

# NTL Investment Holdings Limited

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Registered No. 3173552

## **DIRECTORS**

R M Mackenzie  
R A McKellar  
L Wood

## **SECRETARY**

R M Mackenzie

## **AUDITORS**

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

## **BANKERS**

Bank of Scotland  
38 Threadneedle Street  
London EC2P 2EH

## **REGISTERED OFFICE**

Bristol House  
Farnborough Aerospace Centre  
Farnborough  
Hampshire GU14 6XP



## DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 December 1997.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group is the parent undertaking of NTL Group Limited, National Transcommunications Limited, DTELS Limited, NTL Limited, NTL Trustees Limited, NTL Insurance Limited and NTL Networks Limited. NTL Limited, NTL Trustees Limited and NTL Networks Limited did not trade during the year.

#### *Environmental*

The group continues to place active emphasis on its environmental responsibilities, and its commitment to the environment is an integral part of its corporate programme. A priority for 1998 is to continue to inform and educate those who work for the group, with regards to its concerns for the environment.

#### *Employment policies*

The group 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 in creating greater confidence among all employees of cultural differences.

Many efforts have been made by the group to provide as much suitable employment as possible for disabled people. Depending on their skills and abilities, disabled employees have the same opportunities for promotion, career development and training as other employees.

#### *Employee involvement*

The group is dedicated to increasing the practical involvement of individuals in the running of their businesses. The 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 company via newsletters, electronic notice boards and a quarterly video presentation by the Chief Executive Officer and Chief Operating Officer of the company's ultimate parent undertaking, NTL Incorporated.

Employees are entitled to participate in a performance related bonus scheme, a sharesave plan, and in some cases participate in the company's ultimate parent undertaking stock option plan. Such schemes foster the effective development of team spirit and greater involvement within the group.

#### *NTL (UK) Group, Inc.*

For a more detailed review of the NTL group's business activities and future prospects, the report and accounts of NTL (UK) Group, Inc. for the year ended 31 December 1997, should be consulted. NTL (UK) Group, Inc. is the group parent undertaking of the company and is registered in England and Wales as a foreign company with number FC18124.

### RESULTS AND DIVIDENDS

The group loss for the year, after taxation, amounted to £1,206,000 (period 15 March 1996 to 31 December 1996 – £7,410,000 profit). The directors do not recommend the payment of a dividend.

**DIRECTORS' REPORT**

**FUTURE DEVELOPMENTS**

NTL will continue to develop and expand its expertise as leaders in the field of digital television.

NTL continues to expand its National Broadband Telecoms trunk network. This will be expanded into Scotland and Northern Ireland over the next two years.

**RESEARCH AND DEVELOPMENT**

NTL's R&D focus is on the continued development of its digital network service platforms. The group has concentrated its research and development resources on the development of digital television and audio broadcasting services in the UK. NTL is actively involved in the establishment of the European DVB standard and its spectrum planning group has been developing a frequency plan for the introduction of the first UK digital terrestrial television services.

**DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year and thereafter were as follows:

J B Knapp	(resigned 30 June 1998)
J F Gregg	(resigned 30 June 1998)
H Heidary	(resigned 30 June 1998)
R M Mackenzie	
R A McKellar	
L Wood	(appointed 30 June 1998)

No director had an interest in the share capital of the company.

**CHARITABLE DONATIONS**

The total amount donated for charitable purposes during the year was £11,477 (period 15 March 1996 to 31 December 1996—£10,637).

**PROPERTIES**

The directors are of the opinion that the aggregate market value of properties owned by the company and its subsidiary undertakings is not less than their book value.

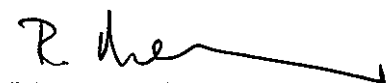
**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

During the year, insurance for the directors and officers of the company was provided through participation in a Directors' and Officers' Liability Insurance policy purchased and maintained by the company within the terms of Section 310(3) of the Companies Act 1985.

**AUDITORS**

Ernst & Young have expressed their willingness to continue in office as auditors. A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board.



R M Mackenzie  
Secretary

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 group and of the profit or loss of the group 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 group 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 group 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 group 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 Investment Holdings Limited**

We have audited the accounts on pages 6 to 23, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 to 12.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

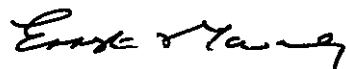
**Basis of opinion**

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 group'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 and of the group as at 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

29/10/98

# NTL Investment Holdings Limited

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

		<i>Year ended 31 December 1997</i>	<i>Period ended 31 December 1996</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
<b>TURNOVER</b>	2	174,094	82,383
Cost of sales		141,620	59,286
Gross profit		32,474	23,097
Administrative expenses		10,709	4,953
Loss in associated undertaking		—	11
<b>OPERATING PROFIT</b>	3	21,765	18,133
Interest receivable	6	991	509
Interest payable	7	(23,962)	(11,914)
		(22,971)	(11,405)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,206)	6,728
Tax on profit on ordinary activities	8	—	(682)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	21	(1,206)	7,410

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss for the year of £1,206,000 (period 15 March 1996 to 31 December 1996 – £7,410,000 profit).

# NTL Investment Holdings Limited

## GROUP BALANCE SHEET

at 31 December 1997

	Notes	1997 £000	1996 £000
<b>FIXED ASSETS</b>			
Intangible assets	10	99,563	100,256
Tangible assets	11	225,170	163,645
Investments	12	64	—
Stocks	13	5,283	4,195
		<u>330,080</u>	<u>268,096</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due:			
after one year		4,499	6,445
within one year		31,634	26,275
		<u>36,133</u>	<u>32,720</u>
Cash at bank and in hand	14	13,341	6,605
		<u>49,474</u>	<u>39,325</u>
<b>CREDITORS: amounts falling due</b>			
within one year	15	286,278	53,481
Deferred consideration	16	—	35,000
		<u>(286,278)</u>	<u>(88,481)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(236,804)</u>	<u>(49,156)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>93,276</u>	<u>218,940</u>
<b>CREDITORS: amounts falling due</b>			
after more than one year	17	—	140,000
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	18	3,767	3,392
<b>ACCRUALS AND DEFERRED INCOME</b>	19	21,800	6,633
		<u>25,567</u>	<u>150,025</u>
		<u>67,709</u>	<u>68,915</u>

# NTL Investment Holdings Limited

## GROUP BALANCE SHEET

at 31 December 1997

	Notes	1997 £000	1996 £000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	-	-
Share premium account	21	61,505	61,505
Profit and loss account	21	6,204	7,410
		<u>67,709</u>	<u>68,915</u>



R M Mackenzie  
Director

29/10/98




# NTL Investment Holdings Limited

## COMPANY BALANCE SHEET

at 31 December 1997

	Notes	1997 £000	1996 £000
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	12	269,242	269,242
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	14	15,053	3,815
Cash at bank and in hand		383	1,638
		15,436	5,453
<b>CREDITORS: amounts falling due within one year</b>	15	254,521	42,276
Deferred consideration	16	—	35,000
		(254,521)	(77,276)
<b>NET CURRENT LIABILITIES</b>		(239,085)	(71,823)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,157	197,419
<b>CREDITORS: amounts falling due after more than one year</b>	17	—	140,000
<b>ACCRUALS AND DEFERRED INCOME</b>	19	7	432
		7	140,432
		30,150	56,987
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	—	—
Share premium account	21	61,505	61,505
Profit and loss account	21	(31,355)	(4,518)
		30,150	56,987



R M Mackenzie  
Director

29/10/98

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICIES

*Accounting convention*

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

*Basis of consolidation*

The group accounts consolidate the accounts of NTL Investment Holdings Limited and all its subsidiary undertakings each year. No profit and loss account is presented for NTL Investment Holdings Limited as permitted by section 230 of the Companies Act 1985.

Purchase consideration has been allocated to assets and liabilities on the basis of fair values at the date of acquisition.

Undertakings, other than subsidiary undertakings, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts.

*Goodwill*

Goodwill arising on the acquisition of NTL Group Limited and its subsidiaries has been capitalised and is being amortised over 30 years.

*Turnover*

Turnover includes the value of goods and services supplied to third party customers and is exclusive of VAT. Turnover related to facilities leasing and other contracts which span financial years are included to the extent that the proportion of the contract period falls into the current financial year.

*Finance and operating leases*

Assets acquired under finance leases are capitalised and subsequently dealt with under the same accounting policies as other tangible fixed assets, excluding the interest portion of costs which is expensed.

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

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases.

Amounts receivable under finance leases represent the unpaid capital element of the original cost of equipment.

The interest element of income from such leasing contracts is credited to the profit and loss account on a straight line basis over the term of the lease.

*Fixed assets*

Tangible fixed assets represent the cost of capital works and equipment purchased from third parties. Where a contribution is received towards the cost of an asset, the recorded cost is reduced by the contribution. Where the contribution is in excess of the cost, the excess contribution is included as turnover.

Assets are capitalised in the month following the month in which the asset goes into service. The cost of company staff effort and their related costs associated with capital projects is capitalised.

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 1. ACCOUNTING POLICIES (continued)

#### *Depreciation*

Depreciation is provided on a straight line basis, at rates calculated to write off the cost, less estimated residual value, of each asset, other than freehold land, evenly over its estimated useful life, as follows:

Freehold buildings	—	2% per annum
Leasehold land and buildings	—	Over the lesser of the term of the lease or 50 years
Plant and equipment	—	5% to 25% per annum
Test equipment	—	20% per annum
Computer equipment	—	33% per annum
Furniture and fixtures	—	10% to 33% per annum
Satellite equipment	—	10% to 25% per annum
Vehicles	—	25% per annum
Capitalised labour/overhead	—	10% per annum
Fibre	—	5% per annum

#### *Stocks*

Stocks held by the group are maintenance spares. Stocks are valued at average cost less provisions for obsolescence, slow moving and surplus items. Stock items are charged to profit and loss as they are consumed.

#### *Research and development*

The cost of research and development expenditure is written off as incurred. Equipment used in the research and development area is capitalised and a depreciation charge is made to research and development expenditure under the depreciation policy.

#### *Deferred taxation*

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

#### *Currency translation*

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange ruling at the balance sheet date, all differences are taken to the profit and loss account.

#### *Pensions*

National Transcommunications Limited, a subsidiary of the company, operates a pension plan (the Plan) of the defined benefit type which was established on 1 January 1991. DTELS Limited, another subsidiary of the company, is a participating employer in the Plan. The assets of the Plan are held separately from those of National Transcommunications Limited and are invested in specialised portfolios under the management of Clerical Medical Investment Group.

The regular pension cost is assessed using the attained age method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lifetimes of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss accounts are treated as either provisions or prepayments in the balance sheet

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 1. ACCOUNTING POLICIES (continued)

#### *Government grants*

Grants of a revenue nature are credited to income in the period to which they relate.

#### *Cash Flow Statement*

The company has taken advantage of the exemption under FRS1 (revised) as it is a subsidiary which is more than 90% owned by the ultimate parent undertaking.

### 2. TURNOVER

Turnover includes the value of charges made for transmission services, distribution services, facilities leasing, interest on rental of equipment under finance leases, research and development contracts, other contracts, rents from properties, excess above cost in respect of capital works contributions from third parties and site charges made to the BBC under the site sharing agreement.

Turnover is analysed by geographical area as follows:

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
<i>Geographical area</i>		
United Kingdom	173,628	78,085
Europe	—	4,113
Africa, Asia and Australasia	310	185
North America	127	—
Middle East	29	—
	<u>174,094</u>	<u>82,383</u>

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

### 3. OPERATING PROFIT

This is stated after charging:

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
Auditors' remuneration – as auditors	91	84
Auditors' remuneration – for other services	51	9
Depreciation of owned fixed assets	18,477	9,728
Amortisation of goodwill	5,815	2,279
Operating lease rentals – land and buildings	6,837	3,735
Operating lease rentals – plant and machinery	1,964	1,244
Research and development	1,101	808
	<u>          </u>	<u>          </u>

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 4. DIRECTORS' REMUNERATION

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
Emoluments	150	116
Company contributions to money purchase pension scheme	—	—
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension scheme	1	1
Members of money purchase pension scheme	—	—

### 5. STAFF COSTS

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
Wages and salaries	33,683	18,750
Social security costs	2,808	1,530
Pension costs	3,984	2,338
	40,475	22,618

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

	<i>Year ended 31 December 1997 No.</i>	<i>Period ended 31 December 1996 No.</i>
Broadcast and operations	885	873
Carrier services	118	57
Administrative	147	125
International	9	9
	1,159	1,064

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 6. INTEREST RECEIVABLE

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
Interest receivable on short-term deposits	956	497
Interest received net of tax	35	12
	<u>991</u>	<u>509</u>

### 7. INTEREST PAYABLE

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
Bank loan and overdraft	10,196	8,503
Deferred financing costs	—	2,605
Notes payable to immediate parent undertaking	11,613	806
Notes payable to ultimate parent undertaking	2,153	—
	<u>23,962</u>	<u>11,914</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended 31 December 1997 £000</i>	<i>Period ended 31 December 1996 £000</i>
Based on profit for the year:		
UK corporation tax credit	—	(682)
	<u>—</u>	<u>(682)</u>

### 9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The loss dealt with in the accounts of the parent undertaking was £13,291,000 (period 15 March 1996 to 31 December 1996 – £4,518,000).

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 10. INTANGIBLE ASSETS

#### Group

Intangible assets relate to the goodwill arising upon the acquisition of NTL Group Limited and its subsidiaries by the company on 9 May 1996. The goodwill is being amortised through the profit and loss account over a period of 30 years.

	1997 £000	1996 £000
Goodwill arising upon acquisition 9 May 1996	102,535	102,535
ACT transfer	2,843	—
Amortised through profit and loss account	(5,815)	(2,279)
	<u>99,563</u>	<u>100,256</u>

### 11. TANGIBLE FIXED ASSETS

	Land and buildings Freehold £000	Short lease £000	Plant and equipment £000	Furniture and fittings £000	Capitalised labour and overhead £000	Total assets in use £000	Assets under con- struction £000	Total £000
Cost:								
At 1 January 1997	42,788	5,475	81,616	2,814	11,223	143,916	28,002	171,918
Additions	—	—	—	—	—	—	80,320	80,320
Assets brought into commission	1,218	326	64,034	3,496	7,926	77,000	(77,000)	—
Disposals	(293)	—	(133)	(68)	—	(494)	—	(494)
At 31 December 1997	<u>43,713</u>	<u>5,801</u>	<u>145,517</u>	<u>6,242</u>	<u>19,149</u>	<u>220,422</u>	<u>31,322</u>	<u>251,744</u>
Depreciation:								
At 1 January 1997	(506)	(187)	(6,507)	(493)	(580)	(8,273)	—	(8,273)
Charge for the year	(962)	(368)	(13,958)	(1,675)	(1,514)	(18,477)	—	(18,477)
Disposals	12	—	129	35	—	176	—	176
At 31 December 1997	<u>(1,456)</u>	<u>(555)</u>	<u>(20,336)</u>	<u>(2,133)</u>	<u>(2,094)</u>	<u>(26,574)</u>	<u>—</u>	<u>(26,574)</u>
Net book value:								
At 31 December 1997	<u>42,257</u>	<u>5,246</u>	<u>125,181</u>	<u>4,109</u>	<u>17,055</u>	<u>193,848</u>	<u>31,322</u>	<u>225,170</u>
At 31 December 1996	<u>42,282</u>	<u>5,288</u>	<u>75,109</u>	<u>2,321</u>	<u>10,643</u>	<u>135,643</u>	<u>28,002</u>	<u>163,645</u>

The total provision for the permanent diminution in value of tangible fixed assets at 31 December 1997 was £299,000, of which £229,000 was expensed during the year.

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 12. INVESTMENTS

#### *Group*

	<i>Unlisted £000</i>
Cost	
At 1 January 1997	—
Additions in the year	64
At 31 December 1997	<u>64</u>

#### *Company*

	<i>£000</i>
Cost	
At 1 January 1997	269,242
Additions in the year	—
At 31 December 1997	<u>269,242</u>

Fair value adjustments were made to the book values of land and buildings and to structures to reflect the fair value of the assets to the group upon the acquisition of NTL Group Limited on 9 May 1996. This amounted to £63,517,000 as follows:

	<i>£000</i>
Land and buildings	34,021
Structures	29,496
	<u>63,517</u>



# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 12. INVESTMENTS (continued)

#### Company

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Holdings</i>	<i>Proportion held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>			
NTL Group Limited	Ordinary shares	100%	Holding Company
National Transcommunications Limited	Ordinary shares	100% #	Transmission services
NTL Limited	Ordinary shares	100% #	Non-trading
NTL Trustees Limited	Ordinary shares	100% #	Non-trading
DTELS Limited	Ordinary shares	100% #	Radio communications services
NTL Networks Limited	Ordinary shares	100% #	Non-trading
NTL Insurance Limited	Ordinary shares	100% #	Offshore insurance
Prospectre Limited	A Ordinary shares	100% #	Satellite
	Preference shares	100% #	Uplinking and telephony services

# Held by a subsidiary undertaking

In the opinion of the directors the investments in subsidiary undertakings are worth not less than cost.

The investment in Prospectre Limited was written down to nil in the period to 31 December 1996.

### 13. STOCKS

	<i>1997 £000</i>	<i>1996 £000</i>
Maintenance spares	5,283	4,195

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 14. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	12,601	8,668	—	—
Capital amount receivable under finance leases	3,171	4,404	—	—
Other debtors	169	147	—	—
Prepayments and accrued income	16,119	11,637	—	—
Corporate tax recoverable	—	1,203	—	—
VAT recoverable	54	—	—	47
Amounts due from fellow subsidiaries	—	—	11,111	—
Advanced corporation tax	3	2,836	—	—
Deferred financing costs	3,942	3,127	3,942	3,127
Cap fees	—	641	—	641
Loans	74	57	—	—
	<u>36,133</u>	<u>32,720</u>	<u>15,053</u>	<u>3,815</u>

Capital amount receivable under finance leases includes an amount of £2,338,000 which is due after more than one year. Original cost of assets acquired for the purpose of letting under finance leases was £10,092,000.

Included in loans is an amount of £28,838 which is due after more than one year. This is in respect of house purchase loans and car purchase loans to employees, under the approved group schemes.

Cap fees of £207,000 were amortised during 1997.

Deferred financing costs of £2,132,000 were due after more than one year.

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 15. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft	1,128	1,163	—	—
Trade creditors	25,795	19,250	—	29
Other taxes and social security	1,796	1,380	—	—
Other creditors	3,038	1,878	—	—
Interest due on term loan	—	245	—	245
Insurance fund	—	63	—	—
Notes payable to ultimate parent undertaking	28,000	28,000	28,000	28,000
Notes payable to ultimate parent undertaking	151,060	—	151,060	—
Notes payable to fellow subsidiary undertakings	42,800	—	42,800	—
Interest payable to ultimate parent undertaking	2,958	806	2,958	806
Interest payable to immediate parent undertaking	11,613	—	11,613	—
Long term advances from parent undertaking	18,086	696	18,086	696
Amounts due to subsidiary undertaking	—	—	—	12,500
Amounts due to ultimate parent undertaking	4	—	4	—
	<u>286,278</u>	<u>53,481</u>	<u>254,521</u>	<u>42,276</u>

Long term advances from parent undertaking includes £693,500 which is in respect of share capital to be issued by the company.

### 16. DEFERRED CONSIDERATION

Deferred consideration of £35,000,000 was paid on 9 May 1997 to the vendors of NTL Group Limited.

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Term loan:				
due after five years	–	39,200	–	39,200
due between two and five years	–	93,800	–	93,800
due between one and two years	–	7,000	–	7,000
	<u>–</u>	<u>140,000</u>	<u>–</u>	<u>140,000</u>

The term loan was repaid on 17 October 1997.

In 1997 the company and its parent NTL (UK) Group Limited entered into an agreement with The Chase Manhattan Bank pursuant to which Chase has agreed to fully underwrite a £555,000,000, eight-year term loan facility with an initial four year revolving period. By 14 April 1999, Chase's commitment will be reduced to no less than £480,000,000 or such greater amount as is necessary to ensure that the company's United Kingdom operations remain fully funded by reference to an agreed business plan. The facility will be used to finance capital expenditures and working capital for the company's United Kingdom operations, including its local broadband, national telecommunications and national digital television networks. A portion of the facility (£75,000,000) is conditional upon the execution of contracts to provide digital television transmission services to certain third parties. Chase has provided a portion of the £555,000,000 facility in the form of a £350,000,000 facility to the company on the same terms as to restrictions, covenants, guarantees and security as the £555,000,000 facility. As at 31 December 1997 there was no amount outstanding under the £350,000,000 facility. The principal amount outstanding under the £350,000,000 facility is required to be repaid on 31 December 2005. Interest is payable either monthly, quarterly or semi-annually, at the option of NTLIH, at LIBOR plus, at a maximum, 2.25% per annum. The commitment fee is .375% per annum on the unutilised portion of the £350,000,000 facility and is payable quarterly in arrears. The facility is secured by first fixed and floating charges over all present and future assets and undertakings of the group. The facility contains customary financial covenants, and certain restrictions relating to, among other things: (i) incurrence of additional indebtedness or guarantees, (ii) investments, acquisitions and mergers and (iii) dividend and other payment restrictions. In the absence of a default, the facility generally permits payments to the company to pay interest and principal of existing indebtedness of the company.

### 18. PROVISIONS FOR LIABILITIES AND CHARGES

<i>Group</i>			
<i>Reorganisation</i>	<i>Relocation</i>	<i>Total</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 1997	3,172	220	3,392
Arising in the year	1,790	182	1,972
Utilised	(1,520)	(77)	(1,597)
	<u>3,442</u>	<u>325</u>	<u>3,767</u>
At 31 December 1997	3,442	325	3,767

The reorganisation provision is in respect of the reduction in the number of employees which arises from a restructuring of the group.

The relocation provision is in respect of commitments made by the group to employees who have moved location within the group.

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 18. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred taxation amounts not provided are as follows:

<i>Group</i>	<i>1997</i>	<i>Not provided</i>
	<i>1996</i>	
	<i>£000</i>	<i>£000</i>
Accelerated capital allowances	4,295	9,702
Finance lease debtor	205	342
Short term timing differences	(1,238)	(1,308)
Book value in excess of tax value	41,438	42,939
	<u>44,700</u>	<u>51,675</u>
Less: advance corporation tax recoverable	(2,843)	(2,836)
	<u>41,857</u>	<u>48,839</u>

No provision for deferred tax on accelerated capital allowances has been made as the current capital expenditure plan for the group indicates an excess of capital allowances over depreciation for the foreseeable future. Book value in excess of tax value refers to revalued assets and assets into which capital gains have been deferred under the roll over provisions. No provision for deferred tax on the disposal of these assets has been made as there is no intention to dispose of these assets in the foreseeable future.

### 19. ACCRUALS AND DEFERRED INCOME

	<i>1997</i>	<i>Group</i>	<i>1997</i>	<i>Company</i>
	<i>1996</i>	<i>1996</i>	<i>1996</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Accruals	5,164	1,138	7	432
Deferred income	16,636	5,495	-	-
	<u>21,800</u>	<u>6,633</u>	<u>7</u>	<u>432</u>

### 20. SHARE CAPITAL

*Group and Company*

	<i>Authorised</i>	<i>Allotted,</i>
	<i>£</i>	<i>called up and</i>
		<i>fully paid</i>
		<i>£</i>
1,000 ordinary shares of £1 each	1,000	3

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
On incorporation – 15 March 1996	–	–	–	–
Shares issued during the period	–	61,505	–	61,505
Profit for the period	–	–	7,410	7,410
At 1 January 1997	–	61,505	7,410	68,915
Loss for the year	–	–	(1,206)	(1,206)
At 31 December 1997	–	61,505	6,204	67,709
<i>Company</i>				
On incorporation – 15 March 1996	–	–	–	–
Shares issued during the period	–	61,505	–	61,505
Loss for the period	–	–	(4,518)	(4,518)
At 1 January 1997	–	61,505	(4,518)	56,987
Loss for the year	–	–	(26,837)	(26,837)
At 31 December 1997	–	61,505	(31,355)	30,150

### 22. PENSION COMMITMENTS

The pension cost is assessed in accordance with the advice of a qualified actuary using the attained age method. The most recent actuarial valuation of the Plan was performed as at 1 January 1997. The principal assumptions employed in this valuation were that investment returns would be 9.0% per annum, that salary increases would be 8.0% per annum and that dividend income would increase at 4.75% per annum.

The pension cost for the year for the group was £3,983,685 (period 15 March 1996 to 31 December 1996 – £2,338,321).

At the date of the actuarial valuation of the Plan the market value of the assets was £97.0 million and the actuarial value of the assets was sufficient to cover 101% of the benefits that had accrued to members, after allowing for the expected future increases in earnings.

### 23. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £21,258,000 (1996 – £11,291,000).

# NTL Investment Holdings Limited

## NOTES TO THE ACCOUNTS at 31 December 1997

### 24. OTHER FINANCIAL COMMITMENTS

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

<i>Group</i>	<i>Land and buildings</i>		<i>Other</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire:				
Within one year	87	53	—	—
Within two to five years	375	234	—	—
In over five years	2,582	5,888	3,673	2,252
	<u>3,044</u>	<u>6,175</u>	<u>3,673</u>	<u>2,252</u>

### 25. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking for which group accounts are drawn up and of which the company is a member is NTL Incorporated, a company incorporated in the State of Delaware, United States of America. Copies of the consolidated accounts are available from the Secretary, NTL Incorporated, 110 East 59th Street, 26th Floor, New York, NY 10022, USA.

The immediate parent undertaking for which group accounts are drawn up and of which the company is a member is NTL (UK) Group Inc., a company incorporated in the State of Delaware, United States of America.

### 26. RELATED PARTIES

The company has taken advantage of the non-disclosure exemption of FRS 8 as an undertaking which is more than 90% controlled by the ultimate parent undertaking.

### 27. POST BALANCE SHEET EVENTS

In June 1998 NTL Group Limited entered into an acquisition agreement with Vision Networks III B.V. for the acquisition of the operations of ComTel Limited and Telecential Communications. The company completed the first phase of the acquisition in June 1998 and completed the second and final phase in September 1998, for a total consideration of £475 million in cash and £75 million in new NTL Incorporated 'PIK' preferred stock. The cash portion was financed by an amendment to the existing bank facility (see note 17).

In addition to this acquisition NTL has entered into a number of smaller acquisitions since the year end.