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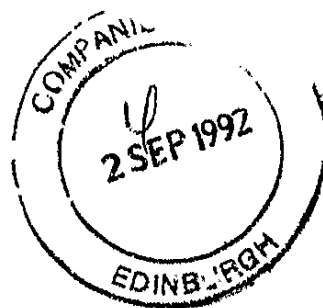
REPORT AND ACCOUNTS

Clyde Cablevision

31 DECEMBER 1991

[REDACTED]

COMPANY REGISTERED NO. 75177



 **ERNST & YOUNG**

Clyde Cablevision

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1991.

ACTIVITIES AND RESULTS

The principal activity of the company is the provision and operation of a cable television service.

The loss after tax for the year of £2,549,000 and reflects operational losses offset by interest receivable and after charging exceptional items of £664,000.

Against a background of difficult financial conditions, the company undertook no further major construction during the year.

FIXED TANGIBLE ASSETS

The movements in fixed tangible assets are set out in note 10 to the accounts on page 11.

BANKING ARRANGEMENTS

With effect from 7 May 1991, The Royal Bank of Scotland plc (RBS) replaced Toronto Dominion Bank as the lead bank operating on behalf of a syndicate of Banks guaranteeing the company's loan from the European Investment Bank.

The different security arrangements agreed had the effect of immediately releasing the contents of an escrow account £636,931 to the company and subsequently on 26 November 1991 RBS required the call up of £2,700,000 share capital.

SHARE CAPITAL

On 12 February 1991 the Special Share of £1 issued to PTC Investments Limited was redeemed.

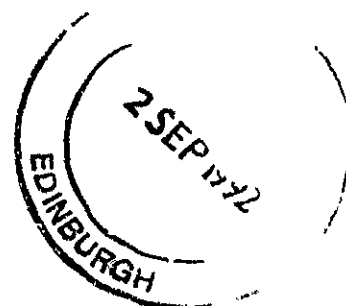
On 27 March 1991 and as part of an out of court settlement reached with a supplier the company acquired shares representing some 25% of the voting rights in Clyde Cablevision Holdings Limited which in turn holds 20.5% of the voting rights in the company.

On 26 November 1991, pursuant to a notice served on the company by its bankers, the directors served upon Clyde Cablevision Holdings Limited notice of a call of £1 per share on the 2,700,000 nil paid ordinary shares of £1 each. Subsequently, the call was met with the exception of that portion relating to 308,293 shares which remains outstanding but fully provided against.

DIRECTORS

The directors during the year were as follows:

Sir Ian K. MacGregor	(Chairman)
C.A. Collins	
P.N. Euler	
B.W. Jaffé	(deceased 19 September 1991)
K.D. Kelly	(appointed 7 March 1991)
D.A. Kent	
S.R. Knafel	
J.S.C. Morrish	
A.D. Stewart	
M.S. Willner	
R.D. Worboys	



Clyde Cablevision

DIRECTORS' REPORT

DIRECTORS (continued)

The directors held no shares in the company at the year end. Options to purchase shares in the company were granted to certain founding directors on 28 August 1985 ("Founding Scheme") and to other directors under the Clyde Cablevision 1985 Share Option Scheme approved under Schedule 10 Finance Act 1984 ("Approved Scheme") as follows:

	<i>Subscription price</i>	<i>No of options</i>	<i>Date exercisable</i>
Founding Scheme:			
A.D. Stewart	£1	70,000	To August 1995
Approved Scheme:			
J.S. Morrish	£1	60,000	July 1989 - July 1996

The above options arrangements are currently under review by the Board.

DONATIONS

During the year the company made £80 of charitable donations.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the Board



Secretary

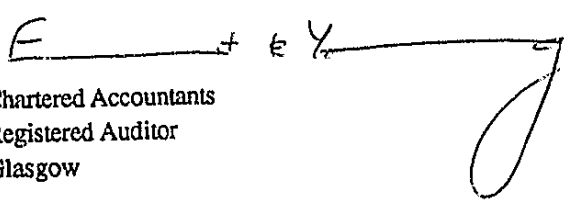
27 April 1992

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of Clyde Cablevision

We have audited the accounts on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1991 and of the loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditor
Glasgow

27 April 1992

Clyde Cablevision

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1991

	Notes	Year to December 31, 1991 £'000	Nine months to December 31, 1990 £'000
TURNOVER	2	1,116	751
Cost of sales		1,328	1,098
GROSS LOSS		(212)	(347)
Distribution expenses		127	98
Administrative expenses		1,091	923
TRADING LOSS	3 - 5	(1,430)	(1,368)
Interest receivable	6	95	91
Interest payable	7	(766)	(650)
Exceptional items	8	(664)	437
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,765)	(1,490)
Tax credit	9	216	-
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION		(2,549)	(1,490)
Balance brought forward		(10,171)	(8,681)
Balance carried forward		(12,720)	(10,171)

ERNST & YOUNG

J. L. Scholten,
 C. D. Scholten,) Directors

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Clyde Cablevision

CASH FLOW STATEMENT for the year ended 31 December 1991

	Notes	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	3b	(1,537)	567
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		148	28
Interest received		(707)	(605)
Interest paid		(559)	(577)
TAXATION		216	-
Consortium relief received			
INVESTING ACTIVITIES		(485)	(2,013)
Payments to acquire tangible fixed assets		1,875	-
Refund of reduction in cost of fixed assets		46	-
Sale of tangible fixed assets		1,436	(2,013)
NET CASH OUTFLOW BEFORE FINANCING		(444)	(2,023)
FINANCING	20	2,037	3,200
Issue of share capital		360	1,180
Loans received		(756)	(2,300)
Loan repaid		-	(7)
Capital element of finance lease contracts		1,641	2,073
NET CASH INFLOW	13	1,197	50

NOTES TO THE ACCOUNTS
at 31 December 1991

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historic cost convention in accordance with applicable accounting standards, and in accordance with the Companies Act 1985.

The accounts have been prepared under the going concern concept on the basis of a major shareholder's intention to provide or arrange for the provision to the company of such additional finance as is necessary to enable the company to continue its operations through to 31 December 1992.

Depreciation

The cost of fixed tangible assets is written off on a straight line basis over their estimated useful economic lives commencing in the year following purchase. This takes account of the directors' estimate of the normal delay between the receipt, and full commissioning, of assets.

The depreciation rates are as follows:

Network	-	2%; 10%
Furniture and fittings	-	6.67%
Headend	-	10%
Motor vehicles	-	25%
Production	-	6.67%
Office equipment	-	10%

The depreciation rates on certain assets have been accelerated to reflect a revision of their useful lives.

Regional development grants

Regional development grants are credited to trading profit over the estimated useful economic lives of the assets to which they relate. The amounts shown in the balance sheet represent the total grants received to date less amounts amortised.

Deferred tax

Provision is made for deferred tax arising from timing differences between profit as computed for tax purposes and profit as stated in the accounts, except to the extent that the liability is unlikely to become payable in the future. Such provision has been reduced to nil by tax losses available for offset against future profits.

Pension costs

The company operates a defined benefit pension scheme covering all eligible employees. Payments made to the scheme are charged to the profit and loss account represent a proper charge to cover the accruing liabilities on a continuing basis. The pension scheme is subject to valuation, by an independent actuary, every three years.

Operating lease

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

2. TURNOVER

Turnover represents billings to subscribers during the year together with production and advertising revenue, exclusive of value added tax.

Clyde Cablevision

NOTES TO THE ACCOUNTS at 31 December 1991

3. TRADING LOSS

	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
(a) Trading loss is stated after charging:		
(Gain)/loss on disposal of fixed tangible assets	(32)	37
Depreciation of fixed tangible assets (net of RDG amortisation)	701	621
Equipment leasing and hire charges	13	17
Auditors' remuneration	9	7
	<u> </u>	<u> </u>
(b) Reconciliation of operating profit to net cash inflow from operating activities:		
	£'000	£'000
Operating loss	(1,430)	(1,368)
Depreciation charges	755	660
(Gain)/loss on sale of tangible fixed assets	(32)	37
Government grants amortised	(54)	(39)
(Increase)/decrease in debtors	(59)	116
(Decrease)/increase in creditors	(602)	1,155
	<u>(1,422)</u>	<u>561</u>
Cash elements within exceptional items	(115)	6
	<u>(1,537)</u>	<u>567</u>

4. STAFF COSTS

	Year to 31 December 1991 No.	Nine months to 31 December 1990 No.
Average number of employees by activity:		
Administration and finance	5	4
Civil engineering and operations	7	7
Technical	10	9
Production	4	9
Marketing and customer service	13	13
	<u>39</u>	<u>42</u>
	£'000	£'000
Employee costs:		
Wages and salaries	326	270
Social security costs	28	26
Pension costs	46	31
	<u>400</u>	<u>327</u>

NOTES TO THE ACCOUNTS
at 31 December 1991

4. STAFF COSTS (continued)

Pension scheme:

The company operates a funded pension scheme providing defined benefits. The assets of the scheme are held separately from those of the company, being invested in units of an exempt unit trust.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the Partly Projected Unit Method, with a control period, and making allowance for new entrants. A preliminary valuation was carried out on 6 April 1991. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries, which were 9.5% per annum and 8% per annum respectively. In calculating the discounted income value of assets, equity dividends were assumed to increase in the future at 4.5% per annum. At the valuation date, the market value of the Scheme's assets amounted to £179,000 and the actuarial value of assets was sufficient to cover 107% of the liabilities for in-service members as calculated on the funding method employed. The pension charge for the period was 24.3%.

5. DIRECTORS' EMOLUMENTS

	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
Remuneration including pension fund contributions	70	49

The emoluments (excluding pension contributions) of directors fell within the following ranges:

	No.	No.
£Nil - £ 5,000	9	14
£ 5,001 - £10,000	-	1
£10,001 - £15,000	1	-
£30,001 - £35,000	-	1
£45,001 - £50,000	1	-

Remuneration of the chairman (excluding pension contributions) amounted to £12,000 (1990 - £9,000) and of the highest paid director £49,487 (1990 - £33,938).

6. INTEREST RECEIVABLE

	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
Income from short term deposits	95	91

Clyde Cablevision

NOTES TO THE ACCOUNTS at 31 December 1991

7. INTEREST PAYABLE

	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
Interest on bank loans, overdrafts and other loans:		
- repayable within five years	95	122
- repayable after more than five years	345	314
Interest on rescheduled debt	169	159
Interest on parent undertaking loan	157	55
	<u>766</u>	<u>650</u>

8. EXCEPTIONAL ITEMS

	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
Provision against called up share capital	(308)	-
Accelerated depreciation	(241)	-
Arrangement fees	(55)	89
Franchise application costs	(23)	(37)
Redundancy and other costs	(37)	(46)
Interest overprovided in relation to reduction in cost of previous additions	-	431
	<u>(664)</u>	<u>437</u>

9. TAX CREDIT

	Year to 31 December 1991 £'000	Nine months to 31 December 1990 £'000
Consortium relief payment received	<u>216</u>	<u>-</u>

The company's policy is to account for consortium relief on a cash received basis.

Clyde Cablevision

NOTES TO THE ACCOUNTS at 31 December 1991

10. FIXED TANGIBLE ASSETS

	Network £'000	Headend £'000	Production £'000	Office equipment, fixtures and fittings and motor vehicles £'000	Total £'000
At cost					
At 1 January 1991	13,599	735	422	839	15,595
Reallocation	283	(283)	-	-	-
Additions	477	1	7	-	485
Disposals	(17)	-	-	(1)	(18)
At 31 December 1991	14,342	453	429	838	16,062
Depreciation					
At 1 January 1991	2,679	265	199	374	3,517
Charge for year	862	53	30	51	996
Disposals	(4)	-	-	-	(4)
At 31 December 1991	3,537	318	229	425	4,509
Net book value					
At 31 December 1991	10,805	135	200	413	11,553
At 1 January 1991	10,920	470	223	465	12,078

11. INVESTMENTS

During the year the company acquired, at the cost of £1, shares representing some 25% of the voting rights of Clyde Cablevision Holdings Limited a company registered in Scotland, which in turn holds 20.5% of the voting rights in the company.

12. DEBTORS

	1991 £'000	1990 £'000
Trade debtors	4	20
Other debtors	16	25
Refund of reduction in cost of previous additions	-	1,875
Call on share capital less provision	355	-
Prepayments and accrued income	49	18
	424	1,938

Clyde Cablevision

NOTES TO THE ACCOUNTS at 31 December 1991

13. CASH AT BANK AND IN HAND

Analysis of changes in cash during the year:

	1991 £'000	1990 £'000
At 1 January	796	746
Net cash inflow	1,197	50
At 31 December	1,993	796

Included in cash and bank is an amount of £1,735,939 (1990 - £609,000) in respect of money which is held in escrow in an interest bearing deposit account in the company's name with the Royal Bank of Scotland plc.

14. CREDITORS: amounts falling due within one year

	1991 £'000	1990 £'000
Trade creditors	2,107	2,602
Accruals	300	356
Other creditors including tax and social security	125	117
Short term loans	180	180
Loan from European Investment Bank	802	757
	3,514	4,012

On 30 May 1991 Clyde Cablevision entered into an agreement with one of its major suppliers to reschedule debt payments. This resulted in the payment of £1,000,000, which is included in trade creditors, being deferred.

15. CREDITORS: amounts falling due after more than one year

	1991 £'000	1990 £'000
Loan from parent undertaking	1,360	1,000
Loan from European Investment Bank	3,729	4,530
	5,089	5,530

The loan from the parent undertaking is subordinated and unsecured. The parent undertaking has confirmed that it has no intention of demanding payment before 31 December 1992.

The EIB loan is repayable in half yearly instalments over seven years commencing in April 1990 and bears interest as a fixed rate of 6% pa. Under an agreement with the Industry Department of Scotland exchange rate fluctuation is covered for an additional fixed fee of 1% per annum.

The total amount of £4,530,000 outstanding at the balance sheet date is repayable within 5 years. (1990 - £4,271,400 repayable within five years, £1,015,800 repayable outwith the period).

NOTES TO THE ACCOUNTS

at 31 December 1991

15. CREDITORS: amounts falling due after more than one year (continued)

This loan is guaranteed by the Royal Bank of Scotland plc and is secured by:

- a) a floating charge over the company's assets;
- b) third party indemnities totalling £4 million;
- c) £1,735,939 held in an escrow account as referred to in note 13 above; and
- d) the assignation of insurance policies over the company's assets.

16. PROVISIONS

As required by the Telecommunications Act 1984 the company has provided £100,000 in respect of any potential restoration costs which may arise in the future.

17. DEFERRED TAXATION

Deferred taxation is provided in the accounts at 33% (1990 - 35%) as follows:

	1991 £'000	1990 £'000
Capital allowances in advance of depreciation	3,415	3,416
Other timing differences	(51)	80
	<u>3,364</u>	<u>3,496</u>
Less: Offset against corporation tax losses	(3,364)	(3,496)
Provision required at December 31, 1990	<u>-</u>	<u>-</u>

Cumulative corporation tax losses available to the company, net of consortium relief payments received, amount to £19,874,000 (1990 - £17,891,800) of which £10,194,000 (1990 - £9,989,000) has been dealt with in the above deferred tax calculation.

18. DEFERRED INCOME

This represents the value of Regional Development Grants which remains unamortised at the balance sheet date.

19. SHARE CAPITAL

	1991 £'000	Authorised 1990 £'000
Ordinary shares of £1 each	7,500	7,500
"B" Ordinary shares of £1 each	92,500	92,500
Special share of £1	-	-
	<u>100,000</u>	<u>100,000</u>

Clyde Cablevision

NOTES TO THE ACCOUNTS at 31 December 1991

19. SHARE CAPITAL (continued)

	1991		1990	
	No.	£'000	No.	£'000
Ordinary shares of £1 each				
- fully paid	6,736,853	6,737	4,036,853	4,037
- nil paid	-	-	2,700,000	-
"B" Ordinary shares of £1 each				
- fully paid	2,200,000	2,200	2,200,000	2,200
- partly paid	5,000,000	1,000	5,000,000	1,000
Special share of £1	-	-	1	-
	<u>13,936,853</u>	<u>9,937</u>	<u>13,936,854</u>	<u>7,237</u>

On 12 February 1991 the special share of £1 was redeemed. The nil paid ordinary shares were called up on 26 November 1991. There are 308,293 shares which remain unpaid and have been fully provided against.

20. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	1991		1990	
	Share capital £	Loans and finance lease obligations £	Share capital £	Loans and finance lease obligations £
Financing at 1 January	7,237	6,467	4,037	7,594
Cash inflow/(outflow) from financing	2,037	(396)	3,200	(1,127)
Share capital issued, unpaid at 31 December 1991				
- subsequently paid	355	-	-	-
- fully provided for	308	-	-	-
	<u>9,937</u>	<u>6,071</u>	<u>7,237</u>	<u>6,467</u>

21. COMMITMENTS

	1991 £'000	1990 £'000
(a) Capital Commitments:		
Contracted but not provided	<u>4,002</u>	<u>4,206</u>

NOTES TO THE ACCOUNTS
at 31 December 1991

21. COMMITMENTS (continued)

(b) Operating lease commitments:

Operating lease commitments, excluding property rental commitments, for the year ending 31 December 1991 are:

	1991		1990	
	<i>Motor vehicles £'000</i>	<i>Office equipment £'000</i>	<i>Motor vehicles £'000</i>	<i>Office equipment £'000</i>
Leases expiring:				
Within 1 year	14	-	7	-
Between 2 - 5 years	21	11	19	8
	<u>35</u>	<u>11</u>	<u>26</u>	<u>8</u>

22. ULTIMATE PARENT UNDERTAKING

The directors report that Insight Communications Company UK LP (registered in Delaware, USA) is the company's ultimate parent undertaking.

23. DATE OF APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 27 April 1992.

Clyde Cablevision

DETAILED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1991

	1991 £'000	1990 £'000
SALES	1,106	702
Subscriptions	10	49
Other	<u>1,116</u>	<u>751</u>
COST OF SALES	487	294
Programme costs	46	95
Wages and salaries	23	8
Licence fees	6	27
Production consumables	34	28
Cash collection	48	34
Power	12	5
Subscriber supplies	(2)	(24)
Bad debts written off	53	18
Bad debt provision	653	585
Depreciation net of RDG release	(32)	28
Disposal of assets	<u>1,328</u>	<u>1,098</u>
	<u>(212)</u>	<u>(347)</u>
GROSS LOSS		
DISTRIBUTION EXPENSES	86	77
Wages and salaries	41	21
Advertising and PR	<u>127</u>	<u>98</u>
ADMINISTRATIVE EXPENSES		
STAFF COSTS	227	121
Wages and salaries	62	44
Directors' emoluments	46	31
Pension fund	1	4
Health care	14	30
Temporary staff	-	1
Sundry costs	<u>350</u>	<u>231</u>

Clyde Cablevision

DETAILED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1991

	1991 £'000	1990 £'000
OVERHEADS	56	64
Insight management fee	241	232
Rent, rates and insurance	1	9
Heat and light	23	18
Telephone	20	21
Postage and stationery	31	27
Repairs and maintenance	4	9
Canteen, cleaning and sundries	<u>376</u>	<u>380</u>
TRAVEL AND ENTERTAINMENT	74	134
Travel	7	9
Meals and accommodation	..	1
Entertainment	<u>81</u>	<u>144</u>
VEHICLE RUNNING COSTS	33	17
Contract hire	11	9
Petrol	6	4
Insurance	12	10
Repairs and maintenance	-	-
Sundries	<u>62</u>	<u>40</u>
EQUIPMENT LEASING AND HIRE	13	17
PROFESSIONAL FEES	13	19
Accountancy, audit and taxation	106	29
Legal	11	2
Consultancy and other	<u>130</u>	<u>50</u>
DEPRECIATION	<u>48</u>	<u>35</u>

Clyde Cablevision

DETAILED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1991

	1991 £'000	1990 £'000
SUNDRIES		
Subscriptions	5	6
Staff recruitment	-	(6)
Donations	-	1
Bank charges	4	4
Leasing charges	-	3
Training and conference fees	-	1
Carriage	5	6
Clothing	-	1
Wayleaves	11	9
Sundries	6	1
	<u>31</u>	<u>26</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>1,091</u>	<u>923</u>
TRADING LOSS	<u>(1,430)</u>	<u>(1,368)</u>