Registered No:
1471587

VODAFONE LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2002

VODAFONE LIMITED

REPORT OF THE DIRECTORS

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

Review of the business and future developments

Vodafone's business in the UK (Vodafone UK), of which Vodafone Limited forms the greater part, continued to perform well in the year as benefits from both the realignment of commercial policies to promote the acquisition and retention of high value customers, and the steps taken to improve the cost effective running of the business, were realised.

Data as a percentage of service revenue grew from 7% to 12%, driven by increases in penetration of the customer base and higher usage of SMS text messaging, in addition to the doubling of other data revenues. The rise in SMS has been influenced by new gaming product offers and event driven promotions. Other data revenues have doubled due to the launch of products such as WAP over GPRS, OfficeLive delivering Outlook Services powered by Microsoft Mobile Software, and Vodafone Content Delivery Platform.

Vodafone UK's share of mobile service revenue in Oftel's quarterly review stands at 33%, retaining a lead of 5.5% over the second placed UK network. At 31 March 2002, Vodafone UK had 13,186,000 registered customers, which represents an increase of 7% over 31 March 2001. Of total customer growth, 79% arose from contract customer connections, reflecting the emphasis on connecting higher value customers as net contract customers grew from 4,294,000 to 5,014,000, and contract churn fell from 30% to 26%. This improved performance reflects the increased focus on retention activities and continuing impact of network and customer care investment. Prepaid churn increased from 22% to 28%, due to specific focus given to disconnecting inactive customers, who represented 11% of the registered customer base at 31 March 2002, compared with 12% at 31 March 2001. Blended churn increased from 25% to 27%.

Both contract and prepaid Average Revenue Per User (ARPU), stabilised during the course of the year. ARPU for the contract customer base for the twelve months to 31 March 2002 increased marginally to £555 compared to £550 for the year to 31 March 2001. This movement was in part favourably affected by Vodafone UK developing the ability to accurately allocate inbound calls to contract or prepaid customer segments.

ARPU for the prepaid customer base for the twelve months to 31 March 2002 declined from £156 to £118, due, in part, to the allocation of incoming revenues explained above. Both contract and prepaid ARPU also suffered dilution as a result of the migration of higher value prepaid customers to contract tariffs. Compared to 31 March 2001, blended ARPU decreased from £306 to £276, however, current ARPU trends indicate that blended ARPU is stabilising.

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

The average cost to connect for contract customers rose slightly from £114 for the year to 31 March 2001 to £116, reflecting the impact of the increased proportion of higher value customers connected in the year. The average cost to connect for prepaid customers fell from £53 to £26 for the year to 31 March 2002, as a result of the decision to reduce the distribution incentives to improve the profitability of this market segment.

Vodafone UK continued its investment in network infrastructure to improve network quality and maintain Vodafone's position as the UK's leading network. Vodafone continues to be recognised in Oftel surveys as the leading UK network, with a level of customer satisfaction of 95%. During the year, Vodafone UK successfully delivered a re-balancing of resources into new product development, product management and customer development activities as well as a reduction in headcount of 10%. Other customer focused developments introduced during the year include demonstration bars throughout the retail chain and the first ever mobile phone contact, information and assistance zone at Heathrow Airport. Future developments include the opening of a series of learning centres, the first scheduled for early Summer 2002.

In the previous financial year Vodafone Limited acquired the trade, assets and liabilities of the following Group companies on the following dates:

Vodafone Paging Limited	1 October 2000
Vodafone Multimedia Limited	1 April 2000, 30 June 2000 and 31 March 2001
Vodafone Central Services Limited	31 December 2000
Vodafone Connect Limited	31 January 2001
Peoples Phone Limited	31 March 2001
Talkland Airtime Services Limited	31 March 2001
Vodafone Retail Limited	31 March 2001
Talkland Retail Limited	31 March 2001
Astec Communications Limited	31 March 2001
Talkland Communications Limited	31 March 2001

The financial statements of Vodafone Limited for the year ended 31 March 2002 are the first to include a full year's trading for each of the acquired businesses. Operating profit before goodwill amortisation and exceptional items has increased from £831m to £938m.

On the 9 November 2001, the Company acquired the business, together with the customer base and related assets and liabilities of Mobile Telecom Plc.

On 31 March 2002 Vodafone Limited acquired the business, together with the customer base and related assets and liabilities of Vodafone Corporate Limited.

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Results and dividends

The profit and loss account is set out on page 12 of the financial statements. For the year ended 31 March 2002, there was a profit on ordinary activities after taxation of £169.5m (2001 - £369.8m as restated).

The directors do not recommend the payment of a dividend (2001 £nil).

Fixed assets

The movements in fixed assets are set out in notes 7 to 9.

Research and development

The Company continues an active development programme and is involved in the development and enhancement of digital cellular technology.

Directors

The directors of the Company during the year and since the year end are set out below.

The directors of the Company who served throughout the year were as follows:

Sir Christopher Gent
Mr P R Bamford
Ms P A Best
Mr J N May
Mr K R McGeorge
Mr M D Newens
Mr I C Robino
Ms G M Wilson

Changes in directors during the year were as follows:

	Date of appointment	Date of resignation
Mr R N Haining		9th April 2001
Ms E A Kenny		9th April 2001
Mr G J Darby	10th April 2001	
Mr I Gray	10th April 2001	
Mr A N Halford	10th April 2001	

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

	Date of appointment	Date of resignation
Mr T J Harrabin	10th April 2001	
Mr M C Pinches	10th April 2001	
Mr J B Smith	10th April 2001	
Mr M K Mitchell		10th April 2001
Mr D J Targett		10th April 2001
Mr C P Ward		10th April 2001
Mr M J McCombe		11th April 2001
Mr N Brocklehurst		12th April 2001
Mr M Joseph		12th April 2001
Mr P I Payne		17th April 2001
Mr R C M Carey		19th April 2001
Mr P K Creedy		19th April 2001
Mr R C Hanford		19th April 2001
Mr M D Unsworth		20th April 2001
Mr M C Davie		24th April 2001
Mr S J Noakes		24th April 2001
Mr K J West		30th April 2001
Mr D W Webb		3rd May 2001
Mr J M Kent		10th May 2001
Mr A P Smith		15th May 2001
Ms H M Keays		17th May 2001
Mr J S McLoone		24th May 2001
Mr T R Sherwood		25th May 2001
Mr J R Wearing		4th July 2001
Mr S Brewer	1st October 2001	
Mr P M Donovan		1st October 2001
Mr D L Jones		1st October 2001
Mr M D Key		16th October 2001
Mr M C Pinches		31st January 2002
Ms H M Keays	1st March 2002	

Changes in directors after the year end were as follows:

Mr E Langston	1st April 2002	
Mr I Gray		1st April 2002
Mr A N Halford		1st April 2002

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Employee involvement and commitment

Employee involvement and commitment is encouraged throughout the Company and is the responsibility of the Board of Directors.

Regular contact and exchanges of information between managers and staff is maintained through team briefings, internal newsletters, company notices and informally via social functions.

Team briefing, which complements other forms of management communication, is a systematic method of staff communication providing a structured approach to ensure that all levels in the organisation are kept up-to-date, thereby increasing employee involvement.

The directors of the company are committed to the principle of employee share participation and have continued during the year various Vodafone Group Plc Savings Related Share Option Schemes and the Vodafone Group Plc 1998 Sharesave Schemes. These schemes provide employees with the opportunity to acquire Vodafone shares on an advantageous basis and they are operated with tax benefits under Inland Revenue approved share scheme arrangements. There is a high level of employee participation.

Disabled persons

The Company is very conscious of the difficulties experienced by the disabled as regards to recruitment, continuity of employment, training, development and promotion. Its attitude concerning the employment of disabled persons is the same as that relating to all other staff. Individual circumstances are sympathetically taken into account.

Auditors

A resolution proposing the reappointment of Deloitte & Touche as auditors to the Company will be put to the Annual General Meeting.

Directors' interests in the shares of Vodafone Group Plc

Given below are details of the interests in the ordinary shares of Vodafone Group Plc at 31 March 2002 of directors of the Company.

The shareholdings and share options in Vodafone Group Plc of Sir Christopher Gent, and Mr P R Bamford are disclosed in the Annual Report of Vodafone Group Plc.

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

	Ordinary Shares		Ordinary Share Options (Note 1)		Ordinary Share Options (Note 2)	
	31 March 2002	1 April 2001 or later date of appointment	31 March 2002	1 April 2001 or later date of appointment	31 March 2002	1 April 2001 or later date of appointment
Ms P A Best	51,717	44,127	4,286	24,596	567,800	433,700
Mr S Brewer	2,718	0	0	0	288,200	0
Mr G Darby	24,988	0	10,456	0	789,700	0
Mr I Gray	48,531	14,500	7,627	4,490	545,700	427,400
Mr A N Halford	25,231	12,395	7,627	4,490	344,800	192,400
Mr T Harrabin	61,709	51,773	13,287	7,466	465,000	334,400
Ms H Keays	33,234	32,264	7,627	7,627	336,200	336,200
Mr J N May	14,583	6,215	7,627	4,286	243,300	139,300
Mr K R McGeorge	84,290	140,728	7,627	4,286	939,100	886,700
Mr M D Newens	13,500	5,678	7,627	0	185,600	86,200
Mr I C Robino	0	0	0	0	264,700	188,500
Mr J Smith	233,752	238,188	18,951	26,440	923,500	875,700
Ms G M Wilson	50,702	30,814	0	17,785	338,200	280,100

Ms H Keays resigned as a Director of Vodafone Limited on 17th May 2001 and was reappointed on 1st March 2002. The opening directors interests for Ms H Keays are therefore as at this date of reappointment.

(1) Options granted under the terms of the Vodafone Group Plc Savings Related Share Option Scheme and the Vodafone Group 1998 Sharesave Scheme.

(2) Options granted under the terms of the Vodafone Group Plc Executive Share Option Scheme, the Vodafone Group Plc Share Option Scheme, the Vodafone Group 1998 Executive Share Option Scheme, the Vodafone Group 1998 Company Share Option Scheme and the Vodafone Group Plc 1999 Long Term Stock Incentive Plan.

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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

	LTIP		STIP	
	31 March 2002	1 April 2001 or later date of appointment	31 March 2002	1 April 2001 or later date of appointment
Ms P A Best	89,926	0	0	0
Mr S Brewer	89,008	0	0	0
Mr G Darby	179,852	0	0	0
Mr I Gray	244,656	149,622	0	13,691
Mr A N Halford	104,125	0	17,085	22,023
Mr T Harrabin	87,559	0	0	0
Mr J N May	0	0	30,087	5,437
Mr M D Newens	0	0	13,850	0
Mr I C Robino	0	0	10,019	0
Mr J Smith	0	0	48,885	39,674

Details of these schemes are included in the Board's Report to Shareholders on Directors' in Vodafone Group Plc's Annual Report & Accounts for the year ended 31 March 2002.

None of the directors held beneficial interests in the shares of Vodafone Limited or in the shares of any other Group Company in the current or preceding financial year, except as noted above.

VODAFONE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Creditor payment terms

It is the Company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms it is the Company's policy that payment is made accordingly.

Creditors days were 24 at 31 March 2002 (2001, 27).

Registered office

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

Approved by the Board of directors and signed on behalf of the Board.

S. R. Scott

S R Scott
Secretary

22 May 2002

VODAFONE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 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 directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

INDEPENDENT AUDITORS REPORT

to the members of

VODAFONE LIMITED

We have audited the financial statements of Vodafone Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the report of the directors 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 with the company is not disclosed.

Basis of audit 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 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.

INDEPENDENT AUDITORS REPORT

to the members of

VODAFONE LIMITED (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended 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

28 May 2002

VODAFONE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 £m	* 2001 Restated £m
Turnover - continuing operations	1	3,596.3	2,803.8
Operating profit - continuing operations	2	750.9	799.2
Net interest payable	5	(465.4)	(250.1)
Profit on ordinary activities before taxation		285.5	549.1
Tax on profit on ordinary activities	6	(116.0)	(179.3)
Profit on ordinary activities after taxation and retained profit for the year		169.5	369.8

* The profit and loss account for the year ended 31 March 2001 has been restated for the adoption of FRS 19.

VODAFONE LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
		* Restated
	£m	£m
Profit for the financial year	169.5	369.8
Prior period adjustment (see note 14)	(151.3)	-
Total recognised gains and losses since the last annual report	18.2	369.8

* The statement of total recognised gains and losses for the year ended 31 March 2001 has been restated for the adoption of FRS 19.

VODAFONE LIMITED

BALANCE SHEET

AT 31 MARCH 2002

	Notes	2002 £m	2001 * Restated £m
Fixed assets			
Intangible assets	7	6,607.4	6,536.8
Tangible assets	8	2,258.4	1,989.1
Investments	9	0.5	1.8
		8,866.3	8,527.7
Current assets			
Stocks	10	12.5	35.7
Debtors	11	869.9	1,042.6
Cash at bank and in hand		384.6	9.3
		1,267.0	1,087.6
Creditors: amounts falling due within one year	12	(3,280.6)	(3,159.4)
Convertible loan stock	13	-	(6,056.0)
NET CURRENT LIABILITIES		(2,013.6)	(8,127.8)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,852.7	399.9
Convertible loan stock	13	(6,285.0)	-
PROVISIONS FOR LIABILITIES AND CHARGES	14	(156.1)	(157.8)
NET ASSETS		411.6	242.1
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Reserves	16	411.6	242.1
TOTAL EQUITY SHAREHOLDERS' FUNDS		411.6	242.1

*
The balance sheet for the year ended 31 March 2001 has been restated for adoption of FRS 19.

The financial statements on pages 12 to 32 were approved by the Board of directors on 22 May 2002, and were signed on its behalf by:

E Langston — Director

P R Bamford — Director

VODAFONE LIMITED

STATEMENT OF ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover primarily consists of charges to mobile customers for monthly access charges and airtime usage. Turnover is recognised as services are provided. Unbilled turnover resulting from mobile services provided from the billing cycle date to the end of each period is accrued and unearned monthly access charges relating to periods after each accounting period end are deferred.

Turnover also includes equipment sales, which are recognised upon delivery of equipment to customers, and connection charges, which are recognised upon activation of customers.

Research and development

Expenditure incurred in the development of new products that are expected to be commercially viable is capitalised. Expenditure on other research and development is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements.

Intangible fixed assets

Purchased intangible fixed assets, including licence fees, are capitalised at cost.

Network licence costs are amortised over the periods of the licences. Amortisation is charged from commencement of service of the network. The annual charge is calculated in proportion to the expected usage of the network during the start up period and on a straight-line basis thereafter.

Goodwill

Goodwill is calculated as the surplus of cost over fair value attributed to the net assets, excluding goodwill, of undertakings acquired. Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life. The amortisation period for goodwill is typically between three and six years.

VODAFONE LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Capital instruments

Borrowings are initially stated at the amount of the net proceeds after deducting any issue costs. Issue costs together with finance costs are charged to the profit and loss account over the terms of the borrowings and represent a constant proportion of the balance of capital repayments outstanding. Accrued finance charges and issue costs are added to the carrying value of these borrowings. Accrued interest and finance charges that fall due within one year are included within current liabilities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Included within the cost of cellular radio systems are materials awaiting installation which are valued at cost less a provision for excess and obsolete items. The materials are used in the construction and maintenance of new and existing infrastructure and, when issued, are charged either to the cost of specific infrastructure or to the profit and loss account.

The cost of tangible fixed assets includes directly attributable overheads incurred in the acquisition, establishment and installation of the asset.

Depreciation of tangible fixed assets

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

Freehold buildings	25-50 years
Leasehold premises	the term of the lease
Plant and machinery	10 years
Test and office equipment	6-7 years
Computers and software	3-5 years
Furniture and fittings	10 years
Motor vehicles	4 years

Stocks

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

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Assets acquired under finance leases, which transfer substantially all the rights and obligations of ownership, are accounted for as though purchased outright. The fair value of the asset at the inception of the lease is included in tangible fixed assets and the capital element of the leasing commitment included in creditors. Finance charges are calculated on an actuarial basis and are allocated over each lease and produce a constant rate of charge on the outstanding balance.

Deferred taxation

The Company has adopted Financial Reporting Standard 19 'Deferred Tax' (FRS 19). Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

Costs, 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 cost of the various pension schemes may vary from the funding dependent upon actuarial advice, with any difference between pension cost and funding being treated as an accrual or prepayment.

Vodafone Limited continues to report pensions benefits under Statement of Standard Accounting Practice 24 (SSAP 24). Additional disclosure has been made in the financial statements for Financial Reporting Standard 17 (FRS 17), for the transitional phase of the implementation of the Standard.

Cashflow

In accordance with the provisions of Financial Reporting Standard 1 (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.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 Turnover

	2002 £m	2001 £m
Supply of telecommunication services:		
United Kingdom	3,506.5	2,705.4
Continental Europe	66.7	71.5
Other	23.1	26.9
	3,596.3	2,803.8

2 Operating profit

	2002 £m	2001 £m
Turnover	3,596.3	2,803.8
Cost of Sales	1,998.3	1,649.9
Gross Profit	1,598.0	1,153.9
Selling and distribution costs	190.1	115.3
Administrative expenses (including exceptional items - page 19)	623.0	215.0
Research and development costs	34.0	24.4
	847.1	354.7
Operating profit	750.9	799.2

Operating profit has been arrived at after charging:	2002 £m	2001 £m
Depreciation of owned tangible fixed assets	342.9	244.0
Profit on disposal of tangible fixed assets	(1.9)	(0.3)
Payments under operating leases:		
Land & buildings	76.4	64.2
Plant and machinery	1.3	3.9
Other assets	197.7	203.7
Auditors' remuneration:		
Audit work	0.3	0.1
Other fees	0.1	3.5
Amortisation of goodwill	158.1	44.2
Exceptional profit on the transfer of customer database	-	(12.0)

2 Operating profit (continued)

In the year ended 31 March 2002, administrative expenses include exceptional costs of £28.9m (2001, £nil), incurred as a result of the reorganisation of the business announced in October 2001.

In addition to the other fees paid to auditors above £14.5m was paid and capitalised during the year (2001 £1.9m).

3 Employees

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

	2002 Number	2001 Number
Development	545	552
Selling and distribution	1,968	199
Administrative	5,723	4,169
	8,236	4,920

The increase in the average number of persons directly employed by the Company is as a result of the acquisition of the trade of other Group companies during the year ended 31 March 2001.

The costs incurred in respect of employees (including directors) were:

	2002 £m	2001 £m
Wages and salaries	242.5	126.2
Social security costs	20.7	13.0
Other pension costs	16.7	10.2
	279.9	149.4

4 Directors

	2002 £'000	2001 £'000
Emoluments	5,581	4,296
Defined contribution pension payments	286	135

The emoluments shown are those earned by the directors, excluding directors of Vodafone Group Plc, in performing qualifying services for the Company during the year. The emoluments of Sir Christopher Gent and Mr P R Bamford are disclosed in the Annual Report of Vodafone Group Plc. It is not considered practical to allocate their remuneration between the Group companies of which they are directors.

	2002 Number	2001 Number
Number of directors in the year who:		
were members of a defined benefit pension scheme	24	33
were members of a defined contribution pension scheme	8	21
exercised share options (including the highest paid director)	5	7

	2002 £'000	2001 £'000
Highest paid director's remuneration	562	412

The amount of the accrued pension of the highest paid director in the financial year ended 31 March 2002 was £7,965 p.a. For the financial year ended 31 March 2001, the amount of the accrued pension of the highest paid director at the date of leaving the company was £13,641 p.a.

Included in aggregate emoluments is an amount of £888,612 (2001 - £755,463), which represents the total payment expected to be made to the trustee of the Vodafone Group Employee Trust for the provisional award of Initial Shares under the terms of the Vodafone Group Short Term Incentive Plan for the 2001/2002 financial year. Further details regarding the incentive plan are set out in the Annual Report & Accounts of Vodafone Group Plc.

Six (2001 - two) directors had shares receivable under the Vodafone Group Long Term Incentive Plan.

5 Net interest payable

	2002 £m	2001 £m
Interest receivable and similar income:		
Group	0.4	0.1
Other	9.4	2.7
	9.8	2.8
Interest payable and similar charges:		
Group	(150.6)	(53.8)
Bank overdrafts and other loans	(2.7)	(5.5)
Finance charges and interest on convertible loan stock	(321.9)	(193.6)
	(475.2)	(252.9)
	(465.4)	(250.1)

6 Tax on profit on ordinary activities

	2002 £m	2001 Restated £m
UK corporation tax at 30% (2001 30%)	103.2	154.0
Prior year adjustment for under provision	17.3	0.5
Total current tax	120.5	154.5
Deferred tax: origination and reversal of timing differences	(4.5)	24.8
	116.0	179.3

The adoption of FRS 19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for the deferred tax charge on profit for ordinary activities for 2001 has been restated from the previously reported amount of £1.2m to £24.8m. The impact of adopting FRS 19 on the 2001 results is an increase in the tax charge of £23.6m and a reduction in the reported profit by that amount, plus a reduction in net assets of £151.3m at 31 March 2001.

6 Tax on profit on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current and previous year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation:

	2002 £m	2001 £m
Profit on ordinary activities before tax	285.5	549.1
Tax on profit on ordinary activities before tax at standard rate of 30%	85.7	164.7
Factors affecting tax charge for the year:		
Accelerated capital allowances	(26.4)	(31.5)
Tax losses brought forward utilised	(2.2)	-
Pension contributions in excess of charge	(6.4)	(1.2)
Goodwill amortisation	47.4	13.3
Other permanent differences	2.4	0.8
Other short term timing differences	2.6	7.8
Adjustments to tax charge in respect of previous periods	17.3	0.5
Other items	0.1	0.1
Current tax charge for the year	120.5	154.5

The elements of deferred taxation are shown in note 14 to the accounts.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

7 Intangible fixed assets

	Goodwill £m	Licence Fees £m	Total £m
Cost			
At 1 April 2001	617.0	5,964.0	6,581.0
Additions	228.7	-	228.7
At 31 March 2002	845.7	5,964.0	6,809.7
Amortisation			
At 1 April 2001	(44.2)	-	(44.2)
Charge for the year	(158.1)	-	(158.1)
At 31 March 2002	(202.3)	-	(202.3)
Net book value			
At 31 March 2002	643.4	5,964.0	6,607.4
At 31 March 2001	572.8	5,964.0	6,536.8

In accordance with FRS 10 a first year impairment review has been undertaken with regard to the goodwill arising on the acquisition of the trade, assets and liabilities of several other Group companies in the financial year ending 31st March 2001, as set out in the Report of the Directors. No impairment was found.

A first year impairment review was also undertaken with regard to the acquisition of the 3G licence in April 2000. The valuation was based on the 10 Year Long Range Business Plan. This assumes a long term growth in cashflows greater than the projected growth in Gross Domestic Product (GDP) throughout the period covered by the Long Range Business Plan. The directors believe that this is appropriate given the nature of the growth opportunities and the market within which the Company operates.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

8 Tangible fixed assets

	Freehold and Lease hold Premises £m	Plant and Machinery £m	Furniture Fittings and Motor Vehicles £m	Network Infra - structure £m	Total £m
Cost					
1 April 2001	43.6	644.6	199.5	2,355.9	3,243.6
Additions	10.1	158.1	31.8	371.8	571.8
Acquisitions	0.7	44.8	0.1	-	45.6
Transfer from Group Companies	-	34.3	1.0	-	35.3
Disposals	(24.5)	(3.3)	(1.1)	(371.0)	(399.9)
Reclassifications	20.6	(91.7)	(20.3)	91.4	-
At 31 March 2002	50.5	786.8	211.0	2,448.1	3,496.4
Accumulated depreciation					
1 April 2001	11.2	315.4	65.2	862.7	1,254.5
Charge for the year	4.2	133.1	18.2	187.4	342.9
Acquisitions	0.3	25.5	0.1	-	25.9
Transfer from Group Companies	0.1	2.5	0.2	-	2.8
Disposals	(19.5)	(2.1)	(0.7)	(365.8)	(388.1)
Reclassifications	19.0	(67.6)	(9.3)	57.9	-
At 31 March 2002	15.3	406.8	73.7	742.2	1,238.0
Net book value					
At 31 March 2002	35.2	380.0	137.3	1,705.9	2,258.4
At 31 March 2001	32.4	329.2	134.3	1,493.2	1,989.1

On the 1 April 2001, the tangible fixed assets of Vodafone UK Limited, with total net book value of £25.4m, were brought under the supervision and control of Vodafone Limited.

Following a review of the nature of the fixed assets held by the Company, certain assets have been reclassified to more appropriately reflect their use.

8 Tangible fixed assets (continued)

Network Infrastructure comprises:

	Freehold Premises £m	Short-term Leasehold Premises £m	Plant and Machinery £m	Total £m
At 31 March 2002				
Cost	16.8	455.3	1,976.0	2,448.1
Accumulated depreciation	(2.8)	(79.4)	(660.0)	(742.2)
Net Book Value	14.0	375.9	1,316.0	1,705.9
At 31 March 2001				
Net book value	16.3	348.2	1,128.7	1,493.2

9 Investments

Investment in parent company shares	£m
Balance at 1 April 2001	1.8
Transfer from Vodafone UK Limited	0.1
Acquisitions	0.1
Amortised in profit and loss account	(1.5)
Balance at 31 March 2002	0.5

The Vodafone Group operates a Qualifying Employee Share Ownership Trust, The Vodafone Group Plc Qualifying Employee Ownership Trust, which may acquire shares from Vodafone Group Plc for later distribution to employees in accordance with the terms of the Vodafone Group Savings Related Share Option Scheme. The investment in parent company shares represents the unamortised costs of contributions made to the Trust by the company. At 31 March 2002 the Trust held 2,025,889 shares in Vodafone Group Plc to satisfy options held by the company's employees and these shares had a market value of £2.6m at that date. The dividend rights in respect of these shares have been waived.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

10 Stocks

	2002 £m	2001 £m
Raw materials and consumables	-	1.9
Finished goods and goods for resale	12.5	33.8
	12.5	35.7

11 Debtors

	2002 £m	2001 £m
Due within one year:		
Trade debtors	405.4	352.6
Amounts owed by group undertakings	160.8	332.6
Amounts owed by associated undertakings of Vodafone Group Plc	9.3	36.9
Other debtors	59.3	88.5
Prepayments and accrued income	194.7	218.7
	829.5	1,029.3
Due after more than one year:		
Pension prepayment (see note 19)	40.4	13.3
	869.9	1,042.6

12 Creditors: amounts falling due within one year

	2002 £m	2001 £m
Trade creditors	136.7	166.1
Amounts owed to group undertakings	2,374.1	2,244.4
Amounts owed to associated undertakings of Vodafone Group Plc	2.7	3.8
Taxation and social security costs	148.4	137.0
Other creditors	6.4	7.7
Accruals and deferred income	612.3	600.4
	3,280.6	3,159.4

13 Convertible loan stock

On 1 September 2000, the company issued convertible loan stock to another group company with a nominal value of £6,285 million at a discount of 6.72% to fund the company's expenditure on the 3G licence. The unsecured loan stock was convertible at the option of the holder on either 30 November 2001 or 31 December 2021 into 62,850,000 fixed rate non redeemable cumulative preference shares of £100. The holder did not exercise the option to convert on 30 November 2001. Therefore the loan stock will be redeemed at par on 31 December 2021, together with accrued interest thereon. The loan stock bears interest from 30 November 2001 at LIBOR plus 0.21% per annum. Included in current liabilities is accrued interest of £92.7m

14 Provisions for liabilities and charges

Deferred Taxation

The elements of deferred taxation are as follows:	2002 £m	2001 Restated £m
Accelerated capital allowances	151.7	153.1
Other timing differences	4.4	4.7
	156.1	157.8

Deferred tax assets and liabilities have not been discounted.

The movements in the deferred taxation balances were as follows:

	2002 £m	2001 Restated £m
Liability at beginning of period	157.8	130.0
Amount (credited)/charged to profit and loss account	(4.5)	24.8
Transfers in	2.8	3.0
Liability at end of period	156.1	157.8

14 Provisions for liabilities and charges (continued)

The current rate of UK corporation tax of 30% has been used to calculate the amount of deferred taxation.

The adoption of FRS 19 Deferred Taxation has required changes in the method of accounting for deferred tax assets and liabilities. As a result of these changes in accounting policy the comparatives have been restated as follows:

	Provisions for liabilties and charges	Profit and loss account reserve	Shareholders funds
	£m	£m	£m
2001 as previously reported	6.5	393.4	393.4
Adoption of FRS 19 at 1 April 2000	127.7	(127.7)	(127.7)
During year ended 31 March 2001	23.6	(23.6)	(23.6)
Adoption of FRS 19 at 31 March 2001	151.3	(151.3)	(151.3)
2001 restated	157.8	242.1	242.1

15 Called up share capital

	2002	2001
	£	£
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
99,999,990 9.25% cumulative non redeemable fixed rate preference shares of £100 each	9,999,999,000	9,999,999,000
	10,000,000,000	10,000,000,000
Allotted and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

16 Reserves

	2002 £m
Profit and loss account	
Balance at 1 April 2001 (as restated)	242.1
Retained profit for the year	169.5
Balance at 31 March 2002	411.6

17 Capital commitments

	2002 £m	2001 £m
Contracted for but not provided	53.6	202.3

18 Operating leases

Commitments to non-cancellable operating lease payments within one year are as follows:

	2002 Land and Buildings £m	2002 Other Assets £m	2001 Land and Buildings £m	2001 Other Assets £m
In respect of leases expiring:				
Within one year	2.6	51.1	1.4	132.4
Between two to five years	9.9	63.2	13.2	19.4
After five years	69.0	40.2	43.8	23.2

19 Pensions

Vodafone Group Plc, the ultimate parent company of Vodafone Limited, operates one pension scheme for the benefit of the employees of its subsidiary companies in the United Kingdom. The scheme is a funded defined benefit schemes, the assets of which are held in separate trustee administered funds.

The scheme is subject to triennial valuations by independent actuaries. The last formal valuation was carried out as at 1 April 2001 using the projected unit credit method of valuation in which allowance is made for projected earnings growth.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

19 Pensions (continued)

The results of the actuarial valuations of the schemes are disclosed in the financial statements of Vodafone Group Plc.

The pension cost for the company based on group costs amounted to £16.7m (2001 - £10.2m). A prepayment of £40.4m (2001 - £13.3m) is included in debtors due after more than one year.

As a result of the introduction of FRS 17 - Retirement Benefits, the actuarial valuation has been updated to 31 March 2002 by a qualified, independent actuary. The aggregate net pension scheme shortfall over the funded pension scheme's assets for the UK scheme, at 31 March 2002, was £50m. Since more than one employer participates in the UK pension arrangement, the Company is unable to identify its share of this shortfall.

Full details of the updated actuarial valuation of the UK scheme is disclosed in the Annual Report of Vodafone Group Plc.

20 Related party transactions

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

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

21 Acquisitions

On 31 March 2002 Vodafone Limited acquired the business, together with the customer base and related assets and liabilities of Vodafone Corporate Limited.

	Vodafone Corporate Limited
Book value and fair value of assets and liabilities acquired:	£m
Tangible fixed assets	19.7
Investments	0.1
Debtors	78.1
Cash	221.7
Creditors and provisions	(285.3)
Loans payable	(233.2)
Net liabilities acquired	(198.9)
Goodwill	198.9
Consideration	-

Nominal consideration of £1 was paid.

On the 9 November 2001, the Company acquired the business, together with the customer base and related assets and liabilities of Mobile Telecom Plc for a consideration of £29.3m. The net assets acquired amounted to £2.6m resulting in goodwill of £26.7m.

22 Ultimate parent company

The immediate parent company of Vodafone Limited is Crickhollow Limited, a company incorporated in England. The ultimate parent company and controlling entity of Vodafone Limited and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, a company incorporated in England. As a wholly owned indirect subsidiary of a company registered in England, for which Group accounts are prepared, Crickhollow Limited has taken advantage of Section 228 of the Companies Act 1985 and has not prepared consolidated accounts.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2002 may be obtained from The Company Secretary, Vodafone Group Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire, RG14 1JX, England.