

Registered No. 2443484

ntl CABLECOMMS STOCKPORT

Report and Accounts

31 December 2001



Registered No. 2443484

DIRECTORS

J B Knapp
R M Mackenzie
S Schubert

SECRETARY

R M Mackenzie

DEPUTY COMPANY SECRETARY

G E James

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

DIRECTORS REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The company made a loss for the year of £30,431,000 (period ended 31 December 2000 – loss of £10,588,000). The preference dividend of £319,000 to the non-equity shareholders for the year ended 31 December 2001 (period ended 31 December 2000 – £239,000) has not been declared, but an appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No.4. The retained loss for the year ended 31 December 2001 of £30,750,000 (period ended 31 December 2000 – £10,827,000) has been transferred to reserves.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is the provision of cable television and telecommunications services under licences awarded to it for the Stockport area.

On 8 May 2002, NTL Incorporated, the company's ultimate parent undertaking, and certain of NTL Incorporated's holding company subsidiaries, filed a "pre-arranged" joint reorganisation plan under Chapter 11 of the United States Bankruptcy Code (the "Plan"). 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 and the Plan was consummated on 10 January 2003. Pursuant to the Plan NTL 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").

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2001 and thereafter are shown below:

S Carter	(resigned 20 February 2002)
B Dew	(resigned 1 February 2002)
J Gregg	(appointed 20 February 2002; resigned 10 January 2003)
J B Knapp	(appointed 20 February 2002)
R M Mackenzie	(resigned 20 February 2002; re-appointed 10 January 2003)
S Ross	(resigned 20 February 2002)
B Richter	(appointed 10 January 2003; resigned 1 May 2003)
S Schubert	(appointed 1 May 2003)

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 in the USA and the ultimate parent undertaking of the company.

AUDITORS

Ernst & Young LLP will remain in office as the company's auditors in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

By order of the Board



R M Mackenzie
Company Secretary

14 July 2003

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NTL CABLECOMMS STOCKPORT

We have audited the company's accounts for the year ended 31 December 2001, 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 members, 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 members 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 members 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 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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2001, 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

14 July 2003

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

		<i>Nine month</i>	
		<i>Year ended</i>	<i>period ended</i>
		<i>31 December</i>	<i>31 December</i>
		<i>2001</i>	<i>2000</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
TURNOVER		19,142	12,984
Cost of sales		(8,290)	(5,630)
GROSS PROFIT		10,852	7,354
Other operating expenses		(39,303)	(14,843)
OPERATING LOSS		(28,451)	(7,489)
Interest payable	5	(1,980)	(3,099)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(30,431)	(10,588)
Taxation	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(30,431)	(10,588)
Dividends	9	(319)	(239)
RETAINED LOSS FOR THE YEAR/PERIOD	10	(30,750)	(10,827)

All activities derive from continuing operations.

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 year ended 31 December 2001 and period ended 31 December 2000.

BALANCE SHEET
at 31 December 2001

		31 December 2001	31 December 2000
	Notes	£000	£000
FIXED ASSETS			
Tangible assets	7	45,615	63,865
CREDITORS: amounts falling due within one year	8	(36,046)	(23,865)
NET CURRENT LIABILITIES		(36,046)	(23,865)
NET ASSETS		9,569	40,000
CAPITAL AND RESERVES			
Called up share capital	9	80,466	80,466
Profit and loss account	10	(70,897)	(40,466)
SHAREHOLDER'S FUNDS		9,569	40,000
Equity	11	7,264	38,014
Non equity	11	2,305	1,986
		9,569	40,000



R M Mackenzie
Director

14 July 2003

NOTES TO THE ACCOUNTS

at 31 December 2001

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 in accordance with applicable accounting standards in the United Kingdom on the historical cost basis.

Turnover and revenue recognition

Turnover, which excludes value added tax, is accounted for on the accruals basis. Revenue is recognised in the period in which the service is provided. Turnover derived from local, national and international telecommunications and cable television services.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost which includes materials, direct labour and administrative expenses directly attributable to the design, construction and connection of the telecommunications and cable television networks and equipment.

General administrative expenses to be capitalised include all overheads of those departments responsible solely for design (including feasibility studies), construction and connection. Where departments spend only part of their time on functions directly connected with design, construction and connection, the relevant proportion of total overheads is capitalised. Costs which are initially capitalised on projects under construction where the projects do not become operational are written off to the profit and loss account, once it is determined that the project will not become operational.

Costs of departments relating to revenue related operations, such as direct selling, marketing and other customer related departments, are not capitalised.

Impairment review

In accordance with FRS 11 "Impairment of Fixed Assets and Goodwill", the carrying value of the Company's tangible fixed assets and investments in subsidiary undertakings have been compared to their recoverable amounts, represented by their value in use to the company.

The directors consider that the underlying assets of the UK Group's core telecommunications operations, ntl:Home and ntl:Business, are only now beginning to be properly exploited. In addition there are significant barriers to entry, both in terms of the necessary capital investment and regulatory control of the telecommunications sector, which limit the extent to which future competition will erode the expected rates of growth and the level of returns that the assets are expected to generate. As a result the value in use has been derived from discounted cash flow projections that have assumed a period of ten years from 1 January 2002 before applying the UK's long-term growth rate.

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

Depreciation

Depreciation is provided on the difference between the cost of tangible fixed assets and their estimated residual value in equal annual instalments over the estimated useful lives of the assets.

The current estimated useful lives are as follows:

Land and buildings:

- | | |
|--------------------------------|---|
| - freehold buildings | - to 40 years |
| - leasehold land and buildings | - to 40 years or term of lease if less |
| - leasehold improvements | - remaining term of lease or expected useful life of the improvements |

Communications network plant and equipment:

- | | |
|-------------------------------------|------------------|
| - ducting and network construction | - 10 to 40 years |
| - electronic equipment and cabling | - 10 to 20 years |
| - other network plant and equipment | - 6 to 25 years |

NOTES TO THE ACCOUNTS

at 31 December 2001

1. ACCOUNTING POLICIES (continued)

Depreciation (continued)

Non-network plant and equipment – 3 to 10 years

Freehold land, where the cost is distinguishable from the cost of the building thereon, is not depreciated.

After a portion of the network is fully constructed and released to operations, depreciation of the network commences when target rates of penetration are achieved or no later than one year after the release date.

Franchise applications and other start-up costs

Franchise application costs represent the acquisition costs of rights to operate a telecommunications network in a given territory. Costs of successful and unsuccessful cable television franchise applications are written off as incurred. Costs incurred between the award of a franchise licence and the connection of the first customer are written off over the period during which revenues are generated by the franchise.

Leased assets

Operating lease cost are charged to operating loss on a straight line basis over the lease term.

Deferred taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The company provides for deferred tax only when there is a reasonable probability that the liability will arise in the foreseeable future. Where deferred tax is provided, the liability method is used. No deferred tax assets are recognised in respect of accumulated losses except where necessary to reduce a deferred tax liability to nil.

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 of which consolidated accounts are publicly available (see note 15).

Trading results

Turnover is attributable principally to the provision of broadband telecommunications (including cable television) services in the United Kingdom. The directors consider this to be a single class of business and accordingly no segmental analysis of operating loss or net liabilities is shown.

2. STAFF NUMBERS AND COSTS

ntl Group Limited, a fellow group company, employs most of the group's employees. Details of staff numbers and staff costs for the group are disclosed in the accounts of ntl Group Limited.

3. DIRECTORS' AND AUDITORS' REMUNERATION

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

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

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	Nine month	
	Year ended	period ended
	31 December	31 December
	2001	2000
	£000	£000
Depreciation of tangible fixed assets	11,984	2,791
Impairment of tangible fixed assets	10,935	-
Operating lease payments	30	22
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS at 31 December 2001

5. INTEREST PAYABLE

	<i>Nine month</i>	
	<i>Year ended period ended</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Interest payable to fellow group undertakings	1,980	3,099

6. TAXATION

There is no corporation tax for the financial year (period ended 31 December 2000 – £nil). There is no unprovided deferred tax liability. There is a deferred tax asset in respect of unutilised losses that has not been recognised on the grounds of prudence.

7. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i>	<i>Network, cable plant and equipment</i>	<i>Non- network plant and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:				
At 1 January 2001	289	78,339	10	78,638
Additions	-	4,686	-	4,686
Disposals	-	(26)	-	(26)
At 31 December 2001	289	82,999	10	83,298
Depreciation:				
At 1 January 2001	68	14,695	10	14,773
Disposals	-	(9)	-	(9)
Charge for the year	11	11,973	-	11,984
Impairment	-	10,935	-	10,935
At 31 December 2001	79	37,594	10	37,683
Net book value:				
At 31 December 2001	210	45,405	-	45,615
At 31 December 2000	221	63,644	-	63,865

Network, cable, plant and equipment includes £nil (31 December 2000 – £256,000) in respect of assets not yet in service and consequently upon which depreciation has not been charged.

8. CREDITORS: amounts falling due within one year

	<i>31 December</i>	<i>31 December</i>
	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to fellow group undertakings	36,046	23,865

NOTES TO THE ACCOUNTS

at 31 December 2001

9. SHARE CAPITAL

	31 December 2001 No.	31 December 2001 £000	31 December 2000 No.	31 December 2000 £000
Authorised:				
Preference shares of £1 each	2	-	2	-
'A' Ordinary shares of £1 each	80,465,934	80,466	80,465,934	80,466
Allotted, called up and fully paid				
Preference shares of £1 each	2	-	2	-
'A' Ordinary shares of £1 each	80,465,934	80,466	80,465,934	80,466
	80,465,936	80,466	80,465,936	80,466

Shareholders' voting rights

£1 preference shares

The right to attend and speak but not vote at all general meetings of the company.

£1 'A' ordinary shares

The right to attend, speak and vote at all general meetings of the company.

Distributable profits

Distributable profits are allocated on the following basis:

Preference Shareholders

A fixed cumulative preferential dividend at the rate £319,099 per annum. This dividend will accrue on a daily basis from 11 October 1993 until 11 October 2014. After payment of the preference dividend, the Preference Shareholders are entitled to 15% of the remaining distributable profits.

Ordinary Shareholders

After payment of the preference dividend, Ordinary Shareholders are entitled to 85% of the remaining distributable profits.

Dividends

The preference dividend of £319,000 to the non-equity shareholders for the year ended 31 December 2001 (period ended 31 December 2000 – £239,000) has not been declared. An appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No. 4 and is shown in the statement of Reconciliation of Shareholders' Funds and Movements on Reserves (see note 11).

10. PROFIT AND LOSS ACCOUNT

	31 December 2001 £000	31 December 2000 £000
At start of year/period	(40,466)	(29,878)
Loss for the year / period	(30,750)	(10,827)
	(71,216)	(40,705)
Undeclared dividends due to non-equity shareholders	319	239
At end of year / period	(70,897)	(40,466)

NOTES TO THE ACCOUNTS

at 31 December 2001

10. PROFIT AND LOSS ACCOUNT (continued)

Cumulative undeclared dividends due to non-equity shareholders

At start of year/period	1,986	1,747
Appropriated during the year / period	319	239
At end of year / period	2,305	1,986

11. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES

	31 December 2001 £000	31 December 2000 £000
Loss for the year / period	(30,431)	(10,588)
Non-equity dividends not yet declared	(319)	(239)
	(30,750)	(10,827)
Reversal of non-equity dividends	319	239
Net movement in shareholders' funds	(30,431)	(10,588)
Opening shareholders' funds	40,000	50,588
Closing shareholders' funds	9,569	40,000
Total shareholder' funds		
Equity share capital	80,466	80,466
Profit and loss account	(70,897)	(40,466)
Total shareholders' funds	9,569	40,000
Shareholders' funds allocated to non-equity		
Non-equity share capital	-	-
Cumulative dividends not yet declared	2,305	1,986
	2,305	1,986

	31 December 2001 £000	31 December 2000 £000
Shareholders' funds allocated to equity		
Difference between shareholders' funds and amount allocated to non-equity interests	7,264	38,014
Made up as follows:		
Equity share capital	80,466	80,466
Profit and loss account	(70,897)	(40,466)
Cumulative dividends due to non-equity shareholders	(2,305)	(1,986)
	7,264	38,014

NOTES TO THE ACCOUNTS

at 31 December 2001

12. 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 2001 the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £2,885 million (31 December 2000 - £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.

13. OPERATING LEASE COMMITMENTS

At 31 December 2001 and 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>31 December 2001</i>	<i>31 December 2001</i>	<i>31 December 2000</i>	<i>31 December 2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Expiring:				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
Over five years	-	-	30	-
	-	-	30	-

14. 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.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING UNDERTAKING

The company's immediate parent undertaking is ntl CableComms Holdings No. 1 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 both sets of group accounts, which include the results of the company, are available from The Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, NY 10022, USA.

16. POST BALANCE SHEET EVENT

The directors are performing an impairment review for the purposes of the company's accounts for the year ended 31 December 2002 in accordance with the requirements of Financial Reporting Standard No. 11 "Impairment of Fixed Assets and Goodwill". At the date of approval of the accounts for the year ended 31 December 2001 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.