

Windsor Television Limited
Annual report
for the year ended 31 December 1994

Registered no: 1745542



Windsor Television Limited

Annual report for the year ended 31 December 1994

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Directors and advisers

Executive directors

E N Johnson

Non executive directors

P Galteau

E F Potter

M M Noblet

R W Whitney

Secretary and registered office

J M Laver

Cable House

Waterside Drive

Langley

Berkshire

SL3 6EZ

Auditors

Coopers & Lybrand

Solicitors

Ashurst Morris Crisp

Bankers

Midland Bank Plc

Directors' report for the year ended 31 December 1994

The directors present their report and the audited financial statements for the year ended 31 December 1994.

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

During 1994, the Company continued its enhancement of the network predominantly in the overlay with fibre optic cable for residential telephony. The Company saw a substantial growth in revenue in 1994 as a result of the additional new services provided coupled with a higher profile achieved in the franchise area.

Future developments

The Company will continue to expand its network and development of new products to improve the quality of services offered to its growing customer base.

Results

The loss on ordinary activities before taxation for the year was £3,433,000 (1993: £3,930,000) on turnover of £14,871,000 (1993: £12,560,000). 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. The retained loss for the year of £802,000 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 all employees informed on matters affecting them via a quarterly newsletter "Connection." The Investor in People programme is a proactive scheme aimed at motivating employees in the involvement of the Group's activities.

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)
J J Delahunty	(resigned 6 December 1994)
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 1994 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



R W Whitney
Director
23 February 1995

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.

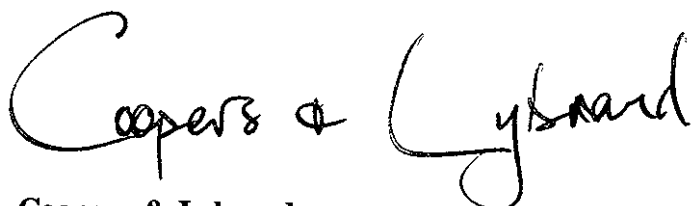
Basis of opinion

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 1994 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 black ink that reads "Coopers & Lybrand". The signature is written in a cursive, flowing style with a large initial 'C'.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
23 February 1995

**Profit and loss account
for the year ended 31 December 1994**

	Notes	1994 £'000	1993 £'000
Turnover	2	14,871	12,560
Cost of sales		(7,261)	(7,373)
Gross margin		<u>7,610</u>	<u>5,187</u>
Network depreciation		(3,665)	(3,186)
Gross profit		<u>3,945</u>	<u>2,001</u>
Other operating expenses	3	(6,399)	(5,239)
Operating loss		<u>(2,454)</u>	<u>(3,238)</u>
Interest receivable and similar income		7	-
Interest payable and similar charges	6	(986)	(692)
Loss on ordinary activities before taxation	7	<u>(3,433)</u>	<u>(3,930)</u>
Taxation	8	2,631	1,790
Deficit for the year	19	<u><u>(802)</u></u>	<u><u>(2,140)</u></u>

Continuing operations: All items dealt with in arriving at the loss on ordinary activities before taxation for 1994 and 1993 relate to continuing operations.

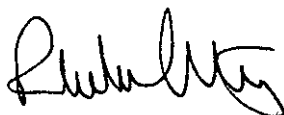
There were no recognised gains or losses in the year other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

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 1994**

	Notes	1994 £'000	1993 £'000
Fixed assets			
Tangible assets	9	61,638	50,409
Investments	10	25	25
		<u>61,663</u>	<u>50,434</u>
Current assets			
Debtors	11	5,651	5,699
Cash at bank and in hand		72	4,178
		<u>5,723</u>	<u>9,877</u>
Debtors: Amounts falling due after more than one year	12	44,853	25,285
		<u>50,576</u>	<u>35,162</u>
Creditors: amounts falling due within one year	13	(10,163)	(7,242)
Net current assets		<u>40,413</u>	<u>27,920</u>
Total assets less current liabilities		<u>102,076</u>	<u>78,354</u>
Creditors: amounts falling due after more than one year	14	(127,547)	(103,023)
Net liabilities		<u>(25,471)</u>	<u>(24,669)</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	(33,168)	(32,366)
		<u>(25,471)</u>	<u>(24,669)</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 23 February 1995 and were signed on its behalf by:



R W Whitney
Director

Notes to the financial statements for the year ended 31 December 1994

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 consortium 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

	1994 £'000	1993 £'000
Television	3,771	3,639
Telephony	11,100	8,848
Other	-	73
	<u>14,871</u>	<u>12,560</u>

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

3 Other operating expenses

	1994 £'000	1993 £'000
Selling and distribution costs	3,114	2,794
Administrative expenses	6,894	6,227
	<u>10,008</u>	<u>9,021</u>
Less: other operating income	(3,609)	(3,782)
	<u>6,399</u>	<u>5,239</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. 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:

	1994 Number	1993 Number
Sales	52	41
Engineering	104	87
Administration	98	78
	<u>254</u>	<u>206</u>

Staff costs (for the above persons):

	1994 £'000	1993 £'000
Wages and salaries	5,606	4,469
Social security costs	572	445
Other pension costs	95	70
	<u>6,273</u>	<u>4,984</u>

6 Interest payable and similar charges

	1994 £'000	1993 £'000
On bank loans, overdrafts and other loans: Repayable within 5 years, not by instalments	793	611
	<u>793</u>	<u>611</u>
On finance leases and hire purchase contracts	193	81
	<u>986</u>	<u>692</u>

7 Loss on ordinary activities before taxation

	1994 £'000	1993 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	4,031	3,369
Tangible fixed assets held under finance leases	489	163
Auditor's remuneration for audit services	16	25
Hire of plant and machinery - operating leases	142	159
Hire of other assets - operating leases	590	401
Gain on disposal of fixed assets	-	(20)
	<u> </u>	<u> </u>

8 Taxation

	1994 £'000	1993 £'000
Amount receivable for losses surrendered as consortium relief		
Current year	1,700	1,790
Prior year	931	-
	<u> </u>	<u> </u>
	<u>2,631</u>	<u>1,790</u>

9 Tangible fixed assets

	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 1994	39,951	18,875	201	2,300	684	1,231	63,242
Additions	4,108	2,598	14	1,967	181	6,897	15,765
Disposals	-	-	(30)	-	-	-	(30)
Transfers	1,973	3,335	-	-	-	(5,308)	-
At 31 December 1994	<u>46,032</u>	<u>24,808</u>	<u>185</u>	<u>4,267</u>	<u>865</u>	<u>2,820</u>	<u>78,977</u>
Depreciation							
At 1 January 1994	4,482	6,732	83	1,124	412	-	12,833
Charge for year	1,454	2,214	49	620	183	-	4,520
Eliminated in respect of disposals	-	-	(14)	-	-	-	(14)
At 31 December 1994	<u>5,936</u>	<u>8,946</u>	<u>118</u>	<u>1,744</u>	<u>595</u>	<u>-</u>	<u>17,339</u>
Net book value							
At 31 December 1994	<u>40,096</u>	<u>15,862</u>	<u>67</u>	<u>2,523</u>	<u>270</u>	<u>2,820</u>	<u>61,638</u>
Net book value							
At 31 December 1993	<u>35,469</u>	<u>12,143</u>	<u>118</u>	<u>1,176</u>	<u>272</u>	<u>1,231</u>	<u>50,409</u>

The net book value of tangible fixed assets includes an amount of £2,913,000 (1993: £2,232,000) 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 1994 and 31 December 1994	<u>25</u>

Company investments

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held
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Subsidiary undertaking:

Cable Telecom Ltd	England	Ordinary	100%
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The principal business activity of this subsidiary is the sale and rental of the telecommunications hardware.

Trade investments:

Cable Guide Publications Limited	England	Ordinary Preference	15% 20%
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11 Debtors

	1994 £'000	1993 £'000
Amounts falling due within one year:		
Trade debtors	2,495	2,255
Amounts owed by group undertaking	-	26
VAT recoverable	652	679
Taxation recoverable	1,700	1,790
Other debtors	255	427
Prepayments and accrued income	549	522
	<u>5,651</u>	<u>5,699</u>

12 Debtors: Amounts falling due after one year

	1994 £'000	1993 £'000
Amounts owed by fellow subsidiary undertakings	44,671	25,103
Other debtors	182	182
	<u>44,853</u>	<u>25,285</u>

13 Creditors: amounts falling due within one year

	1994 £'000	1993 £'000
Obligations under finance leases	26	43
Amounts owed to parent undertaking	56	-
Trade creditors	7,900	5,219
Other taxation and social security payable	255	195
Other creditors	527	372
Accruals and deferred income	1,399	1,413
	<u>10,163</u>	<u>7,242</u>

14 Creditors: amounts falling due after one year

		1994 £'000	1993 £'000
Bank loans	(i)	12,000	12,000
Obligations under finance leases	(ii)	3,186	2,211
Amounts owed to group undertakings	(iii)	112,361	88,812
		<u>127,547</u>	<u>103,023</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% above LIBOR.

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 Limited and Middlesex Cable Limited.

(ii) Finance leases

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

	1994 £'000	1993 £'000
In one year or less	26	43
Between one and two years	16	25
Between two and five years	795	555
Over five years	2,375	1,631
	<u>3,212</u>	<u>2,254</u>

(iii) 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	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	6,476	2,991	6,476	2,991
Short term timing differences	(141)	(16)	(141)	(16)
Tax effect of losses carried forward	(6,335)	(2,975)	(6,335)	(2,975)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company has available for carry forward tax losses, including those reflected above, of approximately £41,000,000 (1993: £38,000,000) 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 £6,500,000 (1993: £6,800,000) as consortium 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 £95,000 (1993: £69,444). There were no contributions payable to the fund at year end.

17 Called-up share capital

	1994 £'000	1993 £'000
Authorised		
5,800,000 (1993: 5,800,000) ordinary shares of 25p each	<u>1,450</u>	<u>1,450</u>
Allotted, called up and fully paid		
3,305,716 (1993: 3,305,716) ordinary shares of 25p each	<u>826</u>	<u>826</u>

18 Movement in shareholders' funds

	1994 £'000	1993 £'000
Shareholders' funds at 1 January	(24,669)	(22,529)
Profit and loss account	<u>(802)</u>	<u>(2,140)</u>
Shareholders' funds at 31 December	<u>(25,471)</u>	<u>(24,669)</u>

19 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 1994	6,871	(32,366)
Retained profit for the year	-	(802)
	<u>6,871</u>	<u>(33,168)</u>
At 31 December 1994	<u>6,871</u>	<u>(33,168)</u>

20 Capital commitments

	1994 £'000	1993 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>823</u>	<u>961</u>

21 Financial commitments

At 31 December 1994 the Company had annual commitments under non-cancellable operating leases as follows:

	1994		1993	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	-	96	-	137
Expiring between two and five years inclusive	15	986	-	596
Expiring in over five years	492	-	507	-
	<u>507</u>	<u>1,082</u>	<u>507</u>	<u>733</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.