AMENDED
ACCOUNTS

3138787

Report and Accounts

NTL Digital Limited

31 December 1999

ERNST & YOUNG

A04 *A6203CRC* 0456
COMPANIES HOUSE 24/07/02

Registered No. 3538787

DIRECTORS
B Knapp
J Thorpe
R M Mackenzie

SECRETARY
R M Mackenzie

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

REGISTERED OFFICE
ntl House
Bartley Wood Business Park
Bartley Way
Hook
Hampshire RG27 9UP

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The group made a loss before taxation for the period of £13,227,005. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities during the period were the acquisition, promotion and development of digital media and sporting activities.

On 17 November 1999 the group sold Premium TV Limited to ntl Inc., the ultimate parent undertaking, for £6,230,000.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

B Knapp	(resigned 15 March 2001)
R M Mackenzie	
L Wood	(resigned 1 December 2000)
J Thorpe	(resigned 1 November 2000)

In addition, S Carter was appointed as chairman and director on 1 December 2000 and S Ross was appointed as a director on 15 March 2001.

None of the directors had any interests in the share capital of the company at any time during the year.

THE INTRODUCTION OF THE EURO

To the extent that the group will find it necessary to undertake transactions denominated in the euro, the directors are satisfied that the group's systems and procedures are adequate for the purpose.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors.

By order of the board

R. Mac

R M Mackenzie
Secretary

0 3 APR 2001

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.

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of NTL Digital Limited

We have audited the accounts on pages 5 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors
As described on page 3 the company's directors are responsible for the preparation of 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 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 1999 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
London

0 2 APR 2001

GROUP PROFIT AND LOSS ACCOUNT
for the nine month period ended 31 December 1999

	Notes	*Year ended 31 December 1999* £	*9 month period ended 31 December 1998* £
Turnover – group and share of joint venue		2,157,675	31,637
Less: share of joint venture's turnover		(886,675)	(31,637
GROUP TURNOVER - discontinued operations		1,271,000	–
Cost of sales – discontinued operations		(3,920,000)	(150,000)
GROSS LOSS – discontinued operations		(2,649,000)	(150,000)
Administrative expenses – discontinued operations		(2,689,272)	(512,000)
OPERATING LOSS – discontinued operations	2	(5,338,272)	(662,000)
Share of operating loss in joint ventures		(3,886,653)	(838,964)
Share of operating loss in associates		(198,457)	(228,928)
Amortisation of goodwill arising on acquisition of associate		(397,959)	–
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(9,821,341)	(1,729,892)
Discontinued operations:			
Loss on sale of operations		(3,794,156)	–
Income from investments		418,492	7,418
Bank interest receivable		68,000	12,000
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,129,005)	(1,710,474)
Tax on loss on ordinary activities	4	(98,000)	-
RETAINED LOSS FOR THE YEAR/PERIOD	13	(13,227,005)	(1,710,474)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
There are no gains or losses other than the loss of £13,227,005 (1998 – loss of £1,710,474).

GROUP BALANCE SHEET
at 31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Intangible assets	6	5,571,429	–
Tangible assets	7	–	8,000
Investments:	8		
Investments in associate		–	–
Other investments		–	10,104,000
		5,571,429	10,112,000
CURRENT ASSETS			
Debtors	9	333,910	1,705,418
Cash at bank and in hand		–	374,002
		333,910	2,079,420
CREDITORS: amounts falling due within one year	10	(3,569,821)	(329,000)
NET CURRENT (LIABILITIES)/ASSETS		(3,235,911)	1,750,420
TOTAL ASSETS LESS CURRENT LIABILITIES		2,335,518	11,862,420
PROVISIONS FOR LIABILITIES AND CHARGES	11	(4,560,315)	(860,212)
		2,224,797)	11,002,208
CAPITAL AND RESERVES			
Called up share capital	12	13	13
Share premium account	13	12,712,669	12,712,669
Profit and loss account	13	(14,937,479)	(1,710,474)
		(2,224,797)	11,002,208

R M Mackenzie
Director

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BALANCE SHEET
at 31 December 1999

	Notes	*1999* £	*1998* £
FIXED ASSETS			
Investments	8	6,561,237	11,061,682
CURRENT ASSETS			
Debtors	9	333,910	1,658,418
CREDITORS: amounts falling due within one year	10	(3,569,821)	–
NET CURRENT (LIABILITIES)/ASSETS		(3,235,911)	1,658,418
TOTAL ASSETS LESS CURRENT LIABILITIES		3,325,326	12,720,100
CAPITAL AND RESERVES			
Called up share capital	13	13	13
Share premium account	13	12,712,669	12,712,669
Profit and loss account	13	(9,387,356)	7,418
		3,325,326	12,720,100

R M Mackenzie
Director

0 2 APR 2001

NOTES TO THE ACCOUNTS
at 31 December 1999

1. ACCOUNTING POLICIES

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

Basis of consolidation
The group accounts consolidate the accounts of NTL Digital Limited and all of its subsidiary undertakings drawn up to 31 December. No profit and loss account is presented for NTL Digital Limited.

The group profit and loss account includes the results of subsidiary undertakings from the date of their acquisition. The purchase consideration has been allocated to assets and liabilities on the basis of fair values at the date of acquisition.

Undertakings, other than subsidiary undertaking, 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
Positive goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible assets
No value is attributed to trademarks, concessions, patents and similar rights and assets.

Investments
Investments are recorded at cost, including any expenses incidental to acquisition, less any provisions necessary to reduce the balance sheet value to the recoverable amount, in the opinion of the directors, where a permanent diminution in value has occurred.

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

Office furniture and equipment	–	33% per annum

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.

1. ACCOUNTING POLICIES (continued)

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. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.]

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the lease and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

Cash flow statement
The group and company have taken advantage of the exemption under Financial Reporting Standard 1 (revised) as it is a subsidiary which is more than 90% owned by the ultimate parent undertaking.

Turnover
Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. The discontinued operation comprises Premium TV Limited, the subsidiary specialising in media and sporting activities.

2. OPERATING LOSS
This is stated after charging:

	Year ended 31 December 1999	*9 month period ended 31 December 1998*
	£	*£*
Auditors' remuneration – audit services UK	7,077	4,000
Amortisation of goodwill	453,834	-
Depreciation of owned fixed assets	4,423	1,000
Operating lease rental – land and buildings	7,077	4,000

3. STAFF COSTS

The average number of employees during the period was 2, both of whom were employed in management and administration. The aggregate payroll costs of these persons was as follows:

	Year ended 31 December 1999	*9 month period ended 31 December 1998*
	£	*£*
Wages and salaries	179,577	119,000
Social security costs	43,346	12,000
	222,923	131,000

4. TAX ON LOSS ON ORDINARY ACTIVITES

	Year ended 31 December 1999	*9 month period ended 31 December 1998*
	£	*£*
Corporation tax	98,000	-

5. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The profit dealt with in the accounts of the parent undertaking was £325,957.

6. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost:	
At 1 January 1999	-
Investment in joint venture	5,969,388
At 31 December 1999	5,969,388
Amortisation:	
At 1 January 1999	-
Provided during the year	397,959
At 31 December 1999	397,959
Net book value:	
At 31 December 1999	5,571,429
At 1 January 1999	-

Goodwill arising on the acquisition of and further investment in SDN Limited is being amortised evenly over the directors' estimate of its useful life of 15 years.

7. TANGIBLE FIXED ASSETS

Group

	Office furniture and equipment
	£
Cost:	
At 1 January 1999	9,000
Additions	16,800
Disposals	(25,800)
At 31 December 1999	-
Depreciation:	
At 1 January 1999	1,000
Charged in the year	4,423
Disposal	(5,423)
At 31 December 1999	-
Net book value:	
At 31 December 1999	-
At 1 January 1999	8,000

8. INVESTMENTS

Group

	1999	*1998*
	£	*£*
Joint venture (a)	–	–
Associate (b)	–	–
Other fixed asset investments (c)	–	10,104,000
	–	10,104,000

(a) Joint venture

	£
At 1 January 1999	(563,967)
Share of loss retained by joint venture	(3,886,653)
At 31 December 1999	(4,450,620)

The group's share of the joint ventures' net liabilities is reflected in Note 11.

8. INVESTMENTS (continued)

(b) Associate

	Share of net tangible liabilities
	£
At 1 January 1999	(97,115)
Adjustment to prior year net liabilities	185,878
Share of loss retained by associate	(198,457)
At 31 December 1999	(109,694)

The group's share of the associate's net liabilities is reflected in note 11.

(c) Other fixed asset investments

	Listed
	£
Cost:	
At 1 January 1999	10,104,000
Disposals	10,104,000
At 31 December 1999	-

Company	*Subsidiary Undertakings*	*Associated undertakings*	*Total*
	£	£	£
Cost:			
At 1 January 1999	11,061,681	1	11,061,682
Additions	110,010	6,243,545	6,353,555
Disposals	(10,854,000)	-	(10,854,000)
At 31 December 1999	317,691	6,243,546	6,561,237

NOTES TO THE ACCOUNTS
at 31 December 1999

8. **INVESTMENTS** (continued)
Details of the investments in which the group and the company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
ntl Digital Radio Limited	Ordinary shares	100%	Holding company
ntl Radio Services Limited	Ordinary shares	75%	Non-trading
Joint venture			
SDN Limited	Ordinary shares	33.3%	Media
Associate			
Digital One* †	Ordinary shares	36.67%	Media

*Held by a subsidiary undertaking

† 31 March year end

On 17 November 1999, the group sold Premium TV Limited. The disposal is analysed as follows:

	£
Net assets disposed of:	
Fixed assets	20,219
Investments	10,103,265
Debtors	461,997
Bank and cash	1,512,037
Creditors	(2,073,362)
	10,024,156
Loss on disposal	(3,794,156)
Satisfied by:	
Cash	6,230,000

The profit attributable to the members of the parent undertaking includes losses of £5,178,272 incurred by Premium TV Limited.

9. DEBTORS

	Group 1999	Group 1998	Company 1999	Company 1998
	£	£	£	£
Amounts owed by associates	333,910	1,658,418	333,910	1,658,418
Other debtors	–	25,000	–	–
Prepayments and accrued income	–	22,000	–	–
	333,910	1,705,418	333,910	1,658,418

10. CREDITORS: amounts falling due within one year

	Group 1999	Group 1998	Company 1999	Company 1998
	£	£	£	£
Trade creditors	–	318,000	–	–
Amounts owed to parent undertaking	3,471,821	–	3,471,821	–
Corporation tax	98,000	–	98,000	
Other taxes and social security	–	10,000	–	–
Accruals	–	1,000	–	–
	3,569,821	329,000	3,569,821	–

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11. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	1999	1998
	£	£
Share of associate's net liabilities	(109,695)	(97,115)
Share of joint venture's net liabilities	(4,450,620)	(763,097)
	(4,560,315)	(860,212)

12. SHARE CAPITAL

	1999	1998
	£	£
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
13 ordinary shares of £1 each	13	13

NOTES TO THE ACCOUNTS
at 31 December 1999

13. RECONCILIATION OF SHAREHOLDERS' FUNDS

Group

	Share capital £	*Share premium account* £	*Profit and loss account* £	*Total* £
On incorporation	13	12,712,669	–	12,712,682
Loss for the period	–	–	(1,710,474)	(1,710,474)
At 1 January 1999	13	12,712,669	(1,710,474)	11,002,208
Loss for the year	–	–	(13,227,005)	(13,227,005)
At 31 December 1999	13	12,712,669	(14,937,479)	(2,224,797)

Company

	Share capital £	*Share premium account* £	*Profit and loss account* £	*Total* £
On incorporation	13	12,712,669	–	12,712,682
Profit for the period	–	–	7,418	7,418
At 1 January 1999	13	12,712,669	7,418	12,720,100
Loss for the year	-	-	(9,394,774)	(9,394,774)
At 31 December 1999	13	12,712,669	(9,387,356)	3,325,326

14. RELATED PARTIES

The company has taken advantage of the non-disclosure exemption, set out in Financial Reporting Standard 8, which is available to companies which are more than 90% controlled by an ultimate parent undertaking.

15. 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.