

**Registered number: 3801456**

**New Cellular Holdings plc**

**Annual Report  
for the year ended  
31 March 2002**



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COMPANIES HOUSE**

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**0346  
29/10/02**

**Directors**

A W Longden  
S J Prior

**Secretary**

Newgate Street Secretaries Limited

**Registered Office**

81 Newgate Street  
London  
EC1A 7AJ

**Registered Auditors**

PricewaterhouseCoopers  
1 Embankment Place  
London  
WC2N 6RH

The directors submit their annual report and the audited financial statements for the year ended 31 March 2002.

### **Profits and dividends**

The profit before taxation was £11,916,000 (2001: £8,941,000 loss). The charge for taxation was £nil (2001: credit of £3,581,000), which left a profit after taxation for the year of £11,916,000 (2001: £5,360,000 loss).

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2002 (2001: £nil).

### **Review of activities**

The Company's principal activity is to act as an investment holding company within the BT group of companies. The directors do not anticipate any changes in the Company's principal activity in the foreseeable future.

### **Directors**

A list of the current directors is set out on page 1. Mr N Eldred also served until he resigned on 13 July 2001.

### **Directors' interests in shares**

The interests of the directors, who are not directors of the ultimate holding company, BT Group plc, and their families in the 5p ordinary shares of BT Group plc at 31 March 2002 and the 25p ordinary shares of British Telecommunications plc at 1 April 2001, or date of appointment if later, are shown below:

	No. of Shares	
	31 March 2002	1 April 2001 (a)
Mr A W Longden	82,751 (b) (c)	58,637
Mr S J Prior	9,073	6,246

(a) 25p ordinary shares of British Telecommunications plc.

(b) Includes 3,193 (2001: 4,870) shares purchased and held by Mr Longden under the BT Group Executive Share Plan, formerly the BT Executive Share Plan.

(c) Includes 94 (2001: nil) shares purchased and held by Mr Longden under the BT Group Employee Share Investment Plan.

In addition the directors had the following contingent awards and/or options under BT Group share plans:-

	31 March 2002 (a)	1 April 2001 (b)
BT Group Executive Share Plan (c)		
Mr A W Longden	57,664	60,834
BT Group Deferred Bonus Plan (formerly the BT Deferred Bonus Plan) (c)		
Mr A W Longden	16,308	7,942
Mr S J Prior	1,866	Nil
BT Group Incentive Share Plan (formerly the BT Incentive Share Plan) (c)		
Mr A W Longden	71,726	16,007
Mr S J Prior	6,351	1,510
BT Group Employee Sharesave Scheme		
Mr A W Longden	7,591	Nil

(a) 5p ordinary shares of BT Group plc.

(b) 25p ordinary shares of British Telecommunications plc.

(c) The demerger of mmO2 plc from British Telecommunications plc ("BT") resulted in the Trustees receiving one BT Group plc share and one mmO2 plc share for every BT share held. The Trustee sold the mmO2 plc shares and purchased further BT Group plc shares. The value of the awards was based on the average combined share price of BT Group plc and mmO2 plc shares over the 20 dealing days following the demerger on 19 November 2001.

On 31 March 2002 the directors each had a non-beneficial interest in 73,069 (2001: 97,578) BT Group plc shares purchased by BT Employee Share Trustees Limited for allocation to employees under the BT Employee Share Ownership Scheme and 24,571,130 (2001: 19,144,802) BT Group plc shares held in trust by Ilford Trustees (Jersey) Limited for allocation to employees under employee share schemes. Before the demerger of mmO2 plc from British Telecommunications plc ("BT") on 19 November 2001 interests were in the 25p ordinary shares of BT. The directors also had a non-beneficial interest in 45,286,908 (2001: nil) BT Group plc shares held in trust by Royal Bank of Scotland (Jersey) Limited for allocation to employees under the BT Employee Sharesave Schemes.

Share options held, granted to, or exercised by the directors under the BT Employee Sharesave, BT Group Employee Sharesave, BT Share Option, BT Global Share Option and BT Group Legacy Option schemes during the year ended 31 March 2002 were:

	1 April 2001 (a)	Granted	Exercised	Lapsed	31 March 2002 (b)
Mr A W Longden	4,805	546 (a) 7591 (b)	4,388 (a)	963 (a)	7,591
Mr S J Prior	1,626	183 (a)	1,438 (a)	371(a)	Nil

(a) 25p ordinary shares of British Telecommunications plc.

(b) 5p ordinary shares of BT Group plc.

**Statement of directors' responsibilities**

A statement by the directors of their responsibilities for preparing the financial statements is included on page 5.


**Close company provision**

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company. There has been no change in this respect since the end of the financial period.

**Auditors**

The auditors, PricewaterhouseCoopers, will continue in office, an elective resolution to this effect having been passed by the Company on 10 March 2001.

By order of the Board

  
Authorised Signatory  
for and on behalf of Newgate Street Secretaries Limited  
Company Secretary

24 October 2002

## **Statement of directors' responsibilities for preparing the financial statements**

The directors are required by law 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 and total recognised gains or losses of the Company for that period.

The directors consider that, in preparing the financial statements for the year ended 31 March 2002 on pages 7 to 13, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors also consider that all applicable accounting standards have been followed and confirm that the financial statements have been prepared on the going concern basis.

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The auditors' responsibilities are stated in their report on page 6.

## **Report of the auditors to the members of New Cellular Holdings plc**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

### **Basis of audit 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 March 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London 29<sup>th</sup> October 2002

**Profit and loss account  
for the year ended 31 March 2002**

	Notes	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Administrative expenses	1	(6)	(5)
<b>Operating loss</b>		<u>(6)</u>	<u>(5)</u>
Interest payable	2	(3,140)	(8,936)
Interest waived	3	<u>15,062</u>	<u>-</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		11,916	(8,941)
Tax on profit on ordinary activities	4	<u>-</u>	<u>3,581</u>
<b>Retained profit/(loss) for the financial year</b>	11	<u>11,916</u>	<u>(5,360)</u>

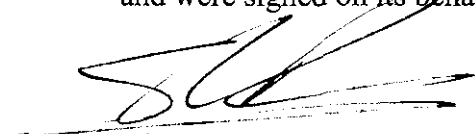
The result on ordinary activities before taxation derives entirely from continuing activities. Other than the result for the financial year, there have been no other recognised gains or losses during either 2002 or 2001. There were no differences between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.



## Balance sheet - 31 March 2002

	Notes	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Investments	7	-	3,150,000
<b>Current assets</b>			
Debtors	8	3,023,581	-
<b>Creditors:</b> amounts falling due within one year	9	(20)	(138,355)
<b>Net current assets</b>		3,023,561	(138,355)
<b>Total assets less current liabilities</b>		3,023,561	3,011,645
<b>Capital and reserves</b>			
Called up share capital	10	30,691	30,691
Capital redemption reserve	11	50	50
Other reserves	11	2,989,309	2,989,309
Profit and loss account	11	3,511	(8,405)
<b>Total equity shareholders' funds</b>	11	3,023,561	3,011,645

These financial statements were approved by the board of directors on 24 October 2002 and were signed on its behalf by



Director

## **Accounting policies**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the provisions of the Companies Act 1985.

The financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare and deliver group accounts.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

### **I Investments**

Investments are stated at cost less provisions for impairment.

### **II Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxation. The company has adopted FRS19 during the 2002 financial year. Full provision is made for deferred taxation in respect of all timing differences that have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more than likely they will be recovered. The company has not pursued the policy of discounting deferred tax balances. There is no difference in the deferred tax charge for the previous period as a result of this new accounting standard.

### **III Cash flow statement**

The Company is a wholly owned subsidiary of BT Group plc. The cash flows of the Company are included in the consolidated cash flow statement of BT Group plc. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

## Notes to the financial statements – 31 March 2002

**1 Administration expenses**

Administrative expenses include:

	2002 £'000	2001 £'000
Auditors' remuneration for audit services	<u>4</u>	<u>5</u>

**2 Interest payable**

	2002 £'000	2001 £'000
Interest payable on loans from group undertakings	(3,140)	(8,936)
Total interest payable	<u>(3,140)</u>	<u>(8,936)</u>

**3 Exceptional item – interest waived**

	2002 £'000	2001 £'000
Interest waived	15,062	-
Total interest waived	<u>15,062</u>	<u>-</u>

During the year total interest payable on loans from group undertakings charged in the years ending 31 March 2000, 31 March 2001 and up to 31 July 2001 was waived. This has resulted in a credit to profit before tax of £15,062,000 for the year ended 31 March 2002. The waiver of interest did not result in a liability to tax.

**4 Tax on profit/(loss) on ordinary activities**

	2002 £'000	2001 £'000
Payment by ultimate holding company for current year losses surrendered	-	(2,682)
Under-provision in respect of payment by ultimate holding company for prior year losses surrendered	-	(899)
Total	<u>-</u>	<u>(3,581)</u>

The Company surrenders all corporation tax losses to its intermediate holding company British Telecommunications plc. Cumulative corporation tax losses surrendered at 31 March 2002 amount to £3,146,000 (2001: £nil). Any future corporation tax charge on the Company arising as a result of surrendering these tax losses will be met by British Telecommunications plc by way of payment for the surrender of these losses.

## Notes to the financial statements – 31 March 2002

**5 Directors' emoluments**

The directors are employed and remunerated as executives of BT Group plc and other group companies in respect of their services to the group as a whole. No emoluments were paid to the directors by the Company in the year ended 31 March 2002 (2001: £nil).

**6 Employee information**

The average monthly number of persons employed by the Company, including executive directors, during the year was nil (2001: nil).

**7 Fixed asset investments**

	Associated undertakings Shares £'000
<b>Cost</b>	
At 1 April 2001	3,150,000
Disposal	(3,150,000)
At 31 March 2002	<u>-</u>
<b>Net book value at 31 March 2002</b>	<u>-</u>
Net book value at 31 March 2001	<u>3,150,000</u>

Brief details of the associated undertaking were as follows:

Name	Activity	Percentage of allotted capital owned	Country of registration or incorporation (and operations)
O2 Limited (formerly Cellnet Group Limited) (a)	Mobile cellular telephone system provider and operator	40%	United Kingdom

- (a) The investment was held through the Company's interest in 100% of the ordinary share capital of BT Wireless Investments Limited (formerly New Securicor Technology Investments Limited), which held the investment in O2 Limited (formerly Cellnet Group Limited) as trust property under deeds of bare trust for the Company.

On 24 August 2001, the Company sold its' interest in O2 Limited for cash consideration to British Telecommunications plc at its' balance sheet value of £3,150 million.

**8 Debtor**

	2002 £'000	2001 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	<u>3,023,581</u>	<u>-</u>

## Notes to the financial statements – 31 March 2002

## 9 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to group undertakings	15	138,350
Accruals	5	5
	<u>20</u>	<u>138,355</u>

## 10. Called up share capital

	2002 £'000	2001 £'000
<b>Authorised:</b>		
800,000,000 "B" ordinary shares of 5p each	<u>40,000</u>	<u>40,000</u>
<b>Allotted, called up and fully paid:</b>		
613,826,365 "B" ordinary shares of 5p each	<u>30,691</u>	<u>30,691</u>

## 11. Reconciliation of movement in shareholders' funds

	Share capital	Capital redemption reserve	Other reserves (a)	Profit and loss account	Total 2002
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2001	30,691	50	2,989,309	(8,405)	3,011,645
Profit for the financial year	-	-	-	11,916	11,916
<b>Balance at 31 March 2002</b>	<u>30,691</u>	<u>50</u>	<u>2,989,309</u>	<u>3,511</u>	<u>3,023,561</u>

(a) Other reserves are regarded as un-distributable external to BT Group plc.

**Notes to the financial statements – 31 March 2002**

**12. Controlling entities**

The Company is a wholly owned subsidiary of British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity as at 31 March 2002 was BT Group plc.

The parent undertaking of the largest group of companies into which the results of the Company are consolidated is BT Group plc, a company incorporated in Great Britain. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 8 from disclosing details of transactions and balances with BT Group plc, fellow group subsidiaries and associated undertakings, and those deemed under control during the year ended 31 March 2002. Copies of the financial statements of BT Group plc may be obtained from The Assistant Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is British Telecommunications plc, a company incorporated in Great Britain. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.