Registered number
2591237

NTL GROUP LIMITED

Report and Accounts

31 December 2005

NTL GROUP LIMITED
Registered number
2591237

Directors
R M Mackenzie
R C Gale

Joint Company Secretaries
R M Mackenzie
G E James

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

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ntl House
Bartley Wood Business Park
Hook
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NTL GROUP LIMITED
Directors' Report

The directors present their report and accounts for the year ended 31 December 2005.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £28,796,000 (2004 - £568,139,000). The profit for the year ended 31 December 2004 has been reduced from that previously reported by £12,761,000, following the adoption of FRS 20 "Share-based payment" (see note 23) and increased by £12,000 following the adoption of FRS 17 "Retirement benefits" (see note 22). The directors are unable to recommend the payment of a dividend until the company has distributable reserves (2004 - £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is that of an investment holding company being the holding company for the majority of trading companies in the NTL group. The company acts as agent and principal employer of the NTL group, managing the majority of the working capital, finance and operating leases, commitments and any construction in progress. A list of its principal investments is shown in note 13.

The company also provides cable television, telephony, internet and other telecommunication services and runs certain of the telecommunication systems over which they are provided. Consumer revenue fell by 13% and business activities reduced by 11% comparing 2005 with 2004, partly through reduced customer activity in the geographic areas covered by the company and partly through group reorganisation in December 2004. Following the disposal of the Broadcast operations, wholesale services were transferred to ntl National Networks Limited, a new indirect subsidiary responsible for the group's backbone assets.

On 1 December 2004, the company entered into an agreement to sell its indirect subsidiary National Transcommunication Limited, comprising the Broadcast operations, to a consortium led by Macquarie Communications Infrastructure Group (MCG) for cash consideration of £1.26 billion. The sale completed on 31 January 2005.

In February and April 2005, aggregate contributions of £55 million were made to the group's pension plan funds, in connection with the disposal of the Broadcast operations.

On 9 May 2005, the NTL group sold its operations in the Republic of Ireland, comprising all of the ordinary shares of ntl Communications (Ireland) Limited and ntl Irish Networks Limited and certain additional assets, to MS Irish Cable Holdings B.V., an affiliate of Morgan Stanley & Co. International Limited. The aggregate consideration was €333.4 million (£225.5 million).

EVENTS SINCE THE BALANCE SHEET DATE

On 3 March 2006, NTL Incorporated and Telewest Global, Inc. announced that they had completed the merger of the two businesses, creating the UK's second largest communications company. Immediately upon the merger, NTL Incorporated was renamed NTL Holdings Inc. and Telewest Global, Inc. was renamed NTL Incorporated.

NTL Incorporated, ntl Cable PLC, ntl Investment Holdings Limited and certain of its subsidiaries and Telewest Communications Networks Limited and certain of its subsidiaries executed a Senior Facilities Agreement with a consortium of financial institutions on 3 March 2006. The new senior secured credit facility replaces the old facility and has an aggregate principal amount of £5.3 billion, comprising of £3.6 billion 5 year term loan facilities, £651 million 6.5 year term loan facilities, a $650 million 6.5 year term loan facility, a £300 million 7 year term credit facility and a £100 million 5 year multi-currency revolving credit facility. On 27 September 2006, the group made a prepayment of £120 million of the new senior credit facility.

EVENTS SINCE THE BALANCE SHEET DATE (continued)
On 19 June 2006, in connection with the integration of NTL and Telewest, the group engaged in a post acquisition restructuring of Telewest UK Limited and its subsidiaries in order to integrate their operations with NTL's existing UK operations and to implement permanent financing. The completion of this restructuring resulted in Telewest UK Limited and its subsidiaries becoming a direct wholly-owned subsidiary of ntl Investment Holdings Limited. The program of integration includes the announced plan to reduce the number of employees in the enlarged group by approximately 6,000, some of whom were employed by the company.

On 4 July 2006, NTL Incorporated acquired Virgin Mobile (UK) Holdings PLC ("Virgin Mobile"), the U.K.'s leading mobile virtual network operator with approximately 4.3 million customers and the U.K.'s fifth largest provider of mobile communication services.

The group has also entered into a long-term exclusive trademark licence agreement with Virgin Enterprises Limited pursuant to which the group intends to re-brand its combined consumer business with the Virgin brand.

The group believes that the acquisition of Virgin Mobile will enhance NTL as a scale competitor in the U.K. telecommunications industry, enabling it to become the first market participant offering an integrated "quadruple-play" product suite, which bundles mobile telephony with its existing triple-play bundle, and assist it in improving customer service by leveraging best practices from Virgin Mobile. The re-branding of the group's consumer business with the Virgin brand will bring Virgin's brand into approximately 5.0 million U.K. homes and, the group believes, will enhance consumer appeal for our range of communications services.

FINANCIAL RISK MANAGEMENT
The company's financial instruments, other than trade debtors and trade creditors, mainly comprise receivable and payable inter-company debt. The main purpose of these financial instruments is to raise finance for the company's operations. The group intends to manage its financial risk, secure cost-effective funding for the group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of its financial assets and liabilities, on reported profitability and on its cash flows.

External debt is passed down the chain on matching terms to fellow group undertakings which have a funding requirement. In addition, working capital is managed centrally within the NTL group creating further inter-company balances through normal operations.

The company is subject to financial risks where interest rates are not fixed or where the debt is denominated in foreign currency. The group's policy is to manage its interest cost using a mix of fixed and variable rate debts, and to hedge all or part of the exposure to interest rate risk, however the group's policy is not to hedge against inter-company debt denominated in foreign currencies.

The company has no significant concentrations of credit risk outside the group since the nature of the company's business is such that it has a significant number of customers and regular, low value transactions which are often settled by automated bank payments. The company has implemented policies that require appropriate credit checks on potential customers before services commence.

CHARITABLE DONATIONS
During the year various charitable donations totalling £1,986 (2004 - £6,165) were made.

ENVIRONMENTAL POLICIES
The company continues to place active emphasis on its environmental responsibilities, and its commitment to the environment is an integral part of its corporate programme. A priority for the year was to continue to inform and educate those who work for the company, with regards to the company's concerns for the environment.

NTL GROUP LIMITED
Directors' Report

EMPLOYMENT POLICIES AND DISABLED EMPLOYEES
The company remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs.

The company aims to ensure that no job applicant is discriminated against, either directly or indirectly, on the grounds of sex, race, colour, nationality, ethnic or racial origins, disability, marital status and domestic responsibilities, sexual orientation, age, religious or political affiliation. This applies to all aspects of employment, including recruitment and training.

The company gives full consideration to applications from associates with disabilities where they can adequately fulfil the requirements of the job. Depending on their skills and abilities, associates with a disability have the same opportunities for promotion, career development and training as other employees. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide alternative training to achieve this aim.

EMPLOYEE INVOLVEMENT
The company is dedicated to increasing the practical involvement of individuals in the running of their businesses. It seeks to achieve this in two ways.

First, all employees are encouraged to understand the aims of the overall group and their own division and to contribute to improving business performance through their knowledge, experience, ideas and suggestions. This requires strong communication to ensure that employees are briefed as widely as possible about activities and developments across the group. The online news channel, open forums, newsletters and team meetings play important roles in this, as does the development of people management skills.

Second, the company reviewed and updated its employee consultation process during the first half of 2005. As a result, the company has put a plan in place to ensure that all employees are involved and consulted with through local involvement and consultation forums. This built on the existing employee consultation forum structure that had been working well in many parts of the business for some time.

The company fosters a team spirit among employees and their greater involvement within the company by offering participation in bonus schemes and in divisional recognition and reward schemes.

DIRECTORS AND THEIR INTERESTS
The directors who served during the year and thereafter were as follows:

R M Mackenzie
R C Gale

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, 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.

NTL Incorporated has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

CREDITOR PAYMENT POLICY AND PRACTICE

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2005, the company had an average of 46 days purchases outstanding in trade creditors (2004 – 32 days).

AUDITORS

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

R. Mackenzie

R M Mackenzie
Company Secretary and Director
30 October 2006

NTL GROUP LIMITED
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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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 MEMBER OF NTL GROUP LIMITED

We have audited the company's accounts for the year ended 31 December 2005, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 28. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit 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

30 October 2006

NTL GROUP LIMITED
Profit and Loss Account
for the year ended 31 December 2005

	Notes	2005 £'000	Restated 2004 £'000
Turnover	2	466,889	536,762
Cost of sales		(136,923)	(169,894)
Gross profit		329,966	366,868
Administrative expenses		(231,359)	(283,959)
Other operating income	3	-	557,977
Operating profit	4	98,607	640,886
Exceptional items:			
Expenses incurred in connection with the disposal of:			
Broadcast operations		(7,562)	-
Ireland operations		(4,400)	-
Reorganisation costs	5	(12,310)	(22,192)
		(24,272)	(22,192)
		74,335	618,694
Interest receivable	8	295,186	244,517
Finance income - pension scheme	22	2,030	-
Finance cost - pension scheme	22	-	(111)
Interest payable	9	(342,755)	(294,961)
Profit on ordinary activities before taxation		28,796	568,139
Taxation	10	-	-
Profit for the financial year	20	28,796	568,139

All operations are continuing.

NTL GROUP LIMITED
Statement of Total Recognised Gains and Losses
for the year ended 31 December 2005

	Notes	2005 £'000	Restated 2004 £'000
Profit for the financial year		28,796	568,139
Pension scheme - change in actuarial valuation	22	(17,050)	1,408
Total recognised gains and losses	20	11,746	569,547

NTL GROUP LIMITED
Balance Sheet
as at 31 December 2005

	Notes	£'000	2005 £'000	£'000	Restated 2004 £'000
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		1,153,324		1,081,702
Investments	13		1,198,438		1,198,438
			2,351,762		2,280,140
Current assets					
Debtors	14	1,023,914		1,397,274	
Cash at bank and in hand		37,641		100	
		1,061,555		1,397,374	
Creditors: amounts falling due within one year	15	(438,548)		(521,806)	
Net current assets			623,007		875,568
Total assets less current liabilities			2,974,769		3,155,708
Creditors: amounts falling due after more than one year	16		(8,116,423)		(8,289,633)
Provisions for liabilities and charges	18		(40,182)		(24,566)
Pension deficit provision	22		(33,498)		(78,981)
Net liabilities			(5,215,334)		(5,237,472)
Capital and reserves					
Called up share capital	19		726		726
Share premium account	20		12,214,200		12,214,200
Other reserves	20		11		11
Profit and loss account	20		(17,430,271)		(17,452,409)
Equity shareholder's deficit	20		(5,215,334)		(5,237,472)

R C Gale

R C Gale
Director
30 October 2006

NTL GROUP LIMITED
Notes to the Accounts
for the year ended 31 December 2005

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.

Basis of preparation
The accounts are prepared under the historical cost convention, in accordance with applicable United Kingdom accounting standards.

In these accounts the following new standards have been adopted for the first time:

FRS 17 - Retirement benefits (full implementation)
FRS 20 - Share-based payment
FRS 21 - Events after the balance sheet date
FRS 25 - Financial instruments: disclosure and presentation (presentation only)
FRS 28 - Corresponding amounts

The following new standards have either not been adopted early or have no impact on the company's accounts:

FRS 22 - Earnings per share
FRS 23 - The effects of changes in foreign exchange rates
FRS 24 - Financial reporting in hyperinflationary economies
FRS 25 - Financial instruments: disclosure and presentation (disclosure)
FRS 26 - Financial instruments: measurement
FRS 27 - Life assurance
FRSSE - Financial reporting standard for smaller entities

Changes in accounting policies
The accounting policies adopted are consistent with those of the previous financial year except that the company has adopted the following standards for which the principal effects are discussed below.

Financial reporting standard ("FRS") 17 "Retirement benefits"
The full implementation of the standard has required the recognition of the defined benefit pension plan deficit provision on the balance sheet as at 31 December 2004 amounting to £78,981,000 (note 16). A prior year adjustment to reserves as at 1 January 2004 has been recognised amounting to £80,401,000 (note 20). No deferred tax asset has been recognised for the reasons stated in note 22.

Administrative expenses for the year ended 31 December 2004 have been reduced by £123,000. Other pension costs under Staff costs in note 6 have been amended to correspond with note 22. Additional finance costs amounting to £111,000 have been recognised on the face of the Profit & Loss Account, giving rise to a net increase in profit recognised for the financial year of £12,000. In addition, an actuarial gain of £1,408,000 has been recorded in the Statement of Total Recognised Gains and Losses, representing the movement in actuarial valuations for the year ended 31 December 2004.

1 Accounting policies (continued)

Changes in accounting policies (continued)
FRS 20 "Shared-based payment"
Certain employees (including directors) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares in the ultimate parent company NTL Incorporated (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes model.

The company has adopted FRS 20 from 1 January 2004 but only to equity-settled awards granted after 7 November 2002 which were unvested at 1 January 2004. Staff costs under administrative expenses for the year ended 31 December 2004 have accordingly been increased by £12,761,000 and an equal amount credited to retained earnings (note 20).

Group accounts
The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 not to prepare group accounts because it is a wholly owned subsidiary of another company incorporated in Great Britain which prepares group accounts (see note 27).

Merger relief under group reconstruction
In a group reconstruction where Section 132 of the Companies Act 1985 applies, any share premium recorded by the company represents the minimum premium value comprising the difference between the cost of investment of the transferor and the aggregate nominal value of the shares issued.

Intangible fixed assets
Goodwill:
Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value might not be recovered.

Licences:
Costs incurred in securing the licences to run cable television services have been capitalised, and are written off to the profit and loss account from the date services commence to the date the relevant franchise expires. Costs are also reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value might not be recovered.

Customer lists:
Costs incurred in securing customer lists have been capitalised and are written off to the profit and loss account over their useful economic lives up to a maximum of five years. Costs are also reviewed for impairment on the same basis as goodwill.

1 Accounting policies (continued)

Depreciation

Network assets:

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less estimated residual value, of each asset over estimated useful lives as follows:

Freehold buildings	-	50 years
Leasehold buildings	-	length of lease
Cable and ducting	-	40 years
Network	-	15 years
Head end equipment	-	15 years
Subscriber equipment	-	4-15 years
Computer equipment	-	3-5 years

Construction in progress:

Construction in progress comprising materials, consumables and direct labour relating to network construction has been included in fixed assets and is stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials and consumables	-	purchase cost
Work in progress	-	cost of direct materials and labour

Other:

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less estimated residual value, of each asset over estimated useful lives, as follows:

Freehold buildings	-	50 years
Leasehold land and buildings	-	length of lease
Furniture and fixtures	-	10 years
Plant and office equipment	-	3-10 years
Motor vehicles	-	4 years
Computer equipment	-	3-5 years
Satellite equipment	-	4 years

Capitalised overheads

Overheads, including staff costs, relating to the design, construction and development of the network, capital projects, and related services have been capitalised. Depreciation of capitalised overheads is provided on a straight-line basis over 15 years or life of the relevant assets.

Investments

Investments are recorded at cost, less any provision for impairment.

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

(a) provision is made for deferred tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;

(b) provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and

(c) deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate the forward contract rate. The resulting exchange differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all of the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

1 Accounting policies (continued)

Employee benefits

When an employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period. Cash based long-term incentives are accrued at fair value, recognising the movement in the accrual in the accounts where the conditions and the plan extend beyond a year.

Pensions

The company contributes to the ntl-sponsored group personal pension plans for eligible employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of each of the plans.

As the company operates two defined benefit pension plans the disclosure requirements have been made in accordance with Financial Reporting Standard 17 "Retirement Benefits" (FRS 17). This is further explained in note 22. The plans are funded by the payment of contributions to separately administered trust funds and are closed to new entrants. Contributions to these funds are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company.

The regular cost of providing benefits under the defined benefit plans is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the plan membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using the current actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

A credit for the expected return on the plan's assets and a charge for the increase during the period in the present value of the plan's liability, because the benefits are one year closer to settlement, are included in the finance revenue/cost in the profit and loss account. Differences arising between the actual and expected returns on the plan's assets together with changes in the actuarial assumptions are included in the statement of total recognised gains and losses.

1 Accounting policies (continued)

Share-based payment

The company is an indirect, wholly-owned subsidiary of NTL Incorporated (NTL). Accordingly, the company has no share-based compensation plans of its own, although certain of the company's employees participate in the stock-based compensation plans of NTL, the costs of which have been allocated to the company. Details of NTL's stock-based compensation plans are described in NTL's Annual Report and summarised in note 23.

Certain employees (including directors) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) in NTL.

The cost of the equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes model. These transaction costs are recognised, together with a corresponding increase in equity over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, in the opinion of the directors of NTL at that date and based on the best available estimates.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In accordance with the NTL Group Bonus Schemes, participants are eligible to receive a bonus payment equal to a percentage of their base salary as determined by their level of employment based upon the attainment of performance targets. Bonus payments are made in two instalments. For certain of the participants, half of the bonus is payable in cash and the other half may, at the group's discretion, be paid in shares of NTL.

Cash flow statement

The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate parent undertaking (see note 27).

2 Turnover

Turnover, substantially all of which arises in the United Kingdom, represents the value of services provided, stated net of Value Added Tax, and is attributable to cable television, telephony, internet and other telecommunication services and running certain of the telecommunication systems over which they are provided. The directors consider this to be a single class of business.

3 Other operating income

	2005	2004
	£'000	£'000
Release of impairment provision against amounts due from group undertakings	-	557,977

As a result of the settlement of a previously impaired balance owed by a subsidiary undertaking, the related impairment provision was released, giving rise to a credit to the profit and loss account for the year ended 31 December 2004 amounting to £557,977,000.

4 Operating profit

		2005	Restated 2004
This is stated after charging/(crediting):		£'000	£'000
Depreciation of fixed assets		115,768	104,631
Depreciation of assets held under finance leases and hire purchase contracts		3,071	3,776
(Profit)/loss on sale of fixed assets		(173)	66
Operating lease rentals:	land and buildings	15,376	37,592
	plant and machinery	41,062	49,091
Impairment credit (see note 3)		-	(557,977)
Staff costs (see note 6)		301,812	457,184
Costs allocated to NTL group companies		(454,303)	(347,806)

The auditors' remuneration is disclosed in the accounts of ntl Cable PLC.

Certain expenses are specifically attributable to the company. Where costs are incurred by the company on behalf of other group companies, expenses are allocated to the other group companies on a basis that, in the opinion of the directors, is reasonable.

5 Exceptional items

	2005 £'000	2004 £'000
Reorganisation costs (see note 18)	12,310	22,192
	12,310	22,192

Reorganisation costs represent an allocation of the NTL group's employee redundancy costs, lease termination costs and professional fees arising from the restructuring of the group including the consolidation of NTL's thirteen Customer Call Centres to three.

6 Staff costs

		2005 £'000	Restated 2004 £'000
Wages and salaries		257,170	395,878
Social security costs		27,355	37,881
Other pension (credits)/costs:	defined benefit (note 22)	(1,753)	1,858
	defined contribution	8,648	8,806
Share-based payment		10,392	12,761
		301,812	457,184

Included in wages and salaries is a credit relating to a cash-settled Long Term Incentive Plan (LTIP) amounting to £4,254,000 (2004 - charge of £5,179,000). Pension credits exceeded pension costs for the year due to curtailments in the defined benefit plan following the discontinuance of the Broadcast operations.

Average number of employees during the year:	2005 Number	2004 Number
Broadcast operations (discontinued 31 January 2005)	105	1,273
Consumer	6,133	7,721
Business	1,104	1,267
Networks	812	631
Corporate & IT	1,102	1,083
	9,256	11,975

The company employs most of the employees of the NTL group. Staff costs are allocated to other groups companies as described in note 4.

7 Directors' emoluments

	2005 £'000	2004 £'000
Emoluments	239	953
Company contributions paid to money purchase pension schemes	30	36
Highest paid director:		
Emoluments	121	637
Company contributions paid to money purchase pension schemes	20	5
	141	642

Number of directors in company pension schemes:	2005 Number	2004 Number
Money purchase schemes	2	3

There were no transactions during the year with any of the directors.

No directors exercised share options under schemes operated by the ultimate parent company during the year ended 31 December 2005 (2004 - 3).

8 Interest receivable

	2005 £'000	2004 £'000
Bank interest	6,084	3,488
Interest on loan notes owed by group undertakings	289,102	241,029
	295,186	244,517

9 Interest payable

	2005 £'000	2004 £'000
Interest on loan notes due to group undertakings	331,537	290,485
Finance charges payable under leases and hire purchase contracts	3,332	3,959
Other	7,886	517
	342,755	294,961

10 Taxation

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	2005 £'000	2004 £'000
Current tax charge:		
Current tax on income for the year	-	-
	-	-
Deferred tax :		
Origination and reversal of timing differences	-	-
	-	-
Total tax charge on profit/(loss) on ordinary activities	-	-

(b) Factors affecting current tax charge

The difference between the effective statutory rate and the actual current tax charge is reconciled as follows:

	2005 £'000	Restated 2004 £'000
Profit on ordinary activities before taxation	28,796	568,139
Profit/(loss) on ordinary activities multiplied by the applicable statutory rate 30% (2003 - 30%)	8,639	170,442
Expenses not deductible for tax purposes	5,725	(164,710)
Depreciation in excess of capital allowances	34,043	32,137
Other short term timing differences	4,685	(1,164)
Utilisation of tax losses and other deductions	(53,092)	(36,705)
Group relief without payment	-	-
Total current tax charge	-	-

(c) Factors that may affect future tax charges

Deferred tax assets of £54,351,164 (2004 - £111,266,931) in respect of tax losses, £600,620,535 (2004 - £566,577,473) in respect of depreciation in excess of capital allowances and £18,233,045 (2004 - £13,548,245) in respect of other timing differences have not been recognised as there is insufficient certainty as to the availability of future taxable profits.

11 Intangible fixed assets

	Goodwill £'000	Licences £'000	Customer lists £'000	Total £'000
Cost				
At 1 January and 31 December 2005	2,817,472	9,225	2,500	2,829,197
Amortisation				
At 1 January and 31 December 2005	2,817,472	9,225	2,500	2,829,197
Net book value				
At 1 January and 31 December 2005	-	-	-	-

12 Tangible fixed assets

	Network £'000	Construction in progress £'000	Other £'000	Total £'000
Cost				
At 1 January 2005	2,635,387	9,468	632,508	3,277,363
Additions	33,246	62,835	96,885	192,966
Disposals	(6,984)	-	(636)	(7,620)
At 31 December 2005	2,661,649	72,303	728,757	3,462,709
Depreciation				
At 1 January 2005	1,761,990	-	433,671	2,195,661
Charge for the year	44,332	-	74,507	118,839
Disposals	(4,559)	-	(556)	(5,115)
At 31 December 2005	1,801,763	-	507,622	2,309,385
Net book value				
At 31 December 2005	859,886	72,303	221,135	1,153,324
At 31 December 2004	873,397	9,468	198,837	1,081,702

Included in the net book value of network is £22,040,000 (2004 - £25,111,000) in respect of assets held under finance leases and similar hire purchase contracts. Accumulated depreciation on these assets is £10,619,000 (2004 - £7,548,000) and the charge for the year is £3,071,000 (2004 - £3,776,000).

Included in 'Other' are the following net book values of land and buildings:

	2005 £'000	2004 £'000
Freehold	21,783	22,476
Long leasehold	14,086	13,528
Short leasehold	13,384	12,853
	49,253	48,857

13 Investments

	Total £'000
Cost	
At 1 January and 31 December 2005	11,282,847
Provision for impairment	
At 1 January and 31 December 2005	10,084,409
Net book value:	
At 31 December 2005	1,198,438
At 31 December 2004	1,198,438

On 14 May 2004, as part of a group reorganisation, the company's parent undertaking, ntl Investment Holdings Limited transferred the ordinary shares it held in Diamond Cable Communications Limited and its subsidiaries, in exchange for one ordinary share of the company. The cost of investment in the books of the ultimate parent company and transferor, NTL Incorporated, amounted to £351,765,000.

Details of the principal investments in which the group or the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows. All are registered in England and Wales unless otherwise noted.

In the opinion of the directors the aggregate value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the accounts.

Details of the principal investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows. All are registered in England and Wales unless otherwise noted.

Subsidiary	*Holding*	*Proportion held*	*Principal activities*
Diamond Cable Communications Limited	Ordinary	100%	Holding
ntl (Chichester) Limited	Ordinary	100%	Holding
ntl Internet Services Limited	Ordinary	100%	Holding
ntl Rectangle Limited	Ordinary	100%	Holding
NTL (Triangle) LLC	Ordinary	100% (ii)	Holding
X-Tant Limited	Ordinary	100%	Telecoms

(ii) Registered in USA

13 Investments (continued)

Subsidiary	*Holding*	*Proportion held*	*Principal activities*
ntl (Aylesbury and Chiltern) Limited	Ordinary	100% #	Telecoms
ntl (Broadland) Limited	Ordinary	100% #	Telecoms
ntl (County Durham) Limited	Ordinary	100% #	Telecoms
ntl (Ealing) Limited	Ordinary	100% #	Telecoms
ntl (Fenland) Limited	Ordinary	100% #	Telecoms
ntl (Hampshire) Limited	Ordinary	100% #	Telecoms
ntl (Harrogate) Limited	Ordinary	100% #	Telecoms
ntl (Harrow) Limited	Ordinary	100% #	Telecoms
ntl (Kent) Limited	Ordinary	100% #	Telecoms
ntl (Leeds) Limited	Ordinary	100% #	Telecoms
ntl (Norwich) Limited	Ordinary	100% #	Telecoms
ntl (Peterborough) Limited	Ordinary	100% #	Telecoms
ntl (South East) Limited	Ordinary	100% #	Telecoms
ntl (South Hertfordshire) Limited	Ordinary	100% #	Telecoms
ntl (South London) Limited	Ordinary	33.3% #	Telecoms
ntl (Wearside) Limited	Ordinary	100% #	Telecoms
ntl (West London) Limited	Ordinary	100% #	Telecoms
ntl (York) Limited	Ordinary	100% #	Telecoms
ntl CableComms Limited	Ordinary	100% #	Telecoms
ntl CableComms Bolton	Ordinary	100% #	Telecoms
ntl CableComms Bromley	Ordinary	100% # (i)	Telecoms
ntl CableComms Bury and Rochdale	Ordinary	100% # (i)	Telecoms
ntl CableComms Cheshire	Ordinary	100% # (i)	Telecoms
ntl CableComms Derby	Ordinary	100% # (i)	Telecoms
ntl CableComms Greater Manchester	Ordinary	100% # (i)	Telecoms
ntl CableComms Macclesfield	Ordinary	100% # (i)	Telecoms
ntl CableComms Oldham and Tameside	Ordinary	100% # (i)	Telecoms
ntl CableComms Solent	Ordinary	100% # (i)	Telecoms
ntl CableComms Staffordshire	Ordinary	100% # (i)	Telecoms
ntl CableComms Stockport	Ordinary	100% # (i)	Telecoms
ntl CableComms Surrey	Ordinary	100% # (i)	Telecoms
ntl CableComms Sussex	Ordinary	100% # (i)	Telecoms
ntl CableComms Wessex	Ordinary	100% # (i)	Telecoms
ntl CableComms Wirral	Ordinary	100% # (i)	Telecoms
ntl Wirral Telephone and Cable TV Company	Ordinary	100% # (i)	Telecoms
ntl Communications Services Limited	Ordinary	100% # (i)	Telecoms
ntl Cambridge Limited	Ordinary	100% #	Telecoms
Diamond Holdings Limited	Ordinary	100% #	Telecoms
Jewel Holdings Limited	Ordinary	100% #	Holding
ntl Midlands Limited	Ordinary	100% #	Holding
East Midlands Cable Communications Limited	Ordinary	100% #	Telecoms
East Midlands Cable Group Limited	Ordinary	100% #	Holding
LCL Cable (Holdings) Limited	Ordinary	100% #	Holding
Virgin Net Limited	Ordinary	100% #	Holding
	Ordinary	100% #	Telecoms

(i) Unlimited company

\# held by subsidiary undertaking

13 Investments (continued)

The company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to disclose the aggregate amount of capital and reserves, and the result for the year for each of the subsidiary undertakings on the basis that their results are included in the group financial statements of ntl Cable PLC (see note 27).

The company has taken advantage of section 231(5) of the Companies Act 1985 and disclosed only those investments whose results or financial position principally affected the financial statements of the company.

14 Debtors

	2005 £'000	Restated 2004 £'000
Trade debtors	91,434	134,561
Loan notes owed by parent undertaking	222,221	-
Loan notes owed by subsidiary undertakings (see below)	495,500	1,010,975
Amounts owed by group undertakings	72,859	-
Interest receivable on loan notes	42,634	145,582
Other debtors	41,875	45,668
Prepayments and accrued income	57,391	60,488
	1,023,914	1,397,274

Loan notes owed by parent and subsidiary undertakings amounting to £717,721,000 (2004 - £1,010,975,000) and other debtors are repayable after more than one year.

	2005 £'000	2004 £'000
Loan notes owed by subsidiary undertakings - gross	3,288,119	3,803,594
Impairment provision for loan notes owed by subsidiary undertakings	(2,792,619)	(2,792,619)
Loan notes recognised net of impairment	495,500	1,010,975

15 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Obligations under finance lease and hire purchase contracts (see note 17)	248	252
Trade creditors	165,410	127,085
Payroll taxes and social security costs	444	462
Long-term incentive plan	13,222	-
Accruals and deferred income	259,224	394,007
	438,548	521,806

16 Creditors: amounts falling due after more than one year

	2005 £'000	Restated 2004 £'000
Obligations under finance lease and hire purchase contracts (see note 17)	37,343	37,592
Loan notes due to parent undertaking	4,172,848	2,325,147
Amounts owed to parent undertaking	3,496,693	2,318,263
Loan notes due to group undertakings	250,565	-
Loan notes due to subsidiary undertakings	61,119	3,304,784
Interest payable on loan notes	39,715	212,783
Long-term incentive plan	-	17,476
Other creditors	58,140	73,588
	8,116,423	8,289,633

Loan notes due to parent, group and subsidiary undertakings are repayable on demand, however are not expected to be settled within one year. The rate of interest on the loan notes ranged from nil % to 9.75%.

Amounts falling due:	2005 £'000	Restated 2004 £'000
In one year or less or on demand	248	252
In more than one year but not more than two years	273	248
In more than two years but not more than five years	1,002	908
In more than five years	8,115,148	8,288,477
	8,116,671	8,289,885
Less: amounts falling due within one year	(248)	(252)
Creditors: amounts falling due after more than one year	8,116,423	8,289,633

Details of loans not wholly repayable within five years are as follows:

	2005 £'000	2004 £'000
Loan notes due to parent undertaking	4,172,848	2,325,147
Loan notes due to group undertakings	250,565	-
Loan notes due to subsidiary undertakings	61,119	3,304,784
Amounts owed to parent undertaking	3,496,693	2,318,263
	7,981,225	7,948,194

17 Obligations under finance leases and hire purchase contracts

	2005 £'000	2004 £'000
Amounts payable:		
Within one year	4,064	4,060
Within two to five years	16,256	16,128
Over five years	95,682	98,951
	116,002	119,139
Less: finance charges allocated to future periods	(78,411)	(81,295)
	37,591	37,844
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (see note 15)	248	252
Non-current obligations (see note 16)	37,343	37,592
	37,591	37,844

18 Provisions for liabilities and charges

	2005 £'000	2004 £'000
Reorganisation provision:		
At 1 January	24,566	33,841
Provided in the year (note 5)	12,310	22,192
Utilised in the year	(9,136)	(31,467)
Recharged to group undertakings	12,442	-
At 31 December	40,182	24,566

The provision represents reorganisation costs of restructuring the group, primarily lease termination costs which are expected to be utilised within ten years. The basis of recharge to group undertakings is as stated in note 4.

19 Share capital

	2005 £'000	2004 £'000
Authorised:		
5,378,375 ordinary shares of £0.01 each	54	54
5,243,153 ordinary shares of US$0.20 each	682	682
	736	736
Allotted, called up and fully paid:		
5,179,802 (2003 - 5,179,800) ordinary shares of £0.01 each	52	52
5,179,680 ordinary shares of US$0.20 each	674	674
	726	726

The £0.01 shares and the US$0.20 shares constitute one class of shares and rank pari passu in all respects.

20 Reconciliation of shareholder's funds and movements on reserves

	Share capital £'000	Share premium account £'000	Other reserves £'000	Restated Profit and loss account £'000	Total £'000
At 1 January 2004 as previously reported	726	11,862,435	11	(17,954,316)	(6,091,144)
Change in accounting policy by adopting FRS 17 - Pension deficit recognition (note 22)	-	-	-	(80,401)	(80,401)
At 1 January 2004 as restated	726	11,862,435	11	(18,034,717)	(6,171,545)
Arising on share issues	-	351,765	-	-	351,765
Profit for the year	-	-	-	568,139	568,139
Actuarial gain for the year	-	-	-	1,408	1,408
Share-based payment	-	-	-	12,761	12,761
At 1 January 2005 as restated	726	12,214,200	11	(17,452,409)	(5,237,472)
Profit for the year	-	-	-	28,796	28,796
Actuarial loss for the year	-	-	-	(17,050)	(17,050)
Share-based payment	-	-	-	10,392	10,392
At 31 December 2005	726	12,214,200	11	(17,430,271)	(5,215,334)

21 Capital commitments

	2005 £'000	2004 £'000
Amounts contracted for but not provided in the accounts	60,625	86,133

In the ordinary course of its business, the company contracts on behalf of fellow group undertakings and subsidiaries, therefore the above amounts include commitments entered into on behalf of these companies.

22 Pension commitments

Defined contribution plans

The company contributes to the ntl-sponsored group personal pension plans for eligible employees. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of each of the plans.

Contributions to the defined contribution plans during the year were £8,648,000 (2004 - £8,806,000). The amount of outstanding contributions at 31 December 2005 included within creditors: amounts falling due within one year were £1,061,000 (2004 - £1,312,000).

Defined benefit plans

The group operates two funded defined benefit pension plans and details are given below in accordance with Financial Reporting Standard 17 "Retirement Benefits" (FRS 17).

- **ntl 1999 Pension Plan**

The company operates the ntl 1999 Pension Plan (the Plan), a funded defined benefit pension plan, which provides benefits based on final pensionable pay, with contributions being charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the company. The Plan is closed to new entrants. The assets of the Plan are held separately from the company in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

A full actuarial valuation has been carried out as at 1 January 2003 and updated to 31 December 2005 by a qualified independent actuary. The main assumptions used by the actuary were:

	2005	2004	2003
Rate of increase in salaries	3.25%	3.00%	3.00%
Rate of increase in pensions in payment	3.00%	2.75%	2.75%
Discount rate	4.75%	5.25%	5.50%
Inflation assumption	3.00%	2.75%	2.75%

22 Pension commitments (continued)

The ntl 1999 Pension Plan's assets and the expected return of the main asset classes were as follows:

	Long-term rate of return expected	*Value* 2005 £'000	*Long-term rate of return expected*	*Value* 2004 £'000	*Long-term rate of return expected*	*Value* 2003 £'000
Equities	8.00%	14,670	8.25%	11,191	8.25%	9,850
Government bonds	4.25%	3,465	4.50%	2,185	4.75%	1,755
Corporate bonds	4.75%	103	-	-	5.50%	56
Cash and other	4.50%	85	4.75%	214	3.75%	13
Total market value of assets		18,323		13,590		11,674
Present value of scheme liabilities		(29,201)		(21,012)		(17,217)
Deficit in the plan and net pension liability		(10,878)		(7,422)		(5,543)

No deferred tax asset has been recognised as there is insufficient certainty as to the availability of future taxable profits.

	2005 £'000	2004 £'000	2003 £'000	2,002 £'000
Difference between the expected and actual return on plan assets				
Amount	1,789	136	927	(3,227)
Percentage of plan assets	9.8%	1.0%	7.9%	(35.0%)
Experience gains and losses arising on plan liabilities				
Amount	(95)	-	2,600	-
Percentage of the present value of plan liabilities	(0.3%)	-	15.1%	-
Total amount recognised in the statement of total recognised gains and losses				
Amount	(4,479)	(1,385)	2,348	(5,510)
Percentage of the present value of plan liabilities	(15.3%)	(6.6%)	13.6%	(33.4%)

22 Pension commitments (continued)

- ***NTL Pension Plan***

Up to 30 November 2004 a subsidiary, National Transcommunications Limited, operated a funded pension plan providing defined benefits ("Nat Trans Plan"). From 1 December 2004 the company assumed the obligation as the principal employer of the plan now called the "NTL Pension Plan". The pension plan was closed to new entrants as of 6 April 1998. The assets of the plan are held separately from those of the company, in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method.

A full actuarial valuation has been carried out as at 31 December 2002 and updated to 31 December 2005 by a qualified independent actuary. The main assumptions used by the actuary were:

	At 31 December 2005	At 31 December 2004
Rate of increase in salaries	3.25%	3.00%
Rate of increase in pensions in payment	3.00%	3.00%
Discount rate	4.75%	5.25%
Inflation assumption	3.00%	2.75%

The NTL Pension Plan's assets and the expected return of the main asset classes were as follows:

	Long-term rate of return expected	*Value*	*Long-term rate of return expected*	*Value*
		At 31 December 2005 £'000		**At 31 December 2004 £'000**
Equities	8.00%	107,796	8.25%	104,778
Property	7.50%	5,443	-	-
Government bonds	4.25%	83,920	4.50%	34,542
Corporate bonds	4.75%	34,704	5.25%	23,690
Cash and other	4.50%	17,223	4.75%	1,771
Total market value of assets		249,086		164,781
Present value of plan liabilities		(271,706)		(236,340)
Deficit in the plan and net pension liability		(22,620)		(71,559)

No deferred tax asset has been recognised as there is insufficient certainty as to the availability of future taxable profits.

22 Pension commitments (continued)

• *NTL Pension Plan (continued)*	2005 £'000	One month to 31 December 2004 £'000
Difference between the expected and actual return on plan assets		
Amount	20,247	2,882
Percentage of scheme assets	8.1%	1.7%
Experience gains and losses arising on plan liabilities		
Amount	(7,864)	-
Percentage of the present value of plan liabilities	(2.9%)	-
Total actuarial loss recognised in the statement of total recognised gains and losses		
Amount	(12,571)	2,793
Percentage of the present value of plan liabilities	(4.6%)	1.2%

Analysis of the amount that has been charged/(credited) to operating profit under FRS 17:

2005	**ntl 1999 £'000**	**NTL £'000**	**Total £'000**
Current service cost	677	1,090	1,767
(Gain)/loss on settlements and curtailments	288	(3,808)	(3,520)
Total operating charge/(credit) (note 6)	965	(2,718)	(1,753)

2004	**ntl 1999 £'000**	**NTL £'000**	**Total £'000**
Current service cost	1,324	351	1,675
Loss on settlements and curtailments	-	183	183
Total operating charge (note 6)	1,324	534	1,858

Analysis of the amount that has been charged/credited to other finance cost/income under FRS 17:

2005	**ntl 1999 £'000**	**NTL £'000**	**Total £'000**
Interest on pension plan liabilities	(1,137)	(12,093)	(13,230)
Expected return on pension plan assets	1,136	14,124	15,260
Other finance income	(1)	2,031	2,030

2004	**ntl 1999 £'000**	**NTL £'000**	**Total £'000**
Interest on pension plan liabilities	(986)	(1,007)	(1,993)
Expected return on pension plan assets	932	950	1,882
Other finance (cost)	(54)	(57)	(111)

22 Pension commitments (continued)

Analysis of the actuarial (loss)/gain that has been recognised in the statement of total recognised gains and losses:

2005	**ntl 1999**	**NTL**	**Total**
	£'000	**£'000**	**£'000**
Actual return less expected return on pension plan assets	1,789	20,247	22,036
Experience losses arising on pension plan liabilities	(95)	(7,864)	(7,959)
Changes in assumptions underlying the present value of the plan liabilities	(6,173)	(24,954)	(31,127)
	(4,479)	(12,571)	(17,050)

2004	**ntl 1999**	**NTL**	**Total**
	£'000	**£'000**	**£'000**
Actual return less expected return on pension plan assets	136	2,882	3,018
Experience losses arising on pension plan liabilities	-	(89)	(89)
Changes in assumptions underlying the present value of the plan liabilities	(1,521)	-	(1,521)
	(1,385)	2,793	1,408

Movement in Plan deficits during the year:

2005	**ntl 1999**	**NTL**	**Total**
	£'000	**£'000**	**£'000**
Deficit at start of year	(7,422)	(71,559)	(78,981)
Movement			
Current service cost	(677)	(1,090)	(1,767)
Curtailment gain/(loss)	(288)	3,808	3,520
Contributions	1,989	56,761	58,750
Other finance income/(cost)	(1)	2,031	2,030
Actuarial (loss)	(4,479)	(12,571)	(17,050)
Deficit at end of year (note 16)	(10,878)	(22,620)	(33,498)

2004	**ntl 1999**	**NTL**	**Total**
	£'000	**£'000**	**£'000**
Deficit at start of year	(5,543)	(74,858)	(80,401)
Movement			
Current service cost	(1,324)	(351)	(1,675)
Curtailment (loss)	-	(183)	(183)
Contributions	884	1,097	1,981
Other finance (cost)	(54)	(57)	(111)
Actuarial gain/(loss)	(1,385)	2,793	1,408
Deficit at end of year (note 16)	(7,422)	(71,559)	(78,981)

23 Share-based payments

The company is an indirect, wholly-owned subsidiary of NTL Incorporated (NTL). Accordingly, the company has no share-based compensation plans of its own although certain of the company's employees participate in the stock-based compensation plans of NTL, as summarised below.

Share option plans

The NTL Stock Option Plans are intended to provide incentives to certain employees of the group and its subsidiaries to foster and promote the long-term growth and performance of the group and to better align such employees' interests with those of the group. Under the NTL Stock Option Plans options to purchase up to 8.6 million shares of the Common Stock of the company's ultimate parent undertaking NTL Incorporated may be granted from time to time to certain employees of the group.

All options have a 10 year term and vest and become fully exercisable over a period of 3 to 5 years of continued employment. For the NTL Stock Option Plans, the group accounts for these plans under the fair value recognition provisions of Financial Reporting Standard 20 "Share-based Payment" (FRS 20).

The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Year ended 31 December	**2005**	**2004**
Risk-free interest rate	4.03%	3.97%
Expected dividend yield	0%	0%
Expected volatility	0.745	0.837
Expected lives	3.578	3.438

A summary of the activity and related information of the NTL Stock Option Plans, pertaining to the employees of the company, for the years ended 31 December is as follows:

	2005		**2004**	
	Options	***Weighted Average Exercise Price***	***Options***	***Weighted Average Exercise Price***
Outstanding - beginning of year	2,579,477	$23.72	2,363,467	$12.88
Granted	890,870	64.32	819,500	46.96
Exercised	(587,333)	14.03	(424,290)	13.21
Expired	-	-	(5,200)	12.00
Forfeited	(302,569)	17.04	(174,000)	12.00
Outstanding - end of year	2,580,445	$40.72	2,579,477	$23.72
Exercisable at end of the year	565,543	$26.73	246,610	$21.61

The weighted average share price at the date of exercise for the options exercised in 2005 was $65.05 (2004 - $60.91).

23 Share-based payments (continued)

Exercise prices for options outstanding, pertaining to the employees of the company, as of 31 December 2005 are as follows:

Range of exercise prices	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number of shares currently exercisable	Weighted average exercise price
$0.01	200,000	$0.01	8.3	99,999	$0.01
$9.00 to $15.00	918,410	13.10	7.3	296,944	14.26
$40.00 to $50.00	65,000	48.52	8.6	13,000	48.52
$50.01 to $60.00	118,100	59.16	8.4	34,200	59.08
$60.01 to $70.00	1,078,935	63.58	9.2	41,400	60.40
$70.01 to $80.00	200,000	71.60	8.0	80,000	71.60

Following the merger of NTL with Telewest, effective 3 March 2006, the outstanding options to purchase shares of NTL Holdings Inc. (see note 27) Common Stock were exchanged for options to purchase shares of NTL Incorporated new Common Stock with the same terms and conditions.

NTL group bonus schemes

Participants in the NTL Group Bonus Schemes are eligible to receive a bonus payment equal to a percentage of their base salary as determined by their level of employment based upon the attainment of performance targets. Bonus payments are made in two instalments. Half of the bonus owing to certain participants is payable in cash and the other half may, at the group's discretion, be paid in shares of the Common Stock of the company's ultimate parent undertaking NTL Incorporated.

As the performance targets under the 2005 Bonus Scheme were not met, no payments were made and no shares were awarded during the year to any employees under such plan.

Restricted Stock Grants

The company has granted a total of 161,916 shares of restricted stock to certain employees at a weighted average fair value per share of $53.81. The shares vest over periods up to five years.

24 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings		Other	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Operating leases which expire:				
within one year	645	454	3,328	4,050
within two to five years	1,287	1,204	9,882	10,051
in over five years	21,296	24,614	5,964	4,741
	23,228	26,272	19,174	18,842

25 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 made by certain other group companies under this facility. At 31 December 2005 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £1,713 million (2004 - £2,417 million). Borrowings under the facility are secured on the assets of certain members of the NTL Group including those of the company.

26 Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as the company is a subsidiary undertaking which is at least 90% controlled by the ultimate parent undertaking.

27 Parent undertaking and controlling party

The company's immediate parent undertaking is ntl Investment Holdings Limited

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

The company's ultimate parent undertaking and controlling party at 31 December 2005 was NTL Incorporated, a company incorporated in the state of Delaware, United States of America. On 3 March 2006 NTL Incorporated executed an agreement of merger with Telewest Global, Inc. (incorporated in Delaware, USA), which resulted in NTL Incorporated being merged into a subsidiary of Telewest Global, Inc. In accordance with the terms of the merger agreement, immediately following the merger Telewest Global, Inc. was renamed NTL Incorporated and the former NTL Incorporated was renamed NTL Holdings Inc. The company's ultimate parent undertaking and controlling party therefore remains NTL Incorporated.

Copies of all sets of group accounts, which include the results of the company, are available from The Secretary, NTL Incorporated ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

28 Post balance sheet events

On 3 March 2006, NTL Incorporated and Telewest Global, Inc. announced that they had completed the merger of the two businesses, creating the UK's second largest communications company. Immediately upon the merger, NTL Incorporated was renamed NTL Holdings Inc. and Telewest Global, Inc. was renamed NTL Incorporated.

NTL Incorporated, ntl Cable PLC, ntl Investment Holdings Limited and certain of its subsidiaries and Telewest Communications Networks Limited and certain of its subsidiaries executed a Senior Facilities Agreement with a consortium of financial institutions on 3 March 2006. The new senior secured credit facility replaces the old facility and has an aggregate principal amount of £5.3 billion, comprising of £3.6 billion 5 year term loan facilities, £651 million 6.5 year term loan facilities, a $650 million 6.5 year term loan facility, a £300 million 7 year term credit facility and a £100 million 5 year multi-currency revolving credit facility. On 27 September 2006, the group made a prepayment of £120 million of the new senior credit facility.

On 19 June 2006, in connection with the integration of NTL and Telewest, the group engaged in a post acquisition restructuring of Telewest UK Limited and its subsidiaries in order to integrate their operations with NTL's existing UK operations and to implement permanent financing. The completion of this restructuring resulted in Telewest UK Limited and its subsidiaries becoming a direct wholly-owned subsidiary of ntl Investment Holdings Limited. The program of integration includes the announced plan to reduce the number of employees in the enlarged group by approximately 6,000, some of whom were employed by the company.

On 4 July 2006, NTL Incorporated acquired Virgin Mobile (UK) Holdings PLC ("Virgin Mobile"), the U.K.'s leading mobile virtual network operator with approximately 4.3 million customers and the U.K.'s fifth largest provider of mobile communication services.

The group has also entered into a long-term exclusive trademark licence agreement with Virgin Enterprises Limited pursuant to which the group intends to re-brand its combined consumer business with the Virgin brand.

The group believes that the acquisition of Virgin Mobile will enhance NTL as a scale competitor in the U.K. telecommunications industry, enabling it to become the first market participant offering an integrated "quadruple-play" product suite, which bundles mobile telephony with its existing triple-play bundle, and assist it in improving customer service by leveraging best practices from Virgin Mobile. The re-branding of the group's consumer business with the Virgin brand will bring Virgin's brand into approximately 5.0 million U.K. homes and, the group believes, will enhance consumer appeal for our range of communications services.