

Coopers
& Lybrand

Derby Cablevision Limited
(formerly Derbyshire Cablevision Limited)

Annual report

for the year ended 31 December 1991

Registered no: 2387713

Derby Cablevision Limited
(formerly Derbyshire Cablevision Limited)

**Annual report
for the year ended 31 December 1991**

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Derby Cablevision Limited
(formerly Derbyshire Cablevision Limited)

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Directors and advisers

Directors

T M Cleary
F E Miller
H W Y Sze

Registered Auditor

Coopers & Lybrand
Abacus Court
6 Minshull Street
Manchester
M1 3ED

Secretary and registered office

F C Secretaries Limited
28 Lincoln's Inn Fields
London
WC2A 3HH

Solicitors

Frere Cholmeley
28 Lincoln's Inn Fields
London
WC2A 3HH

Bankers

National Westminster Bank PLC
35 King Street Branch
(Lloyd Entwistle Office)
Manchester
M60 2NP

Directors' report for the year ended 31 December 1991

The directors present their report and the audited financial statements for the year ended 31 December 1991.

Principal activity

The principal activity of the company is that of providing cable television in the Derbyshire area.

Review of business

The results for the year are set out on page 5. The company commenced cable transmission in October 1991. Work is progressing with the installation of cable and equipment.

On 24 March 1992 the company changed its name to Derby Cablevision Limited.

Financing

The financial statements have been prepared on a going concern basis on the assumption that PacTel Corporation will continue to provide financial support through its subsidiaries. PacTel Corporation has undertaken to provide such financial support for the next 12 months, on condition that the company remains its subsidiary.

Negotiations are currently being held for the sale of the company. If the negotiations for the sale are completed, then the provision of adequate finance to enable the company to continue its operations will be subject to arrangements made at the time by the new owners.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Directors

The directors of the company at 31 December 1991, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

Directors' interests in shares of the company

According to the register kept under section 325 of the Companies Act 1985, no director had any beneficial interest in the shares of the company or any group company during the year. As permitted by statutory instrument, details of shareholdings in overseas companies are not disclosed.

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Auditor

A resolution to reappoint the auditor, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992 the Firm practised in the name of Coopers & Lybrand Deloitte.

By order of the board

FC Secretaries Limited

F C Secretaries Limited
Secretary
26 August 1992

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**Report of the auditor to the members of
Derby Cablevision Limited**

We have audited the financial statements on pages 5 to 12 in accordance with Auditing Standards.

The financial statements have been prepared on a going concern basis and the validity of this depends on the continuation of financial support. As explained in note 2 to the financial statements, financial support will continue to be made available by PacTel Corporation as long as the company remains a subsidiary but in the absence of such support from the new owners, this basis of accounting would be invalid. Provision would then have to be made for any loss that might arise when the company's assets were realised.

Subject to the continuation of financial support, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1991 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditor
Manchester
26 August 1992

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**Profit and loss account
for the year ended 31 December 1991**

	Notes	1991 £	1990 £
Turnover		6,840	-
Cost of sales		(6,711)	-
		<hr/>	<hr/>
Gross loss		(871)	-
Other operating expenses	3	(419,996)	-
		<hr/>	<hr/>
Operating loss		(420,867)	-
Investment income	6	8,699	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	7	(411,668)	-
Taxation	8	-	-
		<hr/>	<hr/>
Loss for the financial year		(411,668)	-
		<hr/>	<hr/>
Statement of deficit			
Deficit at 1 January 1991		-	-
Loss for the financial year		(411,668)	-
		<hr/>	<hr/>
Deficit at 31 December 1991		(411,668)	-
		<hr/>	<hr/>

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Balance sheet
at 31 December 1991

	Notes	1991 £	1990 £
Fixed assets			
Intangible assets	9	643,869	285,290
Tangible assets	10	1,404,378	6,738
		<u>2,048,247</u>	<u>292,048</u>
Current assets			
Debtors	11	255,194	-
Cash at bank and in hand		367,097	-
		<u>622,291</u>	<u>-</u>
Creditors: amounts falling due within one year	12	3,082,204	292,046
Net current liabilities		<u>(2,459,913)</u>	<u>(292,046)</u>
Total assets less current liabilities		<u>(411,666)</u>	<u>2</u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account		(411,668)	-
		<u>(411,666)</u>	<u>2</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 26 August 1992 and were signed on its behalf by:

H W Y Sze

H W Y Sze
Director

Notes to the financial statements for the year ended 31 December 1991

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 is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Intangible fixed assets

Intangible fixed assets comprise start-up and franchise costs. Start-up costs are to be amortised evenly over a period of three years from the time the cable system becomes operational. Franchise costs are to be amortised evenly over the period from the time the cable system becomes operational to the end of the life of the franchise (15 years maximum).

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of work in progress includes staff costs relating to those employees directly employed in the development and construction of the cable network.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and equipment	
Non-electronic element	40 years
Electronic element	7 years
Motor vehicles	5 years
Office equipment, fixtures and fittings	5 years

Plant and equipment is depreciated from the time that each section of the network becomes operational.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of cable transmissions supplied in the United Kingdom.

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2 Financing

The financial statements have been prepared on a going concern basis on the assumption that PacTel Corporation will continue to provide financial support through its subsidiaries. PacTel Corporation has undertaken to provide such financial support for the next 12 months, on condition that the company remains its subsidiary.

Negotiations are currently being held for the sale of the company. If the negotiations for the sale are completed, then the provision of adequate finance to enable the company to continue its operations will be subject to arrangements made at the time by the new owners.

3 Other operating expenses

	1991 £	1990 £
Administrative expenses	367,260	-
Distribution costs	52,736	-
	<hr/>	<hr/>
	419,996	-
	<hr/>	<hr/>

The company operates as part of a group of Cablevision companies for which central costs are shared. The company's share of these costs during the year amounted to £441,227 (1990: £23,187). £193,831 (1990: £Nil) has been charged to the profit and loss account as part of administrative expenses, £37,696 (1990: £Nil) has been capitalised as part of the production cost of plant and equipment and £209,700 (1990: £23,187) has been capitalised as part of start-up costs.

4 Directors' emoluments

No emoluments were paid by the company to any director during the year (1990: £Nil).

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5 Employee Information

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

	1991 Number	1990 Number
By department		
Administration	4	-
Sales and marketing	4	-
Engineering	5	-
	<hr/> 13	<hr/> -

	1991 £	1990 £
Staff cost (for the above persons)		
Wages and salaries	84,274	-
Social security costs	8,884	-
Less: amounts capitalised	(22,567)	-
	<hr/> 70,591	<hr/> -

6 Investment Income

	1991 £	1990 £
Interest receivable	<hr/> 8,699	<hr/> -

7 Loss on ordinary activities before taxation

	1991 £	1990 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Intangible fixed assets	44,001	-
Tangible fixed assets	32,153	-
Operating lease rentals - land and buildings	9,676	-
Auditor's remuneration	<hr/> 4,000	<hr/> -

8 Taxation

No corporation tax has been charged as the company has made a loss for the financial year. The company has accumulated corporation tax losses to carry forward of approximately £400,000 after set off against deferred taxation.

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9 Intangible fixed assets

	Franchise costs £	Start-up costs £	Total £
Cost			
At 1 January 1991	212,430	72,860	285,290
Incurred in year	-	402,580	402,580
At 31 December 1991	212,430	475,440	687,870
Amortisation			
At 1 January 1991	-	-	-
Charge for year	3,979	40,022	44,001
At 31 December 1991	3,979	40,022	44,001
Net book value			
At 31 December 1991	208,451	435,418	643,869
Net book value			
At 31 December 1990	212,430	72,860	285,290

10 Tangible fixed assets

	Plant and equipment £	Work in progress £	Motor vehicles £	Office equipment, fixtures and fittings £	Total £
Cost					
At 1 January 1991	-	6,758	-	-	6,758
Additions	624,279	527,952	95,849	181,698	1,429,778
Transfers	131,105	(131,105)	-	-	-
At 31 December 1991	755,384	403,605	95,849	181,698	1,436,536
Depreciation					
At 1 January 1991	-	-	-	-	-
Charge for year	17,892	-	7,292	6,969	32,153
At 31 December 1991	17,892	-	7,292	6,969	32,153
Net book value					
At 31 December 1991	737,492	403,605	88,557	174,729	1,404,383
Net book value					
At 31 December 1990	-	6,758	-	-	6,758

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11 Debtors

	1991	1990
	£	£
Amounts falling due within one year		
Trade debtors	8,621	-
Amounts owed by group undertakings	123,019	-
Other debtors	122,625	-
Prepayments and accrued income	929	-
	<u>255,194</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	1991	1990
	£	£
Bank loans and overdraft	197,177	-
Trade creditors	7,960	-
Amounts owed to group undertakings	2,767,863	292,046
Other taxation and social security	4,290	-
Accruals and deferred income (including inter-group)	104,914	-
	<u>3,082,204</u>	<u>292,046</u>

13 Provisions for liabilities and charges

Deferred taxation

	Amount provided		Total potential liability	
	1991	1990	1991	1990
	£	£	£	£
Tax effect of timing differences because of:				
Accelerated capital allowances	32,081	-	32,081	-
Unutilised losses	(32,081)	-	(32,081)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 Called up share capital

	1991 £	1990 £
Authorized		
20,000,000 preference shares of £1 each	20,000,000	20,000,000
1,000 ordinary shares of £1 each	1,000	1,000
1 special share of £1 (see below)	-	1
	<u>20,001,000</u>	<u>20,001,001</u>
Allocated, called up and fully paid		
2 (1990: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

The special share of £1 was cancelled on 22 July 1991.

15 Financial commitments

At 31 December 1991 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1991	1990	1991	1990
	£	£	£	£
On leases expiring after more than 5 years	38,398	-	927	-

16 Capital commitments

At 31 December 1991, the company had expenditure committed but not provided for of £403,307 (1990: £Nil) to construct 18.2 miles (1990: Nil) of cable network.

17 Ultimate parent company

The company is part of the Pacific Corporation Group of companies which is in turn part of the Pacific Telesis Group of companies. The directors regard Pacific Telesis Group, a company incorporated in the United States of America, as the ultimate parent company. Copies of the ultimate parent company's consolidated financial statements may be obtained from Shareowner Relations, Pacific Telesis Group, 130 Kearny Street, Suite 2926, San Francisco, CA 949108.