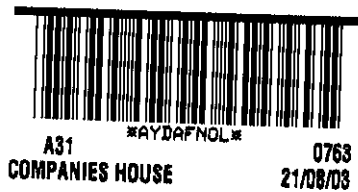


**Registered number: 3801456**

**New Cellular Holdings plc**

**Annual Report  
for the year ended  
31 March 2003**



**Directors**

A W Longden  
S J Prior

**Secretary**

Newgate Street Secretaries Limited

**Registered Office**

81 Newgate Street  
London  
EC1A 7AJ

**Registered Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

The directors submit their annual report and the audited financial statements for the year ended 31 March 2003.

### Profits and dividends

The loss before taxation was £3,700 (2002: profit £11,916,000). The charge for taxation was £nil (2002: £nil), which left a loss after taxation for the year of £3,700 (2002: profit £11,916,000).

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2003 (2002: £nil).

### Review of activities and future developments

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. The directors held office throughout the financial year under review.

### 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 1 April 2002, or date of appointment if later, and at 31 March 2003 are shown below.

	Number of shares	
	1 April 2002 or date of appointment, if later	31 March 2003
Mr A W Longden	91,128	112,401 (a)(b)
Mr S J Prior	9,073	10,860 (a)

a) Includes 281 shares (2002: 219) and 281 shares (2002: 219) held for Mr Longden and Mr Prior respectively by BT Employee Share Trustees Limited and/or Halifax Corporate Trustees Limited under the BT Group Employee Share Ownership Scheme.

b) Includes 837 shares (2002: 94) held by Mr Longden under the BT Group Employee Share Investment Plan.

Share options held, granted to, exercised by the directors or which lapsed under one or more of the BT Group share option plans (BT Group Legacy Option Plan, BT Group Global Share Option Plan, BT Group Employee Sharesave Scheme, BT Group International Sharesave Scheme and BT Employee Sharesave Scheme) during the year ended 31 March 2003 were:

**Numbers of BT Group plc 5p ordinary shares under option**

	1 April 2002 or date of appointment, if later	Granted	Lapsed	Exercised	31 March 2003
Mr A W Longden	7,591	195,130	Nil	Nil	202,721
Mr S J Prior	Nil	31,891	Nil	Nil	31,891

Directors also had the following contingent awards under one or more of the BT Executive Share Plan, BT Group Deferred Bonus Plan, BT Group Incentive Share Plan, BT Group Retention Share Plan, BT Deferred Bonus Plan, BT Incentive Share Plan and BT Retention Share Plan:

**Number of BT Group plc 5p ordinary shares**

	1 April 2002 or date of appointment, if later	31 March 2003
Mr A W Longden	148,891	130,740
Mr S J Prior	8,217	12,194

On 31 March 2003 directors had the non-beneficial interests shown below in the following numbers of BT Group plc shares:

- All the directors had an interest in 73,069 shares (2002: 73,069) held in trust by BT Employee Share Trustees Limited for allocation to employees under the BT Employee Share Ownership Scheme.
- All the directors had an interest in 31,719,402 shares (2002: 24,571,130) held in trust by Ilford Trustees (Jersey) Limited for allocation to employees under the employee share schemes.
- All the directors had an interest in 15,876,189 shares (2002: 45,286,908) held in trust by Royal Bank of Scotland (Jersey) Trustees Limited for allocation to employees under the BT Employee Sharesave Schemes.
- Mr Longden had an interest in 19,822 (2002: nil) shares held in trust by Halifax Corporate Trustees Limited for allocation to employees under the BT Group Share Investment Plan.

**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**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 24 March 2003, and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. The auditor 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

15 August 2003

## **New Cellular Holdings plc**

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### **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 2003 on pages 7 to 12, 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.

## **New Cellular Holdings plc**

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### **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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

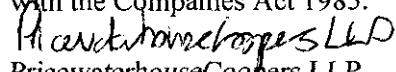
#### **Basis of audit opinion**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London 18 August 2003

**Profit and loss account  
for the year ended 31 March 2003**

	Notes	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Administrative expenses	1	(4)	(6)
<b>Operating loss</b>		<u>(4)</u>	<u>(6)</u>
Interest payable	2	-	(3,140)
Interest waived	3	-	15,062
<b>(Loss) /profit on ordinary activities before taxation</b>		(4)	11,916
Tax on (loss)/profit on ordinary activities	4	-	-
<b>Retained (loss)/ profit for the financial year</b>	10	<u>(4)</u>	<u>11,916</u>

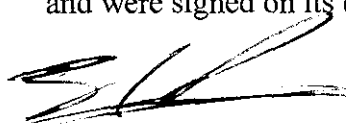
The (loss)/profit on ordinary activities before taxation derives entirely from continuing activities. Other than the (loss)/profit for the financial year, there have been no other recognised gains or losses during either 2003 or 2002. There were no differences between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.



## Balance sheet - as at 31 March 2003

	Notes	2003 £'000	2002 £'000
<b>Current assets</b>			
Debtors	7	3,023,565	3,023,581
<b>Creditors: amounts falling due within one year</b>	8	(8)	(20)
<b>Net current assets</b>		<u>3,023,557</u>	<u>3,023,561</u>
<b>Total assets less current liabilities</b>		<u>3,023,557</u>	<u>3,023,561</u>
<b>Capital and reserves</b>			
Called up share capital	9	30,691	30,691
Capital redemption reserve	10	50	50
Other reserves	10	2,989,309	2,989,309
Profit and loss account	10	3,507	3,511
<b>Total equity shareholders' funds</b>	10	<u>3,023,557</u>	<u>3,023,561</u>

These financial statements were approved by the board of directors on 15 August 2003 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.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for provision for doubtful debts, provisions for liabilities and charges, and taxes.

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

#### **I      Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxation. 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 likely than not that there will be taxable profits from which the underlying timing differences can be deducted. The Company has not pursued the policy of discounting deferred tax balances.

#### **II     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 2003

**1 Administration expenses**

Administrative expenses include:

	2003 £'000	2002 £'000
Auditors' remuneration for audit services	4	4

**2 Interest payable**

	2003 £'000	2002 £'000
Interest payable on loans from group undertakings	-	3,140
Total interest payable	-	3,140

**3 Exceptional item – interest waived**

	2003 £'000	2002 £'000
Interest waived	-	15,062
Total interest waived	-	15,062

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

	2003 £'000	2002 £'000
United Kingdom corporation tax at 30%	-	-
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(1)	3,575
Losses surrendered to British Telecommunications plc	1	944
Interest waived	-	(4,519)
<b>Tax on (loss)/profit on ordinary activities</b>	<b>-</b>	<b>-</b>

The Company surrenders all corporation tax losses to its intermediate holding company British Telecommunications plc. Cumulative corporation tax losses surrendered at 31 March 2003 amount to £3,149,700 (2002: £3,146,000). 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.

**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 2003 (2002: £nil).

## Notes to the financial statements – 31 March 2003

## 6 Employee information

The average monthly number of persons employed by the Company, including executive directors, during the year was nil (2002: nil).

## 7 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>3,023,565</u>	<u>3,023,581</u>

## 8. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to group undertakings	-	15
Accruals	<u>8</u>	<u>5</u>
	<u>8</u>	<u>20</u>

## 9. Called up share capital

	2003 £'000	2002 £'000
Authorised:		
800,000,000 "B" ordinary shares of 5p each	<u>40,000</u>	<u>40,000</u>
Allotted, called up and fully paid:		
613,826,365 "B" ordinary shares of 5p each	<u>30,691</u>	<u>30,691</u>

## 10. Reconciliation of movement in shareholders' funds

	Share capital	Capital redemption reserve	Other reserves (a)	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2002	30,691	50	2,989,309	3,511	3,023,561
Loss for the financial year	-	-	-	(4)	(4)
Balance at 31 March 2003	<u>30,691</u>	<u>50</u>	<u>2,989,309</u>	<u>3,507</u>	<u>3,023,557</u>

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

**Notes to the financial statements – 31 March 2003**

**11. 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 2003 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 England and Wales. 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 2003. 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 England and Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.