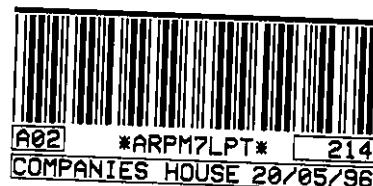


**VIDEOTRON CORPORATION LIMITED**

**Report and Financial Statements**

**31 August 1995**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**





**CONTENTS**

**Page**

**Directors' report**

**1**

**Statement of directors' responsibilities**

**3**

**Auditors' report**

**4**

**Profit and loss account**

**5**

**Balance sheet**

**6**

**Notes to the accounts**

**7**

## **DIRECTORS' REPORT**

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

### **PRINCIPAL ACTIVITY**

The company is the service company for a group of companies engaged in the construction and operation of cable television and telecommunication networks. The principal activities of the company are as follows:

- entering into contracts with customers and suppliers as agents of the licensed operating companies in the Videotron Holdings Plc group ('the Group')
- employing all of the staff within the Group
- providing administrative, corporate and head office services to the Group.

### **RESULTS, DIVIDENDS AND FUTURE PROSPECTS**

During the year the company made a profit of £2,138,763 (1994 - £908,267) which has been transferred to reserves.

The directors do not recommend the payment of a dividend (1994 - £nil).

The directors remain confident about the company's future prospects.

### **FIXED ASSETS**

Details of movements in fixed assets during the year are given in notes 9, 10 and 11 to the financial statements.

### **EMPLOYEE INVOLVEMENT AND CONSULTATION**

The company gives full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotions are afforded to such persons. The company continues to place great emphasis on developing communications throughout its fellow subsidiaries to ensure that all its employees are made aware of and consulted on a regular basis regarding the Group policies, programmes and progress and other matters of concern to its employees.

### **DIRECTORS**

The directors of the company during the year and to date are as follows:

L Brunel	(resigned 1 April 1995; re-appointed 4 July 1995)
N J Kane	(resigned 4 July 1995)
J M Riches	(appointed 30 March 1995; resigned 31 March 1995)
J Cavallancia	(appointed 1 April 1995; resigned 12 September 1995)
D Colley	(appointed 12 September 1995)

At no time during the year did any of the directors have any interests in the share capital of the company. The interests of the directors who are also directors of Videotron Holdings Plc, the parent undertaking, are as disclosed in the financial statements of that company.

The director of the company who is not a director of Videotron Holdings Plc, held the following interests in the shares of the parent undertaking:

	<b>At 31 August 1995</b>
	<b>Ordinary Share options</b>
	<b>(£0.05 ordinary shares)</b>
J Cavallancia	180,000

Directors' and officers' liability insurance has been purchased by the company during the year.

**DIRECTORS' REPORT****AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and accordingly, have signed their report in their new name. A resolution in accordance with Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 22 July 1994 and accordingly Deloitte & Touche are re-appointed as auditors.

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



B HERRMANN

Secretary

7 May 1996

## **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.



## Chartered Accountants

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

Telephone: National 0171 936 3000  
International + 44 171 936 3000  
Telex: 884739 TRLNDN G  
Fax (Gp. 3): 0171 583 8517  
LDE: DX 599

## AUDITORS' REPORT TO THE MEMBERS OF VIDEOTRON CORPORATION LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on pages 7 to 9.

### Respective responsibilities of directors and auditors

As described on page 3 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

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

7 May 1996

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 August 1995**

	Note	Continuing operations	
		1995 £	1994 £
<b>TURNOVER</b>	2	7,648,296	3,554,053
Cost of sales		<u>(7,342,656)</u>	<u>(3,488,145)</u>
<b>OPERATING PROFIT</b>		305,640	65,908
Other operating income		85,000	85,000
Interest receivable and similar income	3	22,541,186	2,602,049
Interest payable and similar charges	4	(19,331,072)	(1,844,690)
Unrealised loss on foreign currency translation	5	<u>(1,385,690)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	2,215,064	908,267
Taxation	7	<u>(76,301)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES</b>	17	<u>2,138,763</u>	<u>908,267</u>

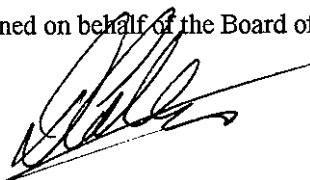
A statement of total recognised gains and losses and a reconciliation of movements in shareholders' funds have not been presented because there are no recognised gains or losses or other movements in shareholders' funds in the financial year other than the profit for the year.

**BALANCE SHEET**  
**31 August 1995**

	Note	£	1995 £	1994 £
<b>FIXED ASSETS</b>				
Intangible fixed assets	9	577,843	1,482,939	
Tangible fixed assets	10	30,288,973	6,358,238	
Investments	11	966,546	475,300	
			<u>31,833,362</u>	<u>8,316,477</u>
<b>CURRENT ASSETS</b>				
Debtors				
Due within one year	12	4,437,400	1,184,397	
Due after more than one year	12	188,389,424	84,349,537	
Current asset investment	13	9,277,862	-	
Cash at bank and in hand		53,356,909	95,704,413	
		<u>255,461,595</u>	<u>181,238,347</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(11,649,546)</u>	<u>(59,305,449)</u>	
<b>NET CURRENT ASSETS</b>			<u>243,812,049</u>	<u>121,932,898</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>275,645,411</u>	<u>130,249,375</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(272,225,218)</u>	<u>(128,967,945)</u>
<b>TOTAL NET ASSETS</b>			<u>3,420,193</u>	<u>1,281,430</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		2	2
Profit and loss account	17		3,420,191	1,281,428
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>3,420,193</u>	<u>1,281,430</u>

These financial statements were approved by the Board of Directors on 7 May 1996.

Signed on behalf of the Board of Directors



D COLLEY  
Director



**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.

**Consolidated financial statements and cash flow statement**

The company is exempt under S228 of the Companies Act 1985 and Financial Reporting Standard 2 from the obligation to prepare consolidated financial statements given that its parent company, Videotron Holdings Plc, a company registered in England and Wales, produces such financial statements.

The company is also exempt under Financial Reporting Standard 1 paragraph 1(8) from the obligation to produce a cash flow statement.

**Intangible fixed assets**

(i) Franchise application costs

Franchise application costs represent the acquisition cost of exclusive rights to operate a telecommunications network in a given territory. The company amortises these costs on a straight line basis over the life of these rights, being a maximum of 23 years.

(ii) Deferred development expenditure

During the early years of the business, expenditure was incurred which is not directly attributable to the construction of the telecommunications network. However, these costs were attributable to the development of the business as a whole. An appropriate proportion of these costs was treated as deferred development expenditure within intangible fixed assets and is amortised over the life of the relevant franchise. Amortisation of such deferred development expenditure commences when the depreciation of the telecommunications network commences.

In addition, expenditure relating to certain projects undertaken by the business which are expected to be revenue generating in the future is treated as deferred development expenditure within intangible fixed assets and is amortised over the life of the relevant franchise or project life if shorter. Amortisation commences when a project is successfully launched.

**Tangible fixed assets**

Fixed assets are recorded at cost which includes materials, direct labour, general administrative expenses and interest applicable to the construction and connection of the telecommunications network.

Depreciation is provided on fixed assets at rates which are intended to write off the cost of the assets over their estimated useful lives. The assets are depreciated on a straight line basis over the following periods:

Buildings and leasehold improvements	20 to 25 years
Plant and machinery	7 to 15 years
Motor vehicles, fixtures & fittings	4 to 10 years
Subscriber electronics and head end equipment	4 to 15 years
Telecommunications network:	
Infrastructure	40 years
Electronics	25 years

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**1. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets (continued)**

Depreciation of the telecommunications network does not commence until identifiable segments, defined as hubs, are fully operational. The majority of the company's hubs are now combined cable television and telecommunications hubs. These are not treated as complete operational units until the total number of cable TV and telecommunications customers exceeds 45% of the total homes in the hub, or three years have elapsed from the commencement of construction, whichever comes sooner. For this purpose each home is treated as having the potential of two customers, being one for cable TV and one for telephone.

**Investments**

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

**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 probable that a liability or asset will crystallise in the future.

**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. Translation differences are dealt with in the profit and loss account.

**Forward exchange contracts**

Foreign exchange forward contracts are legal agreements between two parties to purchase and sell a foreign currency for a price specified at the contract date, with delivery and settlement in the future. The company uses such contracts to hedge risks of changes in foreign currency exchange rates associated with certain obligations denominated in foreign currency. The contract premium, being the difference between the spot rate at the inception of the contract and the forward rate, is amortised over the life of the contract as interest expense.

**Currency options**

The company uses foreign exchange options which permit, but do not require, the company to exchange foreign currencies at a future date with another party at a contracted exchange rate using such contracts to hedge risk of changes in foreign currency exchange rates. The time value of the options designated to hedge exchange movements is amortised straight line over the life of the option. Changes in the intrinsic value of the option are dealt with in the profit and loss account. Overall losses in the intrinsic value of the option are not recognised as the cost of the options cannot exceed the premiums paid.

**Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the insurance company.

**Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases and are depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease or contracts in proportion to the capital element outstanding.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**1. ACCOUNTING POLICIES (continued)**

**Presentation of comparative information**

In order to improve the presentation of information in the financial statements certain comparative figures within fixed assets have been reclassified.

**2. TURNOVER**

Turnover represents income arising from the provision of services to other group companies.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1995 £	1994 £
Bank interest receivable	3,921,343	1,108,738
Interest receivable from fellow subsidiaries (see note 15)	18,619,843	1,493,311
	<u>22,541,186</u>	<u>2,602,049</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1995 £	1994 £
Guarantee fees payable to the principal shareholders of parent undertaking	105,000	-
Finance leases	120,205	135,769
Other interest payable	72,294	-
Interest payable to affiliated companies	-	215,610
Interest payable to parent undertaking (See note 15)	19,033,573	1,493,311
	<u>19,331,072</u>	<u>1,844,690</u>

**5. UNREALISED LOSS ON FOREIGN CURRENCY TRANSLATION**

The loss on foreign currency translation relates to the retranslation of the company's obligations to the parent company, Videotron Holdings Plc, in connection with the Senior Discount Notes due 2005 at the balance sheet date (see note 15). These obligations are denominated in US dollars. The company has hedged against the depreciation of sterling relative to the US dollar by purchasing a currency option. However to the extent that the dollar/sterling exchange rate is greater than the hedged strike rate the company will be subject to the inclusion of gains and losses in the profit and loss account.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before and after taxation is shown after charging:

	1995 £	1994 £
Depreciation of own tangible fixed assets	1,545,762	447,910
Depreciation of leased tangible fixed assets	504,538	-
Amortisation of intangible fixed assets	78,039	44,686
Rentals under operating leases:		
Plant and machinery	12,859	4,123
Motor vehicles	-	110,040
Land and buildings	575,655	173,254
Auditors' remuneration:		
Audit fees	10,000	10,000
Other services	585,000	257,000

A proportion of certain of these amounts has been capitalised in fixed assets.

**7. TAXATION**

	1995 £	1994 £
Group relief:		
Current year at 33% (1994 - 33%)	76,301	-

The potential amount of deferred taxation not provided in these accounts is approximately:

	1995 £	1994 £
Capital allowances in excess of depreciation	1,913,286	230,784
Other timing differences	(147,876)	321,849
	1,765,410	552,633
Losses	-	(105,794)
	1,765,410	446,839

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**8. DIRECTORS AND EMPLOYEES**

**Directors' remuneration**

The remuneration of the highest paid director of the company is as disclosed in the financial statements of Videotron Holdings Plc, the parent undertaking.

The remuneration of the directors who are also directors of Videotron Holdings Plc, the parent undertaking, are disclosed in the financial statements of that company.

The total remuneration of the other directors of the company, inclusive of pension contributions, was:

	1995 £	1994 £
Directors' remuneration	191,488	-
Compensation paid to director for loss of office	90,000	-

The gross remuneration of other directors of the company, excluding pension contributions, were in the following bands:

	1995 Number	1994 Number
Scale of Directors' remuneration		
£ 55,001 - £ 60,000	1	-
£115,001 - £120,000	1	-

**Employee information**

The company employs directly all of the staff within the Videotron Holdings Plc group. Certain staff costs are recharged to other companies within the group at cost.

The total remuneration of all employees before such recharge amounted to £20,035,936 (1994 - £15,674,142).

	1995 £	1994 £
<b>The aggregate remuneration of all employees charged to the profit and loss account of the company comprised:</b>		
Wages and salaries	5,288,798	3,698,937
Social security costs	529,898	105,109
Other pension costs	198,931	31,368
	<u>6,017,627</u>	<u>3,835,414</u>

	1995 Number	1994 Number
<b>The average number of employees under contracts of service was:</b>		
Management and administration	89	68
Construction	118	99
Technical	136	98
Marketing and Sales	209	184
Customer operations	251	195
	<u>803</u>	<u>644</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**
**9. INTANGIBLE FIXED ASSETS**

	<b>Franchise application costs £</b>	<b>Deferred development expenditure £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 September 1994	592,193	958,548	1,550,741
Additions	26,463	9,858	36,321
Reclassification	-	(880,539)	(880,539)
	<hr/>	<hr/>	<hr/>
At 31 August 1995	618,656	87,867	706,523
<b>Amortisation</b>			
At 1 September 1994	67,802	-	67,802
Charge for the year	43,632	34,407	78,039
Reclassification	-	(17,161)	(17,161)
	<hr/>	<hr/>	<hr/>
At 31 August 1995	111,434	17,246	128,680
<b>Net book value</b>			
At 31 August 1995	<hr/> 507,222	<hr/> 70,621	<hr/> 577,843
At 31 August 1994	<hr/> 524,391	<hr/> 958,548	<hr/> 1,482,939



NOTES TO THE ACCOUNTS  
Year ended 31 August 1995

10. TANGIBLE FIXED ASSETS

	Land, buildings and leasehold improvements £	Plant and machinery £	Motor vehicles, fixtures & fittings £	Subscriber electronics and head end equipment £	Telecomm- unications network £	Total £
<b>Cost</b>						
At 1 September 1994	3,348,899	3,824,869	8,251	39,485	-	7,221,504
Additions	146,286	4,627,530	2,587,229	28,526	18,633,239	26,022,810
Disposals	-	(55,700)	-	-	-	(55,700)
At 31 August 1995	3,495,185	8,396,699	2,595,480	68,011	18,633,239	33,188,614
<b>Accumulated depreciation</b>						
At 1 September 1994	128,707	730,862	2,398	1,299	-	863,266
Charge for the year	142,051	1,188,844	707,403	12,002	-	2,050,300
Disposals	-	(13,925)	-	-	-	(13,925)
At 31 August 1995	270,758	1,905,781	709,801	13,301	-	2,899,641
<b>Net book value</b>						
At 31 August 1995	3,224,427	6,490,918	1,885,679	54,710	18,633,239	30,288,973
At 31 August 1994	3,220,192	3,094,007	5,853	38,186	-	6,358,238

The net book value of land and buildings comprises freehold property of £2,717,180 (1994 - £2,835,121) and leasehold improvements on short leasehold property of £507,247 (1994 - £385,071). The net book value of leased assets included above is £1,801,882 (1994 - £nil). Depreciation charged during the year on leased assets was £504,538 (1994 - £nil). The classification of certain assets has been changed in the year (see note 1 to the financial statements).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**11. INVESTMENTS HELD AS FIXED ASSETS**

	Other investments £
Cost:	
Balance at 1 September 1994	475,300
Additions	491,246
	<hr/>
Balance at 31 August 1995	966,546
	<hr/>

All of the above investments are unlisted.

The directors are of the opinion that the value of the investments is at least equal to their cost.

**12. DEBTORS**

	1995 £	1994 £
Due within one year:		
Amounts owed by fellow subsidiaries	73,783	67,958
Amounts owed by principal shareholders of the parent company	431,970	440,980
Other debtors	1,035,429	545,142
Prepayments and accrued income	2,896,218	130,317
	<hr/>	<hr/>
	4,437,400	1,184,397
	<hr/>	<hr/>
Due after more than one year:		
Amounts owed by fellow subsidiaries	174,448,617	83,285,269
Other debtors	3,342,727	-
Prepayments and accrued income	10,598,080	1,064,268
	<hr/>	<hr/>
	188,389,424	84,349,537
	<hr/>	<hr/>

**13. CURRENT ASSET INVESTMENT**

The current asset investment represents a cash balance which has been charged as security in respect of certain forward exchange contracts entered into by the company (see note 15 to the financial statements).



**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1995 £	1994 £
Bank loans	88,000	88,000
Obligations under finance leases	849,888	-
Trade creditors	1,136,602	279,617
Amounts owed to parent company	-	51,132,455
Amounts owed to fellow subsidiaries	73,161	5,532,293
Amounts owed to principal shareholders of the parent company	-	64,053
Other creditors	6,329,474	23,896
Taxation and social security	13,033	148,915
Accruals and deferred income	3,159,388	2,036,220
	<u>11,649,546</u>	<u>59,305,449</u>

For additional information regarding bank loans and obligations under finance leases see note 15 to the financial statements.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1995 £	1994 £
Bank loans and overdrafts	1,496,000	1,583,928
Obligations under finance leases	951,994	-
Amounts owed to parent company	269,777,224	127,384,017
	<u>272,225,218</u>	<u>128,967,945</u>

**Analysis of loan and finance lease repayments**

Repayable otherwise than by instalments:		
After five years	269,777,224	127,384,017
Repayable by instalments:		
Between one and two years	682,996	87,928
Between two and five years	620,998	264,000
After five years	1,144,000	1,232,000
	<u>272,225,218</u>	<u>128,967,945</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 1995**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

**Bank loan**

The bank loan represents amounts advanced under a first mortgage on the company's freehold property.

**Amounts owed to parent company**

	1995	1994
	£	£
<u>Analysis</u>		
2004 Notes	145,459,465	127,384,017
2005 Notes	94,300,273	-
Other	30,017,486	-
	<u>269,777,224</u>	<u>127,384,017</u>

In July 1994 the parent company, Videotron Holdings Plc, issued \$342,935,000 principal amount at maturity of Senior Discount Notes due 2004 (the "2004 Notes") with a yield to maturity of 11 1/8%. The 2004 Notes will mature on 1 July 2004. Interest on the 2004 Notes accretes semi annually. Cash interest will not be paid on the 2004 Notes prior to 1 July 1999, and is thereafter payable in arrears on 1 January and 1 July of each year at a rate of 11 1/8% per annum. The proceeds from the 2004 Notes, which are denominated in US dollars, have been loaned to the company and have, in turn, been partially on-loaned to other group companies.

The company has entered into five year forward exchange contracts to hedge its exposure to adverse fluctuations in exchange rates of the 2004 Notes. Under these contracts, a premium of £12,769,000 has been computed on the issue price of the 2004 Notes, being the difference between the contracted amounts translated at the forward rate (of £1 = \$1.3958 ) and the spot rate at the inception of the contracts. This premium is being amortised over the period of the contract.

The company has provided cash collateral to the counterparty as security for the forward exchange contracts. At the year end the collateral took the form of a charge over £10.7 million of the company's cash balances and the company's current asset investments which mature after more than one year from the balance sheet date.

In August 1995 the parent company, Videotron Holdings Plc, issued \$256,225,000 principal amount at maturity of Senior Discount Notes due 2005 (the "2005 Notes") with a yield to maturity of 11%. The 2005 Notes will mature on 15 August 2005. Interest on the 2005 Notes accretes semi annually. Cash interest will not be paid on the 2005 Notes prior to 15 August 2000, and is thereafter payable in arrears on 1 January and 1 July of each year at a rate of 11% per annum. The proceeds from the 2005 Notes, which are denominated in US dollars, have been loaned to the company and have, in turn, been partially on-loaned to other group companies.

The company has purchased a five year US Dollar put option to hedge its exposure to adverse fluctuations in exchange rates on the principal amount at maturity of the 2005 Notes. The put option has a strike price at expiration, in August 2000, of £1 = \$1.4395. The option premium has been recognised on the balance sheet as a prepayment and is being amortised over the period to expiration.

**16. CALLED UP SHARE CAPITAL**

	1995	1994
	£	£
Authorised, allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 August 1995**

**17. PROFIT AND LOSS ACCOUNT**

	£
At 1 September 1994	1,281,428
Profit retained for the year	2,138,763
	<hr/>
At 31 August 1995	3,420,191
	<hr/>

**18. OPERATING LEASE COMMITMENTS**

At 31 August 1995 the company was committed to make the following payments during the next year in respect of operating leases.

	Land and buildings £	Other £
Leases which expire:		
Within 2 to 5 years	105,000	22,670
After 5 years	730,000	-
	<hr/>	<hr/>

**19. FINANCIAL COMMITMENTS**

	1995 £	1994 £
<b>Capital commitments:</b>		
Authorised but not yet contracted for	88,110,000	82,105,000
	<hr/>	<hr/>

**20. CHARGE OVER ASSETS**

During the year the company entered into a senior loan facility of up to £210 million with a syndicate of financial institutions. As security the syndicate has been granted a first fixed and floating charge over all of the assets of the company. £20million had been drawn down under this facility as of the date of signing these financial statements.

**21. ULTIMATE PARENT COMPANY**

The parent company of the smallest group for which group accounts are prepared is Videotron Holdings Plc, a company registered in England and Wales. The ultimate parent company is Le Groupe Vidéotron Ltée, a public company incorporated in Canada.

The financial statements of Videotron Holdings Plc, are available from the company secretary, Videotron House, 76 Hammersmith Road, London, W14 8UD. The financial statements of Le Groupe Vidéotron Ltée are available from the secretary, 300 avenue Viger Est, Montréal, Québec, H2X 3W4, Canada.