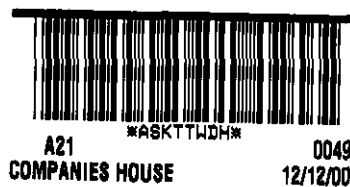


**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2000**  
**REGISTERED No: 2227940**



**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

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**VODAFONE UK LIMITED  
(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**REPORT OF THE DIRECTORS**

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

**Change of company name**

On 13 April 1999 the Company, which was formerly Vodafone (Holdings) Limited, changed its name to Vodafone UK Limited.

**Ultimate parent company**

On 29 June 1999 the company's ultimate parent company changed its name from Vodafone Group Plc to Vodafone AirTouch Plc.

**Review of business and future prospects**

The Company's principal activity was that of a holding company to the wholly owned UK Service Provider business (Vodafone Distribution Ltd), the cellular radio network operator (Vodafone Ltd), the paging network operator (Vodafone Paging (Holdings) Limited), Vodafone Multimedia Limited (formerly Vodafone Value Added and Data Services Limited) and Vodafone Central Services Limited.

The Company will continue to act as a holding company.

**Results and dividends**

The profit and loss account is set out on page 8 of the financial statements and shows a profit on ordinary activities after taxation of £1,310,821,000 (1999 - £432,000,000).

The directors declared and paid interim dividends totalling 33.7p per share during the year (1999 - 108.0p per share).

The retained profit for the year was £784,491,000 (1999 - £Nil).

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**Directors**

The directors of the Company are as follows:

C C Gent	(resigned 24 May 2000)
P R Bamford	(appointed 16 April 1999)
I Gray	(appointed 16 April 1999)
D L Jones	(appointed 16 April 1999)
A N Halford	(appointed 4 May 1999)
A P Harper	(appointed 4 May 1999)
J R Miller	(appointed 4 May 1999)
Lord MacLaurin of Knebworth	(appointed 30 June 1999)
Professor Sir Alec Broers	(appointed 30 June 1999)
T J Harrabin	(appointed 1 July 1999)
K R McGeorge	(appointed 1 July 1999)
A G Ward	(appointed 23 August 1999)
P M Donovan	(appointed 1 October 1999)
P A Best	(appointed 1 January 2000)

The following directors also served during the year:

D Channing Williams	(resigned 16 April 1999)
K J Hydon	(resigned 16 April 1999)
J D Forword	(resigned 6 September 1999)
J Gildersleeve	(resigned 19 January 2000)

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**Directors' Interests in the shares of Vodafone AirTouch Plc**

The directors' interests in the ordinary shares of Vodafone AirTouch Plc at the end of the year are set out below. Details of their interests at 1 April 1999, or date of appointment if later, are shown in brackets.\*

Vodafone AirTouch Plc Ordinary Shares of US\$0.10

	<u>Ordinary Shares held 31 March 2000</u>	<u>Ordinary Share Options (note 1)</u>	<u>Ordinary Share Options (note 2)</u>
P A Best	19,600 (21,936)	20,310 (20,310)	383,500 (383,500)
P M Donovan	2,024 ( - )	- ( - )	202,100 ( - )
I Gray	8,349 (3,200)	4,490 ( - )	339,000 (248,000)
A N Halford	6,174 (1,530)	4,490 ( - )	125,500 ( - )
A P Harper	44,137 (34,515)	35,935 (35,935)	1,066,000 (1,052,500)
T J Harrabin	25,969 (22,955)	20,310 (20,310)	278,000 (242,000)
D L Jones	98,790 (93,210)	42,195 (42,195)	1,249,000 (1,238,500)
K R McGeorge	182,668 (197,635)	46,370 (46,370)	866,500 (847,000)
J R Miller	4,565 ( - )	7,825 ( - )	182,000 ( - )
A G Ward	5,598 (1,780)	- ( - )	127,200 ( - )

1. The options are granted under the Vodafone Group Plc Savings Related Share Option Scheme and/or the Vodafone Group 1998 Sharesave Scheme.

2. The options are granted under the Vodafone Group Plc Executive Share Option Scheme, the Vodafone Group Plc Share Option Scheme, the Vodafone Group 1998 Executive Share Option Scheme and the Vodafone Group 1998 Company Share Option Scheme.

\* The brought forward balance has been adjusted to reflect the 4 for 1 bonus issue of Vodafone AirTouch Plc Share Option Scheme.

The interest in the ordinary shares of Vodafone AirTouch Plc of CC Gent, P R Bamford, Lord MacLaurin and Sir Alec Broers are disclosed in the Annual Report and Accounts of Vodafone AirTouch Plc for the year ended 31 March 2000.

None of the directors who served during the year had any interest in the shares of either Vodafone UK Limited or other Group companies.

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

In addition to the above interest in the ordinary shares and share options of Vodafone AirTouch 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:

	<u>LTIP</u>		<u>STIP</u>	
	<u>31 March 2000</u>	<u>1 April 1999</u> <u>or date of</u> <u>appointment if later</u>	<u>31 March 2000</u>	<u>1 April 1999</u> <u>or date of</u> <u>appointment if later</u>
P M Donovan	74,728	-	-	-
A P Harper	115,115	33,950	32,965	-
D L Jones	93,514	31,735	30,816	-
A N Halford	-	-	5,087	-
I Gray	65,550	-	13,626	-
J R Miller	65,465	-	-	-

Details of these schemes are included in the Report to the Remuneration Committee in Vodafone AirTouch Plc's Annual Report and Accounts for the year ended 31 March 2000.

#### **Year 2000**

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

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

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

**VODAFONE UK LIMITED  
(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

- 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 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 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 The Courtyard, 2- 4 London Road, Newbury, Berkshire RG14 1JX, England.

By Order of the Board



S R Scott  
Secretary  
27 July 2000

**VODAFONE UK LIMITED  
(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**AUDITORS' REPORT**

to the members of

**VODAFONE UK LIMITED  
(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

We have audited the financial statements on pages 8 to 16 which have been prepared under the accounting policies set out on page 10.

**Respective responsibilities of directors and auditors**

As described on page 5, the Company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit on those statements and to report our opinion to you.

**Basis of opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2000 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

27 July 2000



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

	<u>Note</u>	2000 £'000	1999 £'000
Turnover		7,422	-
Administration expenses		<u>(7,007)</u>	<u>-</u>
Operating profit	1	415	-
Income from investments	4	1,310,690	432,000
Interest payable	5	<u>(224)</u>	<u>-</u>
Profit on ordinary activities before taxation		1,310,881	432,000
Tax on profit on ordinary activities	6	<u>(60)</u>	<u>-</u>
Profit on ordinary activities after taxation		1,310,821	432,000
Equity dividends	7	<u>(526,330)</u>	<u>(432,000)</u>
Retained profit for the financial year		<u>784,491</u>	<u>-</u>

The Company's results are derived from continuing operations.

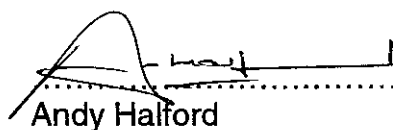
There are no recognised gains or losses nor movement in shareholders' funds other than the retained profit for the year.

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**BALANCE SHEET**  
**AT 31 MARCH 2000**

	<u>Note</u>	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	623	-
Investments	9	2,670,000	1,500,000
Investment in parent company shares	10	134	-
		<u>2,670,757</u>	<u>1,500,000</u>
<b>CURRENT ASSETS</b>			
Debtors	11	791,480	-
<b>CREDITORS</b> : amounts falling due within one year	12	<u>(1,117,746)</u>	<u>(1,100,000)</u>
<b>NET CURRENT LIABILITIES</b>		(326,266)	(1,100,000)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,344,491	400,000
<b>NET ASSETS</b>		<u>2,344,491</u>	<u>400,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,560,000	400,000
Profit and loss account		784,491	-
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>2,344,491</u>	<u>400,000</u>

The financial statements were approved by the Board of Directors on 27 July 2000, and were signed on its behalf by:

 ..... Director  
 Andy Halford

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**STATEMENT OF ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 MARCH 2000**

**Basis of accounting**

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

**Turnover**

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

**Investments**

The investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

**Depreciation of tangible fixed assets**

The costs of tangible fixed assets are depreciated in equal instalments over their expected useful lives as follows:

Motor vehicles	4 years
Computer equipment	3-5 years
Plant, machinery, fixtures and fittings and office equipment	10 years

Projects in progress are not depreciated.

**Deferred taxation**

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

**Pension costs**

Pension 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 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.

**Cash Flow Statement**

In accordance with FRS1 (Revised), a cash flow statement has not been prepared since the company is a wholly owned subsidiary of Vodafone AirTouch Plc, a company incorporated in England, which prepares consolidated accounts that include a consolidated cash flow statement.

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**NOTES ON THE FINANCIAL STATEMENTS**

Year ended 31 March 2000

	2000 £'000	1999 £'000
<b>1. Operating profit</b>		
Operating profit has been arrived at after charging:		
- Depreciation of tangible fixed assets	51	-
- Auditors' remuneration		
- audit work	4	-
- non-audit services	29	-
	<u>29</u>	<u>-</u>
<b>2. Employees</b>	2000 Number	1999 Number
Average number of employees – (including directors) during the year – Administration	18	-
	2000 £'000	1999 £'000
The cost incurred in respect of these employees (including directors):		
Wages and salaries	3,780	-
Social Security costs	167	-
Other pension costs	373	-
	<u>4,320</u>	<u>-</u>
<b>3. Directors</b>	2000 £'000	1999 £'000
Total emoluments in aggregate	401	-
Highest paid director's remuneration	213	-
Number of directors in the year who:	Number	Number
- were Members of a defined benefit pension scheme	3	-
- were Members of a defined contribution pension scheme	1	-
- Exercised options	3	-

The amount of the accrued pension of the highest paid director at 31 March 2000 is £3,732 per annum (1999 – £Nil).

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**3. Directors (continued)**

The emoluments of C C Gent, P R Bamford, Lord MacLaurin and Sir Alec Broers are disclosed in the Annual Report & Accounts of Vodafone AirTouch Plc for the year ended 31 March 2000.

Included in aggregate emoluments is an amount of £51,468, 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 1999/2000 financial year. Further details regarding the incentive plan are set out in the Annual Report and Accounts of Vodafone AirTouch Plc.

<b>4. Income from investments</b>	2000 £'000	1999 £'000
Dividends received from subsidiary undertakings	<u>1,310,690</u>	<u>432,000</u>
<b>5. Interest payable</b>	2000 £'000	1999 £'000
Interest payable and similar charges		
- Group loan	196	-
- Bank interest	<u>28</u>	<u>-</u>
	<u>224</u>	<u>-</u>
<b>6. Tax on profit on ordinary activities</b>	2000 £'000	1999 £'000
United Kingdom Corporation tax charge on current year profit at 30% (1999 : 31%)	<u>60</u>	<u>-</u>
<b>7. Equity dividends</b>	2000 £'000	1999 £'000
Interim dividends paid 33.7p (1999:108.0p) per ordinary share	<u>526,330</u>	<u>432,000</u>

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**8. Tangible fixed assets**

	Computer Equipment £'000	Projects in Progress £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	TOTAL £'000
<b>COST</b>					
1 April 1999	-	-	-	-	-
Additions	16	400	19	18	453
Transfers from group companies	<u>36</u>	<u>-</u>	<u>40</u>	<u>241</u>	<u>317</u>
31 March 2000	<u>52</u>	<u>400</u>	<u>59</u>	<u>259</u>	<u>770</u>
<b>ACCUMULATED DEPRECIATION</b>					
1 April 1999	-	-	-	-	-
Charge for the year	11	-	4	36	51
Transfers from group companies	<u>6</u>	<u>-</u>	<u>3</u>	<u>87</u>	<u>96</u>
31 March 2000	<u>17</u>	<u>-</u>	<u>7</u>	<u>123</u>	<u>147</u>
Net Book value at 31 March 2000	<u>35</u>	<u>400</u>	<u>52</u>	<u>136</u>	<u>623</u>
Net Book value at 31 March 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**9. Investments**

£'000

At 1 April 1999	1,500,000
Additions	<u>1,170,000</u>
At 31 March 2000	<u>2,670,000</u>

The Company's subsidiaries which are incorporated & registered in England are:

	Principal Activity	Holding %
Vodafone Limited	Cellular network operator	100%
Vodafone Distribution Limited	Holding company	100%
Vodafone Multimedia Limited	Supply of value added services & packet radio network operator	100%
Vodafone Paging (Holdings) Limited	Holding company	100%
Vodafone Central Services Limited	Provision of Central Services	100%

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**10. Investment in parent company shares**

	<u>£000</u>
Cost:	
At 1 April 1999	-
Additions	467
Amortised in the profit and loss account	(333)
Balance at 31 March 2000	<u>134</u>

The Vodafone Group operates a Qualifying Employee Share Ownership Trust, Vodafone Group Share Trustee Limited, which may acquire shares from Vodafone AirTouch 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 cost of contributions made to the Trust by the Company. At 31 March 2000 the trust held 125,516 shares in Vodafone AirTouch Plc to satisfy options held by the Company's employees and these shares had a market value of £437,423. The dividend rights in respect of these shares have been waived.

**11. Debtors**

	2000 £'000	1999 £'000
Due within one year:		
Amounts owed by group undertakings	791,360	-
Other debtors	99	-
	<u>791,459</u>	<u>-</u>
Due after one year:		
Prepayments [note 15]	21	-
	<u>791,480</u>	<u>-</u>

**12. Creditors: amounts falling due within one year**

	2000 £'000	1999 £'000
Bank overdraft	33	-
Trade creditors	77	-
Amounts owed to group undertakings	1,114,477	1,100,000
Corporation tax payable	376	-
Accruals and deferred income	2,783	-
	<u>1,117,746</u>	<u>1,100,000</u>

**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

<b>13. Provision for liabilities and charges</b>	2000	1999
	£'000	£'000
The amounts unprovided for deferred taxation are:		
Accelerated capital allowances	(5)	-
Short term timing differences	40	-
	<u>35</u>	<u>-</u>
<b>14. Called up share capital</b>	2000	1999
	£'000	£'000
Authorised:		
1,750,000,000 ordinary shares of £1 each		
(1999 : 500,000,000 ordinary shares of £1 each)	<u>1,750,000</u>	<u>500,000</u>
Called up, allotted and fully paid:		
1,560,000,002 ordinary shares of £1 each		
(1999 : 400,000,002 ordinary shares of £1 each)	<u>1,560,000</u>	<u>400,000</u>

During the year, the company issued 1,160,000 ordinary shares of £1 each to Vodafone AirTouch Plc. Prior to the issue of these new ordinary shares, the company's authorised share capital was increased to 1,750,000,000 ordinary shares of £1 each.

**15. Pensions**

Vodafone AirTouch Plc, the ultimate parent company of Vodafone UK Limited operates a number of pension schemes for the benefit of the employees of its subsidiary companies. The schemes are funded defined benefit schemes, the assets of which are held in separate trustee administered funds.

The schemes are subject to triennial valuations by independent actuaries. The last valuations were carried out as at 1 April 1999 using the projected unit funding method of valuation in which allowance is made for projected earnings growth.

The results of the latest actuarial valuation of the schemes are disclosed in the financial statements of Vodafone AirTouch Plc.

The pension cost for the Company amounted to £373,000 (1999 - £Nil).

An amount of £21,000 (1999:£Nil) is included in prepayments due after more than one year. This represents the surplus of the amounts funded to the accumulated pension costs.



**VODAFONE UK LIMITED**  
**(FORMERLY VODAFONE (HOLDINGS) LIMITED)**

**NOTES ON THE FINANCIAL STATEMENTS (continued)**

**16. Related party disclosures**

The Company has taken advantage of the exemption granted by paragraph 3 [c] of FRS8, Related Party Disclosures, not to disclose transactions with Vodafone AirTouch Plc group companies or interests of the group which are related parties.

**17. Ultimate parent company**

The immediate and ultimate parent company and controlling entity of Vodafone UK Limited is Vodafone AirTouch Plc, which is incorporated in England. As a wholly owned subsidiary of a company registered in England, for which Group accounts are prepared, the Company 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 AirTouch Plc for the year ended 31 March 2000 may be obtained from the Company Secretary, Vodafone AirTouch Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire RG14 1JX, England.

On 29 June 1999, the company's ultimate parent company changed its name from Vodafone Group Plc to Vodafone AirTouch Plc.

On 30 June 1999, the merger of Vodafone AirTouch Plc and AirTouch Communications, Inc. was completed. Details of the merger are included in Listing Particulars dated 22 April 1999.

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