Registered No. 2511873

ntl WIRRAL TELEPHONE AND CABLE TV COMPANY

Report and Accounts

31 December 2001

Registered No. 2511873

DIRECTORS
J B Knapp
R M Mackenzie
S Schubert

SECRETARY
R M Mackenzie

DEPUTY COMPANY SECRETARY
G E James

AUDITORS
Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS
Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

SOLICITORS
Travers Smith Braithwaite
10 Snow Hill
London EC1A 2AL

REGISTERED OFFICE
ntl House
Bartley Wood Business Park
Hook
Hampshire RG27 9UP

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The company made a loss for the year of £28,818,000 (period ended 31 December 2000 – loss of £8,703,000). The directors do not recommend payment of a dividend (period ended 31 December 2000 £nil).

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is the provision of cable television and communications services under licences awarded to it for the East Lancashire area.

On 8 May 2002, NTL Incorporated, the company's ultimate parent undertaking, and certain of NTL Incorporated's holding company subsidiaries, filed a "pre-arranged" joint reorganisation plan under Chapter 11 of the United States Bankruptcy Code (the "Plan"). NTL Incorporated's operating subsidiaries (including the company) were not included in the Chapter 11 filing. On 5 September 2002, the US Bankruptcy Court confirmed the Plan and the Plan was consummated on 10 January 2003. Pursuant to the Plan NTL was split into two separate companies, NTL Incorporated (previously NTL Communications Corp), holding NTL's main UK and Ireland assets (including the company) (referred to as "New NTL"), and NTL Europe, Inc. (previously NTL Incorporated), holding NTL's continental European and certain other assets (referred to as "NTL Euroco").

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2001 and thereafter are shown below:

S Carter	(resigned 20 February 2002)
B Dew	(resigned 1 February 2002)
J Gregg	(appointed 20 February 2002; resigned 10 January 2003)
J B Knapp	(appointed 20 February 2002)
R M Mackenzie	(resigned 20 February 2002; re-appointed 10 January 2003)
S Ross	(resigned 20 February 2002)
B Richter	(appointed 10 January 2003; resigned 1 May 2003)
S Schubert	(appointed 1 May 2003)

The directors do not hold any interests in the shares of the company. The company seeks exemption 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.

AUDITORS

Ernst & Young LLP will remain in office 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

R M Mackenzie
Company Secretary

14 July 2003

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare 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 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 WIRRAL TELEPHONE AND CABLE TV COMPANY

We have audited the company's accounts for the year ended 31 December 2001, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 14. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 Statements of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable 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 2001 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

14 July 2003

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	*Year ended 31 December 2001 £000*	*Nine month period ended 31 December 2000 £000*
TURNOVER		16,624	10,545
Cost of sales		(7,134)	(4,514)
GROSS PROFIT		9,490	6,031
Other operating expenses		(35,518)	(12,187)
OPERATING LOSS		(26,028)	(6,156)
Interest payable	5	(2,790)	(2,547)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(28,818)	(8,703)
Taxation	6	-	-
LOSS FOR THE YEAR	10	(28,818)	(8,703)

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than those reflected in the profit and loss account for the year ended 31 December 2001 and period ended 31 December 2000.

BALANCE SHEET
at 31 December 2001

	Notes	*31 December 2001 £000*	*31 December 2000 £000*
FIXED ASSETS			
Tangible assets	7	46,353	63,626
CREDITORS: amounts falling due within one year	8	(75,728)	(64,183)
NET CURRENT LIABILITIES		(75,728)	(64,183)
NET LIABILITIES		(29,375)	(557)
CAPITAL AND RESERVES			
Called up equity share capital	9	50,292	50,292
Profit and loss account	10	(79,667)	(50,849)
EQUITY SHAREHOLDER'S DEFICIT	10	(29,375)	(557)

R M Mackenzie
Director

14 July 2003

NOTES TO THE ACCOUNTS
at 31 December 2001

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 in accordance with applicable accounting standards in the United Kingdom on the historical cost basis.

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.

Tangible fixed assets and depreciation
Tangible fixed assets are recorded at cost which includes materials, direct labour and 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.

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

The directors consider that the underlying assets of the UK Group's core telecommunications operations, ntl:Home and ntl:Business, 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 2002 before applying the UK's long-term growth rate.

The discount rate used to arrive at this calculation was 16.6% on a pre-tax basis.

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:

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

NOTES TO THE ACCOUNTS
at 31 December 2001

1. ACCOUNTING POLICIES (continued)

Depreciation (continued)

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 or no later than one year after the release date.

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.

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.

Statement of cash flows
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 the company of which consolidated accounts are publicly available (see note 13).

Trading results
Turnover is attributable principally to the provision of broadband 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 liabilities is shown.

2. STAFF COSTS
ntl Group Limited, a fellow group company, employs most of the group's employees. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl Group Limited.

3. DIRECTORS' AND AUDITORS' REMUNERATION
The directors did not receive any remuneration during the year (period ended 31 December 2000 – £nil).

The auditors' remuneration is paid by ntl Group Limited and disclosed in the accounts of NTL (UK) Group, Inc.

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION
Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2001 £000	*Nine month period ended 31 December 2000 £000*
Depreciation of tangible fixed assets	10,165	2,398
Impairment of tangible fixed assets	11,112	-
Loss on sale of tangible fixed assets	9	-

NOTES TO THE ACCOUNTS
at 31 December 2001

5. INTEREST PAYABLE

	Year ended 31 December 2001 £000	*Nine month period ended 31 December 2000 £000*
Interest on loans from fellow group undertakings	2,790	2,547

6. TAXATION

There is no corporation tax charge for the financial year (period ended 31 December 2000 – £nil). There is no unprovided deferred tax liability. There is a deferred tax asset in respect unutilised losses that has not been recognised on the grounds of prudence.

7. TANGIBLE FIXED ASSETS

	Land and buildings £000	*Network, cable, plant and equipment £000*	*Non-network plant and equipment £000*	*Total £000*
Cost:				
At 1 January 2001	2,642	80,945	160	83,747
Additions	-	4,013	-	4,013
Disposals	-	(13)	-	(13)
At 31 December 2001	2,642	84,945	160	87,747
Depreciation:				
At 1 January 2001	2,116	17,845	160	20,121
Charge for the year	25	10,140	-	10,165
Disposals	-	(4)	-	(4)
Impairment charge	-	11,112	-	11,112
At 31 December 2001	2,141	39,093	160	41,394
Net book value:				
At 31 December 2001	501	45,852	-	46,353
At 31 December 2000	526	63,100	-	63,626

Network, cable, plant and equipment includes £1,647,000 (period ended 31 December 2000 – £3,711,000) 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 December 2001 £000	*31 December 2000 £000*
Freehold	437	458
Short leasehold	64	68
	501	526

NOTES TO THE ACCOUNTS
at 31 December 2001

8. CREDITORS: amounts falling due within one year

	31 December 2001 £000	*31 December 2000 £000*
Amounts owed to fellow group undertakings	75,728	64,183

9. SHARE CAPITAL

	31 December 2001 No.	*31 December 2001 £000*	*31 December 2000 No.*	*31 December 2000 £000*
Authorised:				
Ordinary shares of £1 each	50,291,803	50,292	50,291,803	50,292
Allotted, called up and fully paid:				
Ordinary shares of £1 each	50,291,803	50,292	50,291,803	50,292

10. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT ON RESERVES

	Share capital £000	*Profit and loss account £000*	*Total £000*
At 1 April 2000	50,292	(42,146)	8,146
Retained loss for the period	–	(8,703)	(8,703)
At 31 December 2000	50,292	(50,849)	(557)
Retained loss for the year	-	(28,818)	(28,818)
At 31 December 2001	50,292	(79,667)	(29,375)

11. 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 2001 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,885 million (31 December 2000 - £2,277 million). Borrowings under the facility are secured by security over the assets of certain members of the group including those of the company.

12. 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.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING UNDERTAKING

The Company's immediate parent undertaking is ntl CableComms East Lancashire.

The company's results are included in the group accounts of ntl Communications Limited, copies of which may be obtained from ntl, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

Up to 10 January 2003, the ultimate parent undertaking and controlling party was NTL Incorporated, (later renamed NTL Europe, Inc.), a company incorporated in the state of Delaware, United States of America. From 10 January 2003 the company's ultimate parent undertaking and controlling party is NTL Communications Corp (later renamed NTL Incorporated), a company incorporated in the state of Delaware, United States of America. Copies of both sets of group accounts, which include the results of the company, are available from The Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, NY 10022, USA.

14. POST BALANCE SHEET EVENT

The directors are performing an impairment review for the purposes of the company's accounts for the year ended 31 December 2002 in accordance with the requirements of Financial Reporting Standard No. 11 "Impairment of Fixed Assets and Goodwill". At the date of approval of the accounts for the year ended 31 December 2001 this review had not been completed, and so the directors are unable to determine the likelihood or possible magnitude of any losses which may result from this review.