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ntl UK TELEPHONE AND CABLE TV HOLDING COMPANY LIMITED

(FORMERLY ntl TELEPHONE AND CABLE TV HOLDING COMPANY LIMITED),
(FORMERLY CABLE & WIRELESS COMMUNICATIONS (N) UK TELEPHONE AND CABLE TV HOLDING COMPANY LIMITED)

Report and Group Accounts

31 December 2000

ERNST & YOUNG

ntl UK Telephone and Cable TV Holding Company Limited

(formerly ntl Telephone and Cable TV Holding Company Limited), (formerly Cable & Wireless Communications (N) UK Telephone and Cable TV Holding Company Limited)

Registered No. 2511877

DIRECTORS
J B Knapp
J Gregg

SECRETARY
R Mackenzie

DEPUTY COMPANY SECRETARY
G James

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

BANKERS
Barclays Bank
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 the group accounts for the nine month period ended 31 December 2000.

RESULTS AND DIVIDENDS

The group made a loss for the period of £5,053,000 (year ended 31 March 2000 – loss of £10,750,000). The directors do not recommend the payment of a dividend (year ended 31 March 2000 – £nil).

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the group is to act as an investment holding company for part of the interests in cable franchises in the UK of ntl CableComms Group PLC (formerly Cable & Wireless Communications CableComms Group PLC) and ntl CableComms Group Inc (formerly NYNEX CableComms Group Inc).

The group has indirect non-equity interests in licence companies for the following cable franchises at 31 December 2000.

Bolton	Derby	Oldham & Tameside	Surrey
Bromley	Greater Manchester	Solent	Sussex
Bury & Rochdale	East Lancashire	Staffordshire	Wessex
Cheshire	Macclesfield	Stockport	Wirral

On 26 July 1999, Cable and Wireless plc, NTL Incorporated 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 Incorporated 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 Incorporated, 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 Telephone and Cable TV Holding Company Limited.

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

On 8 May 2002, NTL Incorporated, the company's ultimate parent undertaking, and certain of NTL Incorporated's holding company subsidiaries, announced that they each had filed "prearranged" Chapter 11 cases under United States bankruptcy laws. On 24 May 2002, NTL Incorporated and the other debtors in the Chapter 11 cases filed their amended joint reorganisation plan (the "Plan"), amending and superseding the plan filed on 8 May 2002, and an amended disclosure statement. Under the proposed Plan, approximately $10.6 billion of debt will be converted into equity in two reorganised companies – NTL UK and Ireland and NTL Euroco. The Plan has received agreement in principle from a steering committee of NTL's lending banks, and an unofficial committee of NTL's public bondholders (holding over 50% of the face value of NTL's bonds) has agreed to support the Plan.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who served during the period ended 31 December 2000 and thereafter are shown below:

R Beveridge	(resigned 30 May 2000)
S Carter	(appointed 1 December 2000; resigned 20 February 2002)
G Clarke	(resigned 30 May 2000)
P Clesham	(appointed 30 May 2000; resigned 11 July 2000)
B Dew	(appointed 30 May 2000; resigned 1 February 2002)
R Drolet	(resigned 30 May 2000)
J Gregg	(appointed 20 February 2002)
D Kelham	(appointed 30 May 2000; resigned 1 December 2000)
J B Knapp	(appointed 20 February 2002)
R Mackenzie	(appointed 30 May 2000; resigned 20 February 2002)
M Molyneux	(resigned 30 May 2000)
S Ross	(appointed 1 November 2000; resigned 20 February 2002)
L Wood	(appointed 30 May 2000; resigned 1 December 2000)

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.

EMPLOYEES

The company has no employees. Substantially all group employees are employed by a fellow subsidiary, ntl (CWC) Ltd.

PAYMENTS TO SUPPLIERS

The group 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.

AUDITORS

Arthur Anderson resigned as auditors on 31 July 2001 and Ernst & Young LLP were appointed in their place.

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

Gill James

G James
Deputy Company Secretary

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 group and of the profit or loss of the group 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NTL UK TELEPHONE AND CABLE TV HOLDING COMPANY LIMITED (FORMERLY NTL TELEPHONE AND CABLE TV HOLDING COMPANY LIMITED), (FORMERLY CABLE & WIRELESS COMMUNICATIONS (N) UK TELEPHONE AND CABLE TV HOLDING COMPANY LIMITED)

We have audited the group's accounts for the period ended 31 December 2000, which comprise the Group Profit and Loss Account, Statement of Total Recognised Gains and Losses, Group Balance Sheet, Balance Sheet and the related notes 1 to 20. These accounts have been prepared on the basis of the accounting policies set out therein.

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 group 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.

Fundamental uncertainty – going concern

In forming our opinion, we have considered the adequacy of the disclosures made in Notes 1 and 1(a) of the accounts concerning the fundamental uncertainty as to whether or not the group is a going concern. The group is dependent on continuing finance being made available to enable it to meet its liabilities as they fall due. To date, this finance has been provided by bank facilities and borrowings from its ultimate parent undertaking NTL Incorporated and certain of its subsidiaries (collectively "NTL"). As explained in detail in Notes 1 and 1(a), NTL Incorporated has entered into a recapitalisation process, the success of which is dependent upon the continuing agreement of NTL's creditors, as well as adequate liquidity being available to complete the process. As part of this process NTL Incorporated and five of its subsidiary undertakings filed, on 8 May 2002, prearranged cases and a pre-negotiated Plan of Reorganisation, as amended on 24 May 2002, with the United States Bankruptcy Court for the Southern District of New York under Chapter 11 of the United States Bankruptcy Code.

The Chapter 11 bankruptcy filing constituted an event of default under the terms of the bonds issued by each of the entities which made the filing, and as such amounts outstanding on those bonds became immediately due and payable. The Chapter 11 filing also constituted an event of default under the terms of NTL's UK and Swiss credit facilities, allowing the lenders to declare amounts outstanding on those facilities immediately due and payable.

Should the recapitalisation process not be successfully completed, and should financial support no longer be available to the group, the group would not be able to continue as a going concern.

The accounts do not include any adjustments that would result should the recapitalisation process not be successfully completed and should financial support no longer be available to the group. It is not practical to quantify any adjustments that might be required. In view of the significance of this fundamental uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 2000, and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

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ntl UK Telephone and Cable TV Holding Company Limited

(formerly ntl Telephone and Cable TV Holding Company Limited), (formerly Cable & Wireless Communications (N) UK Telephone and Cable TV Holding Company Limited)

GROUP PROFIT AND LOSS ACCOUNT

for the nine month period ended 31 December 2000

	Notes	*Nine month period ended 31 December 2000 £000*	*Year ended 31 March 2000 £000*
TURNOVER			
Other operating income (net)		–	103
Depreciation and amortisation		(1,886)	(3,358)
OPERATING LOSS	4	(1,886)	(3,255)
Net interest payable	5	(3,167)	(7,495)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,053)	(10,750)
Tax on loss on ordinary activities	6	–	–
LOSS FOR THE FINANCIAL PERIOD/YEAR	14	(5,053)	(10,750)

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All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

ntl UK Telephone and Cable TV Holding Company Limited

(formerly ntl Telephone and Cable TV Holding Company Limited), (formerly Cable & Wireless Communications (N) UK Telephone and Cable TV Holding Company Limited)

GROUP BALANCE SHEET
at 31 December 2000

	Notes	*31 December 2000 £000*	*31 March 2000 £000*
FIXED ASSETS			
Tangible assets	7	25,611	27,511
Investments	8	33,023	33,023
		58,634	60,534
CURRENT ASSETS			
Debtors	9	25,219	25,219
CREDITORS: amounts falling due within one year	10	(54,640)	(51,369)
NET CURRENT LIABILITIES		(29,421)	(26,150)
TOTAL ASSETS LESS CURRENT LIABILITIES		29,213	34,384
CREDITORS: amounts falling due after more than one year	11	–	(118)
NET ASSETS		29,213	34,266
CAPITAL AND RESERVES			
Called up equity share capital	13	–	–
Profit and loss account	14	29,139	34,191
EQUITY SHAREHOLDERS' FUNDS		29,139	34,191
MINORITY INTERESTS			
Equity		74	75
		29,213	34,266

J Gregg
Director

ntl UK Telephone and Cable TV Holding Company Limited

(formerly ntl Telephone and Cable TV Holding Company Limited), (formerly Cable & Wireless Communications (N) UK Telephone and Cable TV Holding Company Limited)

BALANCE SHEET
at 31 December 2000

	Notes	*31 December 2000 £000*	*31 March 2000 £000*
FIXED ASSETS			
Tangible assets	7	–	–
Investments	8	33,581	33,581
		33,581	33,581
CURRENT ASSETS			
Debtors	9	25,219	25,219
NET CURRENT ASSETS		25,219	25,219
TOTAL ASSETS		58,800	58,800
CAPITAL AND RESERVES			
Called up equity share capital	13	–	–
Profit and loss account	14	58,800	58,800
EQUITY SHAREHOLDERS' FUNDS		58,800	58,800

J Gregg
Director

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NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Fundamental accounting concept

The accounts have been prepared on the assumption that the group is a going concern. At the date of approving the accounts there exists a fundamental uncertainty regarding the group's ability to continue as a going concern.

The group has historically met is liquidity requirements through borrowings from NTL Incorporated ("the Company") and its subsidiaries (collectively "NTL").

NTL's UK credit facilities are fully drawn. NTL Communications Corp. ("NTL CC"), a wholly-owned subsidiary of NTL Incorporated, did not pay cash interest on certain series of its notes that was due on 1 April 2002, 15 April 2002 and 15 May 2002. NTL Incorporated and NTL (Delaware), Inc ("NTL Delaware"), a wholly-owned subsidiary of NTL Incorporated, also did not pay cash interest and related fees on a series of their notes that were due on 15 April 2002. As of 31 March 2002, the Company had approximately $622.7 million in cash, cash equivalents and marketable securities on hand and, in April 2002, received approximately $306 million net cash proceeds from the sale of its Australian business. The Company may require additional cash in the twelve months from 1 April 2002 to 31 March 2003. The Company expects to obtain a Debtor in Possession ("DIP") Facility to meet the potential cash requirements of the Company and its subsidiaries. The Company believes that cash, cash equivalents and marketable securities on hand at 31 March 2002, the cash received from the sale of NTL Australia and the cash expected to be available from the DIP Facility will be sufficient for its and its subsidiaries cash requirements until 31 March 2003.

Furthermore, both the equity and debt capital markets have recently experienced periods of volatility, particularly for securities issued by telecommunications and technology companies. The ability of telecommunications companies to access those markets as well as their ability to obtain financing provided by bank lenders and equipment suppliers has become more restricted and financing costs have increased. During some recent periods, the capital markets have been largely unavailable to new issues of securities by telecommunications companies. NTL's public equity is no longer trading on the New York Stock Exchange, and its public debt securities are trading at or near all time lows.

These factors mean that the group does not have access to its historic sources of capital. Therefore NTL's ability to provide continuing finance to the group depends on a restructuring of some or all of NTL's debt.

Details of NTL Incorporated's proposed recapitalisation plan have been included in note 1(a). As stated in note 1(a) NTL Incorporated and five of its subsidiary undertakings filed, on 8 May 2002, prearranged cases and a pre-negotiated Plan of Reorganisation, as amended on 24 May 2002, with the United States Bankruptcy Court for the Southern District of New York under Chapter 11 of the United States Bankruptcy Code. The Chapter 11 bankruptcy filing constituted an event of default under the terms of bonds issued by each of the entities which made the filing, and as such amounts outstanding on those bonds became immediately due and payable. The Chapter 11 filing also constituted an event of default under the terms of NTL's UK and Swiss credit facilities, allowing the lenders to declare amounts outstanding on those facilities immediately due and payable.

During the recapitalisation process, the group has maintained normal and regular trade terms with its suppliers and customers. There can be no assurance that the group's suppliers will continue to provide normal trade or credit on acceptable terms, if at all, or those customers will continue to do business or enter into new business with the group.

1. ACCOUNTING POLICIES (continued)

Fundamental accounting concept (continued)

The recapitalisation plan set out in note 1(a) is at an early stage and it may be several months before the outcome can be seen with any certainty. When assessing the foreseeable future the directors have been unable to look to a period of twelve months from the date of approval of the accounts. The directors consider that the material uncertainties referred to above cast substantial doubt upon the group's ability to continue as a going concern for the foreseeable future. Should the recapitalisation process not be successfully completed, and should financial support no longer be available to the group, the group would not be able to continue as a going concern. Nevertheless, because of the actions currently being taken by NTL, the directors of the company consider that it is appropriate to prepare the group's accounts on a going concern basis, which assumes that the group is to continue in operational existence for the foreseeable future.

The accounts do not include any adjustments that would result should the recapitalisation process not be completed and should financial support no longer be available to the group. It is not practical to quantify any adjustments that might be required, but should any adjustments be required they may be significant.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Basis of consolidation

The group accounts comprise the accounts of the parent undertaking and its subsidiary undertakings. The main subsidiary undertakings are shown in note 8. The results of subsidiary undertakings are consolidated from their effective date of acquisition until such time as they cease to be subsidiary undertakings. Subsidiary undertakings held exclusively with a view to subsequent disposal are excluded from the group.

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.

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.

Capitalisation of costs ceases once projects are substantially complete. 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.

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. The net book value of capitalised interest in this group relates to amounts capitalised up to 31 March 1999. For each of the following financial year, capitalised interest will be presented within the balance sheet of ntl Communications Services Limited. During the period to 31 March 1999, the capitalisation rate was the group's weighted average cost of 8%.

1. ACCOUNTING POLICIES (continued)

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 directors review the useful economic lives and estimated residual value of all assets annually. Where expectations are significantly different from previous estimates, the remaining net book values of the assets are depreciated over the remaining useful economic life.

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
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 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.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. Depreciation on the relevant assets and interest are charged to the profit and loss account.

All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

Fixed asset investments

Fixed asset investments are stated at cost less provisions for impairment.

1. ACCOUNTING POLICIES (continued)

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 losses except where necessary to reduce a deferred tax liability to nil.

Provisions
The company accounts for provisions in accordance with Financial Reporting Standard No. 12 'Provisions and Contingencies'. Consequently, provisions are only recognised when the company has a legal or constructive obligation to transfer economic benefits as a result of past events. The amount recognised as a provision is a realistic and prudent estimate of the expenditure required to settle the obligation.

Profit and loss account
The company has taken advantage of the exemption contained in Section 230 of the Companies Act 1985 from presenting its own profit and loss account. The profit for the period of the company amounted to £nil (year ended 31 March 2000 – profit of £nil).

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 for which consolidated accounts are publicly available (see note 20).

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 profit or net liabilities is shown.

1(a). RECAPITALISATION PROCESS

On 31 January 2002, NTL Incorporated announced that it had appointed Credit Suisse First Boston, JP Morgan and Morgan Stanley to advise on strategic and recapitalisation alternatives to strengthen its balance sheet and reduce debt and put an appropriate capital structure in place for its business. Since then, NTL has been evaluating various recapitalisation alternatives to effect a comprehensive consensual reorganisation in a timely manner to minimise negative effects on its business operations.

On 16 April 2002, NTL announced that it had reached an agreement in principle with an unofficial committee of its public bondholders and France Telecom (a significant holder of NTL Incorporated's preferred stock) and had executed a non-binding term sheet on a comprehensive recapitalisation. The members of the committee hold in aggregate over 50% of the face value of NTL and its subsidiaries' public bonds. The recapitalisation, if implemented, would result in a conversion of approximately $10.6 billion of debt into equity.

On 2 May 2002, a steering committee of NTL's bank lenders approved in principle the recapitalisation previously agreed between NTL and its public bondholders, subject to a non-binding term sheet.

1(a). RECAPITALISATION PROCESS (continued)

In order to implement the proposed recapitalisation, on 8 May 2002 NTL Incorporated, NTL Delaware, NTL CC, Communications Cable Funding Corp., Diamond Cable Communications Limited and Diamond Holdings Limited filed prearranged cases and a pre-negotiated Plan of Reorganisation with the United States Bankruptcy Court for the Southern District of New York under Chapter 11 of the United States Bankruptcy Code, because, amongst other things, the bonds issued by all of these companies are governed by New York law. NTL's operating subsidiaries were not included in the Chapter 11 filing. The Chapter 11 bankruptcy filing constituted an event of default under the terms of bonds issued by each of the entities which made the filing, and as such amounts outstanding on those bonds became immediately due and payable. The Chapter 11 filing also constituted an event of default under the terms of NTL's UK and Swiss credit facilities, allowing the lenders to declare amounts outstanding on those facilities immediately due and payable.

To facilitate the recapitalisation, certain members of the unofficial committee of bondholders have committed to provide up to $500 million of new debt financing to NTL's UK and Ireland operations during the Chapter 11 process and post-recapitalisation, subject to Bankruptcy Court approval. The new financing will ensure that NTL's business operations have access to sufficient liquidity to continue ordinary operations.

Under the proposed recapitalisation plan, NTL would be split into two companies, one tentatively called NTL UK and Ireland and holding substantially all of NTL's UK and Ireland assets, and one tentatively called NTL Euroco and holding substantially all of NTL's continental European and other assets.

Notes of Diamond Holdings Limited and NTL (Triangle) LLC would remain outstanding and will be kept current in interest payments. Holders of notes of NTL Incorporated, NTL Delaware (other than France Telecom), NTL CC and Diamond Cable Communications Limited would in the aggregate receive, on account of their ownership of such notes, 100% of the initial common stock of NTL UK and Ireland and approximately 86.5% of the initial common stock of NTL Euroco, as well as certain cash and other property. NTL Delaware bondholders would have the option to reinvest all or a portion of NTL Delaware cash, to be received under the Plan, in additional shares of NTL UK and Ireland common stock, or to receive such cash in the recapitalisation. Existing preferred and common stockholders, including France Telecom, would receive rights (to be priced at a $10.5 billion enterprise value) and warrants (including certain warrants to be received upon exercise of such rights) entitling them to purchase primary common stock of NTL UK and Ireland at the consummation of the proposed plan, in the case of the rights, and for the duration of the eight-year warrants, in the case of the warrants, at prescribed prices. If fully exercised, those rights and warrants would entitle the current preferred stockholders to acquire approximately 23.6% and the current common stockholders to acquire approximately 8.9% of the entity's primary common stock.

The recapitalisation transaction currently contemplates that the UK bank debt will remain unimpaired.

Existing NTL Incorporated preferred stockholders other than France Telecom would also receive approximately 3.2%, and existing common stockholders, other than France Telecom, would receive approximately 10.3% of the primary equity of NTL Euroco. It is contemplated that subject to consummation of the recapitalisation France Telecom would also receive NTL's 27% interest in Noos, pursuant to a pledge of such interest to France Telecom given at the time of its acquisition by NTL.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging/(crediting):

	Nine month period ended 31 December 2000 £000	*Year ended 31 March 2000 £000*
Depreciation of owned tangible fixed assets	1,700	1,101
Depreciation of leased tangible fixed assets	186	2,257
Operating lease payments	–	1,544
Profit on disposal of tangible fixed assets	–	(103)

3. DIRECTORS' AND AUDITORS' REMUNERATION

The directors did not receive any remuneration during the current period (year ended 31 March 2000 – £nil).

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

4. STAFF NUMBERS AND COSTS

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

5. NET INTEREST PAYABLE

	Nine month period ended 31 December 2000 £000	*Year ended 31 March 2000 £000*
Interest payable on group loans	3,167	7,495

6. TAX ON LOSS ON ORDINARY ACTIVITIES

No corporation tax has been charged for the period (year ended 31 March 2000 – £nil). The group has significant tax losses available for offset against future trading profits. There is an unprovided deferred tax liability of £4,254,000.

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 April 2000	10,807	25,224	2,792	38,823
Disposals	–	(18)	(131)	(149)
At 31 December 2000	10,807	25,206	2,661	38,674
Deprecation:				
At 1 April 2000	3,154	5,895	2,263	11,312
Charge for the period	305	1,332	249	1,886
Disposals	–	(6)	(129)	(135)
At 31 December 2000	3,459	7,221	2,383	13,063
Net book value:				
At 31 December 2000	7,348	17,985	278	25,611
At 31 March 2000	7,653	19,329	529	27,511

Included in tangible fixed assets are assets held under finance leases with a net book value of £nil (31 March 2000 – £262,000). Network cable, plant and equipment includes £2,345,000 (31 March 2000 – £2,345,000) in respect of amounts not yet in service and consequently upon which depreciation has not been charged.

The net book value of land and buildings comprised:

	31 December 2000 £000	*31 March 2000 £000*
Freehold	5,849	5,968
Short leasehold	1,499	1,685
	7,348	7,653

Freehold land amounting to £475,000 (31 March 2000 – £475,000) is not depreciated.

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8. INVESTMENTS

Group

	£000
Other investments:	
Cost:	
At 31 December 2000 and 31 March 2000	33,023

Subsidiary undertakings of the company hold non-voting interests in the following undertakings:

		Proportion of nominal value of interest held	
Name of undertaking	*Description of class of shares held*	*Group %*	*Company %*
ntl Bolton Cablevision Holding Company Limited	Preference	100	–
ntl Derby Cablevision Holding Company Limited	Preference	100	–
ntl Manchester Cablevision Holding Company Limited	Preference	100	–
ntl CableComms Bromley	Preference	100	–
ntl CableComms Bury & Rochdale	Preference	100	–
ntl CableComms Cheshire	Preference	100	–
ntl CableComms East Lancashire	Preference	100	–
ntl CableComms Macclesfield	Preference	100	–
ntl CableComms Oldham & Tameside	Preference	100	–
ntl CableComms Solent	Preference	100	–
ntl CableComms Staffordshire	Preference	100	–
ntl CableComms Stockport	Preference	100	–
ntl CableComms Surrey	Preference	100	–
ntl CableComms Sussex	Preference	100	–
ntl CableComms Wessex	Preference	100	–
ntl CableComms Wirral	Preference	100	–

Preference dividends from the above undertakings are accruing at the rate of £11.5 million per annum in total. No preference dividends have been distributed by the above undertakings due to the lack of available distributable profits in those undertakings.

8. **INVESTMENTS** (continued)

Company

	Subsidiary undertakings £000	*Other investments £000*	*Total £000*
Cost:			
At 31 December 2000 and 31 March 2000	33,581	–	33,581

Interests in subsidiary undertakings

Name of undertaking	*Country of registration*	*Description of shares held*	*Proportion of nominal value of interest held Group %*	*Company %*
ntl Microlock Services Limited	England and Wales	Ordinary	100	100
ntl CableComms Limited	England and Wales	Ordinary	100	100
ntl CableComms Manchester Limited	England and Wales	Ordinary	100	100
ntl Solent Telephone & Cable TV Holding Company Limited	England and Wales	Ordinary	100	100
ntl Partcheer Company Limited	England and Wales	Ordinary	100	100
ntl Sideoffer Limited	England and Wales	Ordinary	89	89
ntl Streetunit Projects Limited	England and Wales	Ordinary	100	100
ntl Streetusual Services Limited	England and Wales	Ordinary	100	100
ntl Streetunique Projects Limited	England and Wales	Ordinary	100	100
ntl Streetvision Services Limited	England and Wales	Ordinary	100	100
ntl Streetvital Services Limited	England and Wales	Ordinary	100	100
ntl Streetwarm Services Limited	England and Wales	Ordinary	91.1	91.1
ntl Streetwide Services Limited	England and Wales	Ordinary	100	100
ntl Strikeagent Trading Limited	England and Wales	Ordinary	100	100
ntl Strikeapart Trading Limited	England and Wales	Ordinary	100	100
ntl Strikeamount Trading Limited	England and Wales	Ordinary	100	100

The business of ntl CableComms Limited was to provide management to the UK cable television and telecommunications business of ntl CableComms Group PLC. During the year ended 31 March 2000, its activities were transferred to other undertakings within the ntl (CWC) Group.

The business of the remaining undertakings listed above is to act as intermediate parent undertakings.

9. DEBTORS

Amounts owed by fellow subsidiary undertakings

	Group 31 December 2000 £000	*Group 31 March 2000 £000*	*Company 31 December 2000 £000*	*Company 31 March 2000 £000*
Amounts owed by fellow subsidiary undertakings	25,219	25,219	25,219	25,219

10. CREDITORS: amounts falling due within one year

	Group 31 December 2000 £000	*Group 31 March 2000 £000*	*Company 31 December 2000 £000*	*Company 31 March 2000 £000*
Obligations under finance leases	–	85	–	–
Amounts owed to fellow subsidiary undertakings	54,640	51,189	–	–
Taxation and social security	–	95	–	–
	54,640	51,369	–	–

11. CREDITORS: amounts falling due after more than one year

	Group 31 December 2000 £000	*Group 31 March 2000 £000*	*Company 31 December 2000 £000*	*Company 31 March 2000 £000*
Finance lease creditor	–	118	–	–

12. OBLIGATIONS UNDER FINANCE LEASES

The net finance lease obligations to which the group is committed are:

	31 December 2000 £000	*31 March 2000 £000*
In one year or less	–	85
Between two and five years	–	67
Over five years	–	51
	–	203

13. SHARE CAPITAL

	31 December 2000	*31 March 2000*
Authorised:		
2 ordinary shares of US $1 each	$2	$2
1,000 deferred shares of £1 each	£1,000	£1,000
Called up, allotted and fully paid:		
2 ordinary shares of US $1 each	$2	$2
2 deferred shares of £1 each	£2	£2

The holders of the deferred shares shall only be entitled to participate in the assets of the company after the holders of every other class of shares in the capital of the company shall have received on a return of assets on liquidation or otherwise the sum of £1,000 million in respect of each share held by them. The company shall have the power and authority at any time to purchase all or any of the deferred shares for an aggregate consideration of £1 which shall be applied for the benefit of the group.

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Group Profit and loss account £000	*Company Profit and loss account £000*
At 1 April 1999	44,942	58,800
Loss for the year	(10,750)	–
At 31 March 2000	34,192	58,800
Loss for the period	(5,053)	–
At 31 December 2000	29,139	58,800

Goodwill

The cumulative amount of goodwill arising from acquisitions that has been charged to the profit and loss account reserves is:

	31 December 2000 £000	*31 March 2000 £000*
At beginning and end of the period/year	659	659

15. CAPITAL COMMITMENTS

At 31 December 2000 and 31 March 2000, there was no capital expenditure contracted for and not accrued for in the accounts.

16. OPERATING LEASE COMMITMENTS

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

Group

	Land and buildings 31 December 2000 £000	*Other 31 December 2000 £000*	*Land and buildings 31 March 2000 £000*	*Other 31 March 2000 £000*
Expiring:				
Within one year	–	–	77	–
Between two and five years inclusive	–	–	209	–
Over five years	–	–	590	–
	–	–	876	–

The company had no operating lease commitments.

17. POST BALANCE SHEET EVENTS

In 2001 the directors of the company's ultimate parent undertaking NTL Incorporated performed a review to assess whether there was any impairment in the value of NTL's intangible assets, tangible fixed assets and investments. This review was performed because of significantly lower valuations of other companies in similar industries, the fact that the book value of NTL's net assets significantly exceeded its market capitalisation, and because it was expected that forecasts for future growth would not be achieved because of the substantial funding constraints outlined in notes 1 and 1(a). The review was performed in accordance with generally accepted accounting principles in the US. As a result of this review, NTL Incorporated recorded a loss on impairment of $9.5 billion in its consolidated financial statements included in its Form 10-K filed with the Securities and Exchange Commission for the year ended 31 December 2001.

The directors will perform an impairment review for the purposes of the group's accounts for the year ended 31 December 2001 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 2000 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.

18. CONTINGENT LIABILITIES

The group, along with fellow subsidiary undertakings, is party to a senior secured credit facility with a syndicate of banks. The group is a guarantor of borrowings under this facility of certain other group companies. At 31 December 2000 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,277 million. Borrowings under the facility are secured by security over the assets of certain members of the group including those of the group.

At 31 December 2000 and 31 March 2000, the group had provided guarantees for property lease commitments totalling £37.6 million, of which £34.3 million were provided by the company.

19. 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 other ntl group companies.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING UNDERTAKING

The largest group in which the results of the group are consolidated is that of which NTL Incorporated is the parent undertaking. The group accounts of NTL Incorporated may be obtained from the Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, New York, NY 10022, USA.

Since 30 May 2000, the directors regard NTL Incorporated, a company incorporated in the state of Delaware, United States of America in USA, as the ultimate parent and controlling undertaking. Prior to that date the directors regarded Cable and Wireless plc as the ultimate parent undertaking and controlling undertaking.