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NYNEX CableComms Cheshire

*(formerly: NYNEX CableComms Cheshire Limited
and formerly to the Cheshire Cable Limited)*

Financial Statements
for the year ended 31 December 1993



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**Financial Statements
for the year ended 31 December 1993**

Contents	Pages
Directors and advisers	2
Directors' report	3
Report of the auditors	6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

Directors and advisers

Executive Directors

E P Connell

L B Rabuffo

N P Mearing-Smith

G J McLean

Registered Auditors

Coopers & Lybrand
1 Embankment Place
London
WC2N 6NN

Secretary and registered office

P H Repp
Wimbledon Bridge House
1 Hartfield Road
Wimbledon
London
SW19 3RU

Bankers

Barclays Bank PLC

Registered number

2379804

**Directors' report
for the year ended 31 December 1993**

The directors present their report and the audited financial statements for the year ended 31 December 1993.

Principal activity

The principal activity of the company is the provision of cable television and telecommunications services under licences awarded to it for the Cheshire area.

Review and reorganisation of the business

On 20 April 1993 the whole of the company's issued share capital was acquired by NYNEX UK Telephone & Cable TV Holding Company Limited. On 3 June 1993 the company changed its name from Cheshire Cable Limited to NYNEX CableComms Cheshire Limited. On 4 October 1993 all ordinary shares in the company were transferred to Streetunique Projects Limited, an intermediate holding company.

During the fourth quarter of 1993 the company was restructured in anticipation of an exercise to raise additional funds for the development of the cable franchise.

On 5 October 1993 the company re-registered as an unlimited company and changed its name to NYNEX CableComms Cheshire.

On 6 October 1993 21,400,060 of the authorised shares (comprising ordinary, 'B' ordinary and special shares) of £1 each of which 300 had been issued, were reclassified as 21,400,060 preference shares of £1 each and an additional 124,615,385 'A' ordinary shares of £1 each were authorised.

On the same day the company issued 124,615,385 'A' ordinary shares, nil paid, to NYNEX WSG North LP and NYNEX WSG 1 Company. As a result of the restructuring the company is no longer a subsidiary undertaking of NYNEX UK Telephone & Cable TV Holding Company Limited.

On 16 December 1993 the authorised share capital of the company was reduced by the cancellation of 21,400,060 preference shares of £1 each.

Future developments

The company will concentrate on the development of the cable television and telecommunications network and services available to it pursuant to the licences awarded.

State of affairs

The state of the company's affairs at 31 December 1993 is set out on page 8

Directors and directors' interests

The directors who served during the period were:

	Appointed	Resigned	Reappointed
E P Connell	20 April 1993	-	
N P Mearns-Smith	20 September 1993	-	
L B Rabuffo	20 April 1993	-	
G J McLean	20 April 1993	-	
R W Blackburn	20 April 1993	24 September 1993	
E Madden	22 August 1991	20 April 1993	
P Greenall	23 May 1990	20 April 1993	9 December 1993
P Baker	23 May 1990	20 April 1993	
G Ebbs	23 May 1990	20 April 1993	
J B Gage	31 August 1989	20 April 1993	
R D Wilson	23 May 1990	20 April 1993	
W G McDougal	23 May 1990	20 April 1993	
R S Colbran	31 August 1989	20 April 1993	

No director who held office at the end of the year had an interest in the issued share capital of the company or any other UK group company at any time in the year. As permitted by Statutory Instrument (SI 1985/No 802), details of shareholdings in overseas companies are not disclosed.

Employment policy

The group's policy is to consult and discuss with employees, through team briefings, matters most likely to affect employees' interests

Information on matters of concern to employees is given through information bulletins and reports that seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

Employment policy (continued)

There is an employee bonus scheme that has the purpose of encouraging the involvement of employees in the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Taxation status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.


Auditors

In accordance with section 385 of the Companies Act 1985 a resolution will be proposed at the Annual General Meeting to appoint Coopers & Lybrand as auditors of the company.

Directors' responsibility

The directors are required by UK company law to prepare financial statements for each financial year that 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 for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

By order of the Board



P.H. Repp
Secretary
1994

**Report of the auditors
to the members of NYNEX CableComms Cheshire**

We have audited the financial statements on pages 7 to 13

Respective responsibilities of directors and auditors

As described in the directors' report, 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 that 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 1993 and of its loss 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

15 May 1994

**Profit and loss account
for the year ended 31 December 1993**

	Note	1993 £	1992 £
Operating costs	2	<u>(311,409)</u>	<u>(15,654)</u>
Loss on ordinary activities before taxation		(311,409)	(15,654)
Taxation on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(£311,409)</u>	<u>(£15,654)</u>

The company has no recognised gains and losses other than those included in the loss above 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 period stated above and their historical cost equivalents.

All of the company's activities are continuing.

**Balance sheet
at 31 December 1993**

	Notes	1993 £	£	1992 £	£
Current Assets					
Debtors	5	6,341		6,151	
Creditors					
Amounts falling due within one year	6	<u>(503,409)</u>		<u>-</u>	
Net Current (Liabilities)/Assets			(497,068)		6,151
Creditors					
Amounts falling due after more than one year	7		<u>-</u>		<u>(191,810)</u>
Net Liabilities			<u>(£497,068)</u>		<u>(£185,659)</u>
Capital And Reserves					
Called up share capital	8		300		300
Profit and loss account	9		<u>(497,368)</u>		<u>(185,959)</u>
Shareholder's funds	10		<u>(£497,068)</u>		<u>(£185,659)</u>

These financial statements were approved by the Board of Directors and were signed on 9 May 1994 on its behalf by

F P Connell
Director



The notes on pages 9 to 13 form part of these financial statements

**Notes to the financial statements
for the year ended 31 December 1993**

1 Accounting policies

Basis of accounting

These financial statements are prepared on the historical cost basis of accounting and in accordance with applicable Accounting Standards in the UK

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

a) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences, to the extent that it is probable that a liability or asset will crystallise.

b) Management service costs

NYNEX CableComms Limited has agreed to furnish consultancy and support services to NYNEX CableComms Cheshire in order to realise economies and increased efficiencies.

In consideration for the service rendered by NYNEX CableComms Limited, the company agreed to pay its share of the costs incurred.

The company's share of these costs was £306,209 (1992 : £nil).

c) Going concern

The financial statements have been prepared on a going concern basis on the understanding that financial support will continue to be provided by the ultimate holding company.

2 Loss on ordinary activities before taxation

The loss on ordinary activities is attributable to the principal activity, the development of a cable television franchise and arose wholly within the United Kingdom. The company made no sales during the year (1992 : £nil).

Loss on ordinary activities is stated after

	1993	1992
Directors' remuneration	£-	£-

Directors' non-audit fees in respect of the year ended 31 December 1993 have been paid by NYNEX CableComms Limited

3 Directors and employees

Since 20 April 1993 the emoluments of the directors have been paid either directly or indirectly by NYNEX CableComms Limited. The proportion of the directors total emoluments paid in respect of their services as directors of NYNEX CableComms Cheshire Limited or otherwise in connection with the management of the affairs of the company was:

	1993 £	1992 £
Salary payments (including benefits in kind)	13,764	-
Pension contributions	274	-
	<u>£14,038</u>	<u>£-</u>

The amount has been recharged to the company by NYNEX CableComms Limited as part of the management service cost (see note 1b).

Fees and other emoluments include amounts paid to:

	1993 Chairman and highest paid Director £	1992 Chairman and highest paid Director £
Salary payments	6,827	-
Pension contributions	-	-
	<u>£6,827</u>	<u>£-</u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1993 Number	1992 Number
£0 to £5,000	12	8
£5,001 to £10,000	1	-

The company's payroll is managed by NYNEX CableComms Limited, which holds the service contracts for UK personnel.

The average number of persons (excluding executive directors) directly employed in respect of the development of the company's cable franchise during the year was nil ((1992 : nil).

4 Tax on loss on ordinary activities

No taxation charge arises as the company did not trade during the year. Certain pretrading expenditure will be deductible for tax purposes when the company starts to trade.

5 Debtors

	1993 £	1992 £
Other debtors	6,341	-
Prepayments and accrued income	-	6,151
	<u>£6,341</u>	<u>£6,151</u>

6 Creditors: amounts falling due within one year

	1993	1992
Amounts owed to NYNEX UK companies	<u>£503,409</u>	<u>£-</u>

7 Creditors: amounts falling due after more than one year

	1993	1992
Amounts owed to Maclean Hunter companies	<u>£-</u>	<u>£191,810</u>

8 Share capital

	1993 £	1992 £
Authorised		
Preference shares of £1 each	300	-
A ordinary shares of £1 each	124,615,385	-
Ordinary shares of £1 each	-	200
B ordinary shares of £1 each	-	51
Deferred shares of £1 each	-	21,399,760
Special shares of £1 each	-	49
	<u>£124,615,685</u>	<u>£21,400,060</u>
Share Capital allotted and called up		
Preference shares of £1 each	300	-
Ordinary shares of £1 each	-	200
B ordinary shares of £1 each	-	51
Special shares of £1 each	-	49
	<u>£300</u>	<u>£300</u>
Issued, allotted but not called up		
1,615,385 (1992) and A ordinary shares of £1 each	<u>£-</u>	<u>£-</u>

8 Share capital (continued)

On 6 October 1993, the authorised share capital of the company was increased from £21,400,060 to £146,015,445 by the creation of 124,615,385 'A' ordinary shares of £1 each. On the same date 21,400,060 of the authorised shares (comprising ordinary, 'B' ordinary and special shares) of £1 each of which 300 had been issued, were reclassified as 21,400,060 preference shares of £1 each.

Also on the same date, the company issued 124,615,385 'A' ordinary shares, nil paid at par, in anticipation of an exercise to raise additional funds for the development of the cable franchise.

On 16 December 1993, the authorised share capital of the company was reduced from £146,015,445 to £124,615,685 by the cancellation of 21,399,760 preference shares of £1 each.

a) Shareholders voting rights

In the opinion of the Directors, the primary rights attached to the various class of shares is as follows:

£1 preference shares

The right to attend and speak but not vote at all general meetings of the company.

£1 A ordinary shares

The right to attend, speak and vote at all general meetings of the company.

b) Distributable profits

The two classes of shareholders are entitled to distributable profits on the following basis:-

£1 Preference shareholders

The preference shareholders are entitled to 15% of the distributable profits

£1 A Ordinary shareholders

The ordinary shareholders are entitled to 85% of the distributable profits

9 Profit and loss account

	1993 £	1992 £
At 1 January	(185,959)	(170,305)
For year	(311,409)	(15,654)
At 1 December	<u>(£497,368)</u>	<u>(£185,959)</u>

10 Reconciliation of movements in shareholders' funds

	1993 £	1992 £
Loss for the financial year	(311,409)	(15,654)
Opening shareholders' funds	<u>(185,659)</u>	<u>(170,005)</u>
Closing shareholders' funds	<u>(£497,068)</u>	<u>(£185,659)</u>

11 Cash flow statement

The company has taken advantage of the exemption provided to small companies under FRS1 not to produce a cash flow statement.

12 Capital commitments

The directors have authorised capital expenditure for the year ending 31 December 1994 of £7,699,714. None of this capital expenditure was contracted for at 31 December 1993.

13 Contingent liabilities

The company had no contingent liabilities at 31 December 1993.

14 Ultimate holding company

The directors regard NYNEX Corporation, a company incorporated in the United States of America as the company's ultimate parent company. Copies of the ultimate parent company's consolidated financial statements may be obtained from Investor Relations, NYNEX Corporation, 335 Madison Avenue, New York NY10017, USA.