

2090958

**HUTCHISON CELLULAR SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER 1995**



# **HUTCHISON CELLULAR SERVICES LTD**

**Registered in England & Wales No. 2090958**

## **REPORT AND ACCOUNTS FOR THE YEAR ENDED** **31ST DECEMBER 1995**

### **CONTENTS**

	<b>PAGE NO</b>
DIRECTORS' REPORT	1 - 2
STATEMENT OF DIRECTORS' RESPONSIBILITY	3
AUDITORS' REPORT TO THE SHAREHOLDERS	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE ACCOUNTS	7 - 13

# **HUTCHISON CELLULAR SERVICES LTD**

## **DIRECTORS' REPORT**

The Directors present their Annual Report and the Audited Accounts for the year ended 31st December 1995.

### **Principal Activities and Business Review**

The company operates as a reseller of airtime on third party cellular networks. The business continues to focus on the maintenance of a quality subscriber base, and the generation of cash and profit.

### **The Results for the Year**

The loss for the year was £1,376,000 (1994: £1,909,000) on a turnover of £86,696,000 (1994: £89,870,000).

Detailed results for the year are shown in the Profit and Loss Account on page 5.

### **Dividend**

The Directors do not recommend the payment of a dividend (1994: nil).

### **Fixed Assets**

A summary of the changes to the Company's tangible fixed assets during the year is given in note 8.

### **Political and Charitable Donations**

The Company made no political or charitable donations during the year.

### **Directors**

The following have served as Directors of the Company during the year.

The Rt Honourable Lord Derwent LVO DL Chairman

Hans R Snook

Robert Fuller	Appointed	11/01/95
---------------	-----------	----------

Khoo Chek Ngee	Appointed	11/01/95
----------------	-----------	----------

Graham E Howe

David Johnston	Appointed	11/01/95
----------------	-----------	----------

	Resigned	31/03/96
--	----------	----------

Anthony E Wei Kit Wong	Resigned	11/01/95
------------------------	----------	----------

The Right Honourable Lord Derwent LVO DL has an option to subscribe for 119,792 Ordinary Shares of HK\$0.25 each in Hutchison Whampoa Limited under the Hutchison Whampoa Senior Executive Share Option Scheme at a subscription price of HK\$8.19 per share exercisable on or before 5th October 1998.

Hans R Snook is beneficially interested in 32,953 Ordinary Shares of HK\$0.25 each in Hutchison Whampoa Limited.

Save as disclosed above, none of the Directors has any interest in the issued share capital of the Company which is required to be notified to the Company pursuant to Section 324 or Section 328 of the Companies Act 1985 or which is required pursuant to Section 325 of the Companies Act 1985 to be entered in the register referred to therein.

### **Equal Opportunities and Disabled Employees**

The Company does not discriminate between employees or potential employees on grounds of race, colour, ethnic or national origin, sex, marital status or religious beliefs.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

# HUTCHISON CELLULAR SERVICES LTD

## DIRECTORS' REPORT (Continued)

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions, and to provide training and career development and promotion wherever appropriate.

### Employee Involvement

During the year, the Company's policy of providing employees with information about the Company has been continued. A staff newsletter has been established and regular bulletins are issued about developments, together with internal copies of press releases.


### Insurance for Directors and Officers

The Company has maintained insurance for the Directors of the Company throughout the financial year in respect of their duties as Directors.

### Auditors

The Company's auditors are Price Waterhouse. A resolution to reappoint Price Waterhouse as the Company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



.....  
Graham E Howe  
Group Finance Director

Registered Office:  
St James Court  
Great Park Road  
Almondsbury Park  
Bradley Stoke  
Bristol BS12 4QJ

Registered Number 2090958

## **HUTCHISON CELLULAR SERVICES LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Directors are required by the Companies Act 1985 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 for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 13, the Company has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. In addition the financial statements have been prepared on a going concern basis as the Directors are of the opinion that it is appropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

# HUTCHISON CELLULAR SERVICES LTD

## AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST DECEMBER 1995

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention, and the accounting policies set out on pages 7 and 8.

### 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 31st December 1995, and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Price Waterhouse', is written over a horizontal line.

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Middlesbrough

Date: 2 July 1996 .....

# HUTCHISON CELLULAR SERVICES LTD

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	1995 £'000	1994 £'000
TURNOVER	2	86,696	89,870
Cost of sales		<u>(73,765)</u>	<u>(77,597)</u>
GROSS PROFIT		12,931	12,273
Distribution costs		(3,401)	(3,643)
Administrative expenses		<u>(7,462)</u>	<u>(8,766)</u>
OPERATING PROFIT/(LOSS)	3	2,068	(136)
Other interest receivable and similar income		8	10
Interest payable and similar charges	4	<u>(3,452)</u>	<u>(1,783)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,376)	(1,909)
Tax on loss on ordinary activities	7	<u>0</u>	<u>0</u>
LOSS FOR THE YEAR		<u><u>(1,376)</u></u>	<u><u>(1,909)</u></u>

No acquisitions or discontinued operations have occurred.

There are no recognised gains or losses other than the reported losses shown in the Profit and Loss Account.

The notes on pages 7 to 13 form an integral part of these accounts.

# HUTCHISON CELLULAR SERVICES LTD

## BALANCE SHEET AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1995</u> £'000	<u>1994</u> £'000	<u>1994</u> £'000
<b>FIXED ASSETS</b>					
Tangible assets	8		4,996		5,597
<b>CURRENT ASSETS</b>					
Stocks	9	829		794	
Debtors	10	9,823		13,725	
Cash at bank and in hand		282		82	
		<u>10,934</u>		<u>14,601</u>	
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(24,252)</u>		<u>(46,354)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(13,318)</u>		<u>(31,753)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(8,322)		(26,156)
<b>CREDITORS: Amounts falling due in more than one year</b>	12		(40,611)		(21,303)
<b>DEFERRED INCOME</b>	13		<u>0</u>		<u>(98)</u>
<b>NET LIABILITIES</b>			<u>(48,933)</u>		<u>(47,557)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		500		500
Reserves	15		<u>(49,433)</u>		<u>(48,057)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	16		<u>(48,933)</u>		<u>(47,557)</u>

The notes on pages 7 to 13 form an integral part of these accounts

The Board of Directors approved the accounts set out on pages 5 to 13 on the 2 July 1996 .....

  
 .....  
 Graham E Howe  
 Group Finance Director



# HUTCHISON CELLULAR SERVICES LTD

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

### 1. **Accounting Policies**

#### (a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### (b) Turnover

Turnover represents the amounts invoiced and to be invoiced for goods and services supplied to third parties within the period, excluding amounts billed in advance and value added tax.

#### (c) Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on tangible fixed assets on a straight line basis from the date that the assets are brought into operation. The rates for each major category are as follows:

Freehold Land .....	Nil
Freehold Buildings .....	2%
Leasehold Improvements .....	Term of lease
Fixtures, fittings and equipment .....	15% - 20%

#### (d) Stocks

Stocks have been valued at the lower of cost and net realisable value.

#### (e) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effects of all timing differences to the extent that it is probable that liabilities will crystallise or assets will be realised in the foreseeable future.

#### (f) Leased Assets

Where the Company has substantially all the risk and rewards of ownership of an asset subject to lease, the lease is treated as a finance lease with the equivalent of cost recorded as a fixed asset and a liability. Depreciation is provided in line with the Company policy and finance charges are included in interest.

Other leases are classified as operating leases and lease payments are written off to profit and loss in the period that they are paid.

#### (g) Pensions

The Company has set up a defined contribution pension scheme for substantially all employees. Contributions made during the year are taken to the Profit and Loss Account.

# **HUTCHISON CELLULAR SERVICES LTD**

## **NOTES TO THE ACCOUNTS** **FOR THE YEAR ENDED 31ST DECEMBER 1995**

### **(h) Government Grants**

Regional Selective Assistance grants are credited to the Profit and Loss Account in relation to the expenditure against which they are given.

### **(i) Goodwill**

Goodwill as shown in note 15 of the accounts arose from the acquisition of Millicom UK Limited and was credited directly to reserves at the date of acquisition.

## **2. Turnover**

Turnover represents sales to third parties of goods and services within the UK and excludes VAT.

## **3. Operating Profit/(Loss)**

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Operating profit/(loss) is stated after charging/(crediting):		
Auditors' remuneration - Audit Services	60	27
- Non Audit Services	10	31
Operating lease rentals - Land and Buildings	353	272
- Other	355	381
Depreciation of tangible fixed assets - Owned Assets	748	1,149
- Leased Assets	228	298
Amortisation of Government Grants	(98)	(129)
Staff costs (see note 5)	3,939	3,845

## **4. Interest Payable and Similar Charges**

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Interest payable on Finance leases	3	33
Interest payable to parent undertaking	3,449	1,750
	<u>3,452</u>	<u>1,783</u>

## **5. Staff Numbers and Costs**

The average number of persons employed by the Company (including Directors) during the year was as follows:

	<u>1995</u>	<u>1994</u>
	Number	Number
Telecommunications	<u>324</u>	<u>269</u>

# HUTCHISON CELLULAR SERVICES LTD

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

The aggregate payroll costs of these persons (excluding Directors) were as follows:

	1995	1994
	£'000	£'000
Wages and salaries	3,345	3,479
Social security costs	448	284
Other pension costs	146	82
	<u>3,939</u>	<u>3,845</u>

### 6. Directors' Emoluments

Amounts paid for the services of Directors:

	1995	1994
	£'000	£'000
Remuneration as executives	1,134	580
Pension contributions	64	29
	<u>1,198</u>	<u>609</u>

Particulars of Directors' emoluments (excluding pension contributions) disclosed in accordance with Schedule 5 of the Companies Act 1985, are as follows:

	1995	1994
	£'000	£'000
Chairman	0	0
Emoluments of the highest paid director	<u>759</u>	<u>431</u>

Directors' emoluments fell within the following ranges:

	Number	Number
£0 - £5,000	3	3
£80,000 - £85,000	1	0
£145,000 - £149,000	0	1
£290,000 - £295,000	1	0
£430,000 - £435,000	0	1
£755,000 - £760,000	1	0

# HUTCHISON CELLULAR SERVICES LTD

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

### 7. Taxation

There is no liability to corporation tax in respect of the current period or prior period. At 31st December 1995 the Company had significant losses available for carry forward to offset future taxable profits.

### 8. Tangible Fixed Assets

	Freehold property	Leasehold improvements	Fixtures fittings and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
1st January 1995	4,713	206	9,321	14,240
Additions	43	0	332	375
Disposals	0	0	(10)	(10)
31st December 1995	<u>4,756</u>	<u>206</u>	<u>9,643</u>	<u>14,605</u>

#### Depreciation

1st January 1995	409	50	8,184	8,643
Charged in year	101	10	865	976
Disposals	0	0	(10)	(10)
31st December 1995	<u>510</u>	<u>60</u>	<u>9,039</u>	<u>9,609</u>

#### Net book value

31st December 1995	<u>4,246</u>	<u>146</u>	<u>604</u>	<u>4,996</u>
31st December 1994	<u>4,304</u>	<u>156</u>	<u>1,137</u>	<u>5,597</u>

Fixed Assets held under finance leases are as follows:

	1995	1994
	£'000	£'000
Net book value at 31 December 1995	<u>0</u>	<u>228</u>

### 9. Stocks

	1995	1994
	£'000	£'000
Goods for resale	<u>829</u>	<u>794</u>

# HUTCHISON CELLULAR SERVICES LTD

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

**10. Debtors**

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Trade Debtors	6,131	6,254
Other Debtors	1,112	1,908
Prepayments and accrued income	2,444	4,915
Amounts owed by fellow subsidiary undertakings	136	648
	<u>9,823</u>	<u>13,725</u>

**11. Creditors: Amounts falling due within one year**

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Trade Creditors	16,419	15,066
Other Creditors	193	580
Finance lease commitments	0	66
Accruals and deferred income	7,530	8,088
Amount owed to fellow subsidiary undertakings	110	22,554
	<u>24,252</u>	<u>46,354</u>

**12. Creditors: Amounts falling due in more than one year**

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Accruals & deferred income	3,232	3,518
Amount owed to parent undertaking	37,379	17,785
	<u>40,611</u>	<u>21,303</u>

**13. Deferred Income - Deferred Government Grants**

	1995	1994
	<u>£'000</u>	<u>£'000</u>
1st January 1995	(98)	(227)
Amortised in year	98	129
31st December 1995	<u>0</u>	<u>(98)</u>

# HUTCHISON CELLULAR SERVICES LTD

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

### 14. Equity Share Capital

	1995		1994	
	Number	£'000	Number	£'000
Authorised Ordinary shares of £1	<u>500,000</u>	<u>500</u>	<u>500,000</u>	<u>500</u>
Allocated, called up and fully paid Ordinary shares of £1	<u>500,000</u>	<u>500</u>	<u>500,000</u>	<u>500</u>

### 15. Reserves

	Goodwill Reserve £'000	Profit and Loss Account £'000	Total £'000
1st January 1995	(353)	(47,704)	(48,057)
Loss for the year	0	(1,376)	(1,376)
31st December 1995	<u>(353)</u>	<u>(49,080)</u>	<u>(49,433)</u>

### 16. Reconciliation of Movements in Shareholders' Funds

	1995 £'000	1994 £'000
Loss for the financial year	(1,376)	(1,909)
Opening Shareholders' funds	(47,557)	(45,648)
Closing Shareholders' funds	<u>(48,933)</u>	<u>(47,557)</u>

### 17. Lease Commitments

The Company has lease commitments on operating leases expiring as follows:

	1995			1994		
	Land & Buildings	Other	Total	Land & Buildings	Other	Total
Within one year	67	190	257	0	272	272
One to five years	86	163	249	152	0	152
Over five years	202	0	202	229	0	229
	<u>355</u>	<u>353</u>	<u>708</u>	<u>381</u>	<u>272</u>	<u>653</u>

# HUTCHISON CELLULAR SERVICES LTD

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

18. **Capital Commitments**

	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>
Contracted for but not provided	0	45
Approved but not contracted for	167	223
	<u>167</u>	<u>268</u>

19. **Financial Support**

It is the current intention of the shareholders of the parent undertaking Hutchison Telecommunications (UK) Limited to make available sufficient funds to allow the Company to meet its obligations as they fall due.

20. **Ultimate Holding Company**

The ultimate holding company and the parent of the largest group which prepares group accounts was Hutchison Whampoa Limited at the balance sheet date, a company incorporated in Hong Kong.

Copies of the Group accounts of Hutchison Whampoa Limited may be obtained from the Company Secretary at Hutchison House, 22/F, 10 Harcourt Road, Hong Kong.

Following the restructuring of the Group in 1996, the ultimate holding company is Orange plc, a company incorporated in the United Kingdom. Copies of the Group accounts of Orange plc can be obtained from the Company Secretary at St James Court, Great Park Road, Almondsbury Park, Bradley Stoke, Bristol BS12 4QJ.

The parent undertaking of the smallest group which prepares group accounts is Hutchison Telecommunications (UK) Limited, a company incorporated in Great Britain and registered in England. Copies of the accounts of Hutchison Telecommunications (UK) Limited may be obtained from the Company Secretary at St James Court, Great Park Road, Almondsbury Park, Bradley Stoke, Bristol BS12 4QJ.