

CABLE ROAD (UK) LIMITED

Report and Financial Statements

31 August 1995



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 1995.

PRINCIPAL ACTIVITIES

The company is an investment holding company.

RESULTS, FUTURE PROSPECTS AND DIVIDENDS

The loss for the year before taxation amounted to £12,861 (1994 - loss of £7,185). The directors do not recommend the payment of a dividend (1994 - £nil) and the retained loss of £12,861 (1994 - loss of £7,185) has been transferred from reserves. The directors remain confident about the future prospects of the company.

FIXED ASSETS

Movements in fixed assets investments are shown in note 5 to the accounts.

SHARE CAPITAL

On 16 May 1995 the company consolidated its participating redeemable preference shares from £1 shares to £1,000 shares (referred to as the Recapitalisation in note 8). As a result the number of participating redeemable preference shares in issue was reduced to 106,832 from 106,731,666.

On 28 June 1995 the company reduced the nominal value of its preference share capital from £1,000 each to £769.15 each. As a result a cash payment of £230.85 per share was made to the shareholders.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and to date were as follows:

J Cavallancia (resigned 12 September 1995)

S Mullens

L Brunel

J Drouin (appointed 12 September 1995)

None of the directors had any interests in the share capital of the company during the year or the preceding year. Directors' and officers' liability insurance has been purchased by the Company during the year.

AUDITORS

A resolution proposing the re-appointment of Touche Ross & Co. as auditors to the company will be put to the forthcoming Annual General Meeting.

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



MARK HALAMA

Secretary

11th December 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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 at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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 ROAD (UK) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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.

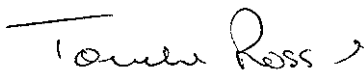
Basis of opinion

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 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 as at 31 August 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TOUCHE ROSS & CO.

Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

11 December 1995

PROFIT AND LOSS ACCOUNT
Year ended 31 August 1995

	Note	Continuing operations	
		1995	1994
		£	£
Administrative expenses		(19,436)	(15,473)
OPERATING LOSS		<u>(19,436)</u>	<u>(15,473)</u>
Interest receivable and similar income		6,575	8,288
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(12,861)	(7,185)
Tax on loss on ordinary activities	4	-	-
Retained loss for the financial year	9	<u>(12,861)</u>	<u>(7,185)</u>

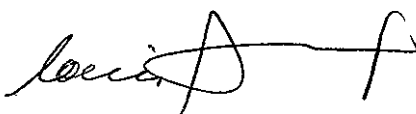
There are no recognised gains or losses for the year or the preceding year other than the loss for the year. Details of movements on shareholders' funds are set out in note 14 to the accounts.

BALANCE SHEET
31 August 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Investments	5		82,546,150		107,185,270
CURRENT ASSETS					
Debtors	6	41,690		347	
Cash at bank and in hand		98,519		92,419	
		140,209		92,766	
CREDITORS: amounts falling due within one year	7	(78,532)		(18,700)	
NET CURRENT ASSETS			61,677		74,066
TOTAL ASSETS			82,607,827		107,259,336
CAPITAL AND RESERVES					
Called up share capital	8		82,093,018		106,731,666
Profit and loss account	9		514,809		527,670
SHAREHOLDERS' FUNDS	14		82,607,827		107,259,336
Shareholders' funds are attributable to:					
Equity shareholders' funds			514,909		527,770
Non-equity shareholders' funds			82,092,918		106,731,566
TOTAL CAPITAL EMPLOYED			82,607,827		107,259,336

These financial statements were approved by the Board of Directors on //December 1995.

Signed on behalf of the Board of Directors



L BRUNEL

Director

CASH FLOW STATEMENT
Year ended 31 August 1995

	Note	1995 £	1994 £
Net cash outflow from operating activities	10	(475)	(30,471)
Returns on investments and servicing of finance			
Interest received		6,575	8,288
Net cash inflow from returns on investments and servicing of finance		6,575	8,288
Investment activities			
Disposal of fixed asset investments		24,639,120	-
Payments to acquire fixed asset investments		-	(24,683,640)
Net cash inflow/(outflow) from investing activities		24,639,120	(24,683,640)
Net cash inflow/(outflow) before financing		24,645,220	(24,705,823)
Financing			
Redemption of preference shares	11	(24,639,120)	-
Issue of preference shares	11	-	24,579,184
Net cash (outflow)/inflow from financing		(24,639,120)	24,579,184
Increase/(decrease) in cash and cash equivalents	12,13	6,100	(126,639)

NOTES TO THE ACCOUNTS

Year ended 31 August 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Investments

Investments are stated at cost less any provision for permanent diminution in value.

At the year end the company owned 40.8% of the equity share capital of Videotron Holdings Plc, a company registered in England and Wales. The company is involved in the operation of cable television and telecommunication networks. If group accounts were prepared, under the provision of Statement of Standard Accounting Practice No. 1, the company would be required to treat the investment as an associated company. Since the company is not required to produce group accounts, the effect of equity accounting for the investment has been shown in note 5 to the accounts.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is likely that a liability or asset will crystallise in the future.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
The loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	5,250	7,000

3. DIRECTORS' EMOLUMENTS AND EMPLOYEES

No directors' emoluments have been charged in the accounts for the year ended 31 August 1995 (1994 - £nil). The company has no employees (1994 - nil).

NOTES TO THE ACCOUNTS

Year ended 31 August 1995

4. TAX ON LOSS ON ORDINARY ACTIVITIES

The company has a nil tax charge due to the availability of losses which are being carried forward.

There is no amount of deferred taxation not provided in these accounts (1994 - nil).

5. INVESTMENTS HELD AS FIXED ASSETS

	£
Shares in Videotron Holdings Plc:	
Balance at 1 September 1994	107,185,270
Disposals	(24,639,120)
	<hr/>
Balance at 31 August 1995	82,546,150
	<hr/>

The company owns 111,916,240 ordinary 5p shares in Videotron Holdings Plc, a company incorporated in Great Britain and registered in England and Wales. This represents 40.8% of the equity of this company as at 31 August 1995. Videotron Holdings Plc is the parent company of a group of companies engaged in the construction and operation of cable television and telecommunication networks.

	£'000	£'000
Value of the investment under equity accounting:		
Investment at cost		82,546
Goodwill arising on shares acquired in Videotron Holdings Plc	(1,854)	
Gain arising on affiliates issue of shares	23,170	
Share of post acquisition retained loss		
Balance as at 1 September 1994	(5,102)	
Loss retained for the year	(5,376)	
Shares of post acquisition goodwill written off - balance as at 1 September 1994 and 31 August 1995	(9,294)	
	<hr/>	
		1,544
		<hr/>
		84,090
		<hr/>

The directors are of the opinion that the value of the above investment is at least equivalent to its cost.

The gain arising from the affiliate's issue of shares arises following the Initial Public Offering of ordinary shares on the NASDAQ national market by Videotron Holdings Plc. Accordingly the investment was reduced from 48.4% to 40.8% during the year.

NOTES TO THE ACCOUNTS
Year ended 31 August 1995

6. DEBTORS

	1995 £	1994 £
Amounts owed by fellow subsidiary undertakings	40,038	-
Other debtors	1,652	347
	<u>41,690</u>	<u>347</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Amounts owed to associated undertakings	55,795	-
Other creditors and accruals	22,737	18,700
	<u>78,532</u>	<u>18,700</u>

8. CALLED UP SHARE CAPITAL

	Number	1995 £	Number	1994 £
Authorised:				
Ordinary shares of £1 each	100	100	100	100
Participating redeemable preference shares of £769.15 (1994 £1) each	106,732	82,092,918	150,000,000	150,000,000
	<u>106,832</u>	<u>82,093,018</u>	<u>150,000,100</u>	<u>150,000,100</u>
Allotted and fully paid:				
Ordinary shares of £1 each	100	100	100	100
Participating redeemable preference shares of £769.15 (1994 £1) each	106,732	82,092,918	106,731,566	106,731,566
	<u>106,832</u>	<u>82,093,018</u>	<u>106,731,666</u>	<u>106,731,666</u>

Shares redeemed by the Company during the year were:

	Number of shares	Ordinary shares £	Participating redeemable preference shares £	Total £
At 1 September 1994	106,731,666	100	106,731,566	106,731,666
Recapitalisation	(106,624,834)	-	-	-
Preference share capital redeemed	-	-	(24,638,648)	(24,638,648)
	<u>106,832</u>	<u>100</u>	<u>82,092,918</u>	<u>82,093,018</u>
At 31 August 1995	106,832	100	82,092,918	82,093,018

NOTES TO THE ACCOUNTS
Year ended 31 August 1995

8. CALLED UP SHARE CAPITAL (continued)

On 16 May 1995 the company restructured its share capital by consolidating its participating redeemable preference shares from £1 shares to £1,000 shares (referred to above as Recapitalisation). On 28 June 1995 a court order was granted permitting the company to reduce its share capital. As a result the nominal value of the participating redeemable preference shares was reduced to £769.15 from £1,000.

The rights attaching to the participating redeemable preference share are as follows:

- (i) to participate pari passu with the ordinary shares in all dividends declared and paid.
- (ii) on a repayment of assets whether on a winding up or reduction of capital or otherwise to repayment of the capital paid up on such preference shares together with the sum equal to any arrears and accruals of any fixed dividend declared calculated down to the date of winding up or repayment as appropriate in priority to any payment to the holders of any other class of share.
- (iii) to receive notice but not to attend or vote at any General Meeting of the company or any separate meeting of the holders of any class of share.
- (iv) to require the company, by giving notice in writing, to redeem any or all of the preference shares at par and to be notified by the company, within seven days of receipt of this notice, the date and place that the redemption shall take place. No preference share redeemed by the company shall be capable of re-issue.

9. PROFIT AND LOSS ACCOUNT

	1995 £	1994 £
At 1 September	527,670	534,855
Retained loss for the year	(12,861)	(7,185)
At 31 August	<u>514,809</u>	<u>527,670</u>

10. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating loss	(19,436)	(15,473)
(Increase)/decrease in debtors	(871)	167
(Increase)/decrease in creditors	19,832	(15,165)
Net cash outflow from operating activities	<u>(475)</u>	<u>(30,471)</u>

NOTES TO THE ACCOUNTS

Year ended 31 August 1995

11. ANALYSIS OF THE CHANGES IN FINANCING DURING THE YEAR

	Share capital £
Balance at 1 September 1994	106,731,666
Cash outflow from financing	(24,639,120)
Amounts receivable for participating redeemable preference shares	472
Balance at 31 August 1995	<u>82,093,018</u>
Balance at 1 September 1993	82,152,482
Cash inflow from financing	24,579,184
Balance at 31 August 1994	<u>106,731,666</u>

12. ANALYSIS OF THE CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £	1994 £
Balance at 1 September	92,419	219,058
Net cash inflow/(outflow)	6,100	(126,639)
Balance at 31 August	<u>98,519</u>	<u>92,419</u>

13. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1995 £	Change in year £	1994 £	Change in year £	1993 £
Cash at bank and in hand	<u>98,519</u>	<u>6,100</u>	<u>92,419</u>	<u>(126,639)</u>	<u>219,058</u>

14. MOVEMENTS ON SHAREHOLDERS' FUNDS

	£
Shareholders' funds at 1 September 1994	107,259,336
Retained loss for the year	(12,861)
Participating redeemable preference shares redeemed	(24,638,648)
Shareholders' funds at 31 August 1995	<u>82,607,827</u>

NOTES TO THE ACCOUNTS
Year ended 31 August 1995

15. ULTIMATE PARENT COMPANY

The ultimate parent company is Le Groupe Vidéotron Ltée, a public company incorporated in Canada. The financial statements of Le Groupe Vidéotron Ltée are available from the secretary, 300 avenue Viger Est, Montréal, Québec, H2X 3W4, Canada.