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**VODAFONE (NI) LIMITED**

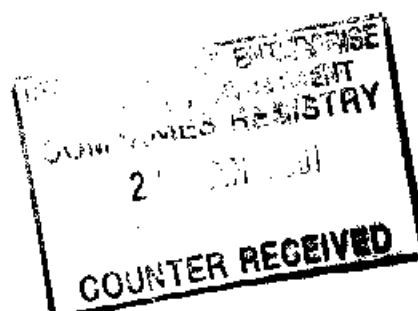
**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 MARCH 2000**



NI 23033



# **VODAFONE (NI) LIMITED**

## **REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2000**

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## **VODAFONE (NI) LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report and the audited financial statements for the year ended 31 March 2000.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is to act as a service provider for a national cellular telephone network and paging network.

#### **REVIEW OF THE BUSINESS**

Turnover for the year amounted to £10.5m and the loss before taxation was £(0.9m). After taxation the loss of £(0.6m) has been charged to reserves (1999 loss £(0.3m)).

The directors do not recommend the payment of a dividend.(1999 £ nil)

#### **ULTIMATE PARENT COMPANY**

On 29 June 1999, Vodafone Group Plc (the ultimate parent company) changed its name to Vodafone AirTouch Plc and on 30 June 1999 Vodafone AirTouch Plc completed the merger with AirTouch Communications Inc. On 28 July 2000, Vodafone AirTouch Plc changed its name to Vodafone Group Plc.

On 27 March 2000, Vodafone AirTouch Plc's offer for the ordinary shares and convertible bond of Mannesmann AG closed, with valid acceptances representing 98.62% of Mannesmann AG's ordinary shares being received by that date. Details of the transaction are contained in Listing Particulars dated 20 December 1999.

#### **FUTURE DEVELOPMENTS**

The company is continuing with its policy of long term growth in the field of cellular radio and radiopaging. Subsequent to balance date, the company has opened five new stores (refer to Note 20 to the Financial Statements).

#### **FIXED ASSETS**

The movement in tangible fixed assets is set out on page 13 in note 7.

#### **AUDITORS**

In accordance with Article 392 of the Companies (Northern Ireland) Order 1986, a resolution proposing the re-appointment of Deloitte & Touche as auditors to the company will be put to the Annual General Meeting.

#### **DIRECTORS**

The directors of the company during the period were as follows:

##### **Name**

I Gray (appointed 1<sup>st</sup> July 1999)

C H B Bramwell

I Watson (appointed 31<sup>st</sup> March 2000)

M D Key (resigned 31<sup>st</sup> March 2000)

E Langston (resigned 1<sup>st</sup> July 1999)

P R Bamford (resigned 31<sup>st</sup> March 2000)

## **VODAFONE (ND) LIMITED**

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

#### **DIRECTORS INTERESTS IN SHARES**

Given below are details of the interests in the ordinary shares of Vodafone Group Plc (formerly Vodafone AirTouch Plc) at 31 March 2000 of directors of the company at that date. The interests at the beginning of the year are shown in brackets.

Vodafone Group Plc (formerly Vodafone AirTouch Plc) ordinary shares of 5p each (subsequently re-dominated into shares of US\$ 0.10 each by Special Resolution passed 24 May 1999 and effective from 30 June 1999).

	Ordinary Shares Held	Ordinary Share Options (Note 1)	Ordinary Share Options (Note 2)
C H B Bramwell	10,992 (1,666)	11,270 (1,628)	95,000 (14,400)

- 1) Options granted under the terms of the Vodafone Group 1998 Sharesave Scheme.
- 2) Options granted under the terms of the Vodafone Group 1998 Company Share Option Scheme.

Details of the shareholdings of Mr I Gray and Mr I Watson are disclosed in the accounts of Vodafone Retail Limited and Vodafone Retail (Holdings) Ltd respectively.

#### **YEAR 2000**

The company, through its comprehensive Millennium Programme, continues to give high priority to the potential impact of all year 2000 date related issues. At the date of this report, the principal transition dates, including 31st December 1999 / 1 January 2000 and 29 February 2000, have passed without revealing any serious problems in the Company's systems and the directors are not aware of any significant factors relating to any year 2000 date related issue which have arisen, or that may arise, and which will significantly affect the activities of the business. Nevertheless, the situation is still being monitored.

The Company has not incurred material costs in the current financial year in relation to Year 2000 compliance and is satisfied that the total future amount will not be material to the future profitability or liquidity of the Company. However, an element of the cost of Year 2000 compliance is not separately identifiable, as millennium modifications are often embodied in software purchase and developed in the normal course of business.

## VODAFONE (NI) LIMITED

### REPORT OF THE DIRECTORS (CONTINUED)

#### REGISTERED OFFICE

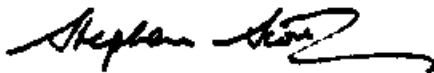
The registered office of the company is at 16 Wellington Park, Belfast, Northern Ireland.

#### STATEMENTS 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 the 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 enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.



By Order of the Board  
Stephen Scott  
Secretary

18 January 2001

**AUDITORS' REPORT**  
**to the members of**  
**VODAFONE (NI) LIMITED**

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company 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 affairs of the company as at 31 March 2000 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

*Deloitte & Touche*  
Deloitte & Touche  
Chartered Accountants and Registered Auditors  
19 Bedford Street  
BELFAST  
BT2 7EJ

**VODAFONE (ND) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2000**

	NOTE:	2000 £'000	1999 £'000
Turnover	1	<u>10,506</u>	<u>8,157</u>
Operating (loss)	2	(752)	(279)
Interest payable	5	(135)	(123)
		—	—
(Loss) on ordinary activities before taxation		(887)	(402)
Tax on (loss) on ordinary activities	6	275	118
		—	—
(Loss) for the financial year transferred to reserves	13	<u>(612)</u>	<u>(284)</u>

All activities derive from continuing operations. There are no recognised gains or losses other than the loss for the financial year. Accordingly no statement of total recognised gains and losses is given.

**VODAFONE (NI) LIMITED**

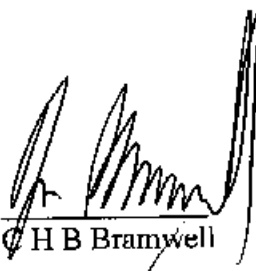
**BALANCE SHEET**

**AT 31 MARCH 2000**

	NOTE	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	1,039	632
<b>CURRENT ASSETS</b>			
Stocks	8	591	300
Debtors	9	1,824	1,227
Cash at bank and in hand		13	1
		<u>2,428</u>	<u>1,528</u>
<b>CREDITORS: amounts falling due within one year.</b>	10	5,029	3,110
<b>NET CURRENT LIABILITIES</b>		(2,601)	(1,582)
		<u>(1,562)</u>	<u>(950)</u>
<b>CAPITAL AND RESERVES</b>			
Called up Equity Share Capital (£100)	12	-	-
Share premium account		494	494
Profit and loss account	13	(2,056)	(1,444)
<b>EQUITY SHAREHOLDERS FUNDS -DEFICIENCY</b>		<u>(1,562)</u>	<u>(950)</u>

These financial statements were approved by the Board of Directors on 18 January 2001.

Signed on behalf of the Board of Directors.

  
C H B Bramwell

Director



**VODAFONE (NI) LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 2000**

	2000 £'000	1999 £'000
Net cash (outflow)/inflow from operating activities	(784)	109
Servicing of finance:		
Interest paid	(135)	(123)
Taxation: Corporation Tax Refund	181	45
Capital expenditure and financial investment:		
Purchase of Fixed Assets	(507)	(265)
Receipts from sale of Fixed Assets	6	2
Net cash outflow from capital expenditure and financial investment	(501)	(263)
Net cash outflow before financing	(1,239)	(232)
Financing:		
Movement in short term loans	1,280	393
Net cash inflow from financing	1,280	393
Increase in cash for the year.	<u>41</u>	<u>161</u>

Additional disclosures are provided in note 19 to the accounts.

## **VODAFONE (NI) LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

#### **1. Basis of accounting.**

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

The company is dependent on financial support from its parent company. The parent company has indicated its intention to support the company to enable it to meet its liabilities as they fall due. In this circumstance the directors believe it is appropriate to prepare the accounts on the going concern basis.

#### **2. Turnover**

Turnover represents the invoiced value, excluding value added tax, of goods and services supplied by the company.

#### **3. Stocks**

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

#### **4. Depreciation of tangible fixed assets.**

The cost of tangible fixed assets is written off, from the time they are brought into use, by equal instalments over their expected useful lives as follows:-

Short term leaseholds	the term of the lease
Furniture and fittings	6-7 years
Motor vehicles	4 years
Plant and machinery	10 years

#### **5. Deferred Taxation**

Provision is made for deferred taxation only where there is a reasonable probability that a liability will crystallise in the foreseeable future.

#### **6. Pension Costs.**

Costs relating to defined benefit plans which are periodically calculated by professionally qualified actuaries, are charged against profits so that the expected costs of providing pensions are recognised during the period in which the benefit is derived from the employees' services.

The costs of the various pension schemes may vary from the funding dependant upon actuarial advice with any difference between pension cost and funding being treated as a provision or prepayment.

# **VODAFONE (NI) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

	<u>2000</u>	<u>1999</u>
1. Turnover	£'000	£'000
Sales of cellular radio products	10,506	8,157
Geographical analysis of turnover by area of destination:		
United Kingdom	10,356	8,007
Republic of Ireland	150	150
2. Operating (loss)	<u>2000</u>	<u>1999</u>
i) Summary;	£'000    £'000	£'000    £'000
Turnover	10,506	8,157
Cost of Sales	7,728	6,198
	—	—
Gross Profit	2,778	1,959
Selling and distribution costs	1,723	796
Administrative expenses	1,807	1,442
	—	—
	3,530	2,238
	—	—
Operating (loss)	(752)	(279)
ii) Operating (loss) has been arrived at after charging:		
Depreciation of tangible fixed assets - owned Assets	173	110
Auditors remuneration	9	8
Operating lease rentals	0	2
Property rents	234	189

## **VODAFONE (NI) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3. Employees**

The average number of persons employed by the company ( including directors ) during the year:

	2000 Number	1999 Number
Administration	30	29
Selling and distribution	32	17
	<hr/> 62	<hr/> 46

The cost incurred in respect of these employees ( including directors ):

	2000 £'000	1999 £'000
Wages and salaries	1,308	926
Social security costs	153	74
Pensions	105	94
	<hr/> 1,566	<hr/> 1,094

**VODAFONE (NI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

4. Directors

The emoluments, excluding pension contribution, of directors of the company:

	2000 £'000	1999 £'000
For service as executives	82	81
Pension Scheme Contributions	11	8

Two of the three directors' pension contributions are paid by another company within the Group and are not included in the above figure. The remaining director is accruing benefits under a defined benefit scheme.

One of the directors exercised share options in Vodafone Group Plc during the Year.

Transactions with Directors

The company's principal trading premises are owned by a Director, Byrom Bramwell. Property rentals of £41,196 (1999-£41,196) are paid by the company in respect of this property.

5. Interest payable	2000 £'000	1999 £'000
Interest payable to group companies	135	123
6. Tax on loss on ordinary activities	2000 £'000	1999 £'000
UK Corporation Tax @ 30% (1999: 31%) Current year	(265)	(125)
Prior year	(10)	7
	—	—
	(275)	(118)

**VODAFONE LTD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

7. Tangible fixed assets

	Short-term leasehold premises	Plant, machinery, furniture, vehicles	Total
	£'000	£'000	£'000
Cost			
Balance at 1 April 1999	186	742	928
Additions	110	472	582
Disposals	-	(13)	(13)
At 31 March 2000	<u>296</u>	<u>1,201</u>	<u>1,497</u>
Depreciation			
Balance at 1 April 1999	39	257	296
Charge for year	24	149	173
Disposals	-		
At 31 March 2000	<u>63</u>	<u>395</u>	<u>458</u>
Net book value			
At 31 March 2000	<u>233</u>	<u>806</u>	<u>1,039</u>
At 31 March 1999	<u>147</u>	<u>485</u>	<u>632</u>

8. Stocks

	2000 £'000	1999 £'000
Finished goods	591	300

9. Debtors

	2000 £'000	1999 £'000
Due within one year:		
Trade debtors	590	495
Amounts owed by group companies	293	106
Corporation tax receivable	219	126
Prepayments and accrued income	722	500
	<u>1,824</u>	<u>1,227</u>

**VODAFONE (NI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

10. Creditors - amounts falling due within one year.

	2000 £'000	1999 £'000
Bank Overdraft	-	29
Trade Creditors	27	291
Amounts owed to group companies	932	605
Other taxation and social security	207	147
Accruals and deferred income	1,101	556
Loans from group companies	2,762	1,482
	<u>5,029</u>	<u>3,110</u>

11. Provision for liabilities and charges

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method are as follows:-

	2000 Amount Provided £'000	2000 Potential Liability £'000	1999 Amount Provided £'000	1999 Potential Liability £'000
Accelerated capital allowances	-	18	-	(5)
Other timing differences	-	(18)	-	(24)
Unused tax losses	-	(76)	-	(79)
	-	<u>(76)</u>	-	<u>(108)</u>

**VODAFONE (NI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

12. Called up Share Capital	2000	1999
	£	£
Authorised, allotted & fully paid		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
	===	===
13. Profit and loss account	2000	1999
	£'000	£'000
Retained losses at 31 March 1999	(1,444)	(1,160)
Retained (loss) for the period	(612)	(284)
Retained losses at 31 March 2000	<u>(2,056)</u>	<u>(1,444)</u>
	=====	=====

There are no movements in shareholders funds other than the loss for the period as above.

14. Leased Assets

Operating leases

Commitments existed at the year end under operating leases in respect of annual rentals which expire:

	2000 Property £'000	2000 Plant and Machinery £'000	1999 Property £'000	1999 Plant and Machinery £'000
Less than one year		1		1
Between				
2 and 5 years	71		71	
Greater than 5 years	194		194	
	==	=	==	=



## **VODAFONE (NI) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **15. Capital commitments**

There were no capital commitments existing at the balance sheet date, not already provided for in these accounts.

#### **16. Group Companies**

The ultimate holding company and controlling entity of Vodafone (NI) Limited is Vodafone Group Plc (formerly Vodafone AirTouch Plc), which is registered in England.

A copy of the financial statements of Vodafone Group Plc (formerly Vodafone AirTouch Plc) may be obtained from The Company Secretary, Vodafone group Plc (formerly Vodafone AirTouch Plc), The Courtyard, 2-4 London Road, Newbury, Berkshire, RG14 1JX, England.

#### **17. Pensions**

Vodafone Group Plc (formerly Vodafone AirTouch Plc), the ultimate Parent Company of Vodafone (NI) Limited, operates a number of pension schemes for the benefit of the employees of its Subsidiary companies. The Schemes are funded defined benefit schemes, the Assets of which are held in separate Trustee administered funds.

The schemes are subject to triennial valuations by independent actuaries. The last formal valuation was carried out as at 1<sup>st</sup> April 1998 using the Projected Unit Credit method of valuation in which allowance is made for projected earnings growth.

The results of the actuarial valuations are disclosed in the financial statements of Vodafone Group Plc (formerly Vodafone AirTouch Plc).

The pension cost for the company amounted to £104,950 (1999 - £72,338).

#### **18. Related Party Transactions**

The company has taken advantage of the exemption granted by paragraph 3 FRS 8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc (formerly Vodafone AirTouch Plc) group companies or interests of the group who are related parties.

**VODAFONE (NI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

19. Notes to the cash flow statement

a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities.

	2000 £'000	1999 £'000
Operating (loss)	(752)	(279)
Depreciation charges	173	110
(Profit)/Loss on disposal	(3)	1
Increase in stocks	(291)	(82)
Increase in debtors	(504)	(239)
Increase in creditors	593	598
	—	—
Net cash (outflow)/inflow from operating activities.	(784)	109
	—	—

19. (b) Reconciliation of net cash flow to movement in net debt.

	2000 £'000	1999 £'000
Increase in cash for the year	41	161
Cashflow from increase in debt financing	(1,280)	(393)
	—	—
Movement in net debt in the year	(1,239)	(232)
Net debt at 1 April 1999	(1,510)	(1,278)
	—	—
Net debt at 31 March 2000	(2,749)	(1,510)
	—	—

**VODAFONE (NI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

1 Analysis of changes in net debt.

	1 April 1999 £'000	Cashflow £'000	31 March 2000 £'000
Cash in Hand, at bank *	(28)	41	13
Debt due within one year	(1482)	(1,280)	(2,762)
	- -	—	—
	(1,510)	(1,239)	(2,749)
	—	—	—

\* Cash in hand / bank at 1 April 1999 comprises

- Cash in Hand	£1k
- Overdraft	(£29k)
	—
	(£28k)
	—

20. Subsequent Events

In the period subsequent to balance date, the company has increased the number of its retail stores from five to ten. This is considered a non-adjusting event and it is not practicable to make an estimate of the financial impact before taxation.