

Woodend Cellular Limited

Directors' Report and Accounts for the year ended 31 March 1998

Registered No. SC093186

WOODEND CELLULAR LIMITED

Directors' Report and Accounts for the year ended 31 March 1998

Contents

	Page
Report of the Directors	2
Accounting Policies	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Accounts	7
Report of the Auditors	10

WOODEND CELLULAR LIMITED

Report of the Directors

The directors present their report and audited Accounts for the year ended 31 March 1998.

Results and dividend

The loss for the year amounted to £325,000 (1997 loss: £974,000). The directors recommend that no dividend be paid for the year ended 31 March 1998 (1997: £nil) and that the loss for the year be transferred from reserves.

Activities and review

The principal activity of the company in the period under review was that of retail distribution of cellular telephone and paging equipment. On 1 September 1997 the company's undertaking and assets, as a going concern, were acquired by ScottishPower Telecommunication (Services) Limited a joint venture company established by Scottish Power plc the company's ultimate parent company and Martin Dawes Telecommunications Limited to sell a range of telecommunications offerings.

The company has net liabilities of £1,311,000 at 31 March 1998. The directors consider that sufficient funding will be made available to the company by its parent company to continue operations and to meet liabilities as they fall due for the foreseeable future.

Directors and their interests

The directors who held office during the year were as follows:

Neil Haddow	(appointed 2 March 1998)
Gregory McLean	(resigned 2 March 1998)
Roderick Matthews	

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company. The interests of the directors in the shares of Scottish Power plc at the beginning of the year, or date of appointment if later, and end of the year were as follows:

	Ordinary Shares		Share Options					
	31.3.98	1.4.97	<u>Executive Share Option Scheme</u>		<u>Sharesave Scheme</u>		<u>* Long Term Incentive Plan</u>	
	31.3.98	1.4.97	31.3.98	1.4.97	31.3.98	1.4.97	31.3.98	1.4.97
Neil Haddow (appointed 2.3.1998)	2,595	2,595	-	-	3,412	3,412	9,062	9,062
Roderick Matthews	381	922	-	53,640	6,300	6,300	28,753	14,907

* These shares represent in each case, the maximum number of shares which the directors may receive, dependent on the satisfaction of certain performance criteria as approved by the shareholders of Scottish Power plc in connection with the Long Term Incentive Plan.

WOODEND CELLULAR LIMITED

Directors' responsibilities

The directors are required by UK company 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 of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining proper accounting records, and sufficient internal controls to safeguard the assets of the company and to prevent and detect fraud or any other irregularities.

Year 2000 policy statement

A Year 2000 strategy has been established for the ScottishPower group of which Woodend Cellular Limited is a member. Details are contained in the Operating and Financial Review within the 1997/98 Annual Report and Accounts of Scottish Power plc.

Auditors

The previous auditors, Coopers and Lybrand, resigned during the year and KPMG were appointed.

A resolution to reappoint the auditors, KPMG, will be proposed at the Annual General Meeting.

By order of the Board



D Macleod

Company Secretary
25 September 1998

WOODEND CELLULAR LIMITED

Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the UK and with the requirements of the Companies Act 1985.

Statement of cash flows

The company is exempt from including a statement of cash flows in its accounts as it is a wholly owned subsidiary of a company incorporated in the UK which has included a consolidated statement of cash flows in its consolidated accounts.

Turnover

Turnover, which excludes Value Added Tax, represents the value of goods and services supplied to customers during the period.

Upgrade costs

Costs incurred in upgrading customers from analogue to digital are capitalised and amortised over the expected period of tenure.

Tangible fixed assets

Tangible fixed assets are stated at cost and are depreciated on the straight line method over their estimated useful lives. Depreciation is, in general, first charged in the year in which expenditure was incurred. The main depreciation periods used by the company are as set out below:

	Years
Equipment	4/5
Fixtures & Fittings	5
Motor Vehicles	4

Finance and operating leases

Assets leased to the company under finance leases are capitalised and depreciated in line with the depreciation policy. The interest element of the finance lease repayments is charged to the profit and loss account in proportion to the balance of the capital repayments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

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

Taxation

The credit for taxation is based on the losses for the year and takes into account taxation deferred, using the liability method, in respect of timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future. Such timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions and depreciation of fixed assets.

WOODEND CELLULAR LIMITED

Profit and Loss Account

for the year ended 31 March 1998

	Notes	12 months to 31 March 1998 £'000	18 months to 31 March 1997 £'000
Turnover from discontinued operations	1	1,177	6,114
Cost of sales		(785)	(4,991)
Gross profit from discontinued operations		392	1,123
Administrative expenses		(819)	(2,301)
Operating loss from discontinued operations	2	(427)	(1,178)
Interest payable	4	(5)	(15)
Loss on ordinary activities before taxation		(432)	(1,193)
Taxation	5	107	219
Loss for the financial year		(325)	(974)

A statement of total recognised gains and losses and a reconciliation to historical cost profits and losses are not shown as all gains and losses for 1997 and 1998 are recognised in the profit and loss account under the historical cost convention.

The accounting policies on page 4, together with the notes on pages 7 to 9, form part of these accounts.

WOODEND CELLULAR LIMITED

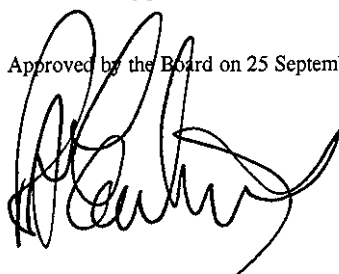
Balance Sheet

as at 31 March 1998

	Notes	1998 £'000	1997 £'000
Fixed assets			
Tangible assets	6	-	208
Current assets			
Stocks	7	-	303
Debtors	8	107	5,245
Cash at bank and in hand		-	4
		107	5,552
Creditors: amounts falling due within one year			
Loans and other borrowings	9	-	(129)
Other creditors	10	(1,418)	(6,592)
		(1,418)	(6,721)
Net current liabilities		(1,311)	(1,169)
Total assets less current liabilities		(1,311)	(961)
Creditors: amounts falling due after more than one year			
Loans and other borrowings	9	-	(25)
Net liabilities		(1,311)	(986)
Called up share capital	11	-	-
Profit and loss account	12	(1,311)	(986)
Equity shareholders' deficit	12	(1,311)	(986)

The accounting policies on page 4, together with the notes on pages 7 to 9, form part of these accounts.

Approved by the Board on 25 September 1998 and signed on its behalf by



Roderick Matthews
Director

WOODEND CELLULAR LIMITED

Notes to the Accounts

1 Turnover

Turnover consisted entirely of sales made in the United Kingdom from one class of business

2 Operating loss

Operating loss is stated after charging:	12 months to 31 March 1998 £'000	18 months to 31 March 1997 £'000
Depreciation:		
Owned assets	18	44
Assets held under finance leases	23	130
Loss on sale of fixed assets	-	62
Hire of other assets - operating leases	44	152
Auditors' remuneration for audit	2	6

3 Employee information

(a) Employee costs

	12 months to 31 March 1998 £'000	18 months to 31 March 1997 £'000
Wages and salaries	213	1,269
Social security costs	22	127
Total employee costs	235	1,396

(b) Employee numbers

The year end and average numbers of employees (full time and part time) employed by the company, including executive directors, were :

	1998	At 31 March 1997	1998	Average 1997
By activity				
Office and management	-	16	9	16
Sales	-	28	34	28
Service	-	10	15	10
	-	54	58	54

4 Interest payable

	12 months to 31 March 1998 £'000	18 months to 31 March 1997 £'000
On finance leases	5	15

5 Taxation

	12 months to 31 March 1998 £'000	18 months to 31 March 1997 £'000
Group relief receivable	106	219
Prior year overprovision	1	-
	107	219

WOODEND CELLULAR LIMITED

Notes to the Accounts

6 Tangible Assets

	Equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost :				
At 1 April 1997	21	56	342	419
Additions	13	8	-	21
Assets transferred at no gain or loss	(34)	(64)	(342)	(440)
At 31 March 1998	-	-	-	-
Depreciation :				
At 1 April 1997	15	27	169	211
Charge for the year	1	6	34	41
Assets transferred at no gain or loss	(16)	(33)	(203)	(252)
At 31 March 1998	-	-	-	-
Net book value :				
At 31 March 1998	-	-	-	-
At 31 March 1997	6	29	173	208

The net book value of tangible fixed assets held under finance leases was £Nil (1997: £173,000). The charge for depreciation against these assets during the year was £23,000 (1997: £130,000).

7 Stocks

	1998 £'000	1997 £'000
Finished goods and goods for resale	-	303

8 Debtors

	1998 £'000	1997 £'000
Amounts falling due within one year :		
Trade debtors	-	361
Prepayments and accrued income	-	147
Corporation tax recoverable	107	221
Other taxes and social security	-	83
Amounts owed by fellow subsidiary undertakings	-	4,020
Other debtors	-	413
	107	5,245

9 Loans and other borrowings

	1998 £'000	1997 £'000
Bank overdraft	-	53
Lease finance	-	101
	-	154
Repayments fall due as follows :		
Within one year, or on demand	-	129
After more than one year	-	25
	-	154
Repayments due after more than one year are split as follows :		
Between one and two years	-	25

WOODEND CELLULAR LIMITED

Notes to the Accounts

10 Other creditors

	1998 £'000	1997 £'000
Amounts falling due within one year		
Trade creditors	-	482
Amounts owed to immediate parent undertaking	1,418	-
Amounts owed to fellow subsidiary undertakings	-	5,789
Accrued expenses	-	321
	1,418	6,592

11 Share capital

	1998 £	1997 £
Authorised : 50,000 (1997 : 50,000) ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid : 2 (1997 : 2) ordinary shares of £1 each	2	2

12 Reconciliation of movements in shareholders' deficit

	Profit and loss account £'000	Total £'000
Balance at 1 April 1997	(986)	(986)
Retained loss for the year	(325)	(325)
Balance at 31 March 1998	(1,311)	(1,311)
	Profit and loss account £'000	Total £'000
Balance at 1 October 1995	(12)	(12)
Retained loss for the period	(974)	(974)
Balance at 31 March 1997	(986)	(986)

13 Financial commitments

Annual commitments under non-cancellable operating leases.

	1998 Other £'000	1997 Other £'000
Operating leases		
Expiring within one year	-	88
Expiring between two and five years inclusive	-	345
	-	433

14 Directors' emoluments

No directors were paid any emoluments for their services to the company as directors during the year under review.

15 Ultimate parent company

Woodend Cellular Limited is a wholly owned subsidiary of Woodend Holdings Limited.
The ultimate parent company is Scottish Power plc. The ultimate parent company is registered in Scotland.

Copies of the ultimate parent company's consolidated accounts may be obtained from The Secretary, Scottish Power plc, 1 Atlantic Quay, Glasgow G2 8SP.

WOODEND CELLULAR LIMITED

Report of the Auditors

to the members of Woodend Cellular Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 affairs of the company at 31 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
Manchester
25 September 1998