

REPORT AND ACCOUNTS

Swindon Cable Limited

For the 16 months ended
31 December 1996



Registered in England: Number 318216

DIRECTOR'S REPORT

The directors present their report and audited accounts for the 16 months ended 31 December 1996.

ACTIVITIES AND RESULTS

The company has not traded during the 16 months ended 31 December 1996 nor during the year ended 31 August 1995 and has made neither a profit nor a loss. Accordingly a profit and loss account is not presented.

Under the terms of a Developer and Operator Agreement the company delegated the obligations under the licences granted to it by the Independent Television Commission and the Department of Trade and Industry to Telecential Communications Partnership (TCP). In consideration of agreeing to remain holder of the licences the company receives an annual fee equal to the lesser of £75,000 or 2% of the net income generated from the development and operation of the licences. This fee is reduced by 2% of net losses generated from the development and operation of the licences except to the extent such losses have been previously subject to deduction. No fee was receivable in the period ended 31 December 1996.

DIRECTORS AND THEIR INTERESTS

The current directors are as set out on page 2. F J Parrotta and G Petty resigned on 27 May 1997.

No director held any shares in the company during the period.

No director held any beneficial interest in the share capital of any related undertaking during the period.

AUDITORS

A resolution to re-appoint Deloitte & Touche as auditors will be put to the members at the Annual General Meeting

By order of the Board



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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 financial statements 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.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 and 7 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of the result for the sixteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors
Columbia Centre
Market Street
Bracknell
RG12 1PA

7 August 1997

Swindon Cable Limited

BALANCE SHEET

at 31 December 1996

	<i>Notes</i>	<i>31 December 1996 £'000</i>	<i>31 August 1995 £'000</i>
CREDITORS: Amounts falling due after more than one year:			
Loan from parent undertaking	4	(10,701)	(10,701)
TOTAL LIABILITIES		<u>(10,701)</u>	<u>(10,701)</u>
CAPITAL AND RESERVES			
Called up share capital	5	66	66
Profit and loss account		(10,767)	(10,767)
Equity Shareholders' Funds		<u>(10,701)</u>	<u>(10,701)</u>

Approved by the board on 7 August 1997.


Director

NOTES TO THE ACCOUNTS

at 31 December 1996

1. The Company has not traded during the period ended 31 December 1996 and year ended 31 August 1995 and has neither made a profit nor a loss, nor any other recognised gain or loss. Auditors remuneration has been borne by another group company. No director received any emoluments in respect of services during the period or preceding year.
2. The accounts have been prepared on a going concern basis as the directors have received assurances from the parent undertaking that adequate funds will be made available for the company to meet its liabilities as they fall due for the foreseeable future.
3. The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

4. **CREDITORS:** Amounts falling due after more than one year.

	<i>31</i>	<i>31</i>
	<i>December and</i>	<i>August</i>
	<i>1996</i>	<i>1995</i>
		<i>£'000</i>
Loan from TCP		
(12% unsecured loan stock 1999)		10,701
		<hr/>

TCP has waived the right to received interest for the 16 month period ended 31 December 1996.

5. **CALLED UP SHARE CAPITAL**

	<i>31</i>	<i>31</i>
	<i>December and</i>	<i>August</i>
	<i>1996</i>	<i>1995</i>
		<i>£'000</i>
Authorised		
70,000 ordinary shares of £1 each		<u>70</u>
Called up, allotted and fully paid		
65,500 ordinary shares of £1 each		<u>66</u>