Deloitte & Touche

Deloitte Touche Tohmatsu International

Company Registration No. 2466511

CABLE ENFIELD LIMITED

Report and Financial Statements

31 December 1997

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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COMPANIES HOUSE 18/06/98

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REPORT AND FINANCIAL STATEMENTS 1997

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

ACTIVITIES AND FUTURE PROSPECTS

The group's principal activity is to build and operate cable and telecommunication systems. The construction of the network is proceeding well and strong customer growth is anticipated in 1998.

RESULTS AND DIVIDENDS

The profit for the year was £114,000 (1996 - loss £2,340,000).

The directors do not recommend payment of a dividend (1996 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as shown below:

J S Nathan	(resigned 7 February 1997)
G D Campbell	(resigned 27 April 1998)
E N Johnson	
D A Smyth	(appointed 3 July 1997)

The directors had no beneficial interests in the shares of the company or any fellow subsidiary company. The directors' interests in the shares of the parent company, Cable London plc, are shown in the parent company's financial statements.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

PAYMENTS TO CREDITORS

It is the company's normal practice to make payments to suppliers promptly provided that the supplier has performed in accordance with the relevant terms and conditions. The average time taken to pay suppliers was 36 days.

Approved by the Board of Directors
and signed on behalf of the Board

D A Smyth

Secretary

18 May 1998

Deloitte & Touche

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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 as at the end of the financial year and of the profit or loss of the company 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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 financial statements 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.

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AUDITORS' REPORT TO THE MEMBERS OF

CABLE ENFIELD LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche.

Chartered Accountants and Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

18 May 1998

Deloitte Touche
Tohmatsu

Aberdeen, Bath, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1997

	Note	1997 £'000	1996 £'000
TURNOVER	1	17,821	15,250
Distribution costs		(7,762)	(6,979)
Administrative expenses		(5,983)	(5,289)
Depreciation and amortisation		(2,553)	(4,454)
Operating profit/(loss)	2	1,523	(1,472)
Interest payable and similar charges		(1,409)	(868)
Profit/(loss) on ordinary activities for the year		114	(2,340)
Accumulated deficit, at beginning of year		(11,927)	(9,587)
Accumulated deficit, at end of year		(11,813)	(11,927)

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the financial year of £114,000 (1996 loss - £2,340,000)

BALANCE SHEET
31 December 1997

	Note	1997 £'000	1996 £'000
FIXED ASSETS			
Intangible assets	5	466	524
Tangible assets	6	34,759	34,789
		35,225	35,313
CREDITORS: amounts falling due within one year:			
Amounts owed to parent company		(47,037)	(47,239)
NET LIABILITIES		(11,812)	(11,926)
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account		(11,813)	(11,927)
EQUITY SHAREHOLDERS' FUNDS	8	(11,812)	(11,926)

These financial statements were approved by the Board of Directors on 18 May 1998.

Signed on behalf of the Board of Directors

E. N. J

E N Johnson

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. **ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statements

No cash flow statement has been prepared as the company is a wholly owned subsidiary undertaking of Cable London plc, which publishes consolidated financial statements which include the company, drawn up in accordance with UK companies legislation.

Intangible fixed assets - deferred development expenditure

Development period

The development period is defined as the period from 1 August 1989 to the date upon which the first subscriber revenue is earned, following the commencement of the main build.

During the development period all expenditure not directly attributable to the cable system or other fixed assets is treated as deferred development expenditure within intangible fixed assets, and is amortised over 15 years on a straight-line basis commencing with the month the franchise licence became effective.

Tangible fixed assets

All tangible fixed assets are shown at original historical cost less accumulated depreciation. Own labour including attributable overheads is capitalised, at cost, in respect of the construction of the system.

Tangible fixed assets are depreciated over the following useful lives:

Plant and machinery	
- civils	40 years straight-line
- network	15 years straight-line
- head-end equipment	15 years straight-line
- subscriber related equipment	6-8 years straight-line
- computer equipment	4 years straight-line

Development period

During the development period (as defined above), no depreciation is charged in respect of tangible fixed assets.

Prematurity period

This is defined as the period commencing with the month in which the first subscriber revenue is earned in the franchise area and terminating on the date that the building of the franchise is expected to be completed.

During the prematurity period, the depreciation expense is determined on a monthly basis by multiplying the implied monthly depreciation based on the above useful lives and the expected total capital expenditure at the end of the prematurity period by a prematurity fraction calculated as follows:

The numerator shall be the greater of:

- the average number of subscribers expected that month assuming straight line growth towards the estimate of subscribers at the end of the prematurity period; and
- the average number of actual subscribers.

The denominator shall be the total number of subscribers expected at the end of the prematurity period.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Maturity period

At the end of the prematurity period, depreciation is charged to write off the undepreciated amount on a straight line basis over the remainder of the estimated useful lives.

Turnover

Turnover comprises the value of sales in the UK derived from television and telecommunication customers, net of VAT.

2. OPERATING PROFIT/(LOSS)

The auditors' remuneration is borne by the company's parent and is recovered by way of management fees.

Amortisation of intangible fixed assets amounted to £58,000 for the year (1996 - £58,000). Depreciation of tangible fixed assets amounted to £2,495,000 the year (1996 - £4,396,000).

3. TAX ON LOSS ON ORDINARY ACTIVITIES

The company has incurred trading losses which will be available for set off against future income for tax purposes.

4. STAFF COSTS

The company had no employees during the year (1996 - nil) and no director received any emoluments from the company (1996 - £nil).

5. INTANGIBLE FIXED ASSETS

	Deferred development expenditure £'000
Cost	
At 1 January 1997 and 31 December 1997	875
Accumulated amortisation	
At 1 January 1997	351
Charge for the year	58
At 31 December 1997	409
Net book value	
At 31 December 1997	466
At 31 December 1996	524

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

6. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
Cost	
At 1 January 1997	47,335
Additions	2,465
At 31 December 1997	49,800
Accumulated depreciation	
At 1 January 1997	12,546
Charge for the year	2,495
At 31 December 1997	15,041
Net book value	
At 31 December 1997	34,759
At 31 December 1996	34,789

7. CALLED UP SHARE CAPITAL

	1997 £'000	1996 £'000
Authorised, called up, allotted and fully paid:		
1,000 ordinary shares of £1 each	1	1

8. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1997 £'000	1996 £'000
Profit for the financial year	114	(2,340)
Equity shareholders' funds at beginning of year	(11,926)	(9,586)
Equity shareholders' funds at end of year	(11,812)	(11,926)

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

9. NET LIABILITIES POSITION & POST BALANCE SHEET EVENT NOTE

The liabilities of the Company exceed its assets. The directors have considered the financial position of the Company and concluded that it is able to meet its liabilities as they fall due.

On 4 February 1998, Comcast UK Cable Partners Limited ('Comcast'), a significant shareholder of the parent company, entered into a definitive agreement to amalgamate with NTL Incorporated ('NTL'). NTL is an alternative telecommunications company and is listed on NASDAQ. Consummation of the amalgamation is subject to, among other things, customary closing matters, the receipt of regulatory approvals, the approval of Comcast's and NTL's shareholders, the consent of Comcast's and NTL's bondholders and the consent of certain NTL bank lenders. Comcast Corporation, the sole holder of the multiple-voting Class B common stock of Comcast, has agreed to vote for the transaction, assuring its approval by Comcast's shareholders. Upon consummation of the amalgamation, which is expected to close in 1998, Comcast would become a wholly owned subsidiary of NTL.

Pursuant to the Articles of Association Telewest Communications plc ('Telewest'), the other principal shareholder in the parent company, has certain rights to acquire Comcast's interest as a result of the transaction with NTL. Should this transaction be consummated Telewest has indicated that it intends to exercise its rights under the agreement.

10. ULTIMATE PARENT COMPANY

The controlling entity and parent company of the largest and smallest group which includes the company and for which group accounts are prepared is Cable London plc, a company incorporated in Great Britain.

The Company is taking advantage of the exception granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose transactions with Cable London plc group companies who are related parties. Copies of the group financial statements of Cable London plc are publicly available.