Company Registration No. 2443484

ntl CABLECOMMS STOCKPORT

(formerly Cable & Wireless Communications CableComms Stockport)

Report and Accounts

31 March 2000

REPORT AND ACCOUNTS 2000

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Bryony Dew
Robert Mackenzie
Stephen Carter
Stuart Ross

SECRETARY

R Mackenzie

REGISTERED OFFICE

ntl House
Bartley Wood Business Park
Hook
Hampshire
RG27 9UP

AUDITORS

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

DIRECTORS' REPORT

The Directors present their report and the audited accounts for theyear ended 31 March 2000.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company is the provision of cable television and telecommunications services under licences awarded to it for the Stockport area.

The Directors expect the operations of the Company to continue to expand in the forthcoming year.

On 26 July 1999, Cable and Wireless plc, NTL Inc and ntl (CWC) Limited (formerly Cable & Wireless Communications Limited) announced that they had agreed to propose a restructuring of ntl (CWC) Limited to the shareholders of ntl (CWC) Limited.

As part of the restructuring, ntl (CWC) Limited, previously a 52.8% owned subsidiary of Cable and Wireless plc, was separated into its residential cable, business cable, indirect residential telephony, residential internet and digital television development and services businesses, referred to as CWC ConsumerCo,(which includes the Company) and its corporate, business, internet protocol and wholesale operations, referred to as CWC DataCo.

On 30 May 2000, the restructuring was completed and NTL Inc indirectly acquired all of CWC ConsumerCo and Cable and Wireless plc indirectly acquired the interest in CWC DataCo which was not already attributable to it, thereby achieving 100% ownership of CWC DataCo.

Following completion, NTL Inc, a company incorporated in the USA, became the ultimate parent undertaking of the Company.

On 13 June 2000 the company changed its name to ntl CableComms Stockport.

RESULTS AND DIVIDENDS

The Company made a loss for the year of £5,859,000 (Year ended 31 March 1999: loss of £2,235,000). The preference dividend of £319,099 to the non-equity shareholders for the year ended 31 March 2000 (1999: £319,099) has not been declared, but an appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No. 4. The retained loss for the year of £6,178,000 (1999: £2,554,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The Directors currently serving or who held office during the year were as follows:

R Drolet	(resigned 30 May 2000)
G Wallace	(resigned 1 April 1999)
R Beveridge	(appointed 1 April 1999) (resigned 30 May 2000)
G Clarke	(appointed 1 April 1999) (resigned 30 May 2000)
M Molyneux	(appointed 1 April 1999) (resigned 30 May 2000)
Bryony Dew	(appointed 30 May 2000)
David Kelham	(appointed 30 May 2000) (resigned 1 December 2000)
Robert Mackenzie	(appointed 30 May 2000)
Leigh Wood	(appointed 30 May 2000) (resigned 1 December 2000)
Stuart Ross	(appointed 1 November 2000)
Stephen Carter	(appointed 1 December 2000)

Where those Directors serving at the year end held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications Ltd (now renamed ntl (CWC) Ltd), such interest is disclosed in the accounts of Cable & Wireless Communications Ltd, except as stated below:

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (Continued)

Options to subscribe for ordinary shares in Cable and Wireless plc:

		At 1 April 1999 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 2000	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	(i)	3,289	-	-	3,289	£5.59	01/03/01	31/08/06
	(ii)	-	14,258	-	14,258	£9.82	22/12/02	22/12/06
	(iii)	-	3,054	-	3,054	£9.82	22/12/02	22/12/09
	(iv)	-	13,236	-	13,236	£0.00	31/03/02	
M Molyneux	(i)	4,816	-	-	4,816	£3.58	01/03/01	31/08/01
	(ii)	8,866	-	-	8,866	£4.21	03/07/99	02/07/03
	(ii)	-	11,202	-	11,202	£9.82	22/12/02	22/12/06
	(iii)	7,134	-	-	7,134	£4.21	03/07/99	02/07/06
R Beveridge	(ii)	-	15,276	-	15,276	£9.82	22/12/02	22/12/06
	(iii)	-	3,054	-	3,054	£9.82	22/12/02	22/12/09
	(iv)	-	16,365	-	16,365	£0.00	31/03/02	

(i) Granted under the Cable and Wireless Employee Savings-Related Share Option Scheme.

(ii) Granted under the Cable and Wireless Senior Employees Share Option Scheme.

(iii) Granted under the Cable and Wireless Revenue Approved Share Option Scheme.

(iv) Granted under the Cable and Wireless Performance Share plan.

EMPLOYEES

The Company has no employees. All Group Company employees are employed by a fellow subsidiary, ntl (CWC) Ltd.

PAYMENTS TO SUPPLIERS

The Company does not enter into contracts with suppliers. ntl Communications Services Limited (formerly Cable & Wireless Communications Services Limited) and ntl (CWC) Programming Limited (formerly Cable & Wireless Communications Programming Limited), fellow Group Companies, enter into most contracts with suppliers to the ntl (CWC) Ltd Group.

Approved by the Board of Directors

and signed on its behalf by

G M James

Gillian James
Deputy Company Secretary
30/4/ 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss for the financial period:

The Directors are responsible for ensuring that in preparing the accounts, the Company has:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any explanations and material departures disclosed in the notes to the accounts; and
- prepared the accounts on the 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 the financial position of the Company which 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.

AUDITORS' REPORT TO THE MEMBERS OF ntl CABLECOMMS STOCKPORT

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the accounts 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.

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 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 circumstances of the Company, 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 at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

30 April 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	Year ended 31 March 2000 £'000	Year ended 31 March 1999 £'000
TURNOVER	2	16,163	14,757
Cost of sales		(6,205)	(5,730)
GROSS PROFIT		9,958	9,027
Other operating expenses (net)		(8,063)	(4,326)
Depreciation and amortisation	8	(2,719)	(2,453)
OPERATING (LOSS) / PROFIT		(824)	2,248
Net interest payable	3	(5,035)	(4,483)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(5,859)	(2,235)
Taxation	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(5,859)	(2,235)
Dividends	10	(319)	(319)
RETAINED LOSS FOR THE YEAR	11	(6,178)	(2,554)

All activities derive from continuing operations. The Company had no recognised gains and losses other than those reflected in the profit and loss account.

The accompanying notes form an integral part of this statement.

BALANCE SHEET
31 March 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	8	66,572	56,133
		66,572	56,133
CREDITORS: amounts falling due within one year	9	(15,984)	(40,283)
NET CURRENT LIABILITIES		(15,984)	(40,283)
TOTAL ASSETS LESS CURRENT LIABILITIES		50,588	15,850
NET ASSETS		50,588	15,850
CAPITAL AND RESERVES			
Called up equity share capital	10	80,466	39,869
Profit and loss account	12	(29,878)	(24,019)
SHAREHOLDERS' FUNDS		50,588	15,850
Equity interests	12	48,841	14,422
Non-equity interests	12	1,747	1,428
		50,588	15,850

These accounts were approved by the Board of Directors on 30\4\ 2001 and signed on its behalf by:

S Ross

Director

The accompanying notes form an integral part of this statement.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently in the preparation of the accounts, for the current year and preceding year, are as follows:

(a) Basis of preparation

The accounts are prepared in accordance with applicable Accounting Standards in the United Kingdom and on the historical cost basis.

Having regard to the special nature of the Group's business, an analysis of operating costs in the manner prescribed by the Companies Act 1985 is not meaningful. In the circumstances therefore the Directors have, as permitted by paragraph 3 (3) of Schedule 4 to the Companies Act 1985, adapted the prescribed format to the requirements of the Group's business.

(b) Turnover and revenue recognition

Turnover, which excludes value added tax, is accounted for on the accruals basis. Revenue is recognised in the period in which the service is provided. Turnover derives from local, national and international telecommunications and cable television services.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost which includes materials, direct labour and general administrative expenses directly attributable to the design, construction and connection of the telecommunications and cable television networks and equipment.

General administrative expenses to be capitalised include all overheads of those departments responsible solely for design (including feasibility studies), construction and connection. Where departments spend only part of their time on functions directly connected with design, construction and connection, the relevant proportion of total overheads is capitalised. Costs which are initially capitalised on projects under construction where the projects do not become operational are written off to the profit and loss account, once it is determined that the project will not become operational.

Costs of departments relating to revenue related operations, such as direct selling, marketing and other customer related departments, are not capitalised.

(i) Capitalisation of interest

Interest is capitalised as part of the cost of separately identifiable major capital projects, up to the time that such projects are substantially complete. The amount of interest capitalised is calculated as the capitalisation rate multiplied by the weighted average carrying amount of major capital projects under construction. During the period to 31 March 1999, the capitalisation rate was the company's weighted average cost of 8%. The net book value of capitalised interest in this company relates to amounts capitalised up to 31 March 1999. For each of the following financial years, capitalised interest will be presented within the balance sheet of ntl Communications Services Limited.

(ii) Depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and their estimated residual value in equal annual instalments over the estimated useful lives of the assets.

The current estimated useful lives are as follows:

	Lives:
Land and buildings:	
- freehold buildings	to 40 years
- leasehold land and buildings	to 40 years or term of lease if less
- leasehold improvements	remaining term of lease or expected useful life of the improvements
Communications network plant and equipment:	
- ducting and network construction	10 to 40 years
- electronic equipment and cabling	10 to 20 years
- other network plant and equipment	6 to 25 years
Non-network plant and equipment	3 to 10 years

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Freehold land, where the cost is distinguishable from the cost of the building thereon, is not depreciated.

After a portion of the network is fully constructed and released to operations, depreciation of the network commences when target rates of penetration are achieved or no later than one year after the release date.

(iii) Franchise applications and other start-up costs

Franchise application costs represent the acquisition costs of rights to operate a telecommunications network in a given territory. Costs of successful and unsuccessful cable television franchise applications are written off as incurred. Costs incurred between the award of a franchise licence and the connection of the first customer are written off over the period during which revenues are generated by the franchise.

(d) Leased assets

Operating lease costs are charged to operating loss on a straight line basis over the lease term.

(e) Deferred taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The Company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used. No deferred tax assets are recognised in respect of accumulated tax losses except where necessary to reduce a deferred tax liability to nil.

(f) Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised), the Company has not prepared a cash flow statement because it is a wholly owned subsidiary of a Company which consolidated accounts are publicly available (see Note 17).

2. TURNOVER

Turnover is attributable principally to the provision of telecommunications (including cable television) services in the United Kingdom. The Directors consider this to be a single class of business and accordingly no segmental analysis of operating loss or net assets is shown.

3. NET INTEREST PAYABLE

	Year ended 31 March 2000 £'000	*Year ended* 31 March 1999 £'000
Interest on loans from fellow Group undertakings	5,035	4,483
	5,035	4,483

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is attributable to the principal activity, the development of a cable television and telecommunications franchise, and arose wholly within the UK.

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 March 2000 £'000	Year ended 31 March 1999 £'000
Depreciation of owned tangible fixed assets	2,719	2,453
Operating lease payments	27	27

The auditors' remuneration for the current financial year and preceding financial year has been borne by a fellow Group undertaking.

5. REMUNERATION OF DIRECTORS

The Directors emoluments for the current year and preceding year have been borne by a fellow Group undertaking.

6. STAFF NUMBERS AND COSTS

ntl (CWC) Ltd, a fellow Group Company, employs all of the Group's employees. Details of staff numbers and staff costs for the Group are disclosed in the accounts of ntl (CWC) Ltd.

7. TAXATION

There is no corporation tax charge for the financial year (1999: £nil). The company has significant tax losses available for offset against future trading profits. There is no unprovided deferred tax liability.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

8. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Network cable, plant and equipment £'000	Non-network plant and equipment £'000	Total £'000
Cost				
At 1 April 1999	289	65,119	10	65,418
Transfers	-	(387)	-	(387)
Additions	-	13,545	-	13,545
Disposals	-	(20)	-	(20)
At 31 March 2000	289	78,257	10	78,556
Depreciation				
At 1 April 1999	47	9,231	7	9,285
Transfers	-	(15)	-	(15)
Disposals	-	(5)	-	(5)
Charge for the year	12	2,705	2	2,719
At 31 March 2000	59	11,916	9	11,984
Net book value				
At 31 March 2000	230	66,341	1	66,572
At 31 March 1999	242	55,888	3	56,133

The net book value includes capitalised interest of £382,000 (1999: £663,000) Network cable, plant and equipment includes £198,000 (1999: £1,950,000) in respect of assets not yet in service and consequently upon which depreciation has not been charged.

The net book value of land and buildings comprised short leasehold land and buildings.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Amounts owed to fellow Group undertakings	15,984	40,283
	15,984	40,283

Since the final quarter of 1997, the current assets and liabilities of the Company have been managed by ntl Communications Services Limited. The net balance payable by the Company to ntl Communications Services Limited is disclosed under amounts owed to fellow group undertakings

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

10. SHARE CAPITAL

	Number	£'000
Authorised		
As at 31 March 1999 and 2000		
Preference shares of £1 each	2	-
'A' ordinary shares of £1 each	80,465,934	80,466
Allotted, called up and fully paid		
As at 31 March 1999		
Preference shares of £1 each	2	-
'A' ordinary shares of £1 each	39,868,865	39,869
	39,868,865	39,869
As at 31 March 2000		
Preference shares of £1 each	2	-
'A' ordinary shares of £1 each	80,465,934	80,466
	80,465,934	80,466

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.

Distributable profits

Distributable profits are allocated on the following basis:

Preference Shareholders

A fixed cumulative preferential dividend at the rate of £319,099 per annum. This dividend will accrue on a daily basis from11 October 1994 until 11 October 2014. After payment of the preference dividend, the Preference Shareholders are entitled to 15% of the remaining distributable profits.

Shareholders' voting rights

Ordinary Shareholders

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

Dividends

The preference dividend of £319,099 to the non-equity shareholders for the year ended 31 March 2000 (1999: £319,099) has not been declared. An appropriation equal to the dividend has, been made in the profit and loss account in accordance with Financial Reporting Standard No. 4 and is shown in the statement of Reconciliation of Movements in Shareholders' Funds (Note 12).

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

11. PROFIT AND LOSS ACCOUNT

	2000 £'000	1999 £'000
At 1 April	(24,019)	(21,784)
Retained loss for the financial period	(6,178)	(2,554)
	(30,197)	(24,338)
Undeclared dividends due to non-equity shareholders	319	319
At 31 March	(29,878)	(24,019)

Cumulative undeclared dividends due to non-equity shareholders

	2000 £'000	1999 £'000
At 1 April	1,428	1,109
Appropriated during the period	319	319
At 31 March	1,747	1,428

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Loss for the financial year	(5,859)	(2,235)
Issue of Ordinary Shares	40,597	-
Non-equity dividends not yet declared	(319)	(319)
	34,419	(2,554)
Reversal of non-equity dividends	319	319
Net movement in shareholders' funds	34,738	(2,235)
Opening shareholders' funds	15,850	18,085
Closing shareholders' funds	50,588	15,850
Total Shareholders' Funds		
Equity share capital	80,466	39,869
Profit and loss account	(29,878)	(24,019)
Total shareholders' funds	50,588	15,850
Shareholders' funds allocated to non-equity		
Non-equity share capital	-	-
Cumulative dividends not yet declared	1,747	1,428
	1,747	1,428
Shareholders' funds allocated to equity		
Difference between shareholders' funds and amount allocated to non-equity interests	48,841	14,422
Made up as follows:		
Equity shares	80,466	39,869
Profit and loss account	(29,878)	(24,019)
Cumulative dividends due to non-equity shareholders	(1,747)	(1,428)
	48,841	14,422

13. CONTINGENT LIABILITIES

The Company is party to various legal proceedings in the ordinary course of business, primarily arising from the construction of the network. While no assurance can be given as to the outcome of these matters, in the opinion of management, based upon legal advice, the ultimate resolution of these matters in future periods is not expected to have a material affect on the Company's financial position or operating results.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

14. FINANCIAL COMMITMENTS

At 31 March 1999 and 2000 the Company had annual commitments under non-cancellable operating leases as follows:

	2000 Land & Buildings £'000	1999 Land & Buildings £'000
Expiring:		
Within one year	-	-
Between one and five years	-	-
Over five years	30	27
	30	27

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 not to disclose related party transactions with ntl Group companies.

16. SUBSEQUENT EVENTS

Certain key steps have taken place subsequent to the balance sheet date in relation to the acquisition of CWC ConsumerCo by NTL Inc and the acquisition of CWC DataCo by Cable and Wireless plc ("the Transaction") as detailed below.

Following the announcement on 10 May 2000 by the UK Secretary of State of the clearance of France Telecom's investment in NTL Inc, all necessary conditions to the ntl (CWC) Ltd Scheme of Arrangement which forms part of the Transaction were satisfied.

On 24 May 2000, NTL Inc exercised the option granted to it by Cable and Wireless plc, required for completion of the Transaction, which took place on 30 May 2000. Following completion, NTL Inc, a company incorporated in the USA, became the ultimate parent undertaking of the company.

17. ULTIMATE PARENT COMPANY AND CONTROLLING UNDERTAKING

The largest Group in which the results of the Company are consolidated is that of which Cable and Wireless plc is the parent Company. The consolidated accounts of Cable and Wireless plc may be obtained from 124 Theobalds Road, London, WC1X 8RX.

The smallest Group in which the results of the Company are consolidated is that of which ntl UK Telephone & Cable TV Holding Company Limited (formerly ntl Telephone & Cable TV Holding Company Limited) (formerly Cable & Wireless Communications (N) UK Telephone & Cable TV Holding Company Limited) is the parent Company. The consolidated accounts of that Company may be obtained from Caxton Way, Watford Business Park, Watford, Hertfordshire, WD1 8XH.

The Company is dependent on the financial support of NTL Inc in order to meet its obligations as they fall due. NTL Inc has indicated that it will continue to support the Company, thereby enabling it to meet its obligations as they fall due, for a period of not less than one year from the date of this report.

Since 30 May 2000 the Directors regard NTL Inc, a company registered in USA, as the ultimate parent and controlling undertaking. Prior to that date the Directors regarded Cable and Wireless plc as the ultimate parent company and controlling undertaking.