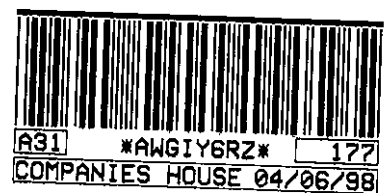


The Cable Corporation Limited

Annual report

for the year ended 31 December 1997

Registered no: 2075227



The Cable Corporation Limited

Annual Report for the year ended 31 December 1997

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Directors and advisors

Executive director

C J Neary

Non executive directors

D J Miller (Chairman)

P Galteau

H T Larsson (Resigned 12 September 1997)

S Davidson (Resigned 23 May 1997)

Sir R W Whitney

L Rexroth (Resigned 30 June 1997)

I Gray

Baroness Flather (Appointed 31 January 1997)

D R Van Valkenburg (Appointed 10 November 1997)

C J Burdick (Appointed 23 May 1997)

Joint auditors

Coopers & Lybrand

Robson Rhodes

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 acts as a holding company. The principal activity of the Group is to provide telecommunications services to the business community and both telephone and cable television services to the residential market.

The group builds and operates owned and leased integrated broadband communications networks which are based in the local loop.

Review of Business

1997 was a year of continued strong growth, in which we saw healthy increases in terms of turnover in all our three product streams: cable television (34%), residential telephony (22%) and business telephony (19%). We are steadily building a broadband communications company to offer the highest quality service in our chosen markets.

Total turnover increased by 24% to £51,957,000 (1996:£41,983,000) and operating cashflow (defined as earnings before interest & tax & depreciation) increased by 47% to £12,100,000 (1996: £8,255,000). Operating cashflow is seen as a key indicator of the performance of the Group.

As expected the loss before taxation deepened from £15,526,000 to £36,449,000 and the net loss for the year from £13,371,000 to £33,678,000. These results reflect the higher depreciation charge from the enlarged network and higher interest charges from the loan facility.

In October 1997, General Cable PLC announced a fundamental reorganisation of its business. As a result, total related charges of £15,326,000 are recorded as an exceptional item in 1997. These are detailed in note 6 to the accounts.

On 31 December 1997 the syndicated loan facility arranged during 1996 was prepaid, from monies advanced by General Cable Holdings Limited, the immediate parent company of the group, out of the proceeds of £500,000,000 loan facility arranged on 31 December 1997.

The Group has now achieved all its OfTel milestones.

On 28 December all employees were transferred to a new company, General Cable Group Limited, a subsidiary of General Cable PLC.

Future developments

The Group 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 £36,449,000 (1996: £15,526,000) on turnover of £51,957,000 (1996: £41,983,000). Detailed results for the year are shown in the profit and loss account on page 9.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (1996: £ Nil). The retained loss for the year of £33,678,000 will be transferred to the Group's reserves.

Directors

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

D J Miller	(Chairman)
Sir R W Whitney	
S Davidson	(resigned 23 May 1997)
P X Galteau	
H T Larsson	(resigned 12 September 1997)
C J Neary	
L Rexroth	(resigned 30 June 1997)
I Gray	
D R Van Valkenburg	(appointed 10 November 1997)
Baroness Flather	(appointed 31 January 1997)
C J Burdick	(appointed 23 May 1997)

Directors' interests in shares of the company

P X Galteau, I Gray and D J Miller are directors of General Cable PLC, the parent company. As permitted by statutory instrument, the financial statements do not disclose the interests of directors who are also directors of the parent company. Accordingly, the interests of these directors are detailed in the financial statements of General Cable PLC.

None of the other directors had any interest in the shares of General Cable PLC or any other group company during the year, with the exception of Sir R W Whitney who held 2509 ordinary shares at 31st December 1997 (1996: 2509).

On 24 March 1994, the parent company adopted two share option schemes, one of which has been approved by the board of the Inland revenue under the income and Corporation Taxes Act 1988 (the "Approved Scheme") and a second unapproved scheme (the "Unapproved Scheme - 1994"). On 23 April 1996, an additional unapproved scheme was adopted (the "Unapproved Scheme - 1996"). Details of the particular terms of each of the schemes are given in the financial statements of General Cable PLC.

Options to acquire Ordinary shares of General Cable PLC were granted and held by the directors as follows:-

	Start of the year	Granted in year	Exercised in year	End of the year	Exercise Price £	Date from which exercisable	Expiry Date
C J Neary	22,496			22,496	1.63	14/08/99	13/08/03
	18,404			18,404	1.63	14/08/99	14/08/06
		33,927		33,927	1.965	14/03/00	13/03/04
		104,000		104,000	1.00	05/12/00	04/12/04

No other director had any interest in options to acquire shares in any other group company.

The market price of shares in General Cable PLC at 31 December 1997 was 83.5p, and the range during the year was 82.5p to 196.5p.

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.

The employee profit related pay scheme encourages the involvement of employees in the Group's performance.

Creditor Payment Policy

The company's current policy concerning the payment 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 ; 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.

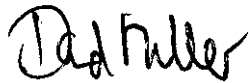
Changes in Fixed assets

Information relating to changes in tangible fixed assets is given in note 11 to the accounts.

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read "David Miller". The signature is written in a cursive, flowing style.

Director
31 March 1998

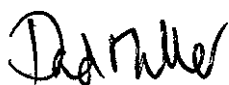
Statement of directors' responsibilities

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 Group and of the profit or loss of the Group 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 Group 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 Group 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 the Cable Corporation Limited

We have audited the financial statements on page 9 to 29.

Respective responsibilities of directors and auditors

As described on page 7 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.

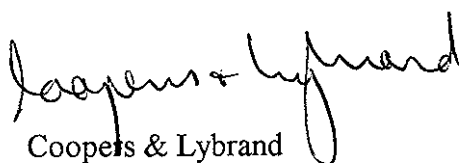
Basis of opinion

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 affairs of the company and the Group at 31 December 1997 and of the loss and cash flows of the Group 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

31 March 1998



Robson Rhodes
Chartered Accountants
and Registered Auditors
London

31 March 1998

Consolidated profit and loss account for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Turnover	2	51,957	41,983
Cost of sales		(19,394)	(15,047)
		<hr/>	<hr/>
Gross margin		32,563	26,936
Network depreciation		(14,402)	(11,108)
		<hr/>	<hr/>
Gross profit		18,161	15,828
Other operating expenses	3	(23,468)	(20,880)
		<hr/>	<hr/>
Operating loss		(5,307)	(5,052)
Exceptional Charge - Fundamental Reorganisation	6	(15,326)	-
Write off of investment		(250)	-
		<hr/>	<hr/>
Loss before Interest and Tax		(20,883)	(5,052)
Interest	7	(15,566)	(10,474)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	8	(36,449)	(15,526)
Taxation	9	2,771	2,155
		<hr/>	<hr/>
Loss for the financial year	20	(33,678)	(13,371)
		<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.

Balance Sheet at 31 December 1997

		Group		Company	
	Notes	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Fixed assets					
Tangible assets	11	209,735	187,943	-	-
Investments	12	25	25	305,895	256,477
		<u>209,760</u>	<u>187,968</u>	<u>305,895</u>	<u>256,477</u>
Current assets					
Debtors	13	21,107	15,039	3,969	2,470
Secured cash deposits restricted for more than one year	15(i)	74,872	60,566	-	-
Cash at bank and in hand		2,958	4,041	2,108	3,819
		<u>98,937</u>	<u>79,646</u>	<u>6,077</u>	<u>6,289</u>
Creditors: amounts falling due within one year	14	(38,315)	(30,948)	(1,259)	(2,636)
Provision for liabilities and charges	6	(3,480)	-	-	-
		<u>(41,795)</u>	<u>(30,948)</u>	<u>(1,259)</u>	<u>(2,636)</u>
Net current assets/(liabilities)		<u>57,142</u>	<u>48,698</u>	<u>4,818</u>	<u>3,653</u>
Total assets less current liabilities		<u>266,902</u>	<u>236,666</u>	<u>310,713</u>	<u>260,130</u>
Creditors: amounts falling due after more than one year	15	(252,541)	(188,627)	(229,952)	(162,775)
Net assets		<u>14,361</u>	<u>48,039</u>	<u>80,761</u>	<u>97,355</u>
Capital and reserves					
Called-up share capital	18	11,057	11,057	11,057	11,057
Share premium account	20	90,747	90,747	90,747	90,747
Capital redemption reserve	20	2,320	2,320	2,320	2,320
Merger reserve	20	6,008	6,008	6,771	6,771
Profit and loss account	20	(95,771)	(62,093)	(30,134)	(13,540)
		<u>14,361</u>	<u>48,039</u>	<u>80,761</u>	<u>97,355</u>
Equity shareholders' funds		14,361	48,039	80,761	97,355
Non-equity shareholder funds		-	-	-	-
		<u>14,361</u>	<u>48,039</u>	<u>80,761</u>	<u>97,355</u>

The financial statements on pages 9 to 29 were approved by the board of directors on
31 March 1998 and were signed on its behalf by:


Director

Consolidated cash flow statement for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Net cash inflow from operating activities	21	<u>13,947</u>	<u>3,491</u>
Returns on investments and servicing of finance			
Interest received		4,470	2,371
Interest paid		(10,015)	(3,572)
Interest paid on finance leases		<u>(215)</u>	<u>(36)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(5,760)</u>	<u>(1,237)</u>
Taxation			
Receipt for surrender of losses to group companies		<u>2,305</u>	<u>2,505</u>
Tax received		<u>2,305</u>	<u>2,505</u>
Capital Expenditure and Financial Investment			
Purchase of tangible fixed assets		(44,616)	(46,348)
Sale of tangible fixed assets		<u>35</u>	<u>2</u>
Net cash outflow from Capital Expenditure and Financial Investment		<u>(44,581)</u>	<u>(46,346)</u>
Net cash outflow before management of liquid resources and financing		<u>(34,089)</u>	<u>(41,587)</u>
Financing			
New secured loans		41,000	79,000
Net payment of shareholder loans		(3,744)	(20,000)
Repayment of secured loans		-	(12,000)
New unsecured loans		-	5,000
Expenses paid in connection with new secured loans and finance leases		(200)	(3,770)
Proceeds from sale and leaseback transaction		16,755	56,646
Placement of cash deposit		(14,306)	(60,566)
Repayment of principal under finance leases		<u>(6,499)</u>	<u>(492)</u>
Net cash inflow from financing		<u>33,006</u>	<u>43,818</u>
Increase/ (Decrease) in cash and cash equivalents	22	<u>(1,083)</u>	<u>2,231</u>

**Reconciliation of net cash flow to movement
in net debt**

	1997 £'000	1996 £'000
Increase / (Decrease) in cash in the period	(1,083)	2,231
Net cash inflow from increase in debt and lease financing	(33,006)	(43,818)
Change in net debt resulting from cash flows	(34,089)	(41,587)
New finance leases (excluding sale and leaseback)	(6,198)	(1,591)
Non cash movements on debt	(3,355)	(401)
Movement in net debt in the period	(43,642)	(43,579)
Net debt as at 1st January	(124,229)	(80,650)
Net debt as at 31st December	(167,871)	(124,229)

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 applicable Accounting Standards in the United Kingdom. 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 Group to continue as a going concern is dependent on the continued support of the company's principal shareholders and banks, and the ability of the Group to recover its investment in fixed assets is dependent upon the successful development of the cable television and telephony business.

Consolidation

The Group accounts include the accounts of the parent company and its subsidiaries for the year ended 31 December 1997.

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
Electronic equipment	2-10 years
Motor vehicles	4 years
Office equipment	3-10 years
Tools and test equipment	3 years
Freehold land and buildings	Nil
Assets available for use in construction	Nil

Freehold land and buildings are not depreciated. It is the company's policy to maintain properties in a continual state of sound repair. Accordingly the directors consider that the lives of these properties are so long and the residual values, based on prices prevailing at the time of construction, are so high that any depreciation would be insignificant. Any permanent diminution in the value of such properties is charged to the profit and loss account.

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.

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.

Pension costs

The Group operates a defined contribution pension scheme. Contributions are charged to 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
Telephony	38,812	32,168
Television	13,145	9,815
	<u>51,957</u>	<u>41,983</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	18,578	14,497
	<u>23,468</u>	<u>20,880</u>

4 Directors' emoluments

The remuneration paid to the directors of The Cable Corporation Limited was:

	1997 £'000	1996 £'000
Fees	-	10
Other emoluments (including pension contributions and benefits in kind)	140	139
	<u>140</u>	<u>149</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1997 £'000	1996 £'000
Current Chairman	Nil	Nil
The highest-paid director	<u>121</u>	<u>83</u>

5 Employee Information

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

	1997 Number	1996 Number
Sales	120	94
Engineering	219	204
Administration	136	103
	<u>475</u>	<u>401</u>
	1997 £'000	1996 £'000
Staff costs (for the above persons)		
Wages and salaries	10,668	9,304
Social security costs	1,012	900
Other pension costs	294	210
	<u>11,974</u>	<u>10,414</u>

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 £15.3m are recorded as an exceptional item in 1997. The charge comprises £8.8m 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. The arrangement of a new debt facility referred to in note 15(i) entailed a write down of capitalised finance charges of £2.8m relating to the previous debt facilities.

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	<u>277</u>	<u>-</u>
Balance on provision at 31 December 1997	<u>3,480</u>	<u>-</u>

7 Interest

	1997 £'000	1996 £'000
<u>Interest Payable</u>		
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	10,707	4,878
On group loans	4,076	4,828
	<u>14,783</u>	<u>9,706</u>
On finance leases and hire purchase contracts	5,253	3,147
	<u>20,036</u>	<u>12,853</u>
<u>Interest Receivable</u>		
On short term deposits	200	226
On long term deposits	4,270	2,153
	<u>15,566</u>	<u>10,474</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	9,596	7,706
Tangible fixed assets held under finance leases	7,800	5,596
Tangible fixed assets rented to customers	11	5
Auditors' remuneration		
- for audit services (Company: £9,000 (1996:£9,000))	43	38
- for non-audit services	27	59
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	(17)	16
Financing costs capitalised in accordance with FRS4 (Company : £ Nil, (1996 : £3,770,000))	-	-
	<u> </u>	<u> </u>

9 Taxation

	1997 £'000	1996 £'000
Amount receivable for losses surrendered as group relief:		
Current year	2,024	1,876
Prior Year	747	279
	<u>2,771</u>	<u>2,155</u>

10 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The loss for the financial year dealt with in the financial statements of the Company accounts is £16,594,000 (1996:£8,939,000).

11 Tangible fixed assets

The following are included in the net book value of tangible fixed assets:-

Group	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 1997	3,777	215,721	10,356	229,854
Additions	-	39,924	8,073	47,997
Disposals	-	-	(115)	(115)
At 31 December 1997	<u>3,777</u>	<u>255,645</u>	<u>18,314</u>	<u>277,736</u>
Depreciation				
At 1 January 1997	-	36,905	5,006	41,911
Charge for year	-	14,402	3,005	17,407
Charge for the year - Exceptional	-	8,528	252	8,780
Eliminated in respect of disposals	-	-	(97)	(97)
At 31 December 1997	<u>-</u>	<u>59,835</u>	<u>8,166</u>	<u>68,001</u>
Net book value				
At 31 December 1997	<u>3,777</u>	<u>195,810</u>	<u>10,148</u>	<u>209,735</u>
Net book value				
At 31 December 1996	<u>3,777</u>	<u>178,816</u>	<u>5,350</u>	<u>187,943</u>

The net book value of assets held under finance leases was £66,014,000 (1996: £50,870,000).

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

Company

The company held no fixed assets in the year (1996: Nil)

12 Fixed asset investments

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	305,895	256,477
Other investments	25	25	-	-
	25	25	305,895	256,477

The company and the Group have investments in the following subsidiaries and trade investments:

			Proportion of shares held by the Company Group	
Country of Registration	Principal activity			
Subsidiary undertakings:-				
Windsor Television Limited	England	Construction and operation of a cable network	100%	100%
The Cable Corporation Equipment Limited	England	Sale and hire of telecommunications hardware	-	100%
Middlesex Cable Limited	England	Construction and operation of a cable network	100%	100%
Cable Alarms Limited	England	Inactive	100%	100%
Windsor Alarms Limited	England	Inactive	100%	100%
European Business Network Limited	England	Employee service company	100%	100%
Chariot Collection Services Limited	England	Inactive	100%	100%
Trade Investments:-				
The Business Television Corporation Limited	England	Business Television Services	27%	27%
Cable Guide Publications Limited	England	Publication of a cable programme guide	-	17%

The investment in The Business Television Corporation Limited has not been treated as an associated undertaking in either 1997 or 1996 as, in the opinion of the directors of the company, the Group does not have a significant influence in that company.

Company	Subsidiary Undertakings	Loans to Subsidiary Undertakings Note (i)	Total
	£'000	£'000	£'000
At 1 January 1997	8,460	248,017	256,477
Additions	-	49,418	49,418
At 31 December 1997	<u>8,460</u>	<u>297,435</u>	<u>305,895</u>

(i) The loan to subsidiary undertakings of £297,435,000 (1996 £248,017,000) is unsecured, interest free, and has no fixed repayment date.

13 Debtors

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	15,025	9,182	-	-
Taxation recoverable	4,164	3,279	3,969	2,220
Other debtors	363	419	-	-
Prepayments and accrued income	1,422	1,451	-	-
Amounts owed by group undertakings	133	390	-	-
	<u>21,107</u>	<u>14,721</u>	<u>3,969</u>	<u>2,220</u>
Amounts falling due after one year:				
Other debtors	-	318	-	250
	<u>21,107</u>	<u>15,039</u>	<u>3,969</u>	<u>2,470</u>

14 Creditors: amounts falling due within one year

	Notes	Group		Company	
		1997 £'000	1996 £'000	1997 £'000	1996 £'000
Other loans	(i)	500	500	500	500
Obligations under finance leases	(ii)	7,156	6,643	-	-
Trade creditors		12,280	11,594	-	-
Amount owed to parent undertaking		1,099	1,083	678	1,039
Other taxation and social security payable		413	457	-	-
Other creditors		2,345	2,889	81	81
Accruals and deferred income		14,522	7,782	-	1,016
		<u>38,315</u>	<u>30,948</u>	<u>1,259</u>	<u>2,636</u>

(i) Other loans comprise a loan from Teleinvest PLC of £500,000. The loan is subordinated, unsecured and interest free.

(ii) See note 15 (iii).

15 Creditors : amounts falling due after one year

	Notes	Group		Company	
		1997 £'000	1996 £'000	1997 £'000	1996 £'000
Bank loans	(i)	-	75,869	-	75,869
Other loans	(ii)	6,000	6,000	6,000	6,000
Obligations under finance leases	(iii)	75,039	59,074	-	-
Amounts owed to parent undertakings	(iv)	168,633	47,296	168,633	47,296
Amounts owed to group undertakings		-	-	54,475	33,610
Accruals and deferred income		2,869	388	844	-
		<u>252,541</u>	<u>188,627</u>	<u>229,952</u>	<u>162,775</u>

Bank and Other loans

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Repayable as follows :				
In one year or less	500	(40)	500	(40)
Between one and two years	-	(540)	-	(540)
Between two and five years	-	9,968	-	9,968
In five years or more	<u>163,006</u>	<u>113,731</u>	<u>163,006</u>	<u>113,731</u>
	<u>163,506</u>	<u>123,119</u>	<u>163,506</u>	<u>123,119</u>

Creditors repayable in 5 years or more

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
<u>Bank Loans</u>				
Syndicated Bank Loan	-	66,981	-	66,981
<u>Other Loans</u>				
Shareholder loans - no fixed repayment term, interest at Libor plus 1%	6,000	6,000	6,000	6,000
Shareholder loans - repayable after 5 years, interest at Libor plus margin	<u>157,006</u>	<u>40,750</u>	<u>157,006</u>	<u>40,750</u>
	<u>163,006</u>	<u>113,731</u>	<u>163,006</u>	<u>113,731</u>

(i) On 31 December 1997, the £160,000,000 syndicated loan facility arranged during 1996 was prepaid. As at the date of prepayment the amount drawn under this facility amounted to £120,000,000. The facility was prepaid from monies advanced to the Group by General Cable Holdings Limited, the immediate parent company of the Group, out of the proceeds of a £500,000,000 loan facility arranged on 31 December 1997.

The loan received from General Cable Holdings Limited, to prepay the amounts borrowed under the syndicated loan facility, is repayable on demand and interest will accrue at the rate of LIBOR plus a margin agreed from time to time between both parties.

In 1996 the Group entered into a finance lease facility totalling £92,000,000. 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 the assets financed under the lease. The lessors have security and protections which include guarantees and cash backed security of the Groups' obligations. Total cash restricted as to use by providing backing security to lessors amounted to £74,872,000 at 31 December 1997 (1996: £60,566,000), which have been classified as secured cash deposits restricted for more than one year.

Under the terms of the £500 million loan facility arranged by General Cable Holdings Limited, The Cable Corporation Limited and its subsidiaries (excluding those which are dormant) act as guarantors. Extensive security is provided under the finance arrangements to the syndicate banks and other banks providing finance under the lease arrangements through fixed and floating charges over all the assets in the Group.

The loan facility is made available as a function of achievement of certain minimum levels of operating cash flow. One of the purposes of the loan facility is to finance the completion of the construction of the networks in the Groups' franchise areas

The loan facility includes various restrictive covenants and events of default. Generally events of default cause the borrowing under the facility to become repayable on demand. In the event that security provided to the lessors under the leasing arrangements is inadequate the company has the facility to provide acceptable additional security. If such additional security is not provided this constitutes an event of default under the leases. The leasing agreements may be terminated at the Groups' option.

(ii) Other loans comprise a loan from Telewest Communications PLC of £6 million (1996: £6 million) which bears interest at 1.0 per cent above LIBOR, is unsecured and has no fixed repayment term.

(iii) Finance leases

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

	1997	1996
	£'000	£'000
In one year or less	7,156	6,643
Between one and two years	7,670	5,418
Between two and five years	28,232	20,435
Over five years	39,137	33,221
	<u>82,195</u>	<u>65,717</u>

The Company has no commitments under finance leases

(iv) The loan from General Cable Holdings Limited of £157,006,000 bears interest at a margin plus LIBOR and is repayable on demand, whilst the 1996 balance of £40,750,000 was due to General Cable PLC and had no fixed repayment term.

16 Provision for liabilities and charges

Deferred taxation

Deferred taxation provided in the financial statements, and the full potential liability are as follows:

	Group		Full potential liability	
	Amount provided		liability	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Excess of tax allowance over depreciation	13,078	22,905	13,078	23,860
Short term timing differences	-	-	-	-
Tax effect of losses carried forward	(13,078)	(22,905)	(13,078)	(22,905)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>955</u>

The company has been available for carry forward tax losses of approximately £3,000,000 (1996: £2,200,000). The company has not provided for any deferred tax liability.

Certain subsidiaries of the Company have available for carry forward tax losses, including those reflected above, in excess of £70,500,000 (1996: £66,500,000) for offset against future profits of their respective trade. This is after the surrender by Windsor Television Limited, Middlesex Cable Limited and The Cable Corporation Limited of tax losses totalling approximately £ Nil (1996: £11,786,000), £ Nil (1996: £146,000) and £17,500,000 (1996: £1,180,000) respectively, as group relief. The amount receivable for this surrender is disclosed in note 9.

17 Pension

The Group's employees may participate in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £294,000 (1996: £210,000). At the year end £8,000 (1996: £55,000) in contributions were payable to the pension fund.

18 Called-up share capital

	1997 £'000	1996 £'000
(a) Authorised		
Equity: 139,999,998 (1996: 139,999,998)		
ordinary shares of 25p each 10,000,000 (1996: 10,000,000)	35,000	35,000
"B" ordinary shares of £6.50 each	65,000	65,000
	<u>100,000</u>	<u>100,000</u>
(b) Allotted, called up and fully paid		
Equity: 18,225,389 (1996: 18,225,389)		
ordinary shares of 25p each 1,000,000 (1996: 1,000,000)	4,557	4,557
"B" ordinary shares of £6.50 each	6,500	6,500
	<u>11,057</u>	<u>11,057</u>

19 Movement in shareholders' funds

	1997 £'000	1996 £'000
Shareholders funds at 1 January	48,039	61,410
Profit and loss account	(33,678)	(13,371)
Shareholders funds at 31 December	<u>14,361</u>	<u>48,039</u>

20 Share premium account and reserves

	Share premium account £'000	Capital redemption reserves £'000	Merger reserve £'000	Profit and loss account £'000
Group				
At 1 January 1997	90,747	2,320	6,008	(62,093)
Loss for the year	-	-	-	(33,678)
At 31 December 1997	<u>90,747</u>	<u>2,320</u>	<u>6,008</u>	<u>(95,771)</u>
Company				
At 1 January 1997	90,747	2,320	6,771	(13,540)
Loss for the year	-	-	-	(16,594)
At 31 December 1997	<u>90,747</u>	<u>2,320</u>	<u>6,771</u>	<u>(30,134)</u>

21 Reconciliation of operating loss to net cash flow from operating activities

	1997 £'000	1996 £'000
Operating loss	(5,307)	(5,052)
Depreciation on tangible fixed assets	17,407	13,307
(Gain)/Loss on sale of tangible fixed assets	(17)	16
Decrease in stocks	-	-
Increase in trade debtors	(5,843)	(3,960)
Decrease in other debtors	738	741
Increase/(Decrease) in trade creditors	3,507	(4,474)
Increase in other creditors	3,462	2,913
Net cash inflow from operating activities	<u>13,947</u>	<u>3,491</u>

22 Analysis of Changes in Net Debt

	At 1 January 1997 £'000	Cash Flows £'000	Other Changes £'000	At 31 December 1997 £'000
Cash in hand and at bank	4,041	(1,083)	-	2,958
Debt due within one year	(500)	-	-	(500)
Debt due in more than one year	(122,619)	(37,032)	(3,355)	(163,006)
Finance leases	(65,717)	(10,280)	(6,198)	(82,195)
Cash deposit	60,566	14,306	-	74,872
	<u>(124,229)</u>	<u>(34,089)</u>	<u>(9,553)</u>	<u>(167,871)</u>

23 Capital commitments

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>5,553</u>	<u>17,912</u>	<u>-</u>	<u>-</u>

24 Financial commitments

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

	1997		1996	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'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>

The Company had no commitments under non-cancellable operating leases.

25 Related Party Transactions

In May 1994 the Group entered into a support agreement with General Cable PLC (General Cable), under which General Cable provide management advice and support for which it is entitled to receive one percent of The Cable Corporation's group turnover, subject to a minimum charge of £420,000. In the year ended 31 December 1997 General Cable invoiced the company £472,000 (1996: £485,000) under this agreement.

Also during the year the company repaid a net £3,744,000 (1996: £20,000,000) of shareholder loans to General Cable.

There was an outstanding balance due to General Cable of £49,036,000 (1996 : £48,379,000) at the year end.

In July 1992 the Group entered into a consultancy agreement with Telewest Communications PLC (Telewest) under which Telewest provide consultancy services for which it invoiced the company £120,000 (1996: £177,000) for the year ended 31 December 1997.

The company also paid £416,000 (1996: £673,000) for services provided by the National Service Centre for the year ended 31 December 1997.

There was an outstanding balance due to Telewest of £7,220,000 (1996 : £6,732,000) at the year end.

26 Ultimate parent company

The directors regard General Cable PLC, a company registered in England and Wales, as the ultimate parent company. Copies of their accounts can be obtained from 37 Old Queen Street, London SW1H 9JA