Company Registration No. 2455631

CABLE & WIRELESS COMMUNICATIONS (N) MANCHESTER CABLEVISION HOLDING COMPANY LIMITED

(formerly Manchester Cablevision Holding Company Limited)

Report and Accounts

31 March 1999

REPORT AND ACCOUNTS 1999

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Beveridge
G Clarke
R Drolet
M Molyneux

SECRETARY

R Drolet

REGISTERED OFFICE

Caxton Way
Watford Business Park
Watford
Hertfordshire
WD1 8XH

AUDITORS

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The principal activity of the Company continues to be that of a Holding Company. The Directors believe the Company's future prospects to be satisfactory.

On 25 February 1999, the Company changed its name to Cable & Wireless Communications (N) Manchester Cablevision Holding Company Limited.

RESULTS AND DIVIDENDS

The Company did not trade during the year ended 31 March 1999 or the previous period. The preference dividend of £1,025,070 to the non-equity shareholders for the year ended 31 March 1999 (1998: £1,281,338) has not been declared, but an appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No. 4. The retained loss for the year of £1,025,000 (1998: £1,281,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The Directors currently serving or who held office during the year were as follows:

R Drolet	
N Mearing-Smith	(resigned 29 January 1999)
G Wallace	(resigned 1 April 1999)
R Beveridge	(appointed 1 April 1999)
G Clarke	(appointed 1 April 1999)
M Molyneux	(appointed 1 April 1999)

Where the Directors held any interest in the shares of Cable and Wireless plc or Cable & Wireless Communications plc, such interest is disclosed in the accounts of Cable & Wireless Communications plc, except as stated below:

Options to subscribe for ordinary shares in Cable & Wireless Communications plc:

	At 1 April 1998 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1999
R Drolet	57,542	-	(57,542)	-

On 18 June 1998, R Drolet exercised options for 6,547 shares at $4.583 and on the same day sold the shares for £5.22, realising a gain of £16,223 (assuming an exchange rate of $1.67:£1).

On 23 June 1998, R Drolet exercised further options for 25,000 shares at $4.583 and on the same day sold the shares for £5.38, realising a gain of £65,860 (assuming an exchange rate of $1.67:£1).

On 27 January 1999, R Drolet exercised further options for 25,995 shares at $4.583 and on the same day sold the shares for £8.50, realising a gain of £148,886 (assuming an exchange rate of $1.65:£1).

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

Options to subscribe for ordinary shares in Cable and Wireless plc:

		At 1 April 1998 (or later date of appointment)	Granted Number	Exercised Number	At 31 March 1999	Exercise Price	Date from which exercisable	Expiry Date
R Drolet	(i)	-	3,289	-	3,289	£5.59	1/3/01	31/8/06
M Molyneux	(i)	4,816	-	-	4,816	£3.58	1/3/01	31/8/01
	(ii)	8,866	-	-	8,866	£4.21	3/7/99	2/7/03
	(iii)	7,134	-	-	7,134	£4.21	3/7/99	2/7/06

(i) Granted under the Cable and Wireless Employee Savings-Related Share Option Scheme.

(ii) Granted under the Cable and Wireless Senior Employees Share Option Scheme.

(iii) Granted under the Cable and Wireless Revenue Approved Share Option Scheme.

EMPLOYEES

The Company has no employees. All Group employees are employed by a fellow Group Company, Cable & Wireless Communications plc.

PAYMENTS TO SUPPLIERS

The Company does not enter into contracts with suppliers. Cable & Wireless Communications Services Limited and Cable & Wireless Communications Programming Limited, fellow Group Companies, enter into most contracts with suppliers to the Cable & Wireless Communications plc Group.

YEAR 2000

The matters relating to the impact of the Year 2000 issue on the reporting systems and operations of the Company are set out on page 22 of the 1999 Annual Report and Accounts of Cable & Wireless Communications plc.

AUDITORS

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

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

M. B. Moly

M Molyneux

Director

25 January 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss for the financial period:

The Directors are responsible for ensuring that in preparing the accounts, the Company has:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any explanations and material departures disclosed in the notes to the accounts; and
- prepared the accounts on the 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 the financial position of the Company which enable them to ensure that the accounts comply with the Companies Act 1985. 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.

AUDITORS' REPORT TO THE MEMBERS OF CABLE & WIRELESS COMMUNICATIONS (N) MANCHESTER CABLEVISION HOLDING COMPANY LIMITED

We have audited the accounts on pages 6 to 11, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the affairs of the Company at 31 March 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

21 January 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1999

	Note	Year ended 31 March 1999 £'000	15 months ended 31 March 1998 £'000
Dividends	2	(1,025)	(1,281)
LOSS FOR THE PERIOD		(1,025)	(1,281)

The company has no recognised gains or losses other than those included above.

The accompanying notes form an integral part of this statement

BALANCE SHEET
31 March 1999

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Investments	4	80,143	80,143
CREDITORS: Amounts falling due within one year	5	(8)	(8)
NET CURRENT LIABILITIES		(8)	(8)
NET ASSETS		80,135	80,135
CAPITAL AND RESERVES			
Called up equity share capital	6	80,143	80,143
Profit and loss account	7	(8)	(8)
		80,135	80,135
EQUITY SHAREHOLDERS' FUNDS	8	75,549	76,574
NON-EQUITY SHAREHOLDERS' FUNDS	8	4,586	3,561
		80,135	80,135

These accounts were approved by the Board of Directors on 25 January 2000 and signed on its behalf by:

R Beveridge

Director

The accompanying notes form an integral part of this balance sheet.

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently in the current year and preceding period in the preparation of the accounts, are as follows:

(a) Basis of preparation

The accounts are prepared in accordance with applicable Accounting Standards in the United Kingdom on the historical cost basis.

(b) Investments

Investments in subsidiary companies are held at cost less provisions for impairment. The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act because it is a wholly owned subsidiary of another Company incorporated in Great Britain which prepares Group accounts (see Note 9).

c) Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (Revised), the Company has not prepared a cash flow statement because it is a wholly owned subsidiary of a Company incorporated in Great Britain which is part of a Group which prepares a consolidated cash flow statement (see Note 9).

2. TRADING RESULTS

The Company did not trade in the current year or prior period.

The preference dividend of £1,025,070 to the preference shareholders for the year ended 31 March 1999 (15 months ended 31 March 1998: £1,281,338) has not been declared. An appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No 4 and is shown in the statement of reconciliation of shareholders' funds (note 8).

Auditors' remuneration for the current financial year and the preceding financial period has been borne by a fellow Group undertaking.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors did not receive any remuneration during the year (1998: £nil).

Cable & Wireless Communications plc, a fellow Group company, employs all of the Group's employees. Details of staff numbers and staff costs for the Group are disclosed in the accounts of Cable & Wireless Communications plc.

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

4. INVESTMENTS

Subsidiary Undertaking	**1999** **£'000**	**1998** **£'000**
Cost		
At 1 April 1998 and 31 March 1999	80,143	80,143

Name of undertaking	**Country of registration**	**Description of shares held at 31 March 1999**	**Proportion of nominal value of issued preference shares held**
Cable & Wireless Communications CableComms Greater Manchester (formerly NYNEX CableComms Greater Manchester)	England & Wales	Ordinary £0.01	99%

In the opinion of the Directors, the value of the company's investment is not less than the amount at which it is stated in the balance sheet.

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 **£'000**	**1998** **£'000**
Amounts owed to fellow group undertakings	8	8

6. SHARE CAPITAL

	Number	**£'000**
Authorised		
'A' Ordinary shares of £1 each		
At 1 April 1998 and 31 March 1999	258,487,912	258,488
Preference shares of £1 each		
At 1 April 1998 and 31 March 1999	2	-
Allotted, called up and fully paid		
'A' Ordinary shares of £1 each		
At 1 April 1998 and 31 March 1999	80,143,412	80,143
Preference shares of £1 each		
At 1 April 1998 and 31 March 1999	2	-
Total at 1 April 1998 and 31 March 1999	80,143,414	80,143
Allotted, but not called up		
At 1 April 1998 and 31 March 1999	178,344,502	178,345

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

6. SHARE CAPITAL (continued)

Shareholders voting rights

In the opinion of the Directors, the primary rights attached to the various classes of shares are as follows:

£1 'A' ordinary shares

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

£1 Preference shares

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

Distributable profits

Distributable profits are allocated on the following basis:

Preference shareholders

The Company's articles of association provide for a fixed cumulative 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, the ordinary shareholders are entitled to 85% of the remaining distributable profits.

Dividends

The preference dividend of £1,025,070 to the non-equity shareholders for the year ended 31 March 1999, (period ended 31 December 1998: £1,281,338) has not been declared. An appropriation equal to the dividend has been made in the profit and loss account in accordance with Financial Reporting Standard No. 4 and is shown in the statement of reconciliation of shareholders' funds (note 8).

7. PROFIT AND LOSS ACCOUNT

	1999 £'000	1998 £'000
At 1 April 1998	(8)	(8)
Retained loss for the year	(1,025)	(1,281)
	(1,033)	(1,289)
Undeclared dividends due to non-equity shareholders	1,025	1,281
At 31 March 1999	(8)	(8)
Cumulative undeclared dividends to non-equity shareholders		
At 1 April 1998	3,561	2,280
Appropriated during the year	1,025	1,281
At 31 March 1999	4,586	3,561

NOTES TO THE ACCOUNTS
Year ended 31 March 1999

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
Profit for the financial period	-	-
Dividends	(1,025)	(1,281)
	(1,025)	(1,281)
Reversal of non-equity dividends	1,025	1,281
Net movement in shareholders' funds	-	-
Opening shareholders' funds	80,135	80,135
Closing shareholders' funds	80,135	80,135
Total shareholders' funds		
Equity share capital	80,143	80,143
Profit and loss account	(8)	(8)
	80,135	80,135
Non-equity shareholders' funds		
Cumulative dividends not yet declared	4,586	3,561
Equity shareholders' funds		
Difference between shareholder' funds and the amounts allocated to non-equity interests	75,549	76,574
Made up as follows:		
Equity share capital	80,143	80,143
Profit and loss account	(8)	(8)
Cumulative dividends due to non-equity shareholders	(4,586)	(3,561)
	75,549	76,574

9. ULTIMATE PARENT COMPANY AND CONTROLLING UNDERTAKING

The Directors regard Cable and Wireless plc, a Company registered in England and Wales, as the ultimate parent Company and controlling undertaking.

The largest Group in which the results of the Company are consolidated is that of which Cable and Wireless plc is the parent Company. The consolidated accounts of Cable and Wireless plc may be obtained from 124 Theobalds Road, London, WC1X 8RX.

The smallest Group in which the results of the Company are consolidated is that of which Cable & Wireless Communications (N) UK Telephone & Cable TV Holding Company Limited (formerly NYNEX UK Telephone & Cable TV Holding Company Limited) is the parent Company. The consolidated accounts of Cable & Wireless Communications UK Telephone & Cable TV Holding Company Limited may be obtained from Caxton Way, Watford Business Park, Watford, Hertfordshire, WD1 8XH.

The Company is dependent on the financial support of Cable & Wireless Communications plc in order to meet its obligations as they fall due. Cable & Wireless Communications plc has indicated that it will continue to support the Company, thereby enabling it to meet its obligations as they fall due, for a period of not less than one year from the date of this report.