

Barnsley Cable Communications Limited
Annual Report
for the year ended 31 December 1997



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Directors and advisers

Directors

P X Galteau
I Gray
D J Miller

Registered Auditors

Coopers & Lybrand
Benson House
33 Wellington Street
Leeds
LS1 4JP

Secretary and registered office

J M Laver
Communications House
Mayfair Business Park
Broad Lane
Bradford
BD4 8PW

Bankers

Barclays Bank plc
10 Market Street
Bradford
BD1 1NR

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 owns and operates an integrated broadband and telecommunications network in the Barnsley franchise covering 87,000 franchised premises.

Review of business

Construction of the network continued in 1997 exceeding the milestones agreed with OfTel.

During the year, the book value of company assets sold under a sale and leaseback facility totalled £3,448,000 and the consideration was £3,448,000 plus VAT (see note 13).

Funds raised through this agreement will be made available to the company to finance the continuing development of its network.

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 strengths in business and residential telecommunications. As a result of this strategy, a charge of £1.4m has been recorded as an exceptional item in 1997 (see note 4).

Results

Turnover for the year was £3,246,000 (1996: £2,245,000). The loss on ordinary activities before taxation was £4,055,000 (1996: £1,381,000). The loss transferred to reserves was £4,055,000 (1996: £1,277,000).

The directors do not propose to pay a dividend (1996: £Nil).

Fixed assets

The movement in fixed assets during the year is set out in note 9.

Future Developments

Construction of the network will continue in 1998 and the growth in the customer base is expected to continue.

Directors

The directors who held office during the year were:

P X Galteau	(Appointed 16.12.97)
I Gray	(Appointed 16.12.97)
D J Miller	
B M Massey	(Resigned 16.1.98)
R C H Campbell-Ross	(Resigned 31.12.97)

Directors' report (continued)**Directors' interests**

B M Massey is a former director of The Yorkshire Cable Group Limited and P X Galteau, I Gray and D J Miller are directors of General Cable plc. As permitted by statutory instrument, the financial statements do not disclose the interests of directors who are also directors of a parent company. Accordingly the interests of these directors are detailed in the financial statements of The Yorkshire Cable Group Limited and General Cable plc respectively.

Statement of directors' responsibilities

- (i) In compliance with legal requirements, the directors have prepared financial statements for the year ended 31 December 1997 which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of the loss for the year ended on that date.
- (ii) The financial statements have been prepared in accordance with applicable Accounting Standards and on the going concern basis.
- (iii) The directors have adopted suitable accounting policies which have been consistently applied in the preparation of the financial statements for the year ended 31 December 1997 and these have been supported by reasonable and prudent judgements and estimates.
- (iv) The directors are responsible for the maintenance of adequate accounting records, for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities. The directors also have responsibility for ensuring that the company keeps accounting records which disclose, with reasonable accuracy, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985.

Auditors

The auditors, Coopers & Lybrand offer themselves for reappointment at the next annual general meeting.

By order of the board

Director

31 March 1998

Report of the auditors to the members of Barnsley Cable Communications Limited

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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.

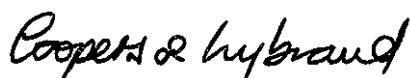
Basis of opinion

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 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 the company's affairs at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Leeds

31 March 1998

**Profit and loss account
for the year ended 31 December 1997**

	Notes	1997 £'000	1996 £'000
Turnover	2	3,246	2,245
Cost of sales	3	(1,008)	(859)
Gross profit	3	<u>2,238</u>	<u>1,386</u>
Operating loss before exceptional charge	3	(905)	(1,015)
Exceptional charge - fundamental reorganisation	4	(1,411)	-
Operating loss after exceptional charge		<u>(2,316)</u>	<u>(1,015)</u>
Interest payable and similar charges	6	(1,739)	(366)
Loss on ordinary activities before taxation	7	<u>(4,055)</u>	<u>(1,381)</u>
Taxation	8	-	104
Loss on ordinary activities after taxation	16	<u><u>(4,055)</u></u>	<u><u>(1,277)</u></u>

All activities relate to continuing operations.

The company had no recognised gains or losses other than those shown in the profit and loss account, therefore a statement of total recognised gains and losses has not been presented.

There is no difference between the reported results and the historical cost results.

Balance sheet as at 31 December 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	<u>23,246</u>	<u>18,591</u>
Current assets			
Debtors: amounts falling due within one year	10	405	302
Creditors: amounts falling due within one year	11	(1,880)	(2,637)
Net current liabilities		<u>(1,475)</u>	<u>(2,335)</u>
Total assets less current liabilities		<u>21,771</u>	<u>16,256</u>
Creditors: amounts falling due after more than one year	12	(27,905)	(18,335)
Net liabilities		<u>(6,134)</u>	<u>(2,079)</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	(6,134)	(2,079)
Equity shareholders' funds	17	<u>(6,134)</u>	<u>(2,079)</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 31 March 1998 and were signed on its behalf by:



Director

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 applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention. The financial statements are prepared on a going concern basis which assumes the support of the intermediate parent company. The directors of the intermediate parent company have indicated that this support will continue.

Tangible fixed assets

The cost of tangible fixed assets comprises the purchase cost, together with any incidental acquisition and installation costs. In the case of the telecommunications network this includes the costs of planning, design and supervision of construction.

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

	<u>Years</u>
Freehold buildings	50
Network civil work and ducting	40
Cable and installations	10
Headend, switch and line electronics	7
Set-top converters	4
Other fixed assets	4 - 7

Turnover

Turnover, which excludes Value Added Tax, represents the invoice value of services provided.

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.

Foreign currencies

Invoices denominated in foreign currencies are translated at the rate ruling at the time of the transaction. All monetary assets and liabilities are subsequently translated at the year-end rate or the hedged forward rate. Differences arising on translation are charged to the profit and loss account in the year incurred.

Leased Assets

Assets funded through finance leases are capitalised and the resulting lease obligations are included in creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Notes to the financial statements

Cash Flow

The company has not prepared a cashflow statement as the company is a wholly owned subsidiary of a company established under the law of a member state of the European Community.

2 Segmental analysis

Turnover is attributable principally to the provision of cable television and telephony services in the United Kingdom which the directors consider to be the same class of business and accordingly no segmental analysis of operating loss is shown. Turnover comprised the following:

	1997 £'000	1996 £'000
Turnover		
Cable telephony	2,124	1,429
Cable television	1,122	816
	<hr/>	<hr/>
Total turnover	3,246	2,245
	<hr/>	<hr/>

3 Cost of Sales and other operating expenses

	1997 £'000	1996 £'000
Cost of sales	1,008	859
	<hr/>	<hr/>
Gross profit	2,238	1,386
	<hr/>	<hr/>
Selling and distribution costs	483	729
Administrative expenses	2,660	1,672
	<hr/>	<hr/>
Net operating expenses	3,143	2,401
	<hr/>	<hr/>
Operating loss	(905)	(1,015)
	<hr/>	<hr/>

4 Exceptional charge - 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 strengths in business and residential telecommunications. As a result of this strategy, a charge of £1.4m for the write down of certain categories of analogue cable television equipment has been recorded as an exceptional item in 1997.

Notes to the financial statements

5 Directors remuneration

	1997 £'000	1996 £'000
Aggregate emoluments	18	28
Company pension contributions to money purchase schemes	1	1
Directors emoluments (excluding pension contributions) include amounts paid to the highest paid director	14	19

The company has no employees other than the directors. The company's activities are undertaken by employees of fellow group companies.

6 Interest payable and similar charges

	1997 £'000	1996 £'000
On loans from group companies repayable after 5 years	1,739	366

7 Loss on ordinary activities before taxation

	1997 £'000	1996 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible owned fixed assets	450	807
Provision for diminution in value	1,411	-
Depreciation of assets held under finance leases	1,028	10
Auditors' remuneration for audit work	2	2

8 Taxation

	1997 £'000	1996 £'000
United Kingdom Corporation tax at 31.5% (1996: 33%)	-	-
Group relief and consortium relief receivable in respect of current year	-	104
	-	104

The company has accumulated tax losses available for offset against future trading profits amounting to not less than £9 million, subject to agreement with the Inland Revenue.

Notes to the financial statements
9 Tangible fixed assets

	Freehold land and buildings £'000	Cable network construction and equipment £'000	Other Fixed Assets £'000	Total £'000
Cost				
At 1 January 1997	936	18,683	68	19,687
Additions	581	6,385	11	6,977
Inter Group Transfers	-	542	53	595
At 31 December 1997	1,517	25,610	132	27,259
Depreciation				
At 1 January 1997	11	1,080	5	1,096
Charge for year	22	1,439	17	1,478
Provision for diminution in value	-	1,411	-	1,411
Inter Group Transfers	-	21	7	28
At 31 December 1997	33	3,951	29	4,013
Net book value				
At 31 December 1997	1,484	21,659	103	23,246
Net book value				
At 31 December 1996	925	17,603	63	18,591
Net book value of assets held under finance leases included above at 31st December 1997	-	7,453	-	7,453
at 31st December 1996	-	5,046	-	5,046

The ability of the company to recover its investment in tangible fixed assets is dependent upon the continued successful development of the cable telecommunications business.

10 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year		
Trade debtors	396	292
Prepayments and accrued income	9	10
	405	302

Notes to the financial statements

11 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Trade creditors	1,018	1,910
Other creditors	308	239
Obligations under finance leases	420	343
Accruals and deferred income	134	145
	<u>1,880</u>	<u>2,637</u>

12 Creditors: amounts falling due after more than one year

	1997 £'000	1996 £'000
Loans from parent and fellow subsidiaries	19,772	12,855
Obligations under finance leases	8,098	5,384
Retentions on civil contracts	35	96
	<u>27,905</u>	<u>18,335</u>

The loans payable to parent and fellow subsidiaries have no fixed terms of repayment. Interest is allocated on the basis of cash resources made available.
Repayment is expected to be made after more than five years.

13 Obligations under Finance Leases

	1997 £'000	1996 £'000
Obligations under finance leases fall due as follows:		
In one year or less	420	343
Between one and two years	520	399
Between two and five years	1,798	1,839
In five years or more	5,780	3,146
	<u>8,518</u>	<u>5,727</u>

On 24 December 1996, the group entered into a sale and leaseback agreement with a consortium of financial institutions. During the year, assets with a book value of £3,448,000 were sold for a consideration of £3,448,000 plus VAT.

In accordance with the provisions of Financial Reporting Standard Number 5, the transaction has not been reflected in the movements on tangible fixed assets in note 9.

These obligations are secured with fixed and floating charges over the assets of the company.

Notes to the financial statements

14 Provisions for liabilities and charges

Deferred tax: total potential liability

	1997 £'000	1996 £'000
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	1,659	1,495
Tax losses	(1,659)	(1,495)
	<u>-</u>	<u>-</u>

15 Called up share capital

	1997 £'000	1996 £'000
Authorised		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

16 Reserves

	Profit & loss account £'000
At 1 January 1997	(2,079)
Loss for the year	(4,055)
At 31 December 1997	<u>(6,134)</u>

17 Reconciliation of movement in equity shareholders' funds

	£'000
Equity shareholders' funds at 1 January 1997	(2,079)
Loss for the year	(4,055)
Equity shareholders' funds at 31 December 1997	<u>(6,134)</u>

Notes to the financial statements**18 Capital commitments**

	1997 £'000	1996 £'000
Capital expenditure which has been contracted for but not provided for in the financial statements	2	-

19 Contingent liabilities

The company acts as a guarantor to the £500,000,000 loan facility arranged by General Cable Holdings Limited, the company's intermediate holding company, and to the finance leasing facilities arranged by the Yorkshire Cable Group Limited. In accordance with these facilities, the syndicate banks and lessors have first charge over the assets of the company.

As at 31 December 1997, amounts drawn down by General Cable Holdings Limited amounted to £260,000,000 whilst The Yorkshire Cable Group's finance lease commitments were £102,500,000.

20 Related party transactions

As permitted by Financial Reporting Standard Number 8, transactions which eliminate on consolidation have not been reported as the company is a wholly owned subsidiary of The Yorkshire Cable Group Limited.

21 Ultimate parent company

The ultimate parent company is General Cable PLC, a company incorporated and registered in England. Copies of the consolidated financial statements of General Cable plc may be obtained from The Secretary, 37 Old Queen Street, London, SW1H 9JA.

The intermediate parent company is The Yorkshire Cable Group Limited, a company incorporated and registered in England. Copies of the financial statements of The Yorkshire Cable Group Limited may be obtained from The Secretary, Communications House, Mayfair Business Park, Broad Lane, Bradford, BD4 8PW.