years, using the above rates scaled down by the ratio of average, actual or estimated number of subscribers, whichever is greater, in the current period to the estimated subscriber base at the end of this period.

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

1 Accounting policies (continued)

Impairment review

In accordance with FRS 11 "Impairment of Fixed Assets and Goodwill", the carrying values of the company's intangible and tangible fixed assets have been compared with their recoverable amounts, represented by their value in use to the company.

The directors consider that the underlying assets of the company's core telecommunications operations are only now beginning to be properly exploited. In addition there are significant barriers to entry, both in terms of the necessary capital investment and regulatory control of the telecommunications sector, which limit the extent to which future competition will erode the expected rates of growth and the level of returns that the assets are expected to generate. As a result the value in use has been derived from discounted cash flow projections that have assumed a period of ten years from 1 January 2003 before applying the UK's long-term growth rate.

The discount rate used to arrive at this calculation was 21.4% on a pre-tax basis.

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).

2 Turnover

Turnover represents the invoiced amount of services provided, stated net of value added tax, and is attributable to one continuing activity, being the provision of information, communications and entertainment services, all of which is attributable to the United Kingdom.

3 Operating loss

	2003 £'000	2002 £'000
This is stated after charging:		
Depreciation of fixed assets	9,634	8,543
Loss on sale of assets	2,102	-
Impairment charge (see note 4)	-	40,387

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 company, 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 associates.

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 Impairment charge

	2003 £'000	2002 £'000
Impairment of tangible fixed assets	-	40,387

5 Interest payable

	2003 £'000	2002 £'000
Interest on amounts owed to group companies	6,510	4,811

ntl CABLECOMMS SOLENT
Notes to the Accounts
for the year ended 31 December 2003

6 Taxation

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2003 £'000	2002 £'000
Current tax charge:		
Current tax on income for the period	-	-
	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
	-	-
Total tax charge on loss 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:

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(14,388)	(55,364)
Loss on ordinary activities multiplied by the applicable statutory rate 30% (2002 - 30%)	(4,316)	(16,609)
Expenses not deductible for tax purposes	87	3,329
Depreciation in excess of capital allowances	3,637	14,818
Unrelieved tax losses	592	-
Utilisation of losses brought forward	-	(1,538)
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 £30,411,014 and depreciation in excess of capital allowances of £23,862,824 as there is insufficient certainty as to the availability of future taxable profits.

7 Intangible fixed assets

	Licences £'000
Cost	
At 1 January and 31 December 2003	117
Amortisation	
At 1 January and 31 December 2003	117
Net book value	
At 1 January and 31 December 2003	-

8 Tangible fixed assets

	Network £'000	Other £'000	Total £'000
Cost			
At 1 January 2003	186,341	4,344	190,685
Additions	9,423	-	9,423
Disposals	(2,677)	-	(2,677)
At 31 December 2003	193,087	4,344	197,431
Depreciation			
At 1 January 2003	147,487	2,658	150,145
Charge for the year	9,541	93	9,634
Disposals	(574)	-	(574)
At 31 December 2003	156,454	2,751	159,205
Net book value			
At 31 December 2003	36,633	1,593	38,226
At 31 December 2002	38,854	1,686	40,540

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

	2003 £'000	2002 £'000
Freehold	221	229
Short leasehold	1,372	1,457

9 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to parent undertakings	85,123	73,049

10 Share capital	**2003**	**2002**
	£'000	**£'000**
Authorised:		
282,464 preference shares of £1 each	283	283
41,560,074 'A' ordinary shares of £1 each	41,560	41,560
43,778,867 'B' ordinary shares of £0.10 each	4,378	4,378
	46,221	46,221
Allotted, called up and fully paid:		
282,464 preference shares of £1 each	283	283
41,560,074 'A' ordinary shares of £1 each	41,560	41,560
43,778,867 'B' ordinary shares of £0.10 each	4,378	4,378
	46,221	46,221

Shareholders' voting rights

In the opinion of the directors, the primary rights attached to the various classes of shares are as follows:

£1 preference shares

The right to attend and speak but not vote at all general meetings of the company.

£1 'A' ordinary shares

The right to attend, speak and vote at all general meetings of the company.

£0.10 'B' ordinary shares

The right to attend and speak but not vote at all general meetings of the company.

Distributable profits

Distributable profits are allocated on the following basis:

Preference Shareholders

The company's articles of association provide for a fixed cumulative dividend at the rate of £1,329,628 per annum. This dividend will accrue on a daily basis from 31 December 1993 until 31 December 2013. After payment of the preference dividend, the preference shareholders are entitled to 15% of the remaining distributable profits.

Ordinary Shareholders

After payment of the preference dividend, ordinary shareholders are entitled to 85% of the remaining distributable profits.

Dividends

The preference dividend of £1,330,000 to the non-equity shareholders for the year ended 31 December 2003 (2002 – £1,330,000) has not been declared. An appropriation equal to the dividend has been made in the profit and loss account in accordance with FRS 4 "Capital Instruments" and is shown in the Reconciliation of Shareholders' Deficit and Movements on Reserves (see note 13).

11 Share premium account

	2003 £'000	2002 £'000
At 1 January and 31 December	105,369	105,369

12 *Profit and loss account*

	2003 £'000	2002 £'000
At 1 January	(184,099)	(128,735)
Retained loss	(15,718)	(56,694)
	(199,817)	(185,429)
Undeclared dividends due to non-equity shareholders	1,330	1,330
At 31 December	(198,487)	(184,099)

Cumulative undeclared dividends due to non-equity shareholders

	2003	2002
At start of year	11,967	10,637
Appropriated during the year	1,330	1,330
At end of year	13,297	11,967

13 Reconciliation of shareholders' deficit and movements on reserves

	2003 £'000	2002 £'000
Loss for the year	(14,388)	(55,364)
Non-equity dividends not declared	(1,330)	(1,330)
	(15,718)	(56,694)
Reversal of non-equity dividends	1,330	1,330
Net movement in shareholders' deficit	(14,388)	(55,364)
Opening shareholders' (deficit)/funds	(32,509)	22,855
Closing shareholders' deficit	(46,897)	(32,509)
Total shareholders' deficit		
Equity share capital	45,938	45,938
Non-equity share capital	283	283
Share premium account	105,369	105,369
Profit and loss account	(198,487)	(184,099)
Total shareholders' deficit	(46,897)	(32,509)

13 Reconciliation of shareholders' deficit and movements on reserves (continued)

	2003 £'000	2002 £'000
Shareholders' funds allocated to non-equity		
Non-equity share capital	283	283
Cumulative dividends not yet declared	13,297	11,967
	13,580	12,250
Shareholders' deficit allocated to equity		
Difference between shareholders' deficit and amount allocated to non-equity interests	(60,477)	(44,759)
Made up as follows:		
Equity share capital	45,938	45,938
Share premium account	105,369	105,369
Profit and loss account	(198,487)	(184,099)
Cumulative dividends due to non-equity shareholders	(13,297)	(11,967)
	(60,477)	(44,759)

14 *Contingent liabilities*

The company, along with fellow subsidiary undertakings, is party to a senior secured credit facility with a syndicate of banks. The company is a guarantor of borrowings under this facility of certain other group companies. At 31 December 2003 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,785 million (2002 - £3,193 million). Borrowings under the facility are secured by security over the assets of certain members of the NTL Group including those of the company.

In April 2004, this facility was replaced by a new senior secured credit facility under which the group's assets are secured.

15 Related parties

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as 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 CableComms Holdings No. 2 Limited.

The company's results are included in the group accounts of ntl CableComms Holdings No. 2 Limited and 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 the 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.