

Coopers
& Lybrand

Windsor Television Limited
Annual report
for the year ended 31 December 1995

Registered no: 1745542



Windsor Television Limited

Annual report for the year ended 31 December 1995

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Directors and advisers

Executive directors

E N Johnson (resigned 1 February 1996)

Non executive directors

P Galteau
E F Potter
M M Noblet
R W Whitney
D J Miller (appointed 26 January 1996)

Auditors

Coopers & Lybrand

Solicitors

Ashurst Morris Crisp

Bankers

Midland Bank Plc

Secretary and registered office

J M Laver
Cable House
Waterside Drive
Langley
Berkshire
SL3 6EZ

**Directors' report
for the year ended 31 December 1995**

The directors present their report and the audited financial statements for the year ended 31 December 1995.

Principal activities

The principal activity of the Company continues to be the construction and operation of a broadband telecommunications services network.

The Company is a wholly-owned subsidiary company of The Cable Corporation Limited ("TCC"), a company incorporated in England, and has therefore not presented consolidated results.

Review of business

The Company continued to enhance its network predominantly with the overlay of fibre optic cable for residential telephony. Increased sales activity and the introduction of new services led to an increase of residential and business customers during the year, resulting in turnover and gross profit increasing by 30% and 35% respectively.

Future developments

The Company will continue to expand its network and develop new products, whilst focusing on the requirements of its growing customer base.

Results

The loss on ordinary activities before taxation for the year was £4,436,000 (1994: £3,433,000) on turnover of £19,363,000 (1994: £14,871,000). Detailed results for the year are shown in the profit and loss account on page 7.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (1994: £Nil). The retained loss for the year of £2,982,000 will be transferred to the Company's reserves.

Changes in fixed assets

The movements in tangible fixed assets during the year are set out in note 9 to the accounts.

Employment of disabled persons

It is company policy to recruit, train and provide career development facilities to disabled persons on the same basis as other staff. Where employees have become disabled in the course of their employment, every effort is made to retain them in their former occupation or provide suitable alternatives.

Employee involvement

The Group maintains a practice of keeping employees informed on matters affecting them via a quarterly newsletter "Connection". The Group also holds half-yearly communication forums where staff are informed of all on-going activities and can participate in open discussions with Directors and Senior Management.

Basis of accounts preparation

The accounts have been prepared on a going concern basis. The ability of the Company to continue as a going concern is dependent upon the continued support of the Company's principal shareholders. The ability of the Company to recover its investment in fixed assets is dependent upon the successful development of the cable television and telephony business.

Directors

The following have served as directors of the Company during the year:

| | |
|-------------|------------|
| R W Whitney | (Chairman) |
| E F Potter | |
| M M Noblet | |
| P Galteau | |
| E N Johnson | |

Directors' interests in shares of the Company

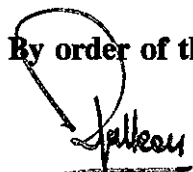
All the directors share interests in the Company were exchanged for shares in TCC under an offer dated 6 March 1987 when the company became a wholly owned subsidiary.

All the directors who held office at 31 December 1995 are also directors of TCC and their interests in TCC are disclosed in the financial statements of that company.

Auditors

A resolution to reappoint Coopers & Lybrand will be proposed at the annual general meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'Galteau', is written over a horizontal line.

P Galteau
Director

22 February 1996

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 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**Report of the auditors to the members of
Windsor Television Limited**

We have audited the financial statements on pages 7 to 17.

Respective responsibilities of directors and auditors

As described on page 5 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.

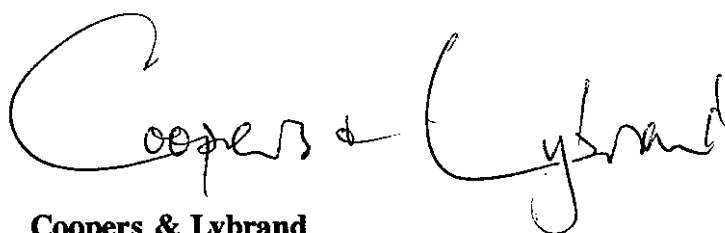
Basis of opinion

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 1995 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in dark ink, appearing to read 'Coopers & Lybrand', is written across the page.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
22 February 1996

**Profit and loss account
for the year ended 31 December 1995**

| | Notes | 1995 £'000 | 1994 £'000 |
|---|-------|---------------|---------------|
| Turnover | 2 | 19,363 | 14,871 |
| Cost of sales | | (9,143) | (7,261) |
| Gross margin | | 10,220 | 7,610 |
| Network depreciation | | (4,883) | (3,665) |
| Gross profit | | 5,337 | 3,945 |
| Other operating expenses | 3 | (8,361) | (6,399) |
| Operating loss | | (3,024) | (2,454) |
| Interest receivable and similar income | | 8 | 7 |
| Interest payable and similar charges | 6 | (1,420) | (986) |
| Loss on ordinary activities before taxation | 7 | (4,436) | (3,433) |
| Taxation | 8 | 1,454 | 2,631 |
| Deficit for the year | 19 | (2,982) | (802) |

Continuing operations: All items dealt with in arriving at the loss on ordinary activities before taxation for 1995 and 1994 relate to continuing operations.

There were no recognised gains or losses in the year other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

**Balance sheet
at 31 December 1995**

| | Notes | 1995 £'000 | 1994 £'000 |
|--|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 78,572 | 61,638 |
| Investments | 10 | 25 | 25 |
| | | <u>78,597</u> | <u>61,663</u> |
| Current assets | | | |
| Debtors | 11 | 7,580 | 5,651 |
| Cash at bank and in hand | | 98 | 72 |
| | | <u>7,678</u> | <u>5,723</u> |
| Debtors: Amounts falling due after more than one year | 12 | <u>96,047</u> | <u>44,853</u> |
| | | <u>103,725</u> | <u>50,576</u> |
| Creditors: amounts falling due within one year | 13 | <u>(30,246)</u> | <u>(10,163)</u> |
| Net current assets | | <u>73,479</u> | <u>40,413</u> |
| Total assets less current liabilities | | <u>152,076</u> | <u>102,076</u> |
| Creditors: amounts falling due after more than one year | 14 | <u>(180,529)</u> | <u>(127,547)</u> |
| Net liabilities | | <u>(28,453)</u> | <u>(25,471)</u> |
| Capital and reserves | | | |
| Called-up share capital (equity) | 17 | 826 | 826 |
| Share premium account | 19 | 6,871 | 6,871 |
| Profit and loss account | 19 | (36,150) | (33,168) |
| | | <u>(28,453)</u> | <u>(25,471)</u> |

The financial statements on pages 7 to 17 were approved by the board of directors on 22 February 1996 and were signed on its behalf by:



P Galteau
Director

**Notes to the financial statements
for the year ended 31 December 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with Accounting Standards in the United Kingdom.

Since the Company is a wholly owned subsidiary and the cash flows of the Company are included in the consolidated cash flow statement of The Cable Corporation Limited, the Company is exempt under the terms of the Financial Reporting Standard No 1 from publishing a cash flow statement.

A summary of the more important accounting policies is set out below.

Basis of accounting

These accounts have been prepared under the historical cost convention.

The accounts have been prepared on a going concern basis. The ability of the Company to continue as a going concern is dependent upon the continued support of the Company's holding company and the ability of the Company to recover its investment in fixed assets is dependent upon the successful development of the cable television and telephony business.

Basis of presentation

The Company is a wholly owned subsidiary of The Cable Corporation Limited ("TCC") incorporated in England, and has therefore not presented consolidated accounts.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value, of each asset in equal instalments over their estimated useful lives as follows:

| | |
|--|--------------|
| Cable and ducting | 40 years |
| Electronics | 2 - 10 years |
| Motor vehicles | 4 years |
| Office equipment | 3 - 10 years |
| Tools | 3 years |
| Assets available for use in construction | Nil |

Fixed asset investments

Fixed asset investments are stated at the lower of cost or directors' valuation.

Turnover

Turnover comprises the gross value of sales (excluding VAT) of services in the normal course of business.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Credit is taken in the profit and loss account for the amount which is expected to be received in respect of losses which may be surrendered for group relief, in the period in which these losses arise.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences where, in the opinion of the directors they will probably not reverse.

Finance and operating leases

Income receivable and rentals payable under operating leases are credited and charged to the profit and loss account as they fall due.

Assets acquired under finance leases and hire purchase agreements are capitalised and the capital element of lease rentals is included in creditors.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account in the year to which they relate in accordance with the rules of the scheme.

2 Turnover

| | 1995 £'000 | 1994 £'000 |
|------------|---------------|---------------|
| Television | 4,382 | 3,771 |
| Telephony | 14,981 | 11,100 |
| | <u>19,363</u> | <u>14,871</u> |

All of the Company's turnover arose in the United Kingdom.

3 Other operating expenses

| | 1995 £'000 | 1994 £'000 |
|--------------------------------|---------------|---------------|
| Selling and distribution costs | 4,051 | 3,114 |
| Administrative expenses | 10,252 | 6,894 |
| | <u>14,303</u> | <u>10,008</u> |
| Less: other operating income | (5,942) | (3,609) |
| | <u>8,361</u> | <u>6,399</u> |

4 Directors' emoluments

No remuneration was paid to the directors of the company. The directors of Windsor Television Limited are also directors of the immediate holding company, The Cable Corporation Limited. They are remunerated for their services as a whole and consequently details of their emoluments have been disclosed in the group accounts.

5 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

| | 1995 Number | 1994 Number |
|----------------|----------------|----------------|
| Sales | 105 | 52 |
| Engineering | 140 | 104 |
| Administration | 90 | 98 |
| | <u>335</u> | <u>254</u> |

| | 1995 £'000 | 1994 £'000 |
|--------------------------------------|---------------|---------------|
| Staff costs (for the above persons): | | |
| Wages and salaries | 7,724 | 5,606 |
| Social security costs | 743 | 572 |
| Other pension costs | 136 | 95 |
| | <u>8,603</u> | <u>6,273</u> |

6 Interest payable and similar charges

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| On bank loans, overdrafts and other loans: | | |
| Repayable within 5 years, not by instalments | 1,136 | 793 |
| On finance leases and hire purchase contracts | 284 | 193 |
| | <u>1,420</u> | <u>986</u> |

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Loss on ordinary activities before taxation is stated after charging: | | |
| Depreciation charge for the year: | | |
| Tangible owned fixed assets | 5,823 | 4,031 |
| Tangible fixed assets held under finance leases | 448 | 489 |
| Auditor's remuneration for audit services | 20 | 16 |
| Hire of plant and machinery - operating leases | 166 | 142 |
| Hire of other assets - operating leases | 824 | 590 |
| Gain on disposal of fixed assets | 17 | - |

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Amount receivable for losses surrendered as group relief | | |
| Current year | 1,454 | 1,700 |
| Prior year | - | 931 |
| | <u>1,454</u> | <u>2,631</u> |

| | Cables and ducting £'000 | Electronic equipment £'000 | Motor vehicles £'000 | Office equipment £'000 | Tools £'000 | Available for use in construction £'000 | Total £'000 |
|---------------------------------------|-----------------------------------|----------------------------------|----------------------------|------------------------------|----------------|--|----------------|
| Cost or valuation | | | | | | | |
| At 1 January 1995 | 46,032 | 24,808 | 185 | 4,267 | 865 | 2,820 | 78,977 |
| Additions | 6,582 | 4,587 | 121 | 3,143 | 315 | 8,480 | 23,228 |
| Disposals | - | - | (97) | - | - | - | (97) |
| Transfers | 2,211 | 4,347 | - | - | - | (6,558) | - |
| At 31 December 1995 | 54,825 | 33,742 | 209 | 7,410 | 1,180 | 4,742 | 102,108 |
| Depreciation | | | | | | | |
| At 1 January 1995 | 5,936 | 8,946 | 118 | 1,744 | 595 | - | 17,339 |
| Charge for year | 1,829 | 3,054 | 49 | 1,143 | 196 | - | 6,271 |
| Eliminated in respect of disposals | - | - | (74) | - | - | - | (74) |
| Transfer | (22) | 22 | - | - | - | - | - |
| At 31 December 1995 | 7,743 | 12,022 | 93 | 2,887 | 791 | - | 23,536 |
| Net book value | | | | | | | |
| At 31 December 1995 | 47,082 | 21,720 | 116 | 4,523 | 389 | 4,742 | 78,572 |
| Net book value | | | | | | | |
| At 31 December 1994 | 40,096 | 15,862 | 67 | 2,523 | 270 | 2,820 | 61,638 |

The net book value of tangible fixed assets includes an amount of £3,599,821 (1994: £2,913,000) in respect of assets held under finance leases and hire purchase contracts.

The ability of the Company to recover its investment in fixed assets is dependent upon the successful development of the cable television and telephony business.

10 Fixed asset investments

| | Other investments £'000 |
|---|-------------------------------|
| Net book value at 1 January 1995 and 31 December 1995 | 25 |

Company investments

| Name of undertaking | Country of incorporation or registration | Description of shares held | Proportion of nominal value of issued shares held |
|---------------------|--|-------------------------------|--|
|---------------------|--|-------------------------------|--|

Subsidiary undertaking:

| | | | |
|--|---------|----------|------|
| The Cable Corporation Equipment Ltd | England | Ordinary | 100% |
|--|---------|----------|------|

The principal business activity of this subsidiary is the sale and rental of telecommunications hardware.

Trade investments:

| | | | |
|-------------------------------------|---------|------------------------|------------|
| Cable Guide Publications Limited | England | Ordinary Preference | 15% 20% |
|-------------------------------------|---------|------------------------|------------|

11 Debtors : Amounts falling due within one year

| | 1995 £'000 | 1994 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 3,526 | 2,495 |
| VAT recoverable | 1,323 | 652 |
| Taxation recoverable | 1,455 | 1,700 |
| Other debtors | 133 | 255 |
| Prepayments and accrued income | 1,143 | 549 |
| | <u>7,580</u> | <u>5,651</u> |

12 Debtors: Amounts falling due after one year

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Amounts owed by fellow subsidiary undertakings | 95,865 | 44,671 |
| Other debtors | 182 | 182 |
| | <u>96,047</u> | <u>44,853</u> |

13 Creditors: amounts falling due within one year

| | Notes | 1995 £'000 | 1994 £'000 |
|--|-------|---------------|---------------|
| Bank loans | (i) | 12,000 | - |
| Obligations under finance leases | | 38 | 26 |
| Amounts owed to parent undertaking | | 417 | 56 |
| Trade creditors | | 13,935 | 7,900 |
| Other taxation and social security payable | | 359 | 255 |
| Other creditors | | 1,026 | 527 |
| Accruals and deferred income | | 2,471 | 1,399 |
| | | <u>30,246</u> | <u>10,163</u> |

(i) Bank loans

Bank loans comprise £12,000,000 drawn down by Windsor Television Limited at 31 December 1994 on a term loan facility made available to finance the expansion of the network in the Windsor franchise area. Interest is charged at 1 percent above LIBOR for the first two years and at 1.25 percent above LIBOR for the third year.

The term loan facility may be repaid periodically and is required to be fully repaid at 31 December 1996.

The loan is secured by a fixed charge over the shares in Windsor Television Limited and a debenture incorporating a first fixed and floating charge over all the property and assets of Windsor Television Limited and Cable Telecom Limited. The loan is guaranteed by both General Cable PLC and Middlesex Cable Limited.

14 Creditors: amounts falling due after one year

| | Notes | 1995 £'000 | 1994 £'000 |
|------------------------------------|-------|----------------|----------------|
| Bank loans | | - | 12,000 |
| Obligations under finance leases | (i) | 4,243 | 3,186 |
| Amounts owed to group undertakings | (ii) | 176,286 | 112,361 |
| | | <u>180,529</u> | <u>127,547</u> |

(i) Finance leases

The future minimum lease payments to which the Company is committed under finance leases and hire purchase contracts are as follows:

| | 1995 £'000 | 1994 £'000 |
|----------------------------|---------------|---------------|
| In one year or less | 38 | 26 |
| Between one and two years | 250 | 16 |
| Between two and five years | 2,125 | 795 |
| Over five years | 1,868 | 2,375 |
| | <u>4,281</u> | <u>3,212</u> |

(ii) Amounts owed to group undertakings

The amount owed to group undertakings is an interest free loan which has no fixed repayment date.

15 Provisions for liabilities and charges
Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

| | Amount provided | | Full potential liability | |
|--|-----------------|---------------|--------------------------|---------------|
| | 1995 £'000 | 1994 £'000 | 1995 £'000 | 1994 £'000 |
| Tax effect of timing differences because of: | | | | |
| Excess of tax allowances over depreciation | 9,865 | 6,476 | 9,865 | 6,476 |
| Short term timing differences | (115) | (141) | (115) | (141) |
| Tax effect of losses carried forward | (9,750) | (6,335) | (9,750) | (6,335) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The Company has available for carry forward tax losses, including those reflected above, of approximately £48,731,000 (1994: £41,000,000) which are available for set off against future taxable profits from the same trade. This is after the surrender during the year of tax losses totalling approximately £5,528,000 (1994: £6,500,000) as group relief. The amount receivable for this surrender is disclosed in note 8.

16 Pension

The company's employees participate in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge representing contributions payable to the fund amounted to £136,066 (1994: £95,000). There were no contributions payable to the fund at year end.

17 Called-up share capital

| | 1995 | 1994 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Authorised | | |
| 5,800,000 (1994: 5,800,000) ordinary shares of 25p each | 1,450 | 1,450 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 3,305,716 (1994: 3,305,716) ordinary shares of 25p each | 826 | 826 |
| | <hr/> | <hr/> |

18 Movement in shareholders' funds

| | 1995 | 1994 |
|------------------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| Shareholders' funds at 1 January | (25,471) | (24,669) |
| Profit and loss account | (2,982) | (802) |
| | <hr/> | <hr/> |
| Shareholders' funds at 31 December | (28,453) | (25,471) |
| | <hr/> | <hr/> |

19 Share premium account and reserves

| | Share premium account £'000 | Profit and loss account £'000 |
|----------------------------|--------------------------------------|--|
| At 1 January 1995 | 6,871 | (33,168) |
| Retained loss for the year | - | (2,982) |
| At 31 December 1995 | <u>6,871</u> | <u>(36,150)</u> |

20 Capital commitments

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | <u>4,366</u> | <u>823</u> |

21 Financial commitments

At 31 December 1995 the Company had annual commitments under non-cancellable operating leases as follows:

| | 1995 | | 1994 | |
|---|--------------------------------|----------------|--------------------------------|----------------|
| | Land and Buildings £'000 | Other £'000 | Land and Buildings £'000 | Other £'000 |
| Expiring within one year | 25 | 134 | - | 96 |
| Expiring between two and five years inclusive | 29 | 1,625 | 15 | 986 |
| Expiring in over five years | 636 | - | 492 | - |
| | <u>690</u> | <u>1,759</u> | <u>507</u> | <u>1,082</u> |

22 Ultimate and immediate parent companies

The directors regard Compagnie Générale des Eaux, a company registered in France, as the ultimate parent company. The immediate holding company is The Cable Corporation Limited, a company registered in England and Wales. Copies of their accounts can be obtained from Cable House, Waterside Drive, Langley, Berkshire, SL3 6EZ.