SC75177

ntl GLASGOW

Report and Accounts

31 December 2000

ERNST & YOUNG

ntl Glasgow

Registered No. SC75177

DIRECTORS
J B Knapp
J Gregg

COMPANY SECRETARY
R M Mackenzie

DEPUTY COMPANY SECRETARY
G E James

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

BANKERS
National Westminster Bank PLC
31 Promenade
Cheltenham
Gloucestershire GL50 1LH

The Royal Bank of Scotland plc
98 Buchanan Street
Glasgow G1 3BA

REGISTERED OFFICE
ntl House
60 Maxwell Road
Glasgow G41 1PR

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £62,997,000 (1999 – loss of £43,948,000). The directors do not recommend the payment of a dividend (1999 – £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the provision of telecommunications services to residential and business customers.

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

EMPLOYMENT POLICIES AND DISABLED EMPLOYEES

ntl remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs. Particular emphasis continues to be placed on achieving equal opportunities in employment through specific recruitment and training programmes and creating greater awareness among all employees of cultural differences.

The ntl group gives full consideration to applications from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Depending on their skills and abilities, disabled employees have the same opportunities for promotion, career development and training as other employees.

EMPLOYEE INVOLVEMENT

The ntl group is dedicated to increasing the practical involvement of individuals in the running of their businesses. The ntl group's philosophy is to encourage all employees to contribute to improving business performance through the utilisation of their knowledge, experience, ideas and suggestions. In encouraging an open approach which seeks to involve people in every level of the business, great emphasis is placed on effective communication. Employees are briefed as widely as possible about activities and developments across the group via newsletters, electronic notice boards and presentations by the Chief Executive Officer and Chief Operating Officer.

The ntl group fosters a team spirit among employees and their greater involvement within the group by offering participation in bonus schemes, sharesave plans and share option schemes.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 December 2000 and thereafter were as follows:

S Carter	(appointed 1 December 2000; resigned 20 February 2002)
R M Mackenzie	(resigned 20 February 2002)
S Ross	(appointed 1 November 2000; resigned 20 February 2002)
L Wood	(resigned 1 December 2000)
D W Kelham	(resigned 1 December 2000)
J B Knapp	(appointed 20 February 2002)
J Gregg	(appointed 20 February 2002)

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption not to disclose the directors' interests in the common stock of NTL Incorporated, a company incorporated in the USA and the ultimate parent undertaking of the company.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be reappointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

By order of the Board

G E James
Deputy Company Secretary

30 SEP 2002

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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 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.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NTL GLASGOW

We have audited the company's accounts for the year ended 31 December 2000, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 21. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

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

Fundamental uncertainty – going concern

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

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

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000, 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

30 SEP 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	*2000* *£000*	*1999* *£000*
TURNOVER	3	65,488	53,743
Cost of sales		24,960	20,611
GROSS PROFIT		40,528	33,132
Other operating costs		21,927	11,069
Administrative expenses		53,855	46,249
OPERATING LOSS	4	(35,254)	(24,186)
Bank interest receivable		16	15
Interest payable	7	(27,759)	(19,777)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(62,997)	(43,948)
Tax on loss on ordinary activities	8	–	–
LOSS FOR THE FINANCIAL YEAR	15	(62,997)	(43,948)

ERNST & YOUNG

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss for the year of £62,997,000 (1999 – loss of £43,948,000).

BALANCE SHEET
at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	9	209,614	204,084
Investments	10	–	–
		209,614	204,084
CURRENT ASSETS			
Debtors	11	8,983	7,627
Cash at bank and in hand		2,818	5,028
		11,801	12,655
CREDITORS: amounts falling due within one year	12	(418,624)	(350,951)
NET CURRENT LIABILITIES		(406,823)	(338,296)
NET LIABILITIES		(197,209)	(134,212)
CAPITAL AND RESERVES			
Share capital	14	23,290	23,290
Share premium account	15	21,703	21,703
Profit and loss account	15	(242,202)	(179,205)
EQUITY SHAREHOLDERS' FUNDS		(197,209)	(134,212)

J Gregg
Director

30 SEP 2002

1A. FUNDAMENTAL ACCOUNTING CONCEPT

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

The company has historically required, and continues to require, significant amounts of capital to finance construction of its network, connection of customers to its network, other capital expenditures and working capital needs. The company has historically met these liquidity requirements through borrowings from commercial banks and from NTL Incorporated ("the Company") and its subsidiaries (collectively "NTL").

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

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

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

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

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

1A. FUNDAMENTAL ACCOUNTING CONCEPT (continued)

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

The accounts do not include any adjustments that would result should the recapitalisation process not be completed and should financial support no longer be available to the company. It is not practical to quantify the adjustments to the carrying value of fixed assets or additional provisions that might be required, but should any adjustments be required they may be significant.

1B. RECAPITALISATION PROCESS

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

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

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

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

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

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

1B. RECAPITALISATION PROCESS (continued)

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

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

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

2. ACCOUNTING POLICIES

Accounting convention

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

Depreciation and prematurity period

Cable system assets:

During the time while the company's cable systems are partially under construction and partially in service ("the prematurity period"), depreciation of the network is charged monthly on its estimated costs at the end of the prematurity period, which is taken as two years, using the rates set out below scaled down by the ratio of average, actual or estimated number of subscribers, whichever is greater, in the current period to the estimated subscriber base at the end of this period:

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

Stocks relating to network construction have been included in fixed assets. Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

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

2. **ACCOUNTING POLICIES** (continued)

Depreciation and prematurity period (continued)

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

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

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

Regional development grants
Regional development grants are credited to trading profit over the estimated useful economic lives of the assets to which they relate. The amounts in the balance sheet represent the total grants received to date less amounts amortised.

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

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.

Lease commitments
Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions
The company makes a defined contribution to the ntl-sponsored personal pension plan for eligible employees.

The company also operates a defined benefit pension scheme covering all eligible employees prior to the company becoming part of the ntl group. The scheme was closed to new entrants with effect from 6 April 1994. Payments made to the scheme are charged to the profit and loss account and represent a proper charge to cover the accruing liabilities on a continuing basis. The pension scheme is subject to valuation, by an independent actuary, every three years (see note 17).

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

NOTES TO THE ACCOUNTS
at 31 December 2000

3. TURNOVER

Turnover represents the invoiced amount of services provided, stated net of value added tax, and is attributable to one continuing activity, being the provision of information, communications and entertainment services, all of which is attributable to the United Kingdom.

Turnover is analysed as follows:

	2000	*1999*
	£000	*£000*
Cable television	25,134	25,494
Telephony	40,065	27,575
Internet	133	640
Other	156	34
	65,488	53,743

4. OPERATING LOSS

This is stated after charging/(crediting):	*2000*	*1999*
	£000	*£000*
Depreciation of owned fixed assets	22,132	18,540
Government grant amortised	(9)	(14)
Operating lease rentals – land and buildings	411	381

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

5. STAFF COSTS

	2000	*1999*
	£000	*£000*
Wages and salaries	13,857	9,806
Social security costs	1,316	941
Other pension costs	617	332
	15,790	11,079

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

	No.	*No.*
Operations	210	283
Network	83	80
Selling, general and administration	85	167
	378	530

NOTES TO THE ACCOUNTS
at 31 December 2000

6. DIRECTORS' EMOLUMENTS

The directors' emoluments were paid by the management company, NTL Group Limited, in which accounts their remuneration is disclosed. A proportion of these emoluments, which it is not possible to identify separately, is recharged to the company in the management fee.

7. INTEREST PAYABLE

	2000	*1999*
	£000	*£000*
Interest payable on notes to parent undertaking	27,759	19,777

8. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no corporation tax charge as the company incurred losses during the year.

9. TANGIBLE FIXED ASSETS

	Network	*Construction in progress*	*Other*	*Total*
	£000	*£000*	*£000*	*£000*
Cost:				
At 1 January 2000	238,860	3,182	21,389	263,431
Transfer	20,327	(3,182)	(17,145)	–
Additions	12,878	14,316	468	27,662
At 31 December 2000	272,065	14,316	4,712	291,093
Depreciation:				
At 1 January 2000	52,019	–	7,328	59,347
Transfer	7,196	–	(7,196)	–
Charge for the year	19,211	–	2,921	22,132
At 31 December 2000	78,426	–	3,053	81,479
Net book value:				
At 31 December 2000	193,639	14,136	1,659	209,614
At 31 December 1999	186,841	3,182	14,061	204,084

Included in network are the following net book values of freehold and leasehold land and buildings:

	2000	*1999*
	£000	*£000*
Freehold	2,411	2,696
Long leasehold	460	514
Short leasehold	598	669
	3,469	3,879

10. INVESTMENTS

At 31 December 2000 the company had an investment in shares acquired at the cost of £1, representing 8.72% of the voting rights of CableTel Scotland Limited. CableTel Scotland Limited holds 10.1% of the voting rights in the company.

11. DEBTORS

	2000	*1999*
	£000	*£000*
Trade debtors	6,361	5,475
Long-term advances to parent undertaking	525	525
Amounts due from parent undertaking	–	10
Other debtors	175	1
Prepayments and accrued income	1,922	1,616
	8,983	7,627

12. CREDITORS: amounts falling due within one year

	2000	*1999*
	£000	*£000*
Trade creditors	1,921	1,942
Notes payable to parent undertaking	365,546	308,715
Long-term advances from group undertakings	6,511	6,511
Interest payable to parent undertaking	27,759	19,777
Amounts due to group undertakings	3,785	3,794
Other creditors	1,577	1,215
Other interest	–	101
Accruals and deferred income	11,525	8,896
	418,624	350,951

Included in accruals and deferred income is £232,000 (1999 – £241,000) of regional development grants which remain unamortised at the balance sheet date.

Long-term advances from the parent undertaking relate to advances in respect of share capital to be issued by the company.

13. DEFERRED TAXATION

There are deferred tax assets in respect of accelerated capital allowances, unutilised losses and other timing differences, which have not been recognised in the accounts on the grounds of prudence.

NOTES TO THE ACCOUNTS
at 31 December 2000

14. SHARE CAPITAL

	2000	*1999*
	£000	*£000*
Authorised:		
92,500,000 'B' ordinary shares of £1 each	92,500	92,500
7,500,000 ordinary shares of £1 each	7,500	7,500
	100,000	100,000
Allotted, called up and fully paid:		
16,553,415 'B' ordinary shares of £1 each	16,553	16,553
6,736,853 ordinary shares of £1 each	6,737	6,737
	23,290	23,290

The rights associated with the 'B' ordinary shares and ordinary shares are the same except that each 'B' ordinary share carries one vote whilst each ordinary share carries 0.2652 of one vote.

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital	*Share premium account*	*Profit and loss account*	*Total*
	£000	*£000*	*£000*	*£000*
At 1 January 1999	23,290	4,351	(135,257)	(107,616)
Loss for the year	–	–	(43,948)	(43,948)
Arising on share issue	–	17,352	-	17,352
At 31 December 1999	23,290	21,703	(179,205)	(134,212)
Loss for the year	–	–	(62,997)	(62,997)
At 31 December 2000	23,290	21,703	(242,202)	(197,209)

16. CAPITAL COMMITMENTS

Amounts contracted but not provided for in the accounts amounted to £nil (1999 – £125,000).

17. PENSION COMMITMENTS

The company makes a defined contribution to the ntl-sponsored group personal pension plans for eligible employees.

The company also operates a funded pension scheme providing defined benefits. This pension scheme was closed to new entrants with effect from 6 April 1994. The assets of the scheme are held separately from those of the company, being invested in units of an exempt unit trust. The scheme is funded by the payment of contributions to separately administered trust funds.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the partly projected unit credit method, with a control period. The results of the most recent valuation, which was conducted as at 5 April 2000, was as follows:

Main assumptions:

Rate of return on investments (% per annum)	6.9
Rate of salary increases (% per annum)	5.5
Rate of pension increases (% per annum)	2.8
Market value of scheme's assets (£000)	1,434
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	88%

18. OTHER FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2000	*1999*
	£000	*£000*
Operating leases which expire:		
Within one year	–	32
After five years	438	321
	438	353

19. 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.

20. PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2000, the company's immediate parent undertaking was NTL Communications Limited. It has included the company in its group accounts, copies of which are available from its registered office: ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

On 6 June 2001, ntl Glasgow Holdings Limited became the immediate parent undertaking.

In the directors' opinion, the ultimate parent undertaking and controlling party is NTL Incorporated, a company incorporated in the state of Delaware, United States of America. Copies of its group accounts, which include the company, are available from The Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, New York, NY 10022, USA.

NOTES TO THE ACCOUNTS
at 31 December 2000

21. POST BALANCE SHEET EVENTS

Impairment

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

The directors will perform an impairment review for the purposes of the group's accounts for the year ended 31 December 2001 in accordance with the requirements of Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill". At the date of approval of the accounts for the year ended 31 December 2000 this review had not been completed, and so the directors are unable to determine the likelihood or possible magnitude of any losses which may result from this review.

Senior credit facility

On 21 February 2001, the company along with fellow subsidiary undertakings, became party to a senior secured credit facility with a syndicate of banks. The company is a guarantor of borrowings under this facility of certain other group companies. Borrowings under the facility are secured by security over the assets of certain members of the group including those of the company.