

**VODAFONE EUROPEAN INVESTMENTS**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE PERIOD FROM 31 MARCH 2000 TO**  
**31 MARCH 2001**  
**REGISTERED No: 3961908**



# VODAFONE EUROPEAN INVESTMENTS

## REPORT OF THE DIRECTORS

The director submits his annual report and financial statements for the period from 31 March 2000 to 31 March 2001.

### Principal activity and review of business

The Company was incorporated on 31 March 2000 and acts as a holding company within the Vodafone Group.

During the period the Company increased its share capital and, in a series of transactions completed on 15 December 2000, acquired and disposed of 93.70% of the share capital of Mannesmann AG, a German resident company. No material changes are anticipated in the Company's activities for the foreseeable future.

### Results and dividends

The profit and loss account is set out on page 5 of the financial statements and shows a profit for the period on ordinary activities after taxation of £88,416,587,000. The director does not recommend the payment of a dividend.

### Directors

The directors of the Company, all of whom served during the period, were as follows:

Instant Companies Limited	(appointed 31 March 2000, resigned 18 May 2000)
Hackwood Directors Limited	(appointed 18 May 2000, resigned 19 September 2000)
M D Prudden	(appointed 19 September 2000, resigned 26 July 2001)
S R Scott	(appointed 19 September 2000)

Subsequent to the period end Mr R N Barr, Mr P G Stephenson and Mr H A Thomas were appointed as directors of the Company with effect from 6 September 2001.

### Director's share interests

The interests in the ordinary shares of Vodafone Group Plc of the directors are set out below:

	Ordinary Shares		(Note 1)		Ordinary Share Options		(Note 2)		(Note 3)	
	31.03.01	31.3.00	31.03.01	31.3.00	31.03.01	31.3.00	31.03.01	31.3.00	31.03.01	31.3.00
M D Prudden	9,392	16,070	7,420	8,195	66,570	59,270	-	-	-	-
S R Scott	56,124	73,470	18,998	26,775	144,958	81,136	1,436,551	-	-	-

- (1) The options are granted under the Vodafone Group 1998 Sharesave Scheme and the Vodafone Group Plc Savings Related Share Options Scheme.
- (2) The options are granted under the Vodafone Group 1998 Company Share Option scheme, the Vodafone Group Plc Executive Share Option Scheme, the Vodafone Group 1998 Executive Share Option Scheme and the Vodafone Group Plc Share Option Scheme.
- (3) The Vodafone Group Plc 1999 Long Term Stock Incentive Plan.

## **VODAFONE EUROPEAN INVESTMENTS**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **Director's share interests (continued)**

In addition to the above interests in the ordinary shares and share options of Vodafone Group Plc, the following director also held beneficial interests in shares receivable under the Vodafone Group Long Term Incentive Plan ("LTIP") and Vodafone Group Short Term Incentive Plan ("STIP") as follows:

	LTIP		STIP	
	31.03.01	31.3.00	31.03.01	31.3.00
S R Scott	108,041	107,444	36,917	36,817

Details of this scheme are included in the Board's Report to Shareholders on Directors' Remuneration in Vodafone Group Plc's Annual Report and Accounts for the year ended 31 March 2001.

None of the directors has held an interest in the shares of Vodafone European Investments or in the shares of any other Group company in the current period, except as noted above.

#### **Introduction of the Euro**

The directors consider the financial cost of preparing for the adoption of the Euro is not material to the Company.

#### **Statement of director's responsibilities**

Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the systems of internal financial controls and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **VODAFONE EUROPEAN INVESTMENTS**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **Auditors**

Deloitte & Touche were appointed auditors on 12 June 2000 to fill a casual vacancy. The Company has passed an elective resolution under Section 386(1) of the Companies Act 1985 to dispense with the re-appointment of Auditors annually.

#### **Registered office**

The registered office of the Company is at The Courtyard, 2-4 London Road, Newbury, Berkshire, RG14 1JX, England.

By Order of the Board



S R Scott  
Director

9 November 2001

**AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**VODAFONE EUROPEAN INVESTMENTS**

We have audited the financial statements on pages 5 to 10 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 the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 director 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 2001 and of its profit for the period from date of incorporation on 31 March 2000 to 31 March 2001 and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

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

*9 November 2001*

## **VODAFONE EUROPEAN INVESTMENTS**

### **PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD FROM 31 MARCH 2000 TO 31 MARCH 2001**

	Note	2001 £'000
Operating profit	2	-
Disposal of fixed asset investments	3	88,416,587
Profit on ordinary activities before taxation		<hr/> 88,416,587
Tax on profit on ordinary activities		-
Retained profit for the period	8	<hr/> 88,416,587 <hr/>

There were no recognised gains or losses in the period, other than the retained profit. The results of the Company were derived from continuing operations.

# VODAFONE EUROPEAN INVESTMENTS

## BALANCE SHEET

AT 31 MARCH 2001

	Note	2001 £'000
CURRENT ASSETS		
Debtors	5	90,403,599
CREDITORS: amounts falling due within one year	6	31,417
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>90,372,182</u>
CAPITAL AND RESERVES		
Called up share capital	7	100,000
Share premium account	8	1,855,595
Profit and loss account	8	88,416,587
TOTAL EQUITY SHAREHOLDERS' FUNDS	9	<u>90,372,182</u>

The financial statements were approved by the Board of Directors on *9 November 2001* and were signed on its behalf by:

*P G S*  
..... Director  
P G Stephenson

# **VODAFONE EUROPEAN INVESTMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 31 MARCH 2000 TO 31 MARCH 2001**

### **1. Statement of accounting policies**

The principal accounting policies adopted, which have been applied consistently throughout the current period, are described below.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### **Investments**

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

#### **Cash flow statement**

In accordance with the provisions of FRS1 (Revised), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of Vodafone Group Plc, a company incorporated in England, which prepares consolidated accounts that include a consolidated cash flow statement.

### **2. Profit and loss account**

Neither the directors nor the auditors received any remuneration from the Company in the financial period. Audit fees were borne by another Group company.

There were no employees other than the directors of the Company during the period.

### **3. Disposal of fixed asset investments**

The profit on disposal of fixed asset investments relates to the transfer of a 93.70% interest in the ordinary shares of Mannesmann AG, which was acquired by the Company during the period at a cost of £1,987,012,460. The ownership interest was transferred to Vodafone International Operations Limited in exchange for cash left outstanding on an intercompany account.



# VODAFONE EUROPEAN INVESTMENTS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE PERIOD FROM 31 MARCH 2000 TO 31 MARCH 2001

#### 4. Investments

	£'000
31 March 2000	-
Additions	1,987,012
Disposals	(1,987,012)
	<hr/>
31 March 2001	-
	<hr/>

Additions in the above table comprise an investment in 93.70% of the share capital of Mannesmann AG which was subsequently disposed of – see note 3.

#### 5. Debtors

	2001 £'000
Amounts owed by fellow subsidiary undertakings	90,403,599
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#### 6. Creditors: amounts falling due within one year

	2001 £'000
Accruals and deferred income	31,417
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#### 7. Called up share capital

	2001 £'000
Authorised:	
100,000,000,000 ordinary shares of £1 each	100,000,000
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Called up, allotted and fully paid:	
100,000,002 ordinary shares of £1 each	100,000
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# VODAFONE EUROPEAN INVESTMENTS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE PERIOD FROM 31 MARCH 2000 TO 31 MARCH 2001

#### 7. Called up share capital (continued)

At incorporation, the Company's authorised share capital consisted of 1,000 ordinary shares of £1 each, with 2 shares in issue. On 12 June 2000, the Company increased its authorised share capital to 50,000 ordinary shares of £1 each. On 17 October 2000, the Company further increased its authorised share capital to £100,000,000,000 and on 20 December 2000 issued 100,000,000 ordinary shares of £1 each, fully paid, to Vodafone Group Plc in exchange for the transfer of a 93.70% shareholding in Mannesmann AG. The issue of 100,000,000 ordinary shares to Vodafone Group Plc had an associated share premium of £1,855,595,000.

#### 8. Reserves

	Share premium account £'000	Profit and loss account £'000
Allotment of shares in the period	1,855,595	-
Retained profit for the period	-	88,416,587
31 March 2001	<u>1,855,595</u>	<u>88,416,587</u>

#### 9. Movements in equity shareholders' funds

	2001 £'000
New share capital subscribed	1,955,595
Retained profit for the period	88,416,587
Net movement in equity shareholders' funds	<u>90,372,182</u>
Opening equity shareholders' funds	-
Closing equity shareholders' funds	<u>90,372,182</u>

## **VODAFONE EUROPEAN INVESTMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **FOR THE PERIOD FROM 31 MARCH 2000 TO 31 MARCH 2001**

**10. Related party disclosures**

The Company has taken advantage of the exemption granted by paragraph 3(c) of FRS8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the Group which are related parties.

**11. Ultimate parent company**

The immediate holding company and ultimate parent company of Vodafone European Investments is Vodafone Group Plc which is incorporated in England. As a wholly owned subsidiary of a company registered in England, for which Group accounts are prepared, the Company has taken advantage of Section 228 of the Companies Act 1985 and has not prepared consolidated accounts.

On 28 July 2000, the Company's ultimate parent company changed its name from Vodafone AirTouch Plc to Vodafone Group Plc.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2001, may be obtained from The Company Secretary, Vodafone Group Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire, RG14 1JX, England.