

ntl WIRRAL TELEPHONE AND CABLE TV COMPANY
(formerly ntl Wirral Cablevision Holding Company) (formerly
Cable & Wireless Communications (N) Wirral Telephone and
Cable TV Company)

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 the year 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 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 Wirral Cablevision Holding Company Limited.

On 12 July 2000, the company changed its name to ntl Wirral Telephone and Cable TV Company Limited

RESULTS AND DIVIDENDS

The Company made a loss for the year of £4,945,000 (year ended 31 March 1999: loss of £3,432,000) which has been transferred to reserves. The directors do not recommend payment of a dividend (1999: £nil).

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



Gillian James
Deputy Company Secretary

31/7/2001

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 nti WIRRAL TELEPHONE AND CABLE TV COMPANY LIMITED

We have audited the accounts on pages 6 to 14, 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

31 July 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	14,661	14,307
Cost of sales		(5,600)	(5,545)
GROSS PROFIT		9,061	8,762
Other operating expenses (net)		(7,333)	(3,503)
Depreciation and amortisation	8	(3,208)	(3,195)
OPERATING (LOSS) / PROFIT		(1,480)	2,064
Net interest payable	3	(3,465)	(5,496)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(4,945)	(3,432)
Taxation	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	(4,945)	(3,432)

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	64,982	68,818
CREDITORS: amounts falling due within one year	9	<u>(56,836)</u>	<u>(55,859)</u>
NET CURRENT LIABILITIES		<u>(56,836)</u>	<u>(55,859)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,146	12,959
NET ASSETS		<u>8,146</u>	<u>12,959</u>
CAPITAL AND RESERVES			
Called up equity share capital	10	50,292	50,160
Profit and loss account	11	<u>(42,146)</u>	<u>(37,201)</u>
EQUITY SHAREHOLDERS' FUNDS	12	<u>8,146</u>	<u>12,959</u>

These accounts were approved by the Board of Directors on

31/7/

2001 and signed on its behalf by:


B Dew
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 this 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 on the historical cost basis.

Having regard to the special nature of the company'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.

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.

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(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

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 and no later than one year after the release date.

(d) Leased assets

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

(e) Deferred taxation

The charge for taxation is based on the results for the year 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 the 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 of 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.

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

3. NET INTEREST PAYABLE

	Year ended 31 March 2000 £'000	Year ended 31 March 1999 £'000
Interest on loans from fellow Group undertakings	3,465	5,496
	<u>3,465</u>	<u>5,496</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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	3,208	3,195
Operating lease payments	42	52
	<u>3,250</u>	<u>3,247</u>

The auditors' remuneration for the current 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	2,616	80,809	145	83,570
Transfers	6	(1,468)	35	(1,427)
Additions	20	788	-	808
Disposals	-	-	(20)	(20)
At 31 March 2000	2,642	80,129	160	82,931
Depreciation				
At 1 April 1999	2,081	12,550	121	14,752
Transfers	-	(20)	29	9
Disposals	-	-	(20)	(20)
Charge for the year	20	3,161	27	3,208
At 31 March 2000	2,101	15,691	157	17,949
Net book value				
At 31 March 2000	541	64,438	3	64,982
At 31 March 1999	535	68,259	24	68,818

The net book value includes capitalised interest of £368,000 (1999: £1,313,000). Network cable, plant and equipment includes £3,813,000 (1999: £4,277,000) 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:

	31 March 2000 £'000	31 March 1999 £'000
Freehold	470	475
Short leasehold	71	60
	541	535

Freehold land amounting to £32,500 (1999: £32,500) has not been depreciated.

NOTES TO THE ACCOUNTS
Year ended 31 March 2000

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2000	31 March 1999
	£'000	£'000
Amounts owed to fellow Group undertakings	56,836	54,958
Accruals and deferred income	-	901
	<u>56,836</u>	<u>55,859</u>

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 subsidiary undertakings.

10. SHARE CAPITAL

	Number	£'000
Authorised		
As at 31 March 1999 and 31 March 2000		
Ordinary shares of £1 each	<u>50,291,803</u>	<u>50,292</u>
Allotted, called up and fully paid		
As at 31 March 1999		
Ordinary shares of £1 each	<u>50,159,977</u>	<u>50,160</u>
Allotted, called up and fully paid		
As at 31 March 2000		
Ordinary shares of £1 each	<u>50,291,803</u>	<u>50,292</u>
Allotted, but not called up		
As at 31 March 1999		
Ordinary shares of £1 each	<u>131,826</u>	<u>132</u>
Allotted, but not called up		
As at 31 March 2000		
Ordinary shares of £1 each	<u>-</u>	<u>-</u>

11. PROFIT AND LOSS ACCOUNT

	31 March 2000	31 March 1999
	£'000	£'000
At 1 April	(37,201)	(33,769)
Retained loss for the financial period	<u>(4,945)</u>	<u>(3,432)</u>
At 31 March	<u>(42,146)</u>	<u>(37,201)</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 2000 £'000	31 March 1999 £'000
Loss for the financial period	(4,945)	(3,432)
Call up of previously allotted shares	132	-
	<hr/>	<hr/>
	(4,813)	(3,432)
Opening shareholders' funds	12,959	16,391
	<hr/>	<hr/>
Closing shareholders' funds	8,146	12,959
	<hr/>	<hr/>

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.

14. FINANCIAL COMMITMENTS

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

	31 March 2000		31 March 1999	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Expiring:				
Within one year	-	-	-	-
Between one and five years	-	-	42	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	42	-
	<hr/>	<hr/>	<hr/>	<hr/>

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 (CWC) Ltd Group companies.

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

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 CableComms Holdings No 1 Limited (formerly Cable & Wireless Communications Holdings No 1 Limited) (formerly Alnery No 1830 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.