

ntl ACQUISITION COMPANY LIMITED
(FORMERLY CABLE & WIRELESS COMMUNICATIONS ACQUISITION
COMPANY LIMITED)

Report and Accounts

31 December 2000



ERNST & YOUNG

ntl Acquisition Company Limited
(formerly Cable & Wireless Communications Acquisition Company
Limited)

Registered No. 2270117

DIRECTORS

J B Knapp
J Gregg

JOINT COMPANY SECRETARY

R Lubasch
R Mackenzie

AUDITORS

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

BANKERS


Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

SOLICITORS

Travers Smith Braithwaite
10 Snow Hill
London EC1A 2AL

REGISTERED OFFICE

ntl House
Bartley Wood Business Park
Hook
Hampshire RG27 9UP

 **ERNST & YOUNG**

ntl Acquisition Company Limited
(formerly Cable & Wireless Communications Acquisition Company
Limited)

DIRECTORS' REPORT

The directors present their report and accounts for the nine month period ended 31 December 2000.

RESULTS AND DIVIDENDS

The company did not trade during the period ended 31 December 2000 or the year ended 31 March 2000.

The directors do not recommend payment of a dividend (year ended 31 March 2000 – £nil).

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company continues to be that of a parent undertaking.

The directors believe the company's future prospects to be satisfactory.

On 26 July 1999, Cable and Wireless plc, NTL Incorporated and ntl (CWC) Limited (formerly Cable & Wireless Communications Limited) announced that they had agreed to propose a restructuring of ntl (CWC) Limited to the shareholders of ntl (CWC) Limited.

As part of the restructuring, ntl (CWC) Limited, previously a 52.8% owned subsidiary of Cable and Wireless plc, was separated into its residential cable, business cable, indirect residential telephony, residential internet and digital television development and services businesses, referred to as CWC ConsumerCo, (which includes the company) and its corporate, business, internet protocol and wholesale operations, referred to as CWC DataCo.

On 30 May 2000, the restructuring was completed and NTL Incorporated indirectly acquired all of CWC ConsumerCo and Cable and Wireless plc indirectly acquired the interest in CWC DataCo which was not already attributable to it, thereby achieving 100% ownership of CWC DataCo.

Following completion, NTL Incorporated, a company incorporated in the USA, became the ultimate parent undertaking of the company.

On 13 June 2000, the company changed its name to ntl Acquisition Company Limited.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period ended 31 December 2000 and thereafter are shown below:

R Beveridge	(resigned 30 May 2000)
S Carter	(appointed 1 December 2000; resigned 20 February 2002)
G Clarke	(resigned 30 May 2000)
P Clesham	(appointed 30 May 2000; resigned 11 July 2000)
B Dew	(appointed 30 May 2000; resigned 1 February 2002)
R Drolet	(resigned 30 May 2000)
J Gregg	(appointed 20 February 2002)
D Kelham	(appointed 30 May 2000; resigned 1 December 2000)
J B Knapp	(appointed 20 February 2002)
R Mackenzie	(appointed 30 May 2000; resigned 20 February 2002)
M Molyneux	(resigned 30 May 2000)
S Ross	(appointed 1 November 2000; resigned 20 February 2002)
L Wood	(appointed 30 May 2000; resigned 1 December 2000)

The directors do not hold any interests in the shares of the company. 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.

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DIRECTORS' REPORT

COMPANY SECRETARY

R Mackenzie was appointed as company secretary on 30 May 2000. R Lubasch was appointed as joint company secretary on 20 February 2002.

EMPLOYEES

The company has no employees. Substantially all group employees are employed by a fellow subsidiary, ntl (CWC) Ltd.

PAYMENTS TO SUPPLIERS

The company does not enter into contracts with suppliers. ntl Communications Services Limited (formerly Cable & Wireless Communications Services Limited) and ntl (CWC) Programming Limited (formerly Cable & Wireless Communications Programming Limited), fellow group companies, enter into most contracts with suppliers to the ntl (CWC) Ltd group.

AUDITORS

Arthur Andersen resigned as auditors on 31 July 2001 and Ernst & Young LLP were appointed in their place.

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

By order of the Board



G James
Deputy Company Secretary

22 MAR 2002

ntl Acquisition Company Limited
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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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; 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.

REPORT OF THE AUDITORS

to the members of ntl Acquisition Company Limited (formerly Cable & Wireless Communications Acquisition Company Limited)

We have audited the accounts on pages 7 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 note 1 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 NTL Incorporated (its ultimate parent undertaking) and certain of its subsidiaries (collectively the "NTL Group") and bank facilities available to the company and certain other UK incorporated members of the NTL Group. NTL Incorporated has announced that it has appointed advisers with the intention of commencing a financial restructuring that will involve negotiations with the NTL Group's providers of finance with the aim of reducing its debt burden substantially. Such a restructuring may include the raising of additional finance through further injections of debt and equity. Should agreement on the financial restructuring of the NTL Group not be reached 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 from a failure of the process of refinancing and other matters described in note 1 and it is not practical to quantify the adjustments 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 have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

21 MAR 2002

ntl Acquisition Company Limited
(formerly Cable & Wireless Communications Acquisition Company Limited)

BALANCE SHEET

at 31 December 2000

		<i>31 December</i>	<i>31 March</i>
		<i>2000</i>	<i>2000</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
FIXED ASSETS			
Investments	4	103,141	103,141
CREDITORS: amounts falling due within one year	5	(43)	(43)
NET CURRENT LIABILITIES		(43)	(43)
TOTAL ASSETS LESS CURRENT LIABILITIES		103,098	103,098
CAPITAL AND RESERVES			
Called up equity share capital	6	6,317	6,317
Share premium account	7	96,789	96,789
Profit and loss account	7	(8)	(8)
EQUITY SHAREHOLDERS' FUNDS		103,098	103,098

ERNST & YOUNG

J. Gregg
Director

22 MAR 2002

ntl Acquisition Company Limited
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NOTES TO THE ACCOUNTS
at 31 December 2000

1. **ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently throughout the current period and preceding year in the preparation of the accounts, are as follows:

Fundamental accounting concept

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

The company is dependent on continuing finance being made available by NTL Incorporated, its ultimate parent undertaking, and certain of its subsidiaries (collectively the "NTL Group") and under the terms of bank facilities available to the company and certain other UK incorporated members of the NTL Group (see note 8), to enable it to continue to meet its liabilities as they fall due.

To date none of NTL Incorporated, the company and other members of the NTL Group are in default under those facilities. However, the NTL Group's ability to provide continuing finance to the company and the availability of continuing finance under bank and other debt facilities depends on a restructuring of some or all of the NTL Group's debt.

NTL Incorporated announced on 31 January 2002 that it has appointed advisers with the intention of commencing a financial restructuring that will involve negotiations with the NTL Group's bondholders, lenders and other providers of finance with the aim of reducing its debt burden substantially. Such a restructuring may include the raising of additional finance through further injections of debt and equity.

The restructuring proposals are all at their preliminary stages and it will 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. Nevertheless, because of the actions currently being taken by the NTL Group, 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 agreement on the financial restructuring of the NTL Group not be reached and should financial support no longer be available to the company. It is not practical to quantify the adjustments that might be required, but should any adjustments be required they may be significant.

Accounting convention

The accounts are prepared in accordance with applicable accounting standards in the United Kingdom on the historical cost basis.

Basis of preparation

The company has taken advantage of the exemption from preparing consolidated accounts offered 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 10).

Investments

Investments in subsidiary companies are held at cost less provisions for impairment.

ntl Acquisition Company Limited
(formerly Cable & Wireless Communications Acquisition Company Limited)

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES (continued)

Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (revised), the company has not prepared a cash flow statement because it is a wholly owned subsidiary of a company for which consolidated accounts are publicly available (see note 10).

Trading results

The company did not trade during the period ended 31 December 2000 and there was no income or expenditure in the period, nor any other recognised gains or losses (year ended 31 March 2000 – £nil). No profit and loss account has therefore been prepared.

2. DIRECTORS' AND AUDITORS' REMUNERATION

The directors did not receive any remuneration during the period (year ended 31 March 2000 – £nil).

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

3. STAFF NUMBERS AND COSTS

ntl (CWC) Ltd, a fellow group company, employs all of the group's employees. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl (CWC) Ltd.

4. INVESTMENTS

	<i>31 December</i>	<i>31 March</i>
	<i>2000</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Investment in subsidiary undertakings	103,141	103,141

<i>Name</i>	<i>Nature of business</i>	<i>Nature of holding</i>
ntl Holdings (East London) Limited (formerly Cable & Wireless Communications (East London) Limited)	Holding company	100% of ordinary shares owned directly
ntl (South East) Limited (formerly Cable & Wireless Communications (South East) Limited)	Cable television and telecommunications	100% of ordinary shares held by subsidiary
ntl (Kent) Limited (formerly Cable & Wireless Communications (Kent) Limited)	Cable television and telecommunications	100% of ordinary shares held by subsidiary
ntl Equipment No. 1 Limited (formerly Cable & Wireless Communications Equipment No. 1 Limited)	Equipment rental	100% of ordinary shares held by subsidiary

All companies are incorporated in Great Britain, registered in England and Wales, and operate in the United Kingdom.

ntl Acquisition Company Limited
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NOTES TO THE ACCOUNTS
at 31 December 2000

5. **CREDITORS:** amounts falling due within one year

	<i>31 December</i>	<i>31 March</i>
	<i>2000</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to fellow group undertakings	43	43
	<u> </u>	<u> </u>

6. **SHARE CAPITAL**

	<i>31 December</i>	<i>31 March</i>
	<i>2000</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Authorised: 200,000,001 ordinary shares of 10p each	20,000	20,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid: 63,173,881 ordinary shares of 10p each	6,317	6,317
	<u> </u>	<u> </u>

7. **RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	<i>Share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 December 2000 and 31 March 2000	6,317	96,789	(8)	103,098
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. **CONTINGENT LIABILITIES**

The company, along with fellow subsidiary undertakings, is party to a senior secured credit facility with a syndicate of banks. The company is a guarantor of borrowings under this facility of certain other group companies. At 31 December 2000 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,277 million. Borrowings under the facility are secured by security over the assets of certain members of the group including those of the company.

9. **RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 not to disclose related party transactions with ntl group companies.

ntl Acquisition Company Limited
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NOTES TO THE ACCOUNTS
at 31 December 2000

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING UNDERTAKING

The largest group in which the results of the company are consolidated is that of which NTL Incorporated is the parent undertaking. The group accounts of NTL Incorporated may be obtained from The Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, New York, NY 10022, USA.

The smallest group in which the results of the company are consolidated is that of which ntl (CWC Holdings) is the parent undertaking. The group accounts of ntl (CWC Holdings) may be obtained from ntl, ntl House, Bartley Wood Business Park, Hook, Hampshire RG27 9UP.

Since 30 May 2000, the directors regard NTL Incorporated, a company incorporated in the State of Delaware, United States of America, as the ultimate parent and controlling undertaking. Prior to that date, the directors regarded Cable and Wireless plc as the ultimate parent undertaking and controlling undertaking.