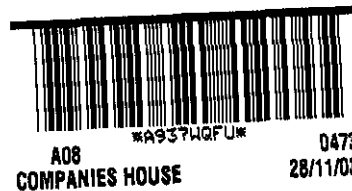


Registered No:
1471587

VODAFONE LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2003



VODAFONE LIMITED

REPORT OF THE DIRECTORS

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

Principal activity and review of business

The principal activity of the Company continues to be the provision of telecommunications services through its cellular radio network.

The business of Vodafone Group Plc (Group) in the UK (Vodafone UK), of which Vodafone Limited forms the greater part, continued to perform well, strengthening its contract customer base, launching innovative new products and increasing Average Revenue Per User (ARPU).

Overall ARPU grew by 6%, from £276 to £292, primarily due to a favourable combination of the improved mix of the customer base, the focus on high value customers and through stimulation of usage. Contract ARPU fell from £555 to £532 in the year; however, this is demonstrating signs of stabilising, having fallen only £4 since 30 September 2002. Prepaid ARPU increased to £125 at 31 March 2003 from £118 at 31 March 2002.

In the latest announcement by Oftel, published during April 2003, Vodafone UK maintained its lead in revenue market share for outbound calls, with a lead of 7 percentage points over its nearest competitor. Data as a percentage of service revenue grew by 2.6 percentage points from 11.8% to 14.4%. Vodafone UK anticipates continued improvement in the 2004 financial year as the full benefits from propositions such as Vodafone live! are increasingly realised.

Attracting and retaining contract customers has continued to be a key objective in the past year as part of the realignment of commercial policies to focus on high value customers. At 31 March 2003, Vodafone UK had 13,300,000 registered customers, an increase of 114,000 since 31 March 2002, of which contract customers represented 41%, having grown by 9% in the year. In the same period contract churn fell from 26.2% to 23.1%. Prepaid churn increased to 34.5%.

According to information contained in the latest Oftel report, at 31 December 2002, Vodafone UK's contract base exceeded that of its nearest competitor by 21%.

Vodafone UK participated in the Group's launch of Vodafone live! in October 2002 and, by the end of March 2003, 240,000 Vodafone live! handsets had been activated, with 413,000 MMS capable handsets activated in total.

Customer activity levels were also improved in the year, with total active customers increasing to 91%, compared with 89% at 31 March 2002. Contract customer activity reduced to 95% and prepaid customer activity improved 4 percentage points to 88%.

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Principal activity and review of business (continued)

The average cost to connect for contract customers was £117, slightly up compared with the £116 as reported for the prior year. The average cost to connect for prepaid customers fell from £26 to £10 for the year to 31 March 2003, reflecting continued efforts to reduce subsidies.

Vodafone UK continues to be recognised in Oftel surveys as the leading UK network, with a call success rate of 98.3% as a result of continued investment to improve its network.

The financial statements of Vodafone Limited for the year ended 31 March 2003 include the trading of the Vodafone Corporate business, acquired on 31 March 2002.

Results and dividends

The profit and loss account is set out on page 10 of the financial statements. For the year ended 31 March 2003, there was a profit on ordinary activities after taxation of £336.7m (2002 - £169.5m).

The directors do not recommend the payment of a dividend (2002 - £nil).

Fixed assets

The movements in fixed assets are set out in notes 8 to 10.

Research and development

Vodafone Global Products and Services Limited now undertakes a significant proportion of the development programme formerly undertaken by Vodafone Limited.

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors

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

Sir Christopher Gent
Mr P R Bamford
Ms P A Best
Mr S Brewer
Mr G J Darby
Mr T J Harrabin
Ms H M Keays
Mr J N May
Mr K R McGeorge
Mr M D Newens
Mr I C Robino
Mr J B Smith

Changes in directors during the year and since the year end were as follows:

	Date of appointment	Date of resignation
Mr I Gray		1st April 2002
Mr A N Halford		1st April 2002
Mr E Langston	1st April 2002	
Mr N Brocklehurst	1st June 2002	
Mr C S Burke	1st June 2002	
Ms G M Wilson		1st June 2002
Mr L H L Batchelor	29th July 2002	
Mr N J Read	14th October 2002	

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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 2003 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 Vodafone Group Plc Annual Report and Accounts for the year ended 31 March 2003.

	Ordinary Shares		Ordinary Share Options			
	31 March 2003	1 April 2002 or later date of appointment	(Note 1) 31 March 2003	(Note 1) 1 April 2002 or later date of appointment	(Note 2) 31 March 2003	(Note 2) 1 April 2002 or later date of appointment
Mr L H L Batchelor	1,623	0	0	0	360,655	0
Ms P A Best	55,682	51,717	4,286	4,286	828,911	567,800
Mr S Brewer	98,901	2,718	0	0	594,422	288,200
Mr N Brocklehurst	37,886	26,054	13,395	13,395	562,222	340,000
Mr C S Burke	22,406	22,338	13,395	0	594,288	278,400
Mr G J Darby	28,473	24,988	10,456	10,456	1,264,144	789,700
Mr T J Harrabin	190,551	61,709	23,336	13,287	571,111	465,000
Ms H M Keays	37,076	33,234	13,395	7,627	547,311	336,200
Mr E Langston	132,581	112,950	23,336	13,287	932,044	625,600
Mr J N May	21,129	14,583	23,336	7,627	462,855	243,300
Mr K R McGeorge	75,949	84,290	13,395	7,627	1,175,766	939,100
Mr M D Newens	17,303	13,500	7,627	7,627	341,155	185,600
Mr N J Read	0	0	0	0	409,836	0
Mr I C Robino	0	0	0	0	398,811	264,700
Mr J B Smith	254,596	233,752	9,934	18,951	990,611	923,500

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares of Vodafone Group Plc (continued)

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

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 Vodafone Group Long Term Incentive Plan ("LTIP") and the Vodafone Group Short Term Incentive Plan ("STIP"):

	LTIP		STIP	
	31 March 2003	1 April 2002 or later date of appointment	31 March 2003	1 April 2002 or later date of appointment
Ms P A Best	258,190	89,926	0	0
Mr S Brewer	307,923	89,008	67,457	0
Mr C S Burke	301,902	83,074	0	0
Mr G J Darby	510,140	179,852	193,460	0
Mr T J Harrabin	251,394	87,559	0	0
Mr E Langston	329,845	114,537	96,944	113,536
Mr J N May	156,016	0	77,730	30,087
Mr M D Newens	0	0	45,872	13,850
Mr I C Robino	0	0	10,166	10,019
Mr J B Smith	0	0	76,228	48,885

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares of Vodafone Group Plc (continued)

Details of these schemes 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 2003.

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.

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.

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 21 at 31 March 2003 (2002 - 24).

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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 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 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 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.

Auditors

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

Registered office

The registered office of the Company is at Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

By Order of the Board



S R Scott
Secretary

23 May 2003

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE LIMITED

We have audited the financial statements of Vodafone Limited for the year ended 31 March 2003 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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

INDEPENDENT AUDITORS' REPORT

to the members of

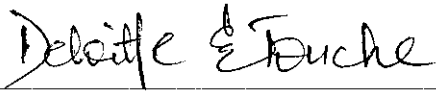
VODAFONE LIMITED (CONTINUED)

Basis of audit opinion (continued)

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 as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

27 May 2003

VODAFONE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £m	2002 £m
Turnover - continuing operations	2	3,949.3	3,596.3
Operating profit - continuing operations	3	884.4	750.9
Net interest payable	6	(347.7)	(465.4)
Profit on ordinary activities before taxation		<u>536.7</u>	<u>285.5</u>
Tax on profit on ordinary activities	7	(200.0)	(116.0)
Profit on ordinary activities after taxation and retained profit for the year	17	<u><u>336.7</u></u>	<u><u>169.5</u></u>

VODAFONE LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£m	£m
Profit for the financial year	336.7	169.5
Prior period adjustment	-	(151.3)
Total recognised gains and losses since the last annual report	<u>336.7</u>	<u>18.2</u>


VODAFONE LIMITED

BALANCE SHEET

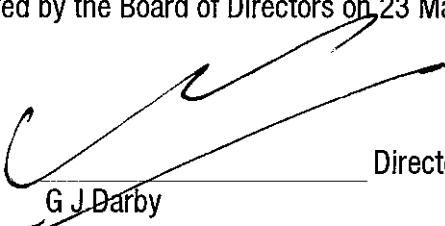
AT 31 MARCH 2003

	Notes	2003 £m	2002 £m
Fixed assets			
Intangible assets	8	6,415.7	6,607.4
Tangible assets	9	2,264.9	2,258.4
Investments	10	6.9	0.5
		<u>8,687.5</u>	<u>8,866.3</u>
Current assets			
Stocks	11	21.5	12.5
Debtors	12	1,178.9	869.9
Cash at bank and in hand		29.1	384.6
		<u>1,229.5</u>	<u>1,267.0</u>
Creditors: amounts falling due within one year	13	(2,720.9)	(3,280.6)
NET CURRENT LIABILITIES		<u>(1,491.4)</u>	<u>(2,013.6)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,196.1	6,852.7
Convertible loan stock	14	(6,285.0)	(6,285.0)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(162.8)	(156.1)
NET ASSETS		<u>748.3</u>	<u>411.6</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Profit and loss account	17	748.3	411.6
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>748.3</u>	<u>411.6</u>

The financial statements on pages 10 to 30 were approved by the Board of Directors on 23 May 2003, and were signed on its behalf by:


N J Read

Director


G J Darby

Director

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

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.

The financial statements have been prepared on the going concern basis. The directors of the company confirm that the preparation of the financial statements on a going concern basis is appropriate on the grounds that the ultimate controlling party, Vodafone Group Plc, has confirmed its current intention to provide the company with the financial support it needs to enable it to meet its liabilities as they fall due during the twelve months following the date of the signing of these financial statements.

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 on 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.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies (continued)

Goodwill

Goodwill is calculated as the surplus of cost over fair value attributed to the trade of the businesses 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.

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	50 years
Leasehold premises (excluding shops)	the term of the lease - limited to 50 years
Leasehold premises - shops	5 years
Plant and machinery (including computers and software)	3 -7 years
Furniture and fittings (including shop fittings)	5-10 years
Motor vehicles	4 years
Network infrastructure	5-20 years

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies (continued)

Stocks

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

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

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.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies (continued)

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.

2 Turnover	2003 £m	2002 £m
Supply of telecommunication products and services:		
United Kingdom	3,852.8	3,506.5
Continental Europe	71.5	66.7
Other	25.0	23.1
	<u>3,949.3</u>	<u>3,596.3</u>
3 Operating profit	2003 £m	2002 £m
Turnover	3,949.3	3,596.3
Cost of Sales	2,074.1	1,998.3
Gross Profit	<u>1,875.2</u>	<u>1,598.0</u>
Selling and distribution costs	227.0	190.1
Administrative expenses	763.8	657.0
	<u>990.8</u>	<u>847.1</u>
Operating profit	<u>884.4</u>	<u>750.9</u>

Included within Administrative expenses are £3.4m of research and development costs (2002 - £34.0m).

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

3 Operating profit (continued)

Operating profit has been arrived at after charging:	2003 £m	2002 £m
Depreciation of owned tangible fixed assets	415.0	342.9
Profit on disposal of tangible fixed assets	(1.2)	(1.9)
Payments under operating leases:		
Land and buildings	78.5	76.4
Plant and machinery	2.1	1.3
Other assets	148.5	197.7
Auditors' remuneration:		
Audit work	0.3	0.3
Other fees	0.4	0.1
Amortisation of goodwill	197.8	158.1

In addition to the other fees paid to auditors above £1.0m was paid and capitalised during the year (2002 - £14.5m).

4 Employees

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

	2003 Number	2002 Number
Development	-	545
Selling and distribution	2,072	1,968
Administrative	6,919	5,723
	8,991	8,236

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

	2003 £m	2002 £m
Wages and salaries	301.9	242.5
Social security costs	23.5	20.7
Other pension costs	17.4	16.7
	342.8	279.9

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

5 Directors	2003 £'000	2002 £'000
Emoluments	<u>5,719</u>	<u>5,581</u>
Defined contribution pension payments	<u>373</u>	<u>286</u>

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 and Accounts of Vodafone Group Plc. The emoluments of Ms G M Wilson are disclosed in the Annual Report and Accounts of Vodafone Content Services Limited. It is not considered practical to allocate their remuneration between the Group companies of which they are directors.

	2003 Number	2002 Number
Number of directors in the year who:		
were members of a defined benefit pension scheme	20	24
were members of a defined contribution pension scheme	12	8
exercised share options (including the highest paid director)	<u>2</u>	<u>5</u>
	2003 £'000	2002 £'000
Highest paid director's remuneration	<u>765</u>	<u>562</u>

The amount of the accrued pension of the highest paid director in the financial year ended 31 March 2003 was £34,305 p.a, (2002 - £7,965 p.a.).

Included in aggregate emoluments is an amount of £1,636,134 (2002 - £888,612), 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 year ended 31 March 2003. Further details regarding the incentive plan are set out in the Annual Report and Accounts of Vodafone Group Plc.

Seven (2002 - Six) directors had shares receivable under the Vodafone Group Long Term Incentive Plan.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

6 Net interest payable	2003	2002
	£m	£m
Interest receivable and similar income:		
Group	0.9	0.4
Other	33.6	9.4
	<u>34.5</u>	<u>9.8</u>
Interest payable and similar charges:		
Group	(103.3)	(150.6)
Bank overdrafts and other loans	-	(2.7)
Finance charges and interest on convertible loan stock	(278.9)	(321.9)
	<u>(382.2)</u>	<u>(475.2)</u>
	<u>(347.7)</u>	<u>(465.4)</u>
7 Tax on profit on ordinary activities	2003	2002
	£m	£m
UK corporation tax at 30% (2002 - 30%)	208.3	103.2
Prior year adjustment for (over)/under provision	(15.0)	17.3
Total current tax	<u>193.3</u>	<u>120.5</u>
Deferred tax: origination and reversal of timing differences	6.7	(4.5)
	<u>200.0</u>	<u>116.0</u>

The elements of deferred taxation are shown in note 15 to the accounts.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

7 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:

	2003 £m	2002 £m
Profit on ordinary activities before tax	<u>536.7</u>	<u>285.5</u>
Tax on profit on ordinary activities before tax at standard rate of 30%	161.0	85.7
Factors affecting tax charge for the year:		
Accelerated capital allowances	0.1	(26.4)
Tax losses brought forward utilised	(1.8)	(2.2)
Pension contributions in excess of charge	(8.3)	(6.4)
Goodwill amortisation	59.3	47.4
Other permanent differences	2.8	2.4
Other short term timing differences	2.2	2.6
Adjustments to tax charge in respect of previous periods	(15.0)	17.3
Other items	-	0.1
Group relief not paid for	(7.0)	-
Current tax charge for the year	<u><u>193.3</u></u>	<u><u>120.5</u></u>

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

8 Intangible fixed assets

	Goodwill £m	Licence Fees £m	Total £m
Cost			
At 1 April 2002	845.7	5,964.0	6,809.7
Additions	6.1	-	6.1
At 31 March 2003	<u>851.8</u>	<u>5,964.0</u>	<u>6,815.8</u>
Amortisation			
At 1 April 2002	(202.3)	-	(202.3)
Charge for the year	(197.8)	-	(197.8)
At 31 March 2003	<u>(400.1)</u>	<u>-</u>	<u>(400.1)</u>
Net book value			
At 31 March 2003	<u>451.7</u>	<u>5,964.0</u>	<u>6,415.7</u>
At 31 March 2002	<u>643.4</u>	<u>5,964.0</u>	<u>6,607.4</u>

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 Vodafone Corporate Limited and Mobile Telecom Plc in the financial year ended 31st March 2002. No impairment was identified.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

9 Tangible fixed assets

	Freehold and Lease hold Premises £m	Plant Machinery and Motor Vehicles £m	Furniture and Fittings £m	Network Infra - structure £m	Total £m
Cost					
1 April 2002	50.5	786.8	211.0	2,448.1	3,496.4
Additions	-	170.9	16.9	241.4	429.2
Transfer from Group Companies	-	0.1	0.6	-	0.7
Disposals	(2.1)	(14.0)	(0.8)	(37.6)	(54.5)
Transfer to Group Companies	-	(0.8)	-	-	(0.8)
At 31 March 2003	48.4	943.0	227.7	2,651.9	3,871.0
Accumulated depreciation					
1 April 2002	15.3	406.8	73.7	742.2	1,238.0
Charge for the year	3.4	144.5	19.9	247.2	415.0
Transfer from Group Companies	-	-	0.3	-	0.3
Disposals	(0.7)	(10.8)	(0.4)	(35.3)	(47.2)
Transfer to Group Companies	-	-	-	-	-
At 31 March 2003	18.0	540.5	93.5	954.1	1,606.1
Net book value					
At 31 March 2003	30.4	402.5	134.2	1,697.8	2,264.9
At 31 March 2002	35.2	380.0	137.3	1,705.9	2,258.4

Included in Freehold and Leasehold Premises is £4.8m of Land. This is not depreciated.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

9 Tangible fixed assets (continued)

Network Infrastructure comprises:

	Freehold Premises	Short-term Leasehold Premises	Plant and Machinery	Total
	£m	£m	£m	£m
At 31 March 2003				
Cost	16.6	517.5	2,117.8	2,651.9
Accumulated depreciation	(3.0)	(86.5)	(864.6)	(954.1)
Net book value	<u>13.6</u>	<u>431.0</u>	<u>1,253.2</u>	<u>1,697.8</u>
At 31 March 2002				
Net book value	<u>14.0</u>	<u>375.9</u>	<u>1,316.0</u>	<u>1,705.9</u>

Included in Freehold Premises is £8.4m of Land. This is not depreciated.

10 Investments

Investment in parent company shares	£m
Balance at 1 April 2002	0.5
Amortised in profit and loss account	(0.5)
Contribution in the year	6.9
Balance at 31 March 2003	<u>6.9</u>

At 31 March 2003 the Company had an interest in a total of 7,007,116 shares in Vodafone Group Plc held under trust. These shares had a market value of £7,918,042.

The Group operates the Vodafone Group Plc Qualifying Employee Share Ownership Trust, which acquired shares from Vodafone Group Plc for later distribution to employees in accordance with the terms of the Vodafone Group Plc 1988 Savings Related Share Option Scheme. The cost of contributions made by the Company to the Vodafone Group Plc Qualifying Employee Share Ownership Trust have been fully amortised during the year, since all outstanding options due to the Company's employees under this scheme have expired.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

10 Investments (continued)

At 31 March 2003 the Company had a residual interest in 2,026,606 shares in Vodafone Group Plc held by the Trust and these shares had a market value of £2,290,065. The dividend rights in respect of these shares have been waived.

During the year the Company made a contribution of £6,839,216 to the Vodafone Group Employee Trust to fund the purchase of Vodafone Group Plc shares, which will be used to satisfy conditional share awards made to the Company's directors under the Vodafone Group Long Term Incentive Plan and Vodafone Group Short Term Incentive Plan. At 31 March 2003 the Company had an interest in 4,980,510 shares held by the Vodafone Group Employee Trust with a market value of £5,627,977.

11 Stocks

	2003 £m	2002 £m
Finished goods and goods for resale	<u>21.5</u>	<u>12.5</u>

12 Debtors

	2003 £m	2002 £m
Due within one year:		
Trade debtors	375.8	405.4
Amounts owed by group undertakings	356.8	160.8
Amounts owed by associated undertakings of Vodafone Group Plc	1.3	9.3
Other debtors	35.7	59.3
Prepayments and accrued income	302.8	194.7
	<u>1,072.4</u>	<u>829.5</u>
Due after more than one year:		
Pension prepayment (see note 20)	106.5	40.4
	<u>1,178.9</u>	<u>869.9</u>

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

13 Creditors: amounts falling due within one year	2003	2002
	£m	£m
Trade creditors	131.3	136.7
Amounts owed to group undertakings	1,628.7	2,374.1
Amounts owed to associated undertakings of Vodafone Group Plc	4.7	2.7
Taxation and social security costs	266.4	148.4
Other creditors	4.6	6.4
Accruals and deferred income	685.2	612.3
	<u>2,720.9</u>	<u>3,280.6</u>

14 Convertible loan stock

The unsecured loan stock is convertible at the option of the holder on 31 December 2021 into 62,850,000 fixed rate non-redeemable cumulative preference shares of £100. Unless converted, the loan stock will be redeemed at par on 31 December 2021. The loan stock bears interest at LIBOR plus 0.21% per annum.

15 Provisions for liabilities and charges

Deferred Taxation	2003	2002
	£m	£m
The elements of deferred taxation are as follows:		
Accelerated capital allowances	153.8	151.7
Other timing differences	9.0	4.4
	<u>162.8</u>	<u>156.1</u>

Deferred tax assets and liabilities have not been discounted.

The movements in the deferred taxation balances were as follows:

	2003	2002
	£m	£m
Liability at beginning of year	156.1	157.8
Amount charged/(credited) to profit and loss account	6.7	(4.5)
Transfers in	-	2.8
Liability at end of year	<u>162.8</u>	<u>156.1</u>

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

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

16 Called up share capital	2003 £	2002 £
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	<u>9,999,999,000</u> <u>10,000,000,000</u>	<u>9,999,999,000</u> <u>10,000,000,000</u>
Alotted and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
17 Reserves		2003 £m
Profit and loss account		
Balance at 1 April 2002		411.6
Retained profit for the year		336.7
Balance at 31 March 2003		<u>748.3</u>
18 Capital commitments	2003 £m	2002 £m
Contracted for but not provided	<u>39.9</u>	<u>53.6</u>
19 Operating leases		

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

	2003	2003	2002	2002
	Land and Buildings £m	Other Assets £m	Land and Buildings £m	Other Assets £m
In respect of leases expiring:				
Within one year	1.5	21.0	2.6	51.1
Between two to five years	13.6	90.9	9.9	63.2
After five years	<u>78.7</u>	<u>-</u>	<u>69.0</u>	<u>40.2</u>

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

20 Pensions

The majority of the UK employees of the Company are members of the Vodafone Group Pension Scheme (the "Main Scheme"), operated by Vodafone Group Plc, the ultimate parent company of Vodafone Limited. This is a tax approved scheme, the assets of which are held in a separate trustee-administered fund. In addition there is an internally funded unapproved defined benefit plan in place for a small number of senior executives. Vodafone Group Plc also operates a funded unapproved defined contribution scheme for certain senior executives.

The Main Scheme is subject to quarterly funding updates by independent actuaries and to formal actuarial valuations at least every three years. The most recent formal valuation of this scheme was carried out as at 31 March 2001 using market based principles and the projected unit funding method of valuation including allowance for projected earnings growth. The principal actuarial assumptions used in valuing the scheme liabilities are set out in "Disclosures required under SSAP 24" below.

At 31 March 2001, the market value of the Main Scheme of £177m was sufficient to cover 84% of the benefits accrued to members. Against the shortfall at 31 March 2001 the UK companies have already made special lump sum contributions totalling £94m, including a £72m contribution during year ended 31 March 2003. In addition, the UK companies continue to make contributions significantly in excess of the cost of the benefits being earned each year. Using consistent assumptions to those outlined above the updated funding level as at 31 March 2003 has been estimated as 92%.

As a result of the acceleration of payments a net prepayment of £106.5m (2002 - £40.4m) is included in debtors due after more than one year in the financial statements of Vodafone Limited. This represents the excess of the amounts funded over accumulated pension costs.

Disclosures required under SSAP 24

The pension cost for the company amounted to £17.4m (2002 - £16.7m).

On the following page is a summary of the principal assumptions used in both the most recent valuations and the pension cost:

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

20 Pensions (continued)

	At 31 March 2003
Rate of inflation	2.50%
Rate of increase in salaries	4.50%
Rate of increase in pensions payment	2.50%
Rate of increase in deferred pensions	2.50%
Rate used to discount liabilities – pre-retirement	7.00%
Rate used to discount liabilities – post-retirement	6.00%

Disclosures required under FRS 17

The following disclosures are made in accordance with the transitional arrangements detailed in FRS 17.

The Vodafone Group Pension Scheme is a multi-employer scheme whereby UK-based Vodafone Group companies' contributions are affected by a surplus or deficit in the scheme. It is not possible for Vodafone Limited to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly under FRS 17, the company would account for contributions to the scheme as if it were a defined contribution scheme. The funding policy for the UK scheme is reviewed on a systematic basis in consultation with the independent scheme actuary in order to ensure that the funding contributions from sponsoring employers are appropriate to meet the liabilities of the scheme over the long term. In respect of the UK pension arrangements, the shortfall in assets represents approximately 31% (2002: 24%) of the pension liabilities as derived using assumptions adopted for the purposes of FRS 17. The performance of investment markets around the world over the last three years has been a major contributor to this shortfall.

Normal contributions to the scheme for the period were £26.7m and a special contribution of £57.2m was made to the scheme. The average contribution rate for 2003 was 12% and this level of contribution is expected to continue.

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

20 Pensions (continued)

Information in respect of the scheme as a whole

A full actuarial valuation was carried out at 31 March 2001 and updated to 31 March 2002 and 2003 by a qualified independent actuary. The major assumptions used by the actuary for the update were:

	At 31 March 2003	At 31 March 2002	
Rate of increase in salaries	4.5%	4.5%	Per annum
Rate of increase in deferred pension	2.5%	2.5%	Per annum
Rate of increase in pensions in payment	2.5%	2.5%	Per annum
Discount rate	5.4%	6.0%	Per annum
Inflation assumption	2.5%	2.5%	Per annum

The assets in the Main Scheme and the expected rate of return were:

	Long-term rate of return expected at		Value at	
	31 March 2003	31 March 2002	31 March 2003	31 March 2002
			£m	£m
Equities	8.0%	8.0% Per annum	208	206
Bonds	5.5%	6.0% Per annum	56	23
Other	4.5%	6.0% Per annum	-	-
Total market value of assets			264	229
Present value of liabilities			(383)	(301)
Deficit in the Main Scheme before deferred tax			(119)	(72)

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2003

21 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.

22 Ultimate parent company

The immediate parent company of Vodafone Limited is Vodafone Mobile Network Limited, formerly known as 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, Vodafone Mobile Network Limited has taken advantage of Section 228 of the Companies Act 1985 and has not prepared consolidated accounts. Accordingly, these financial statements present information about the Company as an individual entity and not about its group.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2003 may be obtained from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.