

CABLE TELEVISION LIMITED

Report and Financial Statements

31 December 1997



REPORT AND FINANCIAL STATEMENTS 1997

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REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Adams
R Hagendoorn

SECRETARY

J Clifford

REGISTERED OFFICE

Dragoon House
37 Artillery Lane
Bishopsgate
London
E1 7LT

SOLICITORS

Keene Marsland
Dragoon House
37 Artillery Lane
Bishopsgate
London
E1 7LT

AUDITORS

Deloitte & Touche
Chartered Accountants
Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA

DIRECTORS' REPORT

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

RESULTS AND ACTIVITIES

The company has not traded during the years ended 31 December 1997 and 31 December 1996 and 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 Telecentral 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 1997.

DIRECTORS AND THEIR INTERESTS

The current directors are set out on page 1. On 27 May 1997 F J Parrotta and G Petty resigned as directors. On 1 March 1998 P t'Hoen resigned as director and on the same date R Hagendoorn was appointed as director.

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

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

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director

26 May 1998

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 those 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 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 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 OF

CABLE TELEVISION LIMITED

We have audited the financial statements on pages 5 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 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 at 31 December 1997 and of its result for the year 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
Berkshire
RG12 1PA

29 May 1998

BALANCE SHEET
31 December 1997

| | Note | 1997 £'000 | 1996 £'000 |
|-----------------------------------|------|---------------|---------------|
| CURRENT ASSETS | | | |
| Amounts owed by fellow subsidiary | | 535 | 535 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 3 | - | - |
| Share premium account | | 10 | 10 |
| Profit and loss account | | 525 | 525 |
| EQUITY SHAREHOLDERS' FUNDS | | 535 | 535 |

The company was dormant, within the meaning of Section 250 Companies Act 1985, throughout the year ended 31 December 1997.

These financial statements were approved by the Board of Directors on 19 May 1998.

Signed on behalf of the Board of Directors

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

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

2. PROFIT AND LOSS ACCOUNT

The company has not traded during the years ended 31 December 1997 and 31 December 1996 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 year or preceding year. The company has no employees.

3. CALLED UP SHARE CAPITAL

| | 1997 £ | 1996 £ |
|---|---------------|---------------|
| Authorised | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| 1 'C' special rights redeemable shares of £1 each | 1 | 1 |
| | <u>10,001</u> | <u>10,001</u> |
| Allotted, called up and fully paid | | |
| 251 ordinary shares of £1 each | <u>251</u> | <u>251</u> |

4. ULTIMATE PARENT UNDERTAKING

The parent company of the smallest group which consolidates the company is Telecential Communications (Canada) Limited (TC(C)L), which is incorporated in the Province of Ontario, Canada.

Copies of the financial statements of TC(C)L can be obtained from:

ComTel Limited
 Wharfedale Road
 Winnersh
 Wokingham
 Berkshire
 RG41 5TZ.

The ultimate parent undertaking and controlling party is Royal PTT Nederland NV (KPN) which is incorporated in the Netherlands.

Copies of the financial statements of KPN can be obtained from:

KPN Corporate Communication
 PO Box 15000
 9700 CD Groningen
 The Netherlands.

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

5. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided by Financial Reporting Standard Number 8 for subsidiary undertakings of which 90% or more of the voting rights are controlled within the group of the ultimate parent which publishes its consolidated financial statements.