

Windsor Television Limited

Annual report

for the year ended 31 December 1997

Registered no: 1745542



Windsor Television Limited

Annual Report for the year ended 31 December 1997

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Windsor Television Limited

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Directors and advisors

Executive director

C J Neary

Auditors

Coopers & Lybrand

Non executive directors

P Galteau

Sir R W Whitney

D J Miller

Solicitors

Simmons & Simmons

Secretary and registered office

J M Laver

Cable House

Waterside Drive

Langley

Berkshire

SL3 6EZ

Bankers

Midland Bank Plc

Natwest Bank Plc

Robert Fleming & Co Ltd

Societe Generale

Directors' Report for the year ended 31 December 1997

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

Principal activities

The company provides telecommunications services to the business community and both telephone and cable television services to the residential market. The company builds and operates owned and leased integrated broadband communications networks based in the local loop.

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

Review of Business

The company achieved a 15% increase in turnover to £ 28,132,000 (1996: £ 24,430,000), and operating profits (defined as Earnings Before Interest & Tax and Depreciation) by 65% to £ 8,895,000 (1996: £5,387,000).

In October 1997, General Cable PLC announced a fundamental reorganisation of its business. As a result, total related charges of £7,291,000 are recorded as an exceptional item in 1997. These are detailed in note 6 to the accounts.

Future developments

The company will focus its resources into areas that offer the most attractive returns in supplying its customers with broadband telecommunications services.

Results

The loss on ordinary activities before taxation for the year was £ 8,527,000 (1996: £573,000) on turnover of £28,132,000 (1996: £24,430,000). 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 (1996: £ Nil). The retained loss for the year of £8,474,000 (1996: £368,000) will be transferred to the Company's reserves.

Changes in fixed assets

The movements in tangible assets during the year are set out in note 10 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

It is company policy to ensure that jobs are filled by the most suitably qualified people regardless of sex, ethnic origin or religion. The company ensures that employees are trained and developed according to their potential and recognises the importance of two way communication and participation in consultative committees and briefing groups.

Creditor Payment Policy

The company's current policy concerning the payment of the majority of its trade creditors is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction ;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts ; and
- (c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. The number of days represented by trade creditors falling due for payment within one year at 31 December 1997 was 70 days.

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:

Sir R W Whitney
P Galteau
C J Neary
D J Miller

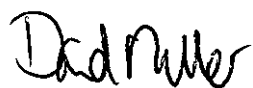
Directors' interests in shares of the Company

None of the directors at the year end had any interest in the shares of the Company at any time during the year. As permitted by statutory instrument, the financial statements do not disclose the interests of the directors who are also directors of the parent Company. Accordingly the interests of these directors in the ultimate and immediate parent Companies are detailed in the financial statements of General Cable plc and The Cable Corporation Limited respectively.

Auditors

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

By order of the board



Director
31 March 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 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 prevention and detection of fraud and other irregularities.

By order of the board



Director
31 March 1998

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

We have audited the financial statements on page 7 to 20.

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.

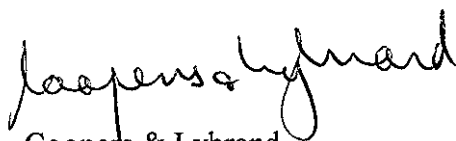
Basis of opinion

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



Coopers & Lybrand
Chartered Accountants
and Registered Auditors
London

21 March 1998

**Profit and loss account
for the year ended 31 December 1997**

	Notes	1997 £'000	1996 £'000
Turnover	2	28,132	24,430
Cost of sales		(10,303)	(8,857)
		<hr/>	<hr/>
Gross margin		17,829	15,573
Network depreciation		(6,966)	(5,556)
		<hr/>	<hr/>
Gross profit		10,863	10,017
Other operating expenses	3	(11,869)	(10,186)
		<hr/>	<hr/>
Operating loss		(1,006)	(169)
Exceptional Charge	6	(7,291)	-
		<hr/>	<hr/>
Loss before Interest and Tax		(8,297)	(169)
Interest	7	(230)	(404)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	8	(8,527)	(573)
Taxation	9	53	205
		<hr/>	<hr/>
Deficit for the year	20	(8,474)	(368)
		<hr/>	<hr/>

Continuing operations: All items dealt in arriving at the loss on ordinary activities before taxation for 1997 and 1996 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 deficit for the year stated above, and their historical cost equivalents.

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Balance Sheet at 31 December 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	10	98,043	85,385
Investments	11	25	25
		<u>98,068</u>	<u>85,410</u>
Current assets			
Debtors	12	10,334	8,171
Cash deposits secured for more than one year		36,752	30,052
Cash at bank and in hand		850	222
		<u>47,936</u>	<u>38,445</u>
Debtors: amounts falling due after more than one year	13	<u>177,306</u>	<u>142,787</u>
		<u>225,242</u>	<u>181,232</u>
Creditors: amounts falling due within one year	14	(24,094)	(19,643)
Fundamental Reorganisation	6	(3,480)	-
		<u>(27,574)</u>	<u>(19,643)</u>
Net current assets		<u>197,668</u>	<u>161,589</u>
Total assets less current liabilities		<u>295,736</u>	<u>246,999</u>
Creditors: amounts falling due after more than one year	15	<u>(333,031)</u>	<u>(275,820)</u>
Net liabilities		<u>(37,295)</u>	<u>(28,821)</u>
Capital and reserves			
Called-up share capital (equity)	18	826	826
Share premium account	20	6,871	6,871
Profit and loss account	20	(44,992)	(36,518)
		<u>(37,295)</u>	<u>(28,821)</u>

The financial statements on pages 7 to 20 were approved by the board of directors on 31 March 1998 and were signed on its behalf by:



Director

**Notes to the financial statements
for the year ended 31 December 1997****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 (Revised) from publishing a cash flow statement.

A summary of the more important accounting policies which have been consistently applied 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 on the continued support of the Company's principal shareholders 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

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

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

Cables 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, which excludes Value Added Tax comprises the value of sales of goods and services in the normal course of business.

Taxation

Corporation tax payable 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 or group relief in the period in which those 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 times of reversal. Deferred tax is not provided on timing differences which, in the opinion of directors, 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

	1997 £'000	1996 £'000
Television	5,406	4,667
Telephony	22,726	19,763
	<u>28,132</u>	<u>24,430</u>

All of the Group's turnover arose in the United Kingdom

3 Other operating expenses

	1997 £'000	1996 £'000
Selling and distribution costs	4,890	6,383
Administration expenses	18,421	13,367
	<u>23,311</u>	<u>19,750</u>
Less: other operating income	(11,442)	(9,564)
	<u>11,869</u>	<u>10,186</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:

	1997 Number	1996 Number
Sales	-	94
Engineering	-	204
Administration	-	101
	<u>-</u>	<u>399</u>
	1997 £'000	1996 £'000
Staff costs (for the above persons)		
Wages and salaries	-	9,207
Social security costs	-	874
Other pension costs	-	207
	<u>-</u>	<u>10,288</u>

All employees were transferred to European Business Network Limited, a subsidiary of The Cable Corporation on 1 January 1997. Employee information is disclosed in the statutory accounts of that company.

6 Exceptional Item - Fundamental Reorganisation

In October 1997 General Cable PLC announced a fundamental reorganisation of its business and a change in operating strategy to maximise the benefit of its strength in business and residential telecommunications. As a result total related charges of £7.3m are recorded as an exceptional item in 1997. The charge comprises £3.6m for the write down of certain categories of analogue cable television equipment consistent with the strategy referred to above, £2.4m for the reorganisation and restructuring of the businesses and £1.3m relating to the disposal of properties.

A provision of £3.5m relating to the above is carried at 31 December 1997.

	1997 £'000	1996 £'000
Charged to the provision during the year	3,757	-
Utilised during the year	(277)	-
	<u>3,480</u>	<u>-</u>
Balance on provision at 31 December 1997		

7 Interest

	1997 £'000	1996 £'000
<u>Interest payable</u>		
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	-	191
On finance leases and hire purchase contracts	2,564	1,541
	<u>2,564</u>	<u>1,732</u>
<u>Interest receivable</u>		
On short term deposits	(200)	(226)
On long term deposits	(2,134)	(1,102)
	<u>230</u>	<u>404</u>

8 Loss on ordinary activities before taxation

	1997 £'000	1996 £'000
The loss on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	5,869	4,792
Tangible fixed assets held under finance leases	4,032	2,931
Auditor's remuneration for audit services	19	19
Hire of plant and machinery - operating leases	70	117
Hire of other assets - operating leases	1,610	1,677
(Gain)/Loss on disposal of fixed assets	<u>(17)</u>	<u>16</u>

9 Taxation

	1997 £'000	1996 £'000
Amount receivable for losses surrendered as group relief:		
Current year	-	205
Prior year	53	-
	<u>53</u>	<u>205</u>

10 Tangible fixed assets

	Plant and Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 January 1997	106,452	10,156	116,608
Additions	18,086	8,025	26,111
Disposals	-	(115)	(115)
At 31 December 1997	124,538	18,066	142,604
Depreciation			
At 1 January 1997	26,342	4,881	31,223
Charge for year	6,966	2,935	9,901
Charge for year - Exceptional	3,282	252	3,534
Eliminated in respect of disposals	-	(97)	(97)
At 31 December 1997	36,590	7,971	44,561
Net book value			
At 31 December 1997	87,948	10,095	98,043
Net book value At 31 December 1996	80,110	5,275	85,385

The net book value of tangible fixed assets includes an amount of £30,754,000 (1996:£22,181,000) 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.

Windsor Television Limited

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11 Fixed asset investments

Other
investments
£'000

Net book value at 31 December 1996
and 31 December 1997

25

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

The Cable Corporation Equipment Limited	England	Ordinary	100%
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The principal business activity of the subsidiary is the sale and rental of telecommunications hardware.

Trade Investments

Cable Guide Publications Limited	England	Ordinary Preference	15% 20%
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12 Debtors: Amounts falling due within one year

	1997 £'000	1996 £'000
Trade debtors	8,868	6,161
Taxation recoverable	-	205
Other debtors	363	419
Prepayments and accrued income	970	996
Amounts owed by group undertakings	133	390
	<u>10,334</u>	<u>8,171</u>

13 Debtors: Amounts falling due after one year

	1997 £'000	1996 £'000
Amounts owed by fellow subsidiary undertakings	177,306	142,719
Other debtors	-	68
	<u>177,306</u>	<u>142,787</u>

14 Creditors: amounts falling due within one year

	Notes	1997 £'000	1996 £'000
Obligations under finance leases	(i)	4,499	3,743
Trade creditors		10,826	10,656
Amount owed to parent undertakings		421	43
Other taxation and social security payable		413	457
Other creditors		314	1,425
Accruals and deferred income		7,621	3,319
		<u>24,094</u>	<u>19,643</u>

(i) See note 15 (i)

15 Creditors : Amounts falling due after one year

	Notes	1997 £'000	1996 £'000
Obligations under finance leases	(i)	35,594	27,415
Amounts owed to parent undertakings	(ii)	297,437	248,017
Accruals and deferred income		-	388
		<u>333,031</u>	<u>275,820</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:

	1997 £'000	1996 £'000
In one year or less	4,499	3,743
Between one and two years	4,311	2,932
Between two and five years	15,005	10,618
Over five years	16,278	13,865
	<u>40,093</u>	<u>31,158</u>

In 1996 the company entered into a finance lease facility. Most network assets with an estimated economic life of under 10 years are financed under the facility. Loan security is provided by a charge over the cash realised in connection with assets financed under the lease. Extensive security is provided under the finance arrangements to the syndicate banker and other banks providing finance under the lease arrangements through fixed and floating charges over all the assets in the company. The lessors have additional security and protections which include guarantees and cash backed security of the company's obligations. Total cash restricted as to use by providing backing for security to lessors amounted to £36,752,000 at 31 December 1997, which have been classified as secured cash deposits restricted for more than one year.

(ii) Amounts owed to group undertakings

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

16 Provision 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	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Excess of tax allowance over depreciation	9,396	13,111	9,396	13,111
Short term timing differences	-	-	-	-
Tax effect of losses carried forward	(9,396)	(13,111)	(9,396)	(13,111)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The company has been available for carry forward tax losses, including those reflected above, of approximately £47,800,000 (1996: £50,062,000) 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 £ Nil (1996: £1,243,000) as group relief. The amount receivable for this surrender is disclosed in note 9.

17 Pension

On 1 January all employees were transferred to European Business Network Limited, a subsidiary of The Cable Corporation Limited. The 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 £294,000 (1996: £207,000.) At the year end, £8,000 in contributions were payable to the pension fund.

18 Called-up share capital

	1997 £'000	1996 £'000
Authorised		
5,800,000 (1996: 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 (1996: 3,305,716) ordinary shares of 25p each	<u>826</u>	<u>826</u>

19 Movement in shareholders' funds

	1997 £'000	1996 £'000
Shareholders funds at 1 January	(28,821)	(28,453)
Profit and loss account	(8,474)	(368)
Shareholders funds at 31 December	<u>(37,295)</u>	<u>(28,821)</u>

20 Share premium account and reserves

	Share premium account	Profit and loss account
At 1 January 1997	6,871	(36,518)
Retained loss for the year	-	(8,474)
At 31 December 1997	<u>6,871</u>	<u>(44,992)</u>

21 Capital commitments

	1997 £'000	1996 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>3,476</u>	<u>7,345</u>

22 Financial commitments

At 31 December 1997 the Company had annual commitments under non-cancellable operating leases as follows:

	1997		1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	7	52	25	282
Expiring within two and five years inclusive	-	41	29	406
Expiring in over five years	800	-	636	-
	<u>807</u>	<u>93</u>	<u>690</u>	<u>688</u>

23 Ultimate and immediate parent companies

The directors regard General Cable PLC, a company registered in England and Wales, 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.