

000690/15

Registered number
FC023131

NTL (TRIANGLE) LLC

Report and Accounts

31 December 2002



NTL (TRIANGLE) LLC

Registered number

FC023131

Director

R M Mackenzie

G N Roberts

Secretary

G E James

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Solicitors

Travers Smith Braithwaite

10 Snow Hill

London

EC1A 2AL

Registered Office

2711 Centerville Road

Suite 400

Wilmington

Delaware 19808

USA

Principal place of business

ntl House

Bartley Wood Business Park

Hook

Hampshire RG27 9UP

NTL (TRIANGLE) LLC

Director's Report

The directors present their report and accounts for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £3,972,000 (2001 – £1,086,660,000). The directors do not recommend the payment of a dividend (2001 – £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is to carry out the business of an investment holding company. The activities of the group, in which the company is a subsidiary undertaking, is to provide cable television and other telecommunication services and run certain of the telecommunication systems over which they are provided.

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

EVENTS SINCE THE BALANCE SHEET DATE

On 13 May 2004, the discount debentures held by the company were repaid.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and thereafter and their interests in the share capital of the company were as follows:

S A Carter	(resigned 20 February 2002)
S Ross	(resigned 20 February 2002)
R M Mackenzie	
G N Roberts	(appointed 24 March 2004)

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption under SI802, 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.

AUDITORS

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



G E James
Secretary

07 JUL 2004

NTL (TRIANGLE) LLC

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 (TRIANGLE) LLC

We have audited the company's accounts for the year ended 31 December 2002, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 16. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

07 JUL 2004

NTL (TRIANGLE) LLC
Profit and Loss Account
for the year ended 31 December 2002

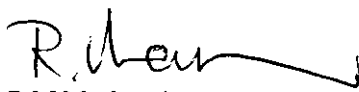
	Notes	2002 £'000	2001 £'000
Operating expenses		(355)	(1,036,112)
Operating loss	2	<u>(355)</u>	<u>(1,036,112)</u>
Interest receivable	5	4	17
Interest payable	4	(3,621)	(50,565)
Loss on ordinary activities before taxation		<u>(3,972)</u>	<u>(1,086,660)</u>
Taxation	6	-	-
Retained loss for the financial year	13	<u>(3,972)</u>	<u>(1,086,660)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than those reflected in the profit and loss account for the years ended 31 December 2002 and 31 December 2001.

NTL (TRIANGLE) LLC
Balance Sheet
as at 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Intangible assets	7	-	-
Investments	8	-	-
Current assets			
Cash at bank and in hand		208	255
Creditors: amounts falling due within one year	9	(39,217)	(5,000)
Net current liabilities		(39,009)	(4,745)
Total assets less current liabilities		(39,009)	(4,745)
Creditors: amounts falling due after more than one year	10	(321,417)	(351,709)
Net liabilities		(360,426)	(356,454)
Capital and reserves			
Common membership interests	12	8	8
Capital redemption reserve	13	477,497	477,497
Profit and loss account	13	(837,931)	(833,959)
Equity shareholder's deficit		(360,426)	(356,454)


R M Mackenzie
Director

07 JUL 2004

NTL (TRIANGLE) LLC
Notes to the Accounts
for the year ended 31 December 2002

1 Accounting policies

Fundamental accounting concept

The accounts have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances such that sufficient resources will be made available for the foreseeable future so that the company can meet its liabilities as and when they fall due.

Accounting convention

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

In preparing the accounts for the current year, the company has adopted FRS 18 "Accounting Policies" and FRS 19 "Deferred Tax".

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company incorporated in Great Britain which prepares group accounts (see note 15).

Intangible fixed assets

Costs arising on acquisitions are capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its estimated useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition, and in other periods if events or charges in circumstances indicate that the carrying value may not be recoverable.

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 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.

NTL (TRIANGLE) LLC**Notes to the Accounts****for the year ended 31 December 2002****1 Accounting policies (continued)*****Impairment review***

In accordance with FRS 11 "Impairment of Fixed Assets and Goodwill", the carrying values of the company's intangible fixed assets and investments in subsidiary undertakings are compared with their recoverable amounts, represented by their value in use to the company. At 31 December 2001 these investments were fully provided against.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

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 15).

Investments

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

2 Operating loss

	2002	2001
	£'000	£'000
This is stated after charging:		
Impairment charge (note 3)	-	1,035,178
Amortisation of goodwill	-	12

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

ntl Group Limited, a fellow group undertaking, employs most of the employees of the NTL Group. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl Group Limited. The company does not have any directly employed associates.

3 Impairment charge

	2002	2001
	£'000	£'000
Impairment of intangible assets	-	39
Impairment of investments	-	756,485
Impairment of amounts due from group undertakings	-	278,654

NTL (TRIANGLE) LLC
Notes to the Accounts
for the year ended 31 December 2002

4 Interest payable

	2002	2001
	£'000	£'000
Net exchange (gains)/losses on foreign currency borrowings	(35,006)	10,355
Interest payable on 2007 Discount Debentures	38,627	40,210
	<u>3,621</u>	<u>50,565</u>

5 Interest receivable

	2002	2001
	£'000	£'000
Bank interest receivable	<u>4</u>	<u>17</u>

6 Taxation

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2002	2001
	£'000	£'000
Current tax charge:		
Current tax on income for the period	-	-
	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total tax charge on loss on ordinary activities	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

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

	2002	2001
	£'000	£'000
Loss on ordinary activities before tax	<u>(3,972)</u>	<u>(1,086,660)</u>
Loss on ordinary activities multiplied by the applicable statutory rate 30% (2001 - 30%)	(1,192)	(325,998)
Expenses not deductible for tax purposes	-	310,567
Capital gains	-	268
Utilisation of losses brought forward	1,192	-
Other items	<u>-</u>	<u>15,163</u>
Total current tax charge	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

Deferred tax assets have not been recognised in respect of tax losses of £15,736,828 as there is insufficient certainty as to the availability of future profits.

NTL (TRIANGLE) LLC
Notes to the Accounts
for the year ended 31 December 2002

7 Intangible fixed assets

	Other £'000
Cost:	
At 1 January and at 31 December 2002	<u>106</u>
Amortisation:	
At 1 January and at 31 December 2002	<u>106</u>
Net book value:	
At 1 January and at 31 December 2002	<u>-</u>

8 Investments

	Subsidiary undertakings £'000
Cost:	
At 1 January and at 31 December 2002	<u>756,485</u>
Provision for impairment:	
At 1 January and at 31 December 2002	<u>756,485</u>
Net book value:	
At 31 December 2002 and 2001	<u>-</u>

All of the material 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 dormant except for:

<i>Name of Company</i>	<i>Country of Incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Cambridge Holding Company Limited	UK	Ordinary shares	100%	Holding
ntl Communications (Ireland) Limited	Ireland	Ordinary shares	100% (i)	Telecoms
ntl Teesside Limited	UK	Ordinary shares	100%	Non trader
ntl Cambridge Limited	UK	Ordinary shares	100% #	Telecoms
ntl Communications (Galway) Limited	Ireland	Ordinary shares	100% #(i)	Non trader
ntl Communications (Waterford) Limited	Ireland	Ordinary shares	100% #(i)	Non trader
ntl Construction Limited	Ireland	Ordinary shares	100% #(i)	Non trader
ntl Dublin Cablesystems Limited	Ireland	Ordinary shares	100% #(i)	Non trader

Held by a subsidiary undertaking

(i) Registered in the Republic of Ireland

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 Communications Limited (see note 15).

The company has taken advantage of section 231(5) of the Companies Act 1995 and disclosed only those investments that have a principal affect on results or assets.

NTL (TRIANGLE) LLC

Notes to the Accounts

for the year ended 31 December 2002

9 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	34,717	20
Accruals and deferred income	4,500	4,980
	<u>39,217</u>	<u>5,000</u>

10 Creditors: amounts falling due after one year

	2002	2001
	£'000	£'000
2007 Discount Debentures	<u>321,417</u>	<u>351,709</u>

The company has issued \$517,300,000 of 11.2% Discount Debentures due on 15 November 2007 (the "2007 Discount Debentures"). On 13 May 2004, the discount debentures held by the company were repaid.

The 2007 Discount Debentures constitute unsecured indebtedness of the company. The 2007 Discount Debentures will rank pari passu in right of payment with each other and with any other unsubordinated unsecured indebtedness of the company.

Interest is accrued on the 2007 Discount Debentures at 11.2% per annum, compounded semi annually from 15 November 1995 to 15 November 2000 after which date interest became payable in cash on 15 May and 15 November each year up to and including 15 November 2007.

The 2007 Discount Debentures contain restrictive covenants which limit the company's ability to enter into arrangements for the sale of assets, mergers, incurrence of additional debt and the payment of dividends.

Borrowings are repayable as follows:

	2002	2001
	£'000	£'000
Amounts falling due:		
In one year or less or on demand	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	324,743	-
In more than five years	-	355,718
	<u>324,743</u>	<u>355,718</u>
Less: issue costs	<u>(3,326)</u>	<u>(4,009)</u>
Creditors: amounts falling due after more than one year	<u>321,417</u>	<u>351,709</u>

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

	2002	2001
	£'000	£'000
2007 Discount Debentures	<u>-</u>	<u>355,718</u>

NTL (TRIANGLE) LLC
Notes to the Accounts
for the year ended 31 December 2002

11 Financial Instruments

Financial instruments, strategies and policies

During the year the company has financed its business through utilisation of existing funds generated through the issue of 2007 Discount Debentures, and through intercompany finance provided by its ultimate parent undertaking, NTL Incorporated.

The main risk arising from the company's financial instruments is foreign exchange risk. The company's 2007 Discount Debentures are denominated in US dollars, whilst the company's expenditures and other assets and liabilities are denominated in pounds sterling. The company has no policy for managing this exposure, and has not entered into derivative financial instrument contracts. Although the company has issued a significant amount of 2007 Discount Debentures, it is not exposed to interest rate risk since they are all fixed interest rate debt instruments.

Short term debtors and creditors have been excluded from the following disclosures, other than the disclosures on currency risk.

Interest rate risk profile of financial liabilities

The interest rate risk profile of the financial liabilities of the company as at 31 December 2002 was as follows:

2002

	Total £'000	Fixed rate financial liabilities £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Years
US dollar	324,743	324,743	11.2	5.9
At 31 December 2002	<u>324,743</u>	<u>324,743</u>	<u>-</u>	<u>5.9</u>

2001

	Total £'000	Fixed rate financial liabilities £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Years
US dollar	355,718	355,718	11.2	5.9
At 31 December 2001	<u>355,718</u>	<u>355,718</u>	<u>-</u>	<u>5.9</u>

NTL (TRIANGLE) LLC
Notes to the Accounts
for the year ended 31 December 2002

11 Financial Instruments (continued)

Borrowing facilities

The company had no undrawn borrowings facilities at 31 December 2002 (2001 – none).

Currency exposures

The company had the following currency exposures at 31 December 2002:

	2002 £'000	2001 £'000
US dollar	<u>324,743</u>	<u>355,718</u>

Maturity analysis

The maturity profile of the company's financial liabilities at 31 December 2002 was as follows:

	Debentures 2002 £'000	Debentures 2001 £'000
Repayable:		
Within one to five years	324,743	-
In more than five years	-	355,718
	<u>324,743</u>	<u>355,718</u>
Less: issue costs	(3,326)	(4,009)
	<u>321,417</u>	<u>351,709</u>

Fair values of financial liabilities

The following table provides a comparison by category of the book values and fair values of the company's financial liabilities at 31 December 2002. Fair value is the amount at which a financial instrument can be exchanged in arm's length transaction between informed and willing parties, other than a forced or liquidation sale, and excludes interest. The fair value of the 2007 Discount Debentures is based on the quoted market prices of those instruments at the balance sheet date.

	2002 Book value £'000	2002 Fair value £'000	2001 Book value £'000	2001 Fair value £'000
Financial liabilities:				
2007 Discount Debentures	<u>324,743</u>	<u>231,400</u>	<u>355,718</u>	<u>252,600</u>

NTL (TRIANGLE) LLC
Notes to the Accounts
for the year ended 31 December 2002

12 Common membership interests

	2002 £'000	2001 £'000
Authorised:		
800,000 common membership interests of 1p each	<u>8</u>	<u>8</u>
Allotted, called up and fully paid:		
800,000 common membership interests of 1p each	<u>8</u>	<u>8</u>

13 Reconciliation of member's funds and movements on reserves

	Common membership interests £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	8	477,497	252,701	730,206
Loss for the year	<u>-</u>	<u>-</u>	<u>(1,086,660)</u>	<u>(1,086,660)</u>
At 1 January 2002	8	477,497	(833,959)	(356,454)
Loss for the year	<u>-</u>	<u>-</u>	<u>(3,972)</u>	<u>(3,972)</u>
At 31 December 2002	<u>8</u>	<u>477,497</u>	<u>(837,931)</u>	<u>(360,426)</u>

14 Related party transactions

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

15 Parent undertaking and controlling party

The company's immediate parent undertaking is ntl Group Limited.

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

Up to 10 January 2003, the ultimate parent undertaking and controlling party was NTL Incorporated (later renamed NTL Europe, Inc.), a company incorporated in the state of Delaware, United States of America. From 10 January 2003, the company's ultimate parent undertaking and controlling party is NTL Communications Corp (later renamed NTL Incorporated), a company incorporated in the state of Delaware, United States of America.

Copies of 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.

16 Post balance sheet events

On 13 May 2004, the discount debentures held by the company were repaid.