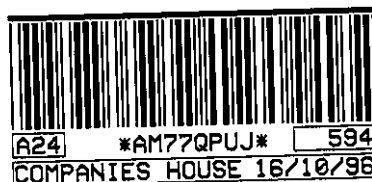


2591237

NTL Group Limited

Report and Accounts

31 December 1995



NTL Group Limited

Registered No. 2591237

DIRECTORS

D S Chambers
Dr J R Forrest
R A F Heath
Ms F C Jacob
R A McKellar
J A Okas
Sir Alfred Shepperd
A J Sukawaty
A S Walsh

SECRETARY

M H Stokes

AUDITORS

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

BANKERS

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

REGISTERED OFFICE

Crawley Court
Winchester
Hampshire SO21 2QA

CHAIRMAN'S STATEMENT

In our fifth year of trading, the business continued to develop rapidly and maintain its strong underlying financial performance. The disposal of the Advanced Products Division to News International was a major milestone during the year and will enable the management of NTL to focus on developing the many growth opportunities available to its service businesses.

Group turnover advanced by 16% to £134.6 million. Operating profit increased by 15% to £22.0 million reflecting the increased level of business activity. Group profit before tax increased from £16.0 million to £107.1 million after crediting the disposal of the Advanced Products Division which amounted to £86.5 million. The successful completion of this transaction enabled the company to pay a special dividend to all shareholders to repay them for their initial investment in 1991 and their continued support and commitment which has enabled the company to grow successfully during the past five years. The dividend amounted to £17.32587 per share for holders of A, B and C shares.

Retained profit for the year was £9.1 million representing an increase of £2.4 million on 1994. This strengthened the group balance sheet and shareholders' funds increased from £31.6 million to £40.2 million during the year.

Our price regulated business - providing television transmission to Channel 3, Channel 4 and S4C - remains of central importance to our business and we maintained our income in this sector. The vast majority of the increase in turnover resulted from expansion of our non price-regulated business where revenues expanded by 30% to £79.8 million which represented 59% of total group turnover. It was particularly gratifying that we achieved export sales of £20.8 million during the year, an increase of £11.1 million over the previous year, which was accounted for by the expansion of our products division.

The group continues to enjoy substantial unutilised bank facilities. At the year end the group had unutilised facilities amounting to £34 million.

The disposal of the Advanced Products Division will allow that business to go forward to achieve its full potential and will offer a secure future for its employees under new ownership. We wish them continued success.

The disposal of the products division also leaves the way clear to concentrate on our mainstream broadcasting and telecommunications service businesses where our staff have continued to deliver increasing levels of service to all customers and to maintain and win business profitably in highly competitive markets. I would like to thank them for their hard work and continued support.



A S Walsh

Chairman

5 March 1996

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1995.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £99,666,000. A special dividend of £17.32587 per share was paid to the holders of all the 'A', 'B' and 'C' ordinary shares in November 1995. The directors recommend that a final dividend of £4,398,000 should be paid to the holders of the 'A' ordinary shares, in accordance with their entitlement under the articles of association, and that the balance of £9,057,000 be transferred to reserves.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

NTL Group Limited is the parent undertaking of National Transcommunications Limited (NTL), DTELS Limited, NTL Limited, NTL Trustees Limited, NTL Insurance Limited and NTL Networks Limited. NTL Limited, NTL Trustees Limited and NTL Networks Limited did not trade during the year.

NTL provides television and radio distribution and transmission services together with a range of other products and services to organisations in the broadcasting and telecommunications industries. In October 1995, NTL announced the sale of its Advanced Products Division to Digi-Media Vision Limited, part of the News International group. As a consequence of that sale, NTL Advanced Products Limited, which had been formed in April 1995, but had not traded, was renamed NTL Networks Limited.

DTELS Limited, which was acquired in March 1994, now trades under the style of 'NTL Radio Communications'. NTL Radio Communications has continued to grow its radio and telecommunications installation, maintenance and consultancy business in the UK.

In November 1995, the company formed NTL Insurance Limited for the purpose of providing more cost-effective cover in respect of the principal risks assumed by the companies in the group. NTL Insurance Limited commenced providing insurance cover from 1 January 1996.

Turnover has not been analysed by class of business as in the directors' opinion such information, if disclosed, would not be in the interests of the group.

FUTURE DEVELOPMENTS

NTL will undertake the construction of the new Channel Five national television network during 1996, in readiness for its scheduled launch in January 1997. It will be carrying out test transmissions during 1996 for the UK's first digital terrestrial television network, which is expected to enter service in 1997/98. The first London-wide test transmissions for digital audio broadcasting are scheduled to start from NTL's Croydon transmitter site in March 1996. Following the Government's announcement that the BBC's transmission services are to be privatised, the company will be seeking more detailed information before deciding on the form that any bid might take.

In February 1996, NTL was awarded a Public Telecommunications Operator's licence by the Department of Trade & Industry. This followed the award of a national 10 GHz wireless local-access licence and will enable NTL to expand the range of telecommunications services that it can offer to its customers. The new licences will also allow NTL to expand the markets that it addresses with its digital service offerings.

The charges that NTL makes for the provision of certain of its terrestrial television services are regulated by OFTEL under the 1984 Telecommunications Act. In January 1996, OFTEL published a consultative document on the price controls that should apply to these services from January 1997. OFTEL is expected to publish the results of this review by April 1996.

DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The company has concentrated its research and development resources on the development of digital television and audio broadcasting services in the UK. NTL is actively involved in the establishment of the European DVB standard and its spectrum planning group has been developing a frequency plan for the introduction of the first UK digital television services. As a result of the sale of the Advanced Products division to Digi-Media Vision, NTL's R&D focus has moved away from product development and towards the continued development of its digital network service platforms.

The amount of research and development expenditure charged to the profit and loss account during the year was £5,938,000.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

I Armitage	- non-executive
D S Chambers	
Dr J R Forrest	- deputy chairman
R A F Heath	- non-executive
Ms F C Jacob	- non-executive
R A McKellar	
J A Okas	
Sir Alfred Shepperd	- non-executive
A J Sukawaty	- chief executive
A S Walsh	- chairman

Mr Armitage resigned as a director on 21 February 1995. Ms Jacob was appointed as a director on 21 February 1995.

CHARITABLE DONATIONS

The total amount donated for charitable purposes during the year was £3,415.

EMPLOYMENT POLICIES

The company has a policy of equality of employment opportunity irrespective of sex, race, creed or colour. It is also committed to giving full and fair consideration to applications for employment from disabled people having regard to their particular aptitudes and abilities and, where possible, to the retention of those staff who become disabled whilst employed by the company.

Staff and NTL's recognised trade union are regularly briefed on the company's performance in relation to the business plans, together with other important organisational and commercial issues.

PROPERTIES

The directors are of the opinion that the aggregate market value of properties owned by the company and its subsidiary undertakings is not less than their book value.

SHARE CAPITAL

Details of the company's share capital are given in note 24 to the accounts.

DIRECTORS' REPORT

SHARE OPTIONS

Share options totalling 64,450 were granted in respect of the 'C' ordinary shares of the company during the year. The normal dates within which these options may be exercised are as follows:

<u>Granted</u>	<u>Number</u>	<u>Normal exercise dates</u>
January 1995	62,126	January 1998 - January 2005
October 1995	2,324	October 1998 - October 2002

Options over 39,802 'C' ordinary shares have lapsed during 1995.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, insurance for the directors and officers of the company was provided through participation in a Directors' and Officers' Liability Insurance policy purchased and maintained by the company within the terms of Section 310(3) of the Companies Act 1985.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board.



M H Stokes
Secretary
5 March 1996

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; 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.

REPORT OF THE AUDITORS
to the members of NTL Group Limited

We have audited the accounts on pages 8 to 27, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 12 to 14.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

5 March 1996

NTL Group Limited

CONSOLIDATED GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1995

	<i>Notes</i>	<i>Continuing 1995 £000</i>	<i>Discontinued 1995 £000</i>	<i>Total 1995 £000</i>	<i>Total 1994 £000</i>
TURNOVER	2	109,359	25,206	134,565	115,696
Cost of sales	3	76,330	21,016	97,346	79,924
Gross profit		33,029	4,190	37,219	35,772
Administrative expenses	3	14,265	895	15,160	10,569
Restructuring costs		-	-	-	5,853
Loss in associated undertaking	4	40		40	226
OPERATING PROFIT	5	18,724	3,295	22,019	19,124
Non operating exceptional item - sale of discontinued operation	7			86,471	-
PROFIT BEFORE INTEREST				108,490	19,124
Interest receivable	8			703	418
Interest payable	9			(2,077)	(3,541)
				(1,374)	(3,123)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				107,116	16,001
Tax on profit on ordinary activities	10			7,450	5,990
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				99,666	10,011
Interim dividend paid				86,211	-
Final dividend proposed	11			4,398	3,282
RETAINED PROFIT FOR THE YEAR	13			9,057	6,729

A statement on the movement in reserves is given in note 13.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £99,666,000 in the year ended 31 December 1995 and of £10,011,000 in the year ended 31 December 1994.

NTL Group Limited

CONSOLIDATED GROUP BALANCE SHEET
at 31 December 1995

	Notes	£000	1995 £000	1994 £000
FIXED ASSETS				
Tangible assets	14		66,327	67,489
Investments	16		-	7
			<u>66,327</u>	<u>67,496</u>
CURRENT ASSETS				
Stocks	17		4,413	8,014
Debtors: amounts falling due: after one year	18	8,786		7,337
within one year		<u>26,792</u>		<u>18,218</u>
			35,578	25,555
Cash at bank and in hand	19		13,744	3,066
			<u>53,735</u>	<u>36,635</u>
CREDITORS: amounts falling due within one year	20		55,556	34,790
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,821)</u>	<u>1,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>64,506</u>	<u>69,341</u>
CREDITORS: amounts falling due after more than one year	21		14,000	25,000
PROVISION FOR LIABILITIES AND CHARGES	22		5,224	4,218
ACCRUALS AND DEFERRED INCOME	23		5,072	8,511
			<u>24,296</u>	<u>37,729</u>
			<u>40,210</u>	<u>31,612</u>
CAPITAL AND RESERVES				
Called up share capital	24		50	50
Share premium account	13		2,483	2,483
Capital reserve account	13		1,433	1,433
Capital redemption reserve	13		11	11
Goodwill write-off reserve	13		4,500	4,959
Profit and loss account	13		31,733	22,676
			<u>40,210</u>	<u>31,612</u>

A S Walsh - Chairman

R A McKellar - Director

5 March 1996


NTL Group Limited

COMPANY BALANCE SHEET
at 31 December 1995

	Notes	1995 £000	1994 £000
FIXED ASSETS			
Investment in subsidiary undertakings	16	58,489	58,089
CURRENT ASSETS			
Debtors: amounts falling due within one year	18	8,715	7,333
CREDITORS: amounts falling due within one year	20	14,804	10,665
NET CURRENT LIABILITIES		(6,089)	(3,332)
TOTAL ASSETS LESS CURRENT LIABILITIES		52,400	54,757
CREDITORS: amounts falling due after more than one year	21	48,298	52,096
ACCRUALS AND DEFERRED INCOME	23	422	92
		48,720	52,188
		3,680	2,569
CAPITAL AND RESERVES			
Called up share capital	24	50	50
Share premium account	13	2,483	2,483
Capital redemption reserve	13	11	11
Profit and loss account	13	1,136	25
		3,680	2,569



A S Walsh - Chairman



R A McKellar - Director

5 March 1996

NTL Group Limited

GROUP STATEMENT OF CASH FLOWS
for the year ended 31 December 1995

	Notes	1995 £000	1994 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	5(b)	35,243	30,315
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		715	406
Interest paid		(1,996)	(3,858)
Dividends paid		(89,493)	-
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(90,774)	(3,452)
TAXATION			
Taxation paid		(6,287)	(4,542)
TAX PAID		(6,287)	(4,542)
INVESTING ACTIVITIES			
Purchase of DTELS Ltd		-	(6,827)
Disposal of Advanced Products Division	7	91,775	-
Payments to acquire tangible fixed assets		(11,287)	(15,962)
Receipts from sales of tangible fixed assets		483	1,186
Purchase of redeemable preference shares in Prospectre Ltd		-	(200)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		80,971	(21,803)
NET CASH INFLOW BEFORE FINANCING		19,153	518
FINANCING			
Issue of ordinary share capital	25	-	(6)
Re-purchase of ordinary shares	25	-	329
Unsecured loan stock repaid/(received)	25	4,000	(4,000)
Term loan repaid	25	7,000	7,000
Grants received	25	(70)	(59)
NET CASH OUTFLOW FROM FINANCING		10,930	3,264
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	26	8,223	(2,746)
		19,153	518

NOTES TO THE ACCOUNTS
at 31 December 1995

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention. The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of NTL Group Limited and all its subsidiary undertakings drawn up to 31 December 1995. No profit and loss account is presented for NTL Group Limited as permitted by section 230 of the Companies Act 1985.

Undertakings, other than subsidiary undertakings, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 December 1995.

The consolidated accounts also include the accounts for NTL Limited, NTL Trustees Limited and NTL Networks Limited, which have not traded since their incorporation.

Goodwill

Purchased goodwill is set-off directly against reserves.

Turnover

Turnover includes the value of goods and services supplied to third party customers and is exclusive of VAT. Turnover related to facilities leasing and other contracts which span financial years are included to the extent that the proportion of the contract period falls into the current financial year.

Finance and operating leases

Assets acquired under finance leases are capitalised and subsequently dealt with under the same accounting policies as other tangible fixed assets, excluding the interest portion of costs which is expensed.

Costs arising under operating leases are charged evenly over the term of the lease.

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases.

Amounts receivable under finance leases represent the unpaid capital element of the original cost of equipment.

The interest element of income from such leasing contracts is credited to the profit and loss account on a straight line basis over the term of the lease.

NOTES TO THE ACCOUNTS
at 31 December 1995

1. ACCOUNTING POLICIES (continued)

Fixed assets

Tangible fixed assets represent the cost of capital works and equipment purchased from third parties. Where a contribution is received towards the cost of an asset, the recorded cost is reduced by the contribution. Where the contribution is in excess of the cost, the excess contribution is included as turnover.

Assets are capitalised in the month following the month in which the asset goes into service. The cost of company staff effort and their related costs associated with capital projects are not capitalised, but are written off as incurred.

Depreciation

The depreciation of tangible fixed assets is calculated on a straight line basis by reference to the cost, expected useful lives, and the possible effect of technological change.

Depreciation is charged on a monthly basis with effect from the month of capitalisation.

The principal rates of depreciation are as follows:

Freehold land	-	Nil
Freehold buildings	-	2% per annum
Leasehold land and buildings	-	Over the lesser of the term of the lease or 50 years
Plant and equipment	-	5% to 25% per annum
Test equipment	-	20% per annum
Computer equipment	-	33% per annum
Furniture and fixtures	-	10% to 33% per annum
Satellite equipment	-	25% per annum
Vehicles	-	25% per annum

The fixed assets of the group acquired as part of the purchase of National Transcommunications Limited and of DTELS Limited are being depreciated over the remaining useful lives of the assets concerned.

Stocks

Stocks held by the group are maintenance spares and manufacturing stocks. Stocks are valued at average cost less provisions for obsolescence, slow moving and surplus items. Stock items are charged to profit and loss as they are consumed. Manufacturing stocks are valued at the lower of cost or net realisable value.

Research and development

The cost of research and development expenditure is written off as incurred. Equipment used in the research and development area is capitalised and a depreciation charge is made to research and development expenditure under the depreciation policy.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Currency translation

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange ruling at the balance sheet date, all differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS
at 31 December 1995

1. ACCOUNTING POLICIES (continued)

Pensions

National Transcommunications Limited, the principal subsidiary of NTL Group Limited, operates a pension plan (The Plan) of the defined benefit type which was established on 1 January 1991. DTELS Limited, another subsidiary of NTL Group Limited, is a participating employer in the Plan. The assets of the Plan are held separately from those of the company and are invested in specialised portfolios under the management of Clerical Medical Investment Group.

The regular pension cost is assessed using the attained age method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lifetimes of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss accounts are treated as either provisions or prepayments in the balance sheet.

Government grants

Grants of a revenue nature are credited to income in the period to which they relate.

Warranties

An appropriate provision is made for potential customer claims relating to current year sales of video compression products.

2. TURNOVER

Turnover includes the value of charges made for transmission services, distribution services, products, facilities leasing, interest on rental of equipment under finance leases, research and development contracts, other contracts, rents from properties, excess above cost in respect of capital works contributions from third parties and site charges made to the BBC under the site sharing agreement.

Turnover is analysed by geographical area as follows:

	1995 £000	1994 £000
<i>Geographical area</i>		
United Kingdom	113,762	105,969
Europe	6,553	5,062
Scandinavia	248	1,108
North America	2,494	621
Africa, Asia and Australasia	11,426	2,936
Middle East	82	-
	<u>134,565</u>	<u>115,696</u>

Turnover has not been analysed by class of business as in the directors' opinion such information, if disclosed, would not be in the interests of the group.

The turnover and operating loss for the discontinued operation for 1994 was £13,398,000 and £(612,000) respectively.

NOTES TO THE ACCOUNTS
at 31 December 1995

3. COST OF SALES AND ADMINISTRATIVE EXPENSES

Included in cost of sales is an amount of £2,275,000 (1994 - £49,000) and in administrative expenses a credit of £(93,000) (1994 - £275,000) in respect of reorganisation costs as follows:

	1995 £000	1994 £000
Provision made for reorganisation costs	2,255	275
Provision made for rent and rates costs of vacated premises	(46)	49
Relocation costs of premises and plant and equipment	(27)	-
	<u>2,182</u>	<u>324</u>

4. LOSS IN ASSOCIATED UNDERTAKING

The loss in associated undertaking is in respect of 50% share in the operating losses of Prospectre Limited for the year ended 31 December 1995.

5. OPERATING PROFIT

(a) This is stated after charging/(crediting):

	1995 £000	1994 £000
Staff costs	37,074	31,363
Auditors' remuneration - as auditors	62	57
Auditors' remuneration - for other services	50	47
Depreciation of owned fixed assets	9,995	9,473
Operating lease rentals - land and buildings	2,672	2,330
Operating lease rentals - plant and machinery	3,044	3,369
Independent Local Radio (ILR) contract provision	-	(164)
Grants receivable	(35)	(83)
Directors' emoluments	5,074	986

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	1995 £000	1994 £000
Operating profit	22,019	19,124
Depreciation	9,995	9,473
Profit on disposal of tangible fixed assets	(429)	(271)
ILR contract provision released	-	(164)
Grants received	(35)	(83)
Increase in stocks	(4,402)	(2,805)
Increase in debtors	(2,477)	(10,079)
Increase in creditors	8,091	11,882
Decrease in finance lease debtor	2,481	3,238
Net cash inflow from ordinary operating activities	<u>35,243</u>	<u>30,315</u>

NOTES TO THE ACCOUNTS
at 31 December 1995

5. OPERATING PROFIT (continued)

(c) Staff costs

	1995 £000	1994 £000
Wages and salaries	30,514	25,779
Social security costs	2,640	2,249
Pension costs	3,920	3,335
	<u>37,074</u>	<u>31,363</u>

The average number of employees of the group during the year was as follows:

	1995 No.	1994 No.
Regional operations	681	693
Engineering services	199	180
Administrative	111	97
Business development	59	49
Advanced products	132	86
Nexus	8	3
	<u>1,190</u>	<u>1,108</u>

6.(a) DIRECTORS' REMUNERATION

Directors' emoluments, including pension contributions, amounted to £5,074,464 (1994 - £985,771). This includes an amount of £39,282 (1994 - £40,136) paid to third party companies in respect of directors' fees.

The remuneration of the chairman, excluding pension contributions, amounted to £231,171 (1994 - £94,902). The remuneration of the highest paid director, excluding pension contributions, amounted to £4,070,647 (1994 - £109,386). Directors emoluments include £4,004,117 in respect of non-recurring payments made to four directors in recognition for the sale of NTL's Advanced Products business. Remuneration totalling £24,693 was deferred by one director.

The remuneration of those directors employed under executive service agreements includes payments related to the achievement of financial and personal performance objectives which have been determined by the remuneration committee.

NOTES TO THE ACCOUNTS
at 31 December 1995

6.(a) DIRECTORS' REMUNERATION (continued)

The emoluments (including non-recurring payments), excluding pension contributions, of the directors fell within the following ranges:

			1995 No.	1994 No.
Nil	-	£5,000	1	-
£5,001	-	£10,000	1	-
£15,001	-	£20,000	2	2
£20,001	-	£25,000	-	1
£90,001	-	£95,000	-	2
£95,001	-	£100,000	-	2
£100,001	-	£105,000	1	-
£110,001	-	£115,000	1	-
£120,001	-	£125,000	-	1
£215,001	-	£220,000	1	-
£230,001	-	£235,000	2	-
£365,001	-	£370,000	-	1
£4,070,001	-	£4,075,000	1	-

6.(b) DIRECTORS' INTERESTS IN SHARES AND OPTIONS

	'A' ordinary shares		'B' ordinary shares		'C' ordinary shares		Options over 'C' ordinary shares	
	31.12.95	1.1.95	31.12.95	1.1.95	31.12.95	1.1.95	31.12.95	1.1.95
I Armitage	-	1,294	-	-	-	1,294	-	-
D S Chambers	-	-	13,000	13,000	13,000	13,000	-	-
Dr J R Forrest	-	-	14,000	14,000	14,000	14,000	-	-
R A F Heath	-	-	-	-	-	-	-	-
Ms F C Jacob	531	-	-	-	531	-	-	-
R A McKellar	-	-	14,000	14,000	14,000	14,000	5,816	-
J A Okas	-	-	14,000	14,000	14,000	14,000	5,490	-
Sir Alfred Shepperd	-	-	-	-	-	-	-	-
A J Sukawaty	-	-	1,520	1,520	1,520	1,520	167,304	167,304
A S Walsh	-	-	-	-	-	-	6,275	6,275

Mr Armitage resigned as a director on 21 February 1995. Ms Jacob was appointed as a director on 21 February 1995 and held 431 'A' ordinary shares and 431 'C' ordinary shares at that time.

No other director of the company had a notifiable interest in the shares of the company or in any subsidiary undertaking as at 31 December 1995.

7. NON OPERATING EXCEPTIONAL ITEM

On 31 October 1995 the group completed the sale of the Advanced Products Division of National Transcommunications Limited.

The disposal is analysed as follows:

	£000
Cash consideration	92,000
Less fees paid	(225)
Net cash inflow as at 31.12.95	91,775
less:	
consideration adjustment	2,148
fees outstanding	777

Cont/.....

NTL Group Limited

NOTES TO THE ACCOUNTS
at 31 December 1995

7. NON OPERATING EXCEPTIONAL ITEM (continued)	<i>£000</i>	<i>£000</i>
net assets disposed of:		
Fixed assets	2,401	
Stocks	8,003	
Debtors	3,541	
Creditors	(11,566)	
		2,379
Gain on disposal		86,471
8. INTEREST RECEIVABLE	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Interest receivable on short-term deposits	671	410
Interest received net of tax	26	8
Other interest received	6	-
	703	418
9. INTEREST PAYABLE	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Term loan interest	2,018	2,983
Unsecured loan stock interest	36	357
Legal costs in respect of restructured facilities	-	195
Other interest	23	6
	2,077	3,541
10. TAX ON PROFIT ON ORDINARY ACTIVITIES	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Based on profit for the year:		
UK corporation tax at 33.0%	7,594	6,365
UK corporation tax - prior years	(147)	(377)
Overseas tax incurred on royalty income	3	4
Double taxation relief	-	(2)
	7,450	5,990
11. DIVIDENDS	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Interim paid	86,211	-
Final proposed	4,398	3,282
	90,609	3,282

NOTES TO THE ACCOUNTS
at 31 December 1995

12. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The profit dealt with in the accounts of the parent undertaking was £91,720,000 (1994 - £310,000).

13. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	Share capital £000	Share premium £000	Profit and loss account £000	Capital reserve £000	Capital redemption reserve £000	Goodwill write off reserve £000	Total Share- holders' funds £000
As at 31 December 1993	25	2,513	16,440	1,269	-	(5,350)	14,897
Shares issued during the year		6					6
Bonus issue of 'C' ordinary shares	25	(25)					
Shares re-purchased during the year for cancellation		(11)	(329)		11		(329)
Arising on acquisition of DTELS Ltd						10,309	10,309
ILR Contract Provision released			(164)	164			
Profit attributable to members of the group			10,011				10,011
Dividends			(3,282)				(3,282)
As at 31 December 1994	50	2,483	22,676	1,433	11	4,959	31,612
Fair value adjustment DTELS Ltd						(459)	(459)
Profit attributable to members of the group			99,666				99,666
Dividends			(90,609)				(90,609)
As at 31 December 1995	50	2,483	31,733	1,433	11	4,500	40,210

Company	Share capital £000	Share premium £000	Profit and loss account £000	Capital redemption reserve £000	Total Share- holders' funds £000
As at 31 December 1993	25	2,513	44	-	2,582
Shares issued during the year		6			6
Bonus issue of 'C' ordinary shares	25	(25)			
Shares re-purchased during the year for cancellation		(11)	(329)	11	(329)
Profit attributable to members of the company			3,592		3,592
Dividends			(3,282)		(3,282)
As at 31 December 1994	50	2,483	25	11	2,569
Profit attributable to members of the company			91,720		91,720
Dividends			(90,609)		(90,609)
As at 31 December 1995	50	2,483	1,136	11	3,680

NOTES TO THE ACCOUNTS
at 31 December 1995

14. TANGIBLE ASSETS

<i>Group</i>								
	<i>Freehold</i>	<i>Land & Buildings Long lease</i>	<i>Short lease</i>	<i>Plant and equipment</i>	<i>Furniture and fittings</i>	<i>Total assets in use</i>	<i>Assets under con- struction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:								
At 1 January 1995	11,062	195	4,860	71,925	6,367	94,409	5,063	99,472
Additions	-	-	-	-	-	-	11,287	11,287
Assets brought into commission	491	-	233	9,563	1,985	12,272	(12,272)	-
Disposals	(2)	-	(47)	(2,628)	(3,152)	(5,829)	(604)	(6,433)
Reclassification of assets	(103)	-	14	88	1	-	-	-
At 31 December 1995	11,448	195	5,060	78,948	5,201	100,852	3,474	104,326
Depreciation:								
At 1 January 1995	(646)	(3)	(703)	(26,873)	(3,758)	(31,983)	-	(31,983)
Charge to profit and loss	(258)	(4)	(240)	(7,987)	(1,506)	(9,995)	-	(9,995)
Disposals	2	-	9	1,745	2,223	3,979	-	3,979
Reclassification of assets	2	-	-	(1)	(1)	-	-	-
At 31 December 1995	(900)	(7)	(934)	(33,116)	(3,042)	(37,999)	-	(37,999)
Net book value:								
At 31 December 1995	10,548	188	4,126	45,832	2,159	62,853	3,474	66,327
At 1 January 1995	10,416	192	4,157	45,052	2,609	62,426	5,063	67,489

The total provision for the permanent diminution in value of fixed assets at 31 December 1995 was £100,000 (1994 - £175,000) which was expensed during the year.

	<i>1995 £000</i>	<i>1994 £000</i>
Capital expenditure		
Amounts contracted but not provided	8,078	1,769
Amounts authorised but not contracted for	5,002	4,388

15. INVESTMENT IN SUBSIDIARY

Company

During the year certain fair value adjustments were made to the book values of the assets of DTELS Limited to reflect their fair value to NTL Group Limited. These comprised a write down of finance lease debtor to net realisable value. This adjustment of £459,000 was charged in the goodwill write off reserve (note 13).

NTL Group Limited

NOTES TO THE ACCOUNTS at 31 December 1995

16. INVESTMENTS

Company

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration</i>	<i>Holdings</i>	<i>Proportion held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>				
National Transcommunications Limited	England and Wales	Ordinary shares	100%	Transmission services
NTL Limited	England and Wales	Ordinary shares	100%	Non-trading
NTL Trustees Limited	England and Wales	Ordinary shares	100%	Non-trading
DTELS Limited	England and Wales	Ordinary shares	100%	Radio Communications Services
NTL Networks Limited (formerly NTL Advanced Products Limited)	England and Wales	Ordinary shares	100%	Non-trading
NTL Insurances Limited	Guernsey	Ordinary shares	100%	Offshore insurance

Subsidiary undertakings £000

Cost:	
At 1 January 1995	58,089
Additions	400
At 31 December 1995	<u>58,489</u>

In the opinion of the directors the investments in subsidiary undertakings are worth not less than cost.

<i>Name of company</i>	<i>Country of registration</i>	<i>Holdings</i>	<i>Proportion held</i>	<i>Nature of business</i>
<i>Associated undertaking</i>				
Prospectre Limited	Scotland	Ordinary shares	50%*	Satellite uplinking & telephony services
		Preference shares	50%*	

NOTES TO THE ACCOUNTS
at 31 December 1995

16. INVESTMENTS (continued)

The investment in Prospectre Limited has been written down to nil in the year.

* 100% held by a subsidiary undertaking

17. STOCKS

	1995 £000	1994 £000
Spares	4,413	4,517
Manufacturing stocks/finished goods	-	3,497
	<u>4,413</u>	<u>8,014</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. DEBTORS

	1995 £000	Group 1994 £000	1995 £000	Company 1994 £000
Corporation tax recoverable	9,914	-	-	-
Trade debtors	11,902	13,781	-	-
Capital amount receivable under finance leases	5,840	8,780	-	-
Other debtors	1,073	303	215	-
Prepayments and accrued income	2,601	2,672	-	14
Dividend receivable from National Transcommunications Limited	-	-	8,500	7,300
VAT recoverable	97	19	-	19
Advanced corporation tax	4,151	-	-	-
	<u>35,578</u>	<u>25,555</u>	<u>8,715</u>	<u>7,333</u>

Capital amount receivable under finance leases includes an amount of £4,592,000 (1994 - £7,276,000) which is due after more than one year. Original cost of assets acquired for the purpose of letting under finance leases was £10,092,000.

Included in other debtors is an amount of £43,000 (1994 - £61,000) which is due after more than one year. This is in respect of house purchase loans and car purchase loans to employees, under the approved company schemes.

Advanced corporation tax is due after more than one year.

NOTES TO THE ACCOUNTS
at 31 December 1995

19. CASH AT BANK AND IN HAND

	<i>Group</i>		<i>Company</i>	
	<i>1995</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash in escrow account	12,615	-	-	-
Cash at bank	1,097	743	-	-
Cash in hand	32	23	-	-
Cash on short-term deposit	-	2,300	-	-
	<u>13,744</u>	<u>3,066</u>	<u>-</u>	<u>-</u>

£12,500,000 of the cash in escrow will revert to NTL Group Limited control in 1997. £115,000 of the cash in escrow represents interest earned which has been credited to the profit and loss account and reverted to NTL Group Limited control in January 1996.

20. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1995</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Interest due on term loan	332	252	332	252
Bank overdraft	932	1,477	-	17
Revolver loan	3,000	-	3,000	-
Trade creditors	12,185	12,098	38	32
Current corporation tax	-	6,321	-	-
Other taxes and social security	1,938	2,541	9	55
Other creditors	4,218	1,819	27	27
Current instalments due on term loan	7,000	7,000	7,000	7,000
Dividend payable	4,398	3,282	4,398	3,282
Advanced corporation tax	21,553	-	-	-
	<u>55,556</u>	<u>34,790</u>	<u>14,804</u>	<u>10,665</u>

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

	<i>Group</i>		<i>Company</i>	
	<i>1995</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Term loan:				
due between two and five years	7,000	14,000	7,000	14,000
due between one and two years	7,000	7,000	7,000	7,000
	<u>14,000</u>	<u>21,000</u>	<u>14,000</u>	<u>21,000</u>
Loan from subsidiary undertaking	-	-	34,298	27,096
Unsecured loan stock 1997/2000				
due between two and five years	-	4,000	-	4,000
	<u>14,000</u>	<u>25,000</u>	<u>48,298</u>	<u>52,096</u>

NOTES TO THE ACCOUNTS
at 31 December 1995

21. **CREDITORS:** amounts falling due after more than one year (continued)

The term loan is scheduled to be repaid between 1996 and 1998.

The unsecured loan stock 1997/2000 was redeemed on 31 January 1995 at par.

22. **PROVISIONS FOR LIABILITIES AND CHARGES**

	<i>Group</i>		<i>Company</i>	
	<i>1995</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Reorganisation provision	4,924	3,032	-	-
Relocation provision	271	344	-	-
Rent and rates provision	29	220	-	-
Product warranty	-	622	-	-
	<u>5,224</u>	<u>4,218</u>	<u>-</u>	<u>-</u>

The reorganisation provision is in respect of the termination costs of employees which arises from a restructuring of the group.

The relocation provision is in respect of commitments made by the group to employees who have moved location within the group.

The rent and rates provision is in respect of vacated premises.

Deferred taxation amounts not provided are as follows:

	<i>Not provided</i>	
	<i>1995</i>	<i>1994</i>
	<i>£000</i>	<i>£000</i>
<i>Group</i>		
Capital allowances in advance of depreciation	7,572	7,334
Rental equipment	381	258
Other timing differences	(1,841)	(863)
	<u>6,112</u>	<u>6,729</u>
Less: advanced corporation tax recoverable	(4,151)	-
	<u>1,961</u>	<u>6,729</u>

No provision for deferred tax has been made as the current capital expenditure plan for the group for the foreseeable future indicates an excess in aggregate of capital allowances over depreciation.

The amounts above do not include the potential deferred tax liability of £28.5 million arising upon the sale of the Advanced Products Division of National Transcommunications Limited. It is assumed that these gains will be held over into qualifying assets.

NOTES TO THE ACCOUNTS
at 31 December 1995

23. ACCRUALS AND DEFERRED INCOME

	1995 £000	Group 1994 £000	1995 £000	Company 1994 £000
Accruals	2,309	4,819	422	92
Deferred income	2,763	3,692	-	-
	<u>5,072</u>	<u>8,511</u>	<u>422</u>	<u>92</u>

24. SHARE CAPITAL

Group and company

	Authorised £000	Allotted, called up and fully paid £000
2,198,000 'A' ordinary shares of 1p each	22	22
296,375 'B' ordinary shares of 1p each of which 289,925 represents fully paid up issued shares	3	3
2,884,000 'C' ordinary shares of 1p each of which 2,487,925 represents fully paid up issued shares	29	25
12 Redeemable special shares of 1p each	-	-
As at 31 December 1994 and 1995	<u>54</u>	<u>50</u>

'A' ordinary shares

The 'A' ordinary shares have the right to the payment of a dividend equal to one third of the consolidated post tax profits (the 'Participating 'A' Ordinary Dividend'). The 'A' ordinary shares each carry one vote.

'B' and 'C' ordinary shares

The 'B' and 'C' ordinary shares rank pari passu with the 'A' ordinary shares for any dividend declared after payment of the Participating 'A' Ordinary Dividend and also for any distribution on a winding up. The 'B' and 'C' ordinary shares ordinarily carry no voting rights.

Redeemable special shares

The 12 redeemable special shares carry no voting rights, nor any rights to a dividend or to a distribution on a winding up. Redeemable special shares may be redeemed at par, or converted to deferred shares, upon any of the following events:

- (i) the holder ceasing to hold 'A' ordinary shares;
- (ii) the company obtaining a Stock Exchange listing; or
- (iii) the sale of at least 50% of the equity other than to a qualifying institution (as defined in the articles of association).

The articles of association also require that the consent of 75% of the holders of the redeemable special shares shall be obtained in respect of certain transactions or events.

NOTES TO THE ACCOUNTS
at 31 December 1995

24. SHARE CAPITAL (continued)

Analysis of changes in share capital during the year:

	£000
At 1 January 1995	50
At 31 December 1995	<u>50</u>

25. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

Group

	Share capital £000	Share premium £000	Profit and loss account £000	Loans and debentures £000	Grants receivable £000
Balance at 31 December 1993	25	2,513	16,440	35,000	(11)
Cash inflows from financing	-	6	-	4,000	59
Cash outflows from financing	-	-	(329)	(7,000)	-
Non-cash movements	25	(36)	6,565	-	(83)
Balance at 31 December 1994	<u>50</u>	<u>2,483</u>	<u>22,676</u>	<u>32,000</u>	<u>(35)</u>
Cash inflows from financing	-	-	-	-	70
Cash outflows from financing	-	-	-	(11,000)	-
Non-cash movements	-	-	9,057	-	(35)
Balance at 31 December 1995	<u>50</u>	<u>2,483</u>	<u>31,733</u>	<u>21,000</u>	<u>-</u>

26. CASH AND CASH EQUIVALENTS

Analysis of balances as shown in the group balance sheet and changes during the current year and previous year:

Group

	1995 £000	1994 £000
At 1 January	1,589	4,335
Net cash inflow/(outflow)	8,223	(2,746)
Balance at 31 December	<u>9,812</u>	<u>1,589</u>
Represented by:		
Cash in escrow account	12,615	-
Cash at bank	1,097	743
Cash in hand	32	23
Cash on short-term deposit	-	2,300
Overdraft	(932)	(1,477)
Revolver loan	(3,000)	-
	<u>9,812</u>	<u>1,589</u>

NOTES TO THE ACCOUNTS
at 31 December 1995

27. PENSION COMMITMENTS

The Plan is operated by National Transcommunications Limited, a wholly owned subsidiary of NTL Group Limited.

The pension cost is assessed in accordance with the advice of a qualified actuary using the attained age method. The most recent actuarial valuation of the Plan was performed as at 1 January 1994. The principal assumptions employed in this valuation were that investment returns would be 9.5% per annum, that salary increases would be 8.0% per annum and that dividend income would increase at 4.75% per annum.

The pension cost for the year was £3,919,551. This included £59,780 in respect of amortisation of past service liabilities over the future working lifetime of the current membership. The regular costs included an allowance for the possible effect of the favourable early retirement terms offered under the Plan.

At the date of the actuarial valuation of the Plan the market value of the assets was £75.0 million and the actuarial value of the assets was sufficient to cover 99% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

A division of NTL was sold on 31 October 1995. The effects of this sale on the funding position of the pension plan are minor. The pension cost in future years is expected to reduce in line with the reduction in payroll due to the sale.

28. OTHER FINANCIAL COMMITMENTS

At 31 December 1994 the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>		<i>Other</i>	<i>Other</i>
	<i>1995</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
Operating leases which expire:	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Within one year	102	120	-	-
Within two to five years	183	342	-	-
In over five years	1,868	1,658	3,384	2,987
	<u>2,153</u>	<u>2,120</u>	<u>3,384</u>	<u>2,987</u>