

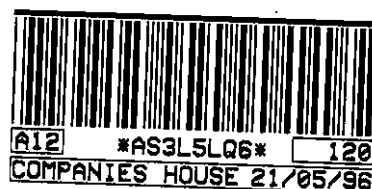


CABLE CAMDEN LIMITED

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1995

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

PRINCIPAL ACTIVITY

The principal activity is to build and operate cable and telecommunication systems.

RESULTS AND DIVIDENDS

	£
Accumulated deficit at 1 January 1995	10,187,666
Loss for the year	<u>1,534,092</u>
Accumulated deficit at 31 December 1995	<u><u>11,721,758</u></u>

The directors do not recommend payment of a dividend (1994 - £nil).

FIXED ASSETS

Movements in fixed assets during the year are summarised in notes 5 and 6 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are as shown below:

J S Nathan
G D Campbell
M J Gee

E N Johnson was appointed a director of the company on 25 January 1996.

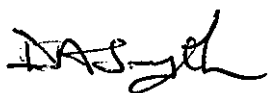
The directors had no beneficial interest in the shares of the company or any fellow subsidiary company. The directors' interests in the shares of the parent company, Cable London plc, are shown in the parent company's financial statements.

AUDITORS

On 11 January 1996 Arthur Andersen & Co. resigned as auditors of the company and the directors appointed Touche Ross & Co.

On 1 February 1996 Touche Ross & Co. changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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



D A Smyth
Secretary

April 1996
3 May



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 year. 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; and
- 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. 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.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

CABLE CAMDEN LIMITED

We have audited the financial statements on page 4 to 9 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 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 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

3. May
April 1996

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Notes	1995 £	1994 £
TURNOVER	1	10,465,073	8,976,185
Distribution costs		(5,048,453)	(4,430,289)
Administrative expenses		<u>(6,950,712)</u>	<u>(6,372,856)</u>
Operating loss and loss on ordinary activities before taxation	2	(1,534,092)	(1,826,960)
Accumulated deficit, at beginning of year		<u>(10,187,666)</u>	<u>(8,360,706)</u>
Accumulated deficit, at end of year		<u><u>(11,721,758)</u></u>	<u><u>(10,187,666)</u></u>

All activities derive from continuing operations.

There are no recognised gains or losses other than the loss for the financial year of £1,534,092 (1994 - £1,826,960).



BALANCE SHEET
31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Intangible assets	5	1,076,646	1,199,969
Tangible assets	6	<u>38,097,448</u>	<u>26,021,856</u>
		39,174,094	27,221,825
CREDITORS: amounts falling due within one year:			
Amounts owed to parent company		<u>(50,894,852)</u>	<u>(37,408,491)</u>
NET LIABILITIES	9	<u>(11,720,758)</u>	<u>(10,186,666)</u>
CAPITAL AND RESERVES			
Called up share capital	7	1,000	1,000
Profit and loss account		<u>(11,721,758)</u>	<u>(10,187,666)</u>
EQUITY SHAREHOLDERS' FUNDS	8	<u>(11,720,758)</u>	<u>(10,186,666)</u>

These financial statements were approved by the Board of Directors on ^{3 May}~~3 April~~ 1996.

Signed on behalf of the Board of Directors

J S Nathan

Director

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounting

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

Cash flow statements

No cash flow statement has been prepared as the company is a wholly owned subsidiary undertaking of Cable London plc, which publishes consolidated financial statements which include the company, drawn up in accordance with UK companies legislation.

Intangible fixed assets - deferred development expenditure

Development period

The development period is defined as the period from 1 August 1989 to the date upon which the first subscriber revenue is earned.

During the development period all expenditure not directly attributable to the cable system or other fixed assets is treated as deferred development expenditure within intangible fixed assets, and is amortised over 15 years on a straight-line basis commencing with the month the franchise licence became effective.

Tangible fixed assets

All tangible fixed assets are shown at original historical cost less accumulated depreciation. Own labour including attributable overheads is capitalised, at cost, in respect of the construction of the system.

Tangible fixed assets are depreciated over the following useful lives:

Plant and machinery

- civils	40 years straight-line
- network	15 years straight-line
- head-end equipment	15 years straight-line
- subscriber related equipment	6-8 years straight-line
- fixtures, fittings and equipment	5 years straight-line
- computer equipment	4 years straight-line

Development period

During the development period (as defined above), no depreciation is charged in respect of tangible fixed assets.

Prematurity period

This is defined as the period commencing with the month in which the first subscriber revenue is earned in the franchise area and terminating on the date that the building of the franchise is expected to be completed.

During the prematurity period, depreciation on systems assets is determined on a monthly basis by multiplying the implied monthly depreciation based on the above useful lives and the expected total capital expenditure at the end of the prematurity period by a prematurity fraction calculated as follows:

The numerator shall be the greater of:

- the average number of subscribers expected that month assuming straight line growth towards the estimate of subscribers at the end of the prematurity period; and
- the average number of actual subscribers.

The denominator shall be the total number of subscribers expected at the end of the prematurity period.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Maturity period

At the end of the prematurity period, depreciation is charged to write off the undepreciated amount on a straight line basis over the remainder of the estimated useful lives.

Turnover

Turnover comprises the value of sales in the UK derived from television and telecommunication customers, net of VAT.

2. OPERATING LOSS

The auditors' remuneration is borne by the company's parent and is recovered by way of management fees.

Amortisation of intangible fixed assets amounted to £123,323 for the year (1994 - £108,384). Depreciation of tangible fixed assets amounted to £2,173,393 for the year (1994 - £1,366,133).

3. TAXATION ON LOSS ON ORDINARY ACTIVITIES

The company has incurred trading losses which will be available for set off against future income for tax purposes.

4. STAFF COSTS

The company had no employees during the year (1994 - nil) and no director received any emoluments from the company (1994 - £nil).

5. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 1995 and 31 December 1995	1,618,124
Accumulated amortisation	
At 1 January 1995	418,155
Charge for the year	123,323
At 31 December 1995	541,478
Net book value	
At 31 December 1995	1,076,646
At 31 December 1994	1,199,969


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
6. TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures fittings, and equipment £	Plant and equipment £	Total £
Cost				
At 1 January 1995	268,163	125,595	29,818,479	30,212,237
Additions	-	-	14,617,425	14,617,425
Disposal	-	-	(593,771)	(593,771)
At 31 December 1995	<u>268,163</u>	<u>125,595</u>	<u>43,842,133</u>	<u>44,235,891</u>
Accumulated depreciation				
At 1 January 1995	268,131	116,863	3,805,387	4,190,381
Charge for the year	32	8,732	2,164,629	2,173,393
Disposals	-	-	(225,331)	(225,331)
At 31 December 1995	<u>268,163</u>	<u>125,595</u>	<u>5,744,685</u>	<u>6,138,443</u>
Net book value				
At 31 December 1995	<u>-</u>	<u>-</u>	<u>38,097,448</u>	<u>38,097,448</u>
At 31 December 1994	<u>32</u>	<u>8,732</u>	<u>26,013,092</u>	<u>26,021,856</u>

7. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

8. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1995 £	1994 £
Loss for the financial year	(1,534,092)	(1,826,960)
Equity shareholders' funds at beginning of year	<u>(10,186,666)</u>	<u>(8,359,706)</u>
Equity shareholders' funds at end of year	<u>(11,720,758)</u>	<u>(10,186,666)</u>

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1995**9. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary undertaking of Cable London plc, incorporated in England and Wales. The only group in which the results of Cable Camden Limited are consolidated is that headed by Cable London plc, whose principal place of business is at 2 Stephen Street, London W1P 1PL. The consolidated financial statements of this group are publicly available.

Cable London plc has confirmed that it will continue to provide financial support to the company. The directors have considered the financial position of the company and have concluded that the company is able to meet its liabilities as they fall due.