

Registered No:
2227940

VODAFONE UK LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 March 2002



VODAFONE UK 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

The company's principal activity during the year continued to be that of a holding company to Vodafone Distribution Limited (formerly Talkland Telecommunications Limited), Vodafone Distribution (Holdings) Limited (formerly Vodafone Distribution Limited), Vodafone Paging (Holdings) Limited, Vodafone Multimedia Limited, Vodafone Central Services Limited, Vodafone UK Investments Limited, Vodafone Property Investments Limited and IES Telecom Limited.

On 29 August 2001 Vodafone UK Limited purchased from Vodafone Multimedia Limited 99 ordinary £1.00 shares and purchased from Vodafone Nominees Limited 1 ordinary £1.00 share in Vodafone Mobile Commerce Limited (formerly Vodafone Value Added and Data Services Limited) for consideration of £99 and £1 respectively. This was settled through inter company balances.

On 1 March 2002 Vodafone UK Limited purchased from Vodafone Worldwide Intermediate Holdings Limited 99,999 ordinary £1.00 shares and purchased from Vodafone Nominees Limited 1 ordinary £1.00 share in Vodafone Leasing Limited (formerly Vodafone Mexico Finance) for consideration of £99,999 and £1 respectively. This was settled through inter company balances.

On 31 March 2002 Vodafone UK Limited purchased from Vodafone Corporate Limited 2 ordinary £1.00 shares in Vodafone Hire Solutions Limited.

The company will continue to act as a holding company.

As part of the reorganisation of Vodafone UK Ltd activities, the service provided by the company to other UK operating companies was brought under the remit of Vodafone Limited. As part of this reorganisation, the tangible fixed assets of the company were brought under the supervision and control of Vodafone Limited from 1 April 2001. The total Net Book Value of these assets at 31 March 2001, as shown in Vodafone UK Limited's accounts, was £25,436,000.

The reorganisation also involved the transfer of debtor and creditor balances to Vodafone Limited that directly related to the reorganisation of services taken over by Vodafone Limited. Details of the debtor and creditor balances transferred to Vodafone Limited as at 1 April 2001 can be found in notes 13 and 14 respectively.

These assets and liabilities were transferred at their book value.

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

On 21 November 2001, Vodafone UK Limited sold the convertible loan stock issued by Vodafone Limited, to Crickhollow Limited for £6.5 billion. The profit on this sale was £224 million.

Results and dividends

The profit and loss account is set out on page 9 of the financial statements and shows a profit after taxation of £358 million (2001 - £27,023 million).

The directors declared and paid interim dividends totalling 462p per share during the year (2001 89p per share).

Fixed assets

The movements in fixed assets are set out in note 9.

Directors

The directors of the company, who served through out the year were as follows:

Mr P R Bamford
Ms P A Best
Mr G J Darby
Mr I Gray
Mr A N Halford
Mr T J Harrabin
Mr I C Robino

Changes in directors during the year were as follows:

	Date of appointment	Date of resignation
Mr I R Maxwell	1 May 2001	1 June 2002
Mr C S Burke	5 November 2001	
Mr J N May	5 November 2001	
Mr S Brewer	1 October 2001	
Ms H M Keays	1 March 2002	
Mr P M Donovan		1 October 2001
Mr D L Jones		1 October 2001
Lord MacLaurin of Knebworth		31 January 2002
Mr M C Pinches		31 January 2002

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Changes in directors after the year end were as follows:

	Date of appointment	Date of resignation
Mr A N Halford		1 April 2002
Mr E Langston	1 April 2002	
Mr D L Jones	1 June 2002	
Mr N Brocklehurst	1 June 2002	
Mr H A Kuropatwa	1 June 2002	
Mr L H L Batchelor	29 July 2002	
Mr N J Read	14 October 2002	

Auditors

A resolution proposing the reappointment of Deloitte and 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 Mr P R Bamford are disclosed in the Annual Report of Vodafone Group Plc.

	Ordinary Shares		Ordinary Share Options			
	31 March 2002	1 April 2001 or later date of appointment	(Note 1)		(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 C S Burke	21,182	17,724	0	0	0	0
Mr G J 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 J Harrabin	61,709	51,773	13,287	7,466	465,000	334,400
Ms H M Keays	33,234	32,264	7,627	7,627	336,200	336,200

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

	Ordinary Shares		Ordinary Share Options			
			(Note 1)		(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
Mr I R Maxwell	2,098,226	2,062,548	17,426	25,105	718,900	649,600
Mr J N May	14,583	11,027	7,627	7,627	243,300	243,300
Mr I C Robino	0	0	0	0	264,700	188,500

(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.

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's Long Term Incentive Plan ("LTIP") and Vodafone Group's 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 C S Burke	83,074	0	0	0
Mr G J 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 J Harrabin	87,559	0	0	0

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

	LTIP		STIP	
	31 March 2002	1 April 2001 or later date of appointment	31 March 2002	1 April 2001 or later date of appointment
Mr I R Maxwell	113,945	0	135,691	56,043
Mr J N May	0	0	30,087	29,939
Mr I C Robino	0	0	10,019	0

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 UK Limited or in the shares of any other Group Company in the current or preceding financial year, except as noted above.

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. As from 1 February 2001 trade creditors were paid by Vodafone Limited, accordingly trade creditor days are not presented.

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
Secretary

20 December 2002

VODAFONE UK 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 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 system of internal control 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 UK LIMITED

We have audited the financial statements of Vodafone UK Limited for the year ended 31 March 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes 1 to 20. 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.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 UK LIMITED

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 and Touche
Chartered Accountants and Registered Auditors
London

3 January 2003.

VODAFONE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 March 2002

	Notes	2002 £'000	2001 * Restated £'000
Turnover - continuing operations		-	20,464
Administration expenses		-	(20,012)
Write down of fixed asset investments	11	(85,668)	(588,768)
Operating profit - continuing operations		<u>(85,668)</u>	<u>(588,316)</u>
Profit on disposal of investments	4	223,729	27,400,000
Income from investments	5	-	15,042
Profit on ordinary activities before interest		<u>138,061</u>	<u>26,826,726</u>
Net interest receivable	6	272,959	195,145
Profit on ordinary activities before taxation		<u>411,020</u>	<u>27,021,871</u>
Tax (charge)/credit on profit on ordinary activities	7	(53,147)	835
Profit on ordinary activities after taxation		<u>357,873</u>	<u>27,022,706</u>
Equity dividends	8	(7,200,000)	(1,388,000)
Retained (loss)/profit for the financial year	18	<u><u>(6,842,127)</u></u>	<u><u>25,634,706</u></u>

*

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

VODAFONE UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
		* Restated
	£'000	£'000
Profit for the financial year	357,873	27,022,706
Prior period adjustment (see note 16)	(448)	-
Total recognised gains and losses since the last annual report	<u>357,425</u>	<u>27,022,706</u>

*

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 UK LIMITED

BALANCE SHEET

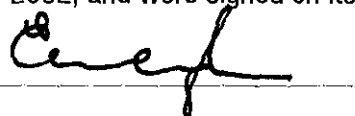
AT 31 March 2002

	Notes	2002 £'000	2001 * Restated £'000
Fixed assets			
Tangible assets	9	-	25,436
Investment in parent company shares	10	-	56
Investments	11	695,664	781,232
Participating interests	12	10,000	10,000
		<u>705,664</u>	<u>816,724</u>
Current assets			
Debtors	13	22,131,724	22,788,263
		<u>22,131,724</u>	<u>22,788,263</u>
Creditors: amounts falling due within one year	14	(1,700,353)	(1,681,344)
Convertible loan stock	15	-	6,055,967
NET CURRENT ASSETS		<u>20,431,371</u>	<u>27,162,886</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,137,035	27,979,610
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(448)
NET ASSETS		<u>21,137,035</u>	<u>27,979,162</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,560,000	1,560,000
Profit and loss account	18	19,577,035	26,419,162
EQUITY SHAREHOLDERS' FUNDS		<u>21,137,035</u>	<u>27,979,162</u>

*

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

The financial statements on pages 9 to 24 were approved by the Board of Directors on 20 December 2002, and were signed on its behalf by:



Director

E Langston

VODAFONE UK 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 represents the invoiced value, excluding sales taxes of services and goods supplied by the company.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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:

Plant and machinery	10 years
Computer equipment	3-5 years
Furniture and fittings	10 years
Motor vehicles	4 years

Depreciation is not charged on projects in progress. Projects in progress covers a variety of different projects including the implementation of a new accounting system.

VODAFONE UK LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

Investments

The investments held as fixed assets are valued at cost except where, in the opinion of the Directors, there has been a permanent diminution in value.

Cash flow

The company is not required under Financial Reporting Standard 1 to prepare a cash flow statement as the company is a wholly owned subsidiary of Vodafone Group Plc which publishes a consolidated cash flow statement.

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS

	2002 £'000	2001 £'000
--	---------------	---------------

1 Operating profit

Operating profit has been arrived at after charging:

Depreciation of owned tangible fixed assets	-	198
Auditors' remuneration:		
Audit work	-	4
Other fees	-	2,958

The auditors remuneration for the year ended 31 March 2002 is disclosed in the financial statements of Vodafone Limited. It is not practical to allocate the remuneration between the subsidiaries of the UK business.

2 Employees

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

	2002 Number	2001 Number
Administrative	-	74
	-	74

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

	2002 £'000	2001 £'000
Wages and salaries	-	6,272
Social security costs	-	709
Other pension costs	-	916
	-	7,897

3 Directors

	2002 £'000	2001 £'000
Emoluments	-	2,296

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

3 Directors (continued)

None of the directors who served during the year ended 31 March 2002 received emoluments from the company for their qualifying services to it. The emoluments of Mr P R Bamford and Lord MacLaurin of Knebworth are disclosed in the Annual Report of Vodafone Group Plc. All of the remaining directors of Vodafone UK Limited who served during the year, with the exception of Mr C S Burke and Mr I R Maxwell are remunerated for their services to Vodafone Limited and their emoluments are disclosed within those financial statements.

Mr C S Burke and Mr I R Maxwell have not received remuneration from any group company in respect of qualifying services to Vodafone UK Limited.

	2002 Number	2001 Number
Number of directors in the year who:		
were members of a defined benefit pension scheme	13	3
exercised share options (including the highest paid director)	3	3

	2002 £'000	2001 £'000
Highest paid director's remuneration	-	219

4 Profit On Disposal of Investments

	2002 £'000	2001 £'000
Sale of Vodafone Limited	-	27,400,000
Profit on sale of convertible loan stock to Crickhollow Limited	223,729	-

5 Income from Investments

	2002 £'000	2001 £'000
Dividends received from Subsidiary undertakings	-	15,042

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

	2002 £'000	2001 £'000
6 Net interest receivable		
Interest receivable and similar income:		
Group	52,655	13,056
Finance Income on Convertible loan stock	220,304	193,547
	<u>272,959</u>	<u>206,603</u>
Interest payable and similar charges:		
Group	-	(3,684)
Bank overdrafts and other loans	-	(7,774)
	<u>-</u>	<u>(11,458)</u>
	<u>272,959</u>	<u>195,145</u>
7 Tax (charge)/credit on profit on ordinary activities	2002 £'000	2001 Restated £'000
On profit for the year		
UK corporation tax at 30% (2001 30%)	(51,287)	1,217
Adjustments in respect of previous periods	(493)	31
	<u>(51,780)</u>	<u>1,248</u>
Deferred taxation - arising from timing differences	(1,367)	(413)
	<u>(53,147)</u>	<u>835</u>

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 £nil to £413k. The impact of adopting FRS 19 on the 2001 results is an increase in the tax charge of £413k and a reduction in the reported profit by that amount, plus a reduction in net assets of £448k at 31 March 2001.

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:

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

7 Tax (charge)/credit on profit on ordinary activities (continued)

	2002 £'000	2001 £'000
Profit/(loss) on Ordinary activities before tax	411,020	27,021,871
Tax on profit on ordinary activities before tax at standard rate of 30%	(123,306)	(8,106,561)
Non-taxable profit on sale of subsidiary	-	8,220,000
Non-taxable profit on sale of convertible loan	67,311	-
Write down of fixed asset investments	(25,893)	(176,600)
Finance income on convertible loan stock	32,378	59,600
Dividends received from investments	-	4,500
Balancing charge on assets transferred	(1,777)	-
Other permanent differences	-	(100)
Adjustments to tax charge in respect of previous periods	(493)	31
Other items	-	378
Current tax (charge)/credit for the year	<u>(51,780)</u>	<u>1,248</u>

The elements of deferred taxation are shown in note 16 to the accounts

8 Equity dividends

	2002 £'000	2001 £'000
Interim dividends paid of £4.62 (2001 - £0.89) per ordinary share	<u>(7,200,000)</u>	<u>(1,388,000)</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

9 Tangible fixed assets

	Computer Equipment £'000	Projects in Progress £'000	Plant Machinery Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2001	247	24,708	177	780	25,912
Additions	-	-	-	-	-
Transfer from Group Companies	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer to Group Companies	(247)	(24,708)	(177)	(780)	(25,912)
At 31 March 2002	-	-	-	-	-
Accumulated depreciation					
At 1 April 2001	88	-	34	354	476
Charge for the year	-	-	-	-	-
Transfer from Group Companies	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer to Group Companies	(88)	-	(34)	(354)	(476)
At 31 March 2002	-	-	-	-	-
Net book value					
At 31 March 2002	-	-	-	-	-
At 31 March 2001	159	24,708	143	426	25,436

As at 1 April 2001 Vodafone UK Limited transferred all of its tangible fixed assets to Vodafone Limited at their Net Book Value.

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

10 Investments in parent company shares

Investment in parent company shares	£'000
Balance at 1 April 2001	56
Transferred to Vodafone Limited	(56)
Balance at 31 March 2002	<u><u>-</u></u>

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 1 April 2001 Vodafone UK Limited transferred its investment in parent company shares to Vodafone limited as part of the reorganisation of UK activities.

11 Investments

Investment in subsidiary company shares	£'000
Balance at 1 April 2001	781,232
Acquisitions	100
Write down of investments	(85,668)
Balance at 31 March 2002	<u><u>695,664</u></u>

On the 1 March 2002 Vodafone UK Limited purchased 100,000 Ordinary shares in Vodafone Leasing Limited for £100,000.

An impairment review was performed in line with FRS 11 "Impairment of fixed assets and goodwill", following which it was decided that the recoverable value of some of the company's investments be reduced to their net book value.

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

11 Investments (continued)

	Principal Activity	Holding and Voting Rights %
Vodafone Distribution Holdings Limited (Formerly Vodafone Distribution Limited)	Holding Company	100
Vodafone Multimedia Limited	Non-trading	50
Vodafone Paging (Holdings) Limited	Holding Company	100
Vodafone UK Investments Limited	Provision of loans within the Vodafone group of companies	100
Vodafone Property Investments Limited	Construction of new world HQ	100
Vodafone Central Services Limited	Non-trading	100
IES Telecommunications Limited	Non-trading	100
Vodafone Distribution Ltd (formerly Talkland Telecommunications Limited)	Purchasing and distribution	100
Vodafone Leasing Limited	Leasing of cars	100
Vodafone Mobile Commerce Limited	Payment collection	100
Mobile Takeback Ltd	Mobile Phone recycling	33
Vodafone Hire Solutions Limited	Hiring of mobile telecommunications equipment	100

12 Participating interests

£'000

Cost:

At 1 April 2001 and at 31 March 2002

10,000

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

13 Debtors	2002	2001
	£'000	£'000
Due within one year:		
Trade debtors	-	45
Amounts owed by group undertakings	22,131,664	22,787,369
Amounts owed by associated undertakings of Vodafone Group Plc	-	404
Other debtors	60	364
Prepayments and accrued income	-	7
	<u>22,131,724</u>	<u>22,788,189</u>
Due after one year:		
Pension prepayment	-	74
	<u>22,131,724</u>	<u>22,788,263</u>

As part of the reorganisation of Vodafone UK Limited activities, the service provided by the Company to other UK operating companies were brought under the remit of Vodafone Limited. As part of this reorganisation Trade debtors, Amounts owed by associated undertakings of Vodafone Group Plc, Other debtors, Prepayments and accrued income and Pension prepayment were transferred to Vodafone Limited on the 1 April 2001.

14 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Amounts owed to group undertakings	(1,668,566)	(1,661,435)
Taxation and social security	(30,801)	-
Accruals and deferred income	(986)	(19,909)
	<u>(1,700,353)</u>	<u>(1,681,344)</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

14 Creditors: amounts falling due within one year (continued)

As part of the reorganisation of Vodafone UK Limited activities, the service provided by the company to other UK operating companies were brought under the remit of Vodafone Limited. As part of this reorganisation £18.9 million of accruals and deferred income was transferred to Vodafone Limited on the 1 April 2001.

This transfer occurred at the book value of the liabilities.

15 Convertible loan stock

On 1 September 2000, the company acquired convertible loan stock in another group company with a nominal value of £6,285 million at a discount of 6.72%. 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.

On 21 November 2001, the company sold the convertible loan stock to Crickhollow Limited for the market value of £6.5 billion, realising a profit on sale of £224 million.

16 Provisions for liabilities and charges

Deferred Taxation

	2002	2001 Restated
	£'000	£'000
The elements of deferred taxation are as follows:		
Accelerated capital allowances	-	(410)
Other timing differences	-	(38)
	-	(448)

Deferred tax assets and liabilities have not been discounted.

The movements in the deferred taxation balances were as follows:

	2002	2001 Restated
	£'000	£'000
Liability at beginning of period	(448)	(35)
Amount (credited)/charged to profit and loss account	(1,367)	(413)
Transfer to Vodafone Limited	1,815	-
Liability at end of period	-	(448)

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

16 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 FRS19 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:

	Provision for liabilities and charges £'000	Profit and loss account reserve £'000	Share - holders funds £'000
2001 as previously reported	-	26,419,610	27,979,610
Adoption of FRS19 at 1 April 2000	35	(35)	(35)
During year ended 31 March 2001	413	(413)	(413)
Adoption of FRS19 at 31 March 2001	<u>448</u>	<u>(448)</u>	<u>(448)</u>
2001 restated	<u>448</u>	<u>26,419,162</u>	<u>27,979,162</u>

17 Called up share capital

	2002 £'000	2001 £'000
Authorised: 1,750,000,000 ordinary shares of £1 each	<u>1,750,000</u>	<u>1,750,000</u>
Allotted and fully paid: 1,560,000,002 ordinary shares of £1 each	<u>1,560,000</u>	<u>1,560,000</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

18 Reserves

2002
£'000

Profit and loss account

Balance at 1 April 2001 (as restated)

26,419,162

Retained (loss)/profit for the year

(6,842,127)

Balance at 31 March 2002

19,577,035

19 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.

20 Ultimate parent company

The immediate parent company of Vodafone UK 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 direct subsidiary of a company registered in England, for which Group accounts are prepared, Vodafone UK 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 and Vodafone UK Limited may be obtained from the Company Secretary, Vodafone Group Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire, RG14 1JX, England.