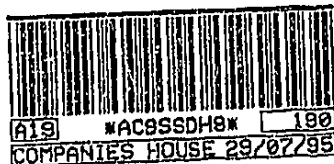


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Manchester Cablevision Holding Company
(formerly Manchester Cablevision Holding Company Limited)

Financial Statements
for the year ended 31 December 1994



Manchester Cablevision Holding Company

Financial Statements for the year ended 31 December 1994

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Manchester Cablevision Holding Company

Directors and advisers

Executive Directors

E P Connell

L B Rabuffo

N P Mearing-Smith

P H Repp

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

2455631

Manchester Cablevision Holding Company

Directors' report for the year ended 31 December 1994

The directors present their report and the audited financial statements for the year ended 31 December 1994.

Principal activity

There was no income and expenditure during the year. The principal activity of the company is to carry on the business of a holding company.

Review and reorganisation of the business

On 24 February 1993, the company changed its name from Pacific Telesis UK (3) Limited to Manchester Cablevision Holding Company Limited.

The company and its subsidiary, NYNEX CableComms Greater Manchester (then called Greater Manchester Cablevision Limited) were purchased on 19 March 1993 by NYNEX UK Telephone & Cable TV Holding Company Limited.

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 Manchester Cablevision Holding Company.

On 6 October 1993 the 2 issued ordinary shares of £1 each were converted to non-voting preference shares of £1 each, the 998 unissued ordinary shares of £1 each were converted to 'A' ordinary shares of £1 each and a further 258,486,914 'A' ordinary shares of £1 each were authorised.

On the same date the company issued 258,487,912 'A' ordinary shares, nil paid, to North CableComms LP (formerly NYNEX WSG North LP) and NYNEX North CableComms Management Inc (formerly NYNEX WSG 1 Company). As a result the company is no longer a subsidiary undertaking of NYNEX UK Telephone & Cable TV Holding Company Limited.

During the fourth quarter of 1994 the company and its subsidiary, NYNEX CableComms Greater Manchester (formerly NYNEX CableComms Manchester Limited), were restructured in anticipation of an exercise to raise additional funds for the development of the cable franchise. Two calls, at par, were made, on 21,710,032 and 9,833,279, of the issued nil paid 'A' ordinary shares of £1 each, to the holders of these shares in the proportion of their holdings.

Manchester Cablevision Holding Company

Future developments

The company will continue to carry on the business of a holding company.

State of affairs

The state of the company's affairs at 31 December 1994 is set out on page 7 and is considered satisfactory.

Directors and directors' interests

The directors who served during the year were:

	Appointed	Resigned
E P Connell	19 March 1993	-
L B Rabuffo	28 September 1993	-
N P Mearing-Smith	28 September 1993	-
G J McLean	19 March 1993	17 August 1994
P H Repp	17 August 1994	-

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.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 5 to the financial statements.

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 reappoint Coopers & Lybrand as Auditors of the company.

Manchester Cablevision Holding 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 and the financial statements have been prepared on the going concern basis. 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



E P Connell
Director
22 March 1995

Manchester Cablevision Holding Company

Report of the auditors to the members of Manchester Cablevision Holding Company

We have audited the financial statements on pages 7 to 12.

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.

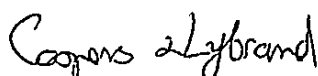
Basis of opinion

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 1994 and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
London,
22 March 1995

Manchester Cablevision Holding Company

Balance sheet at 31 December 1994

	Notes	1994 £	£	1993 £	£
Fixed assets					
Investments	5		31,543,313		2
Current assets					
Debtors	6	-		1,048,506	
Creditors:					
Amounts falling due within one year	7	(8,348)		(1,056,854)	
Net current liabilities			(8,348)		(8,348)
Total assets less current liabilities			<u>£31,534,965</u>		<u>(£8,346)</u>
Capital and reserves					
Called up share capital *	8		31,543,313		2
Profit and loss account			(8,348)		(8,348)
Shareholders' funds	9		<u>£31,534,965</u>		<u>(£8,346)</u>

In the preparation of the company's annual financial statements advantage has been taken of special exemptions applicable to holding companies of small groups not to prepare consolidated financial statements conferred by section 248(3) of the Companies Act 1985, because in the directors' opinion, as it meets the conditions, the company is entitled to that exemption, as the holding company of a small group.

These financial statements were approved by the Board of Directors and were signed on 22 March 1995 on its behalf by:



E P Connell
Director

The notes on pages 8 to 12 form part of these financial statements.

** Includes non-equity interests.*

Manchester Cablevision Holding Company

Notes to the financial statements for the year ended 31 December 1994

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.

The principal accounting policies which have been applied consistently, are set out below:

Investments

Investments are held at cost less amounts written off.

2 Profit and loss account

No profit and loss account has been prepared as the company received no income and bore no expenditure during the year.

3 Audit fees

Auditors' remuneration in respect of the company and affiliates, which are part of NYNEX Corporation's cable television and telecommunications business in the UK, is paid by NYNEX CableComms Limited. For the year ended 31 December 1994 the total amounts paid are disclosed in the accounts of NYNEX CableComms Limited.

4 Directors' emoluments and employees

The directors received no emoluments for the year (1993:£Nil). The company had no employees during the year (1993:Nil).

Manchester Cablevision Holding Company

5 Fixed asset investments

	1994 £	1993 £
Subsidiary undertakings		
At 1 January	2	2
Additions	<u>31,543,311</u>	<u>-</u>
At 31 December	<u>£31,543,313</u>	<u>£2</u>

In the opinion of the directors, the value of the company's investment in its subsidiary is not less than the amount at which it is included in the balance sheet.

Name of undertaking	Country of registration	Description of shares held at 31 December 1994	Proportion of nominal value of issued shares held %
NYNEX CableComms Greater Manchester	England & Wales	Ordinary £1	99

The principal business activity of the subsidiary is the provision of cable television and telecommunication services under licences awarded to it for the Manchester area. The aggregate amount of its capital and reserves at 31 December 1994 £17,752,737 (1993 : a deficit of £2,159,500) and its loss for the financial year then ended was £11,949,694 (1993 : £1,383,018).

During the fourth quarter of 1994, NYNEX Cablecomms Greater Manchester was restructured in anticipation of an exercise to raise additional funds for the development of the cable franchise.

The company has taken advantage of the exemption, under Section 248 of the Companies Act 1985, from the requirement to prepare consolidated financial statements on the basis that it is the holding company of a small group as defined by that Act.

6 Debtors

	1994 £	1993 £
Amounts owed by NYNEX UK companies	<u>£-</u>	<u>£1,048,506</u>

Manchester Cablevision Holding Company

7 Creditors: amounts falling due within one year

	1994 £	1993 £
Amounts owed to NYNEX UK companies	7,745	1,056,251
Accruals and deferred income	603	603
	<u>£8,348</u>	<u>£1,056,854</u>

8 Share capital

	Number	£
Authorised:		
'A' ordinary shares of £1 each		
At 1 January 1994 and 31 December 1994	<u>258,487,912</u>	<u>£258,487,912</u>
Preference shares of £1 each		
At 1 January 1994 and 31 December 1994	<u>2</u>	<u>£2</u>
Allotted, called up and fully paid:		
'A' ordinary shares of £1 each		
At 1 January 1994	-	-
Called up during the fourth quarter of 1994	21,710,032	21,710,032
Called up during the fourth quarter of 1994	<u>9,833,279</u>	<u>9,833,279</u>
At 31 December 1994	31,543,311	31,543,311
Preference shares of £1 each		
At 1 January 1994 and 31 December 1994	<u>2</u>	<u>2</u>
Total at 31 December 1994	<u>31,543,313</u>	<u>£31,543,313</u>
Allotted but not called up:		
'A' ordinary shares of £1 each nil paid at par		
At 1 January 1994	258,487,912	258,487,912
Called up during the fourth quarter of 1994	(21,710,032)	(21,710,032)
Called up during the fourth quarter of 1994	<u>(9,833,279)</u>	<u>(9,833,279)</u>
At 31 December 1994	<u>226,944,601</u>	<u>£226,944,601</u>

Manchester Cablevision Holding Company

8 Share capital (continued)**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

Distributable profits are allocated on the following basis:

Preference shareholders

The company's articles of association were amended on 11 October 1994 to provide for a fixed cumulative preference dividend at the rate of £1,025,070 per annum (exclusive of any associated tax credit available to shareholders). This dividend will accrue on a daily basis from 11 October 1994 until 11 October 2014. After payment of the preference dividend, the preference shareholders are entitled to 15% of the remaining distributable profits.

Ordinary shareholders

After payment of the preference dividend, ordinary shareholders are entitled to 85% of the remaining distributable profits.

c) Dividends

The preference dividend of £1,025,070 per annum to the non-equity shareholders for the period from 11 October 1994 to 31 December 1994 has not been declared. An appropriation equal to the dividend has not been made in the profit and loss account, as the amount of the dividend for this period is not considered to be material in the context of the financial statements.

Manchester Cablevision Holding Company**9 Reconciliation of movements in shareholders' funds**

	1994 £	1993 £
Share capital called up	31,543,311	-
Opening shareholders' funds	(8,346)	(8,346)
Closing shareholders' funds	<u>£31,534,965</u>	<u>(£8,346)</u>

Shareholders' funds include £2 (1993 : £2) non equity share capital.

10 Cash flow statement

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

11 Capital commitments

The directors have authorised capital expenditure at 31 December 1994 of £Nil (1993 : £Nil).

12 Contingent liabilities

The company had no contingent liabilities at 31 December 1994 (1993 : £Nil).

13 Ultimate holding company

The Company's ultimate holding company is NYNEX Corporation, a company incorporated in the USA. Copies of the parent's consolidated financial statements may be obtained from Investor Relations, NYNEX Corporation, 1095 Avenue of the Americas, New York NY10036, USA.

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**Coopers
& Lybrand**

chartered accountants

1 Embankment Place
London WC2N 6NN

telephone (0171) 583 5000

cables CoLybrand London
telex 887470
facsimile (0171) 822 4652

your reference

our reference
NYX10MN.62

The Directors
Manchester Cablevision Holding Company
Wimbledon Bridge House
1 Hartfield Road
Wimbledon
London
SW19 3RU

Dear Sirs,

Report of the auditors to the directors under section 248(3) of the Companies Act 1985

We have examined the financial statements of the companies listed in the appendix and each of their subsidiaries for the year ended 31 December 1994. The scope of our work for the purpose of this report was limited to confirming that the companies are entitled to the exemption conferred by section 248 of the Companies Act 1985 from preparing group financial statements.

In our opinion, the companies are entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors

London 22 March, 1995

Appendix

Companies to which this letter applies

Bolton Cablevision Holding Company

Derby Cablevision Holding Company

Manchester Cablevision Holding Company

NYNEX CableComms Bury & Rochdale

NYNEX CableComms East Lancashire

NYNEX CableComms Oldham and Tameside