

REPORT AND ACCOUNTS

NTL Group Limited

31 DECEMBER 1991

ANNIES HOUSE
28 OCT 1992
81

 **ERNST & YOUNG**

NTL Group Limited

Registered No. 2591237

DIRECTORS

Mr A S Walsh (Chairman)
Dr J R Forrest
Mr R A McKellar
Mr D S Chambers
Mr J A Okas
Mr I Armitage (Non-executive)
Sir A J Shepperd (Non-executive)

SECRETARY

Mr M H Stokes

AUDITORS

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

CLEARING BANKERS

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

REGISTERED OFFICE

Crawley Court
Crawley
Winchester SO21 2QA

The directors submit the annual report and accounts of the company and its subsidiaries for the period ended 31 December 1991.

ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 13 March 1991, and was acquired by Mercury Asset Management plc on behalf of clients on 24 October 1991.

NTL Group Limited is the parent undertaking of National Transcommunications Limited (NTL) which it acquired from HM Government on 24 October 1991, and of NTL Services Limited. NTL provides television and radio distribution and transmission services together with a range of other services to organisations in the broadcasting and telecommunications industries.

Turnover has not been analysed by class of business or by geographical market as in the directors' opinion such information if disclosed would be seriously prejudicial to the interests of the group.

The assets acquired with the purchase of National Transcommunications Limited has been included in the group accounts at book value as the directors of the company considered that no fair value adjustment was necessary as there is no material difference between the book values and fair values to the group.

NTL Services Limited did not trade during the period.

RESULTS AND DIVIDENDS

The retained profit for the period, which incorporates the results of National Transcommunications Limited for the period 24 October 1991 to 31 December 1991, after taxation and exceptional items amounted to £1,010,000. The directors do not recommend that a dividend is paid.

LOANS CAPITAL

On 24 October 1991 the company issued £22,680,000 of 8% unsecured stock 1997/2000 in connection with the acquisition of all of the issued share capital of National Transcommunications Limited.

DIRECTORS

The following directors held office during the period.

Lovington Limited	-	resigned 9 October 1991
Sergeants' Inn Nominees Limited	-	resigned 9 October 1991
Mr I Armitage	-	appointed 9 October 1991
Mr D S Chambers	-	appointed 9 October 1991
Dr J R Forrest	-	appointed 9 October 1991
Mr R A McKellar	-	appointed 9 October 1991
Mr J A Okas	-	appointed 9 October 1991
Mr A S Walsh	-	appointed 9 October 1991

Sir A J Shepperd was appointed a director on 15 January 1992.

DIRECTORS' INTERESTS

As at 31 December 1991 arrangements existed for J R Forrest, D S Chambers, R A McKellar and J A Okas each to subscribe for 28,000 'B' ordinary shares of one penny each of NTL Group Limited at a price of £1 per share. The shares were subsequently allocated to them at that price on 15 January 1992.

No other director of the company had a notifiable interest in the shares of the company or in any subsidiary company at at 31 December 1991.

DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The company has a major commitment to research and development in broadcasting technologies in support of its core business interests. In addition, NTL has undertaken a number of research contracts during the period on behalf of other organisations.

The value of research and development expenditure charged to the profit and loss account during the period was £578,000.

EMPLOYMENT POLICIES

NTL has placed a major emphasis on maintaining good staff communications during a period of understandable uncertainty. This has been achieved in numerous ways including regular briefings, newsletters, staff meetings and a survey of attitudes.

As a result of the acquisition of the company by Mercury Asset Management plc on behalf of clients, arrangements have been made for the staff of NTL to acquire shares in NTL Group Limited and 55% of staff have subsequently taken up their options to subscribe.

The group 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 application for employment from disabled people having regard to their particular aptitudes and abilities and, wherever possible, to the retention of those staff who become disabled whilst employed by the group.

CLOSE COMPANY STATUS

The company is not a close company within the meaning of the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Ernst & Young were appointed as auditors to the company and having expressed their willingness to continue in office, a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board



M H Stokes

Secretary

24 March 1992

REPORT OF THE AUDITORS
to the members of NTL Group Limited

We have audited the accounts on pages 6 to 22 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1991 and of the profit and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

24 March 1992

NTL Group Limited

GROUP PROFIT AND LOSS ACCOUNT

for the period ended 31 December 1991

	<i>Notes</i>	<i>1991 £000</i>
TURNOVER	2	14,759
Cost of sales		10,008
Gross profit		<u>4,751</u>
Administrative expenses		1,806
Other operating income		(60)
		<u>1,746</u>
OPERATING PROFIT	3	3,005
Interest receivable	4	(126)
Interest payable	5	825
		<u>699</u>
Exceptional items	6	600
		<u>1,299</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,706
Taxation on profit on ordinary activities	7	696
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,010
RETAINED PROFIT FOR THE PERIOD	9	1,010

A statement of the movement on reserves is shown in note 9 to the accounts.

NTL Group Limited

GROUP BALANCE SHEET

at 31 December 1991

	Notes	1991 £000
FIXED ASSETS		
Tangible assets	12	60,022
Stocks	13	2,506
		<u>62,528</u>
CURRENT ASSETS		
Debtors	14	4,654
Cash at bank and in hand	15	8,100
		<u>12,754</u>
CREDITORS: amounts falling due within one year	16	15,801
NET CURRENT LIABILITIES		<u>(3,047)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		59,481
CREDITORS: amounts falling due after more than one year	17	58,126
PROVISION FOR LIABILITIES AND CHARGES	18	1,776
ACCRUALS AND DEFERRED INCOME	19	1,743
		<u>(61,645)</u>
		<u>(2,164)</u>
CAPITAL AND RESERVES		
Called up share capital	20	21
Share premium account	9	2,121
Capital reserve account	9	145
Goodwill write off reserve	9	(5,316)
Profit and loss account	9	865
		<u>(2,164)</u>

A E Walsh - Chairman

R A McKellar - Director

24 March 1992

A. S. Walsh

RA McKellar

NTL Group Limited

BALANCE SHEET

at 31 December 1991

	Notes	1991 £000
FIXED ASSETS		
Investment in subsidiary undertaking	10	51,228
		<u>51,228</u>
CURRENT ASSETS		
Debtors	14	7,997
Cash at bank and in hand	15	85
		<u>8,082</u>
CREDITORS: amounts falling due within one year	16	367
NET CURRENT ASSETS		<u>7,715</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		58,943
CREDITORS: amounts falling due after more than one year	17	57,680
		<u>1,263</u>
CAPITAL AND RESERVES		
Called up share capital	20	21
Share premium account	9	2,121
Profit and loss account	9	(879)
		<u>1,263</u>

A S Walsh - Chairman

R A McKellar - Director

24 March 1992

A. S. Walsh

RA McKellar

GROUP STATEMENT OF CASH FLOWS

for the period ended 31 December 1991

	Notes	£000	1991 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		6,188
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		434	
Interest paid		(1,409)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(975)
TAX PAID			-
INVESTING ACTIVITIES			
Purchase of National Transcommunications Limited, net of cash acquired		(33,296)	
VAT paid on acquisition costs		(165)	
Payments to acquire tangible fixed assets		(2,601)	
Payments received in trust		84	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(35,978)
NET CASH OUTFLOW BEFORE FINANCING			(30,765)
FINANCING			
Issue of ordinary share capital	20	(2,142)	
Issue of unsecured loan stock	17	(22,680)	
Term loan	17	(35,000)	
Repayment of debenture	10	22,000	
Interest rate cap fees paid		225	
NET CASH INFLOW FROM FINANCING			(37,597)
INCREASE IN CASH AND CASH EQUIVALENTS	22		6,832
			(30,765)

NOTES TO THE ACCOUNTS

at 31 December 1991

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 1991. No profit and loss account is presented for NTL Group Limited as permitted by Section 230 of the Companies Act 1985.

The group profit and loss account includes the results of National Transcommunications Limited for the period from its acquisition on 24 October 1991.

The consolidated accounts also include the accounts for NTL Services Limited, which has not traded since its incorporation on 28 February 1991.

Goodwill

On the acquisition of a subsidiary undertaking, fair values are attributed to the net tangible assets acquired. Where the fair value of the consideration exceeds the aggregate value of these assets, the difference is treated as goodwill and is written off 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.

Where charges are separately made to customers in respect of electricity, circuits or licence fees where no uplift is applied, these are reported as reductions in operating costs and are not included in turnover.

Finance 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.

Operating leases

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

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.

NOTES TO THE ACCOUNTS

at 31 December 1991

1. ACCOUNTING POLICIES (continued)

Depreciation (continued)

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 10% per annum
Test equipment	20% per annum
Computer equipment	33% per annum
Furniture and fixtures	10% to 33% per annum

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

Stocks

Stocks held by the group are maintenance spares and are considered to be fixed assets. 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.

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 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.

Pensions

There were no employees of the company during the period.

National Transcommunications Limited, the subsidiary undertaking of NTL Group Limited, operates a pension plan (The Plan) of the defined benefit type which was established on 1 January 1991. The assets of the Plan are held separately from those of the company and are invested in both managed funds and 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 lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

NTL Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

2. TURNOVER

Turnover includes the value of charges made for transmission services, distribution services, facilities leasing, 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 EBC under the site sharing agreement.

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

Turnover included in the consolidated profit and loss account represents the value of charges for the period 24 October to 31 December 1991 in respect of National Transcommunications Limited.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	1991 £000
Auditors' remuneration	9
Depreciation of owned fixed assets	2,098
Operating lease rentals – land and buildings	275
Operating lease rentals – plant and machinery	427
Independent Local Radio (ILR) contract provision	(145)
Directors' emoluments	87

These represent costs and credits for the period 24 October 1991 to 31 December 1991 in respect of National Transcommunications Limited.

The remuneration of the chairman was £16,879. The remuneration of the highest paid director was £18,442.

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

	1991 No.
£nil – £5,000	3
£10,001 – £15,000	3
£15,001 – £20,000	2

4. INTEREST RECEIVABLE

	1991 £000
Interest receivable on short-term deposits	126

NOTES TO THE ACCOUNTS

at 31 December 1991

5. INTEREST PAYABLE

	1991 £000
Bank overdraft	5
Term loan repayable 31 March 1993 to 30 September 1998	820
	<u>825</u>

6. EXCEPTIONAL ITEMS

	1991 £000
Provision made for reorganisation costs	<u>600</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1991 £000
Based on profit for the period:	
Corporation tax @ 33.0%	<u>696</u>

The effective rate of 40.8% is higher than the expected rate mainly due to the excess of depreciation over the capital allowances in the current period. However, no provision for deferred tax has been made as the current capital expenditure plan for the group over the next five years indicates an excess in aggregate of capital allowances over depreciation.

8. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The loss for the period, dealt with in the accounts of the parent undertaking, was £879,000.

9. STATEMENT OF THE MOVEMENT ON RESERVES

Group	Share premium account £000	Capital reserve account £000	Goodwill write off reserve £000	Profit and loss account £000
As at 13 March 1991 (date of incorporation)	—	—	—	—
Arising on shares issued during the period	2,121	—	—	—
Arising on acquisition of National Transcommunications Limited	—	—	(5,316)	—
ILR contract provision released	—	145	—	(145)
Retained profit for the period	—	—	—	1,010
As at 31 December 1991	<u>2,121</u>	<u>145</u>	<u>(5,316)</u>	<u>865</u>

The financing agreement entered into by NTL Group Limited contains restrictions on the ability of the company to make distributions whilst the agreement is in force.

NOTES TO THE ACCOUNTS

at 31 December 1991

9. STATEMENT OF THE MOVEMENT ON RESERVES (continued)

<i>Company</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
As at 13 March 1991 (date of incorporation)	-	-
Arising on shares issued during the period	2,121	-
Loss for the period	-	(879)
As at 31 December 1991	<u>2,121</u>	<u>(879)</u>

10. INVESTMENT IN SUBSIDIARY

Company

On 24 October 1991 the company acquired 30,000,100 ordinary shares of £1 each in National Transcommunications Limited (NTL) being 100% of its issued share capital, for a consideration of £48,000,000. This was satisfied by the issue of 2,142,000 'A' ordinary shares of 1p each at £1.00 each, the issue of loan stock £22,680,000, and the provision of a senior debt facility of £35,000,000 underwritten jointly by S. G. Warburg & Company Limited and the Bank of Scotland which more than covered the cost of acquisition.

In addition National Transcommunications Limited repaid its debenture of £22,000,000 to H M Government.

Goodwill arising on the acquisition of National Transcommunications Limited during the period has been written off against other reserves.

Analysis of the acquisition of National Transcommunications Limited:

Net assets at date of acquisitions:	<i>Book value £000</i>
Assets acquired:	
Fixed assets	62,006
Current assets excluding cash	9,739
Cash	17,932
Creditors	(20,331)
Provisions for liabilities and charges	(1,434)
Debenture	(22,000)
Total net assets	<u>45,912</u>
Consideration paid for National Transcommunications Limited	(48,000)
Costs associated with the acquisition	(3,393)
Less VAT recoverable	165
Goodwill arising on acquisition	<u>(5,316)</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

10. INVESTMENT IN SUBSIDIARY (continued)

Company

*Book
value
£000*

Investment in subsidiary:

Consideration paid for National Transcommunications Limited

48,000

Costs associated with the acquisition

3,393

Less VAT recoverable

(165)

51,228

No fair value adjustments were considered necessary by the directors of the company, as there was no material difference between the book value and fair value to the group.

An extract of the profit and loss account for NTL for the year ended 31 December 1991 and of its balance sheet at 31 December 1991 is as follows:

National Transcommunications Limited

1991

Profit and loss account for the year ended 31 December 1991

£000

TURNOVER

76,563

OPERATING PROFIT

12,707

Interest receivable

(1,358)

Interest payable

1,009

Exceptional items

1,580

1,231

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

11,476

Taxation on ordinary activities

4,372

PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

7,104

Extraordinary items after taxation

640

RETAINED PROFIT FOR THE YEAR

6,464

Of the retained profit earned by National Transcommunications Limited in the year ended 31 December 1991, £4,576,000 arose in the period from 1 January 1991 to 24 October 1991, the effective date of acquisition.

NTL Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

10. INVESTMENT IN SUBSIDIARY (continued)

<i>Company</i>	<i>1991</i>
<i>National Transcommunications Limited</i>	<i>£000</i>
<i>Balance sheet as at 31 December 1991</i>	
FIXED ASSETS	62,528
CURRENT ASSETS	12,279
CREDITORS: amounts falling due within one year	15,433
NET CURRENT LIABILITIES	(3,154)
TOTAL ASSETS LESS CURRENT LIABILITIES	59,374
CREDITORS: amounts falling due after more than one year	8,053
PROVISION FOR LIABILITIES AND CHARGES	1,776
ACCRUALS AND DEFERRED INCOME	1,743
	11,572
	47,802
	47,802
SHAREHOLDERS' FUNDS	47,802

11. INVESTMENTS

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 undertaking</i>				
National Transcommunications Limited	England	Ordinary shares	100%	Transmission services
NTL Services Limited	England	Ordinary shares	100%	Non trading

NTL Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

12. TANGIBLE ASSETS

Group

	<i>Land & buildings</i>		<i>Plant</i>	<i>Furniture</i>	<i>Total</i>	<i>Assets</i>	<i>Total</i>
	<i>Freehold</i>	<i>Short</i>	<i>and</i>	<i>and</i>	<i>assets</i>	<i>under</i>	
		<i>lease</i>	<i>equipment</i>	<i>fittings</i>	<i>in use</i>	<i>con-</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>struction</i>	<i>£000</i>
						<i>£000</i>	
Cost							
Assets acquired on purchase							
of subsidiary	8,619	4,476	37,423	4,099	54,617	5,206	59,823
Additions	-	-	-	-	-	2,308	2,308
Assets brought into							
commission	36	42	2,148	82	2,308	(2,308)	-
Disposals	-	-	(67)	(22)	(89)	-	(89)
Cost at 31 December 1991	8,655	4,518	39,504	4,159	56,836	5,206	62,042
Depreciation							
Charge to profit and loss							
account	(29)	(42)	(1,744)	(283)	(2,098)	-	(2,098)
Disposals	-	-	64	14	78	-	78
Depreciation							
at 31 December 1991	(29)	(42)	(1,680)	(269)	(2,020)	-	(2,020)
Net book value							
at 31 December 1991	8,626	4,476	37,824	3,890	54,816	5,206	60,022

The total provision for the permanent diminution in fixed assets at 31 December 1991 was £719,000 which included £91,000 expensed during the period.

1991
£000

Capital expenditure

Amounts contracted at 31 December 1991 but not provided	6,772
Amounts authorised but not contracted for at 31 December 1991	7,122

13. STOCKS

1991
£000

Spares	5,046
Provisions	(2,540)
	2,506

NOTES TO THE ACCOUNTS
at 31 December 1991

14. DEBTORS

	<i>Group</i>	<i>Company</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Trade	2,171	-
Other debtors	173	-
Prepayments and accrued income	2,145	225
Loan to National Transcommunications Limited	-	7,607
VAT recoverable	165	165
	<u>4,654</u>	<u>7,997</u>

Included in other debtors is an amount of £124,000 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.

15. CASH AT BANK AND IN HAND

	<i>Group</i>	<i>Company</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Cash at bank	85	85
Cash in hand	15	-
Cash on short-term deposit	8,000	-
	<u>8,100</u>	<u>85</u>

16. CREDITORS: amounts falling due within one year

	<i>Group</i>	<i>Company</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Interest due on term loan	224	224
Bank overdraft	1,268	-
Trade creditors	7,297	-
Current corporation tax	3,680	-
Other taxes and social security	1,386	-
ILR contract provision	842	-
Other creditors	1,104	143
	<u>15,801</u>	<u>367</u>

NTL Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

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

	<i>Group</i>	<i>Company</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Term loan – repayable 31 March 1993 to 30 September 1988	35,000	35,000
Unsecured loan stock – 8% interest bearing from January 1993	22,680	22,680
	<u>57,680</u>	<u>57,680</u>
ILR contract provision	1,288	–
less due within one year	(842)	–
	<u>446</u>	<u>–</u>
	<u>58,126</u>	<u>57,680</u>

The term loan is secured on the assets of National Transcommunications Limited, a subsidiary undertaking.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i>	<i>Company</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Reorganisation provision	1,423	–
Relocation provision	353	–
	<u>1,776</u>	<u>–</u>

The reorganisation provision is in respect of the reduction in 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.

19. ACCRUALS AND DEFERRED INCOME

	<i>Group</i>	<i>Company</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Accruals	629	–
Deferred income in respect of most sharing fees paid in advance	1,114	–
	<u>1,743</u>	<u>–</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

20. SHARE CAPITAL

<i>Group and company</i>	<i>Authorised £000</i>	<i>Allotted, called up and fully paid £000</i>
2,142,000 'A' ordinary shares of 1p each	21	21
378,000 'B' ordinary shares of 1p each	4	—
12 Redeemable special shares of 1p each	—	—
	<u>21</u>	<u>21</u>

The company was incorporated on 13 March 1991 with an authorised share capital of one hundred ordinary shares of £1 each of which two ordinary shares of £1 each were issued. On 24 October 1991, a special resolution was passed, converting the ordinary shares of £1 each into 10,000 'A' ordinary shares of 1p each and increasing the authorised share capital of the company from £100 to £25,200.12 by the creation of 2,132,000 'A' ordinary shares of 1p each, 378,000 'B' ordinary shares of 1p each and 12 redeemable special shares of 1p each.

The redeemable special shares, which are restricted to managers of collective investment schemes (as defined in Section 75, Financial Services Act 1986), carry no rights to participate in the capital or profits of the company and are redeemable at par; or convertible to deferred shares upon the listing of the company's ordinary shares on the Stock Exchange or following the sale of the company.

During the year 2,142,000 'A' ordinary shares of 1p each were allotted and fully paid as follows:

On 13 March 1992 2 'A' ordinary shares of £1 each were issued at par. On 24 October these shares were converted into 200 'A' ordinary shares of 1p each and were acquired by Mercury Asset Management plc on behalf of clients.

On 24 October 1991, 2,141,800 'A' ordinary shares of 1p each were issued at £1 each to Mercury Asset Management plc on behalf of clients.

On 24 October 1991 the 12 redeemable special shares of 1p each were issued and fully paid at par at Mercury Asset Management plc on behalf of clients.

Analysis of changes in share capital during the period:

	<i>Total £000</i>
At 13 March 1991 (date of incorporation)	—
Shares issued during the period	21
At 31 December 1991	<u>21</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

21. NET CASH FLOW FROM OPERATING ACTIVITIES

<i>Group</i>	<i>1991</i>
	<i>£000</i>
Operating profit	3,005
Depreciation	2,098
Loss on disposal of tangible fixed assets	10
ILR contract provision released	(145)
Increase in stocks	(322)
Decrease in debtors	5,169
Decrease in creditors	(3,627)
Net cash inflow from ordinary operating activities	<u>6,188</u>

22. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

<i>Group</i>	<i>Group</i>
	<i>1991</i>
	<i>£000</i>
At 13 March 1991 (date of incorporation)	—
Net cash flow	6,832
Balance at 31 December 1991	<u>6,832</u>
Represented by:	
Cash at bank	85
Cash in hand	15
Cash on short-term deposit	8,000
Overdraft	(1,268)
	<u>6,832</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

23. 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 initial actuarial valuation of the Plan was performed as at 1 January 1991. The principal assumptions employed in this valuation were that investment returns would be 9.5% per annum, that salary increases would be 8% per annum and that dividend income would increase at 4.5% per annum.

The pension cost for the year was £2,630,304. This included £154,743 in respect of amortisation of past service liabilities over the future working lifetimes of the current membership. The regular costs also included £247,689 as an allowance for the possible effect of the favourable early retirement terms offered under the Plan. This allowance is subject to review at the next actuarial review period in the light of the experience of the Plan over the intervening period.

At the date of the initial actuarial valuations of the Plan the market value of the asset was £33.6 million and the actuarial value of the assets was sufficient to cover 96% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

24. OTHER FINANCIAL COMMITMENTS

At 31 December 1991 the group had annual commitments under non-cancellable operating leases which were as set out below:

	<i>Land and buildings</i>	<i>Other</i>
	<i>1991</i>	<i>1991</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Within one year	75	—
Within two to five years	94	—
In over five years	1,290	2,354
	<u>1,459</u>	<u>2,354</u>