

Company Number: 2412603

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 1998



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HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 1998

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HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31st December 1998.

Principal activities and business review.

The Hutchison Telecommunications (UK) Limited Group ("the Group") provides a comprehensive range of communications services.

The Group's principal activities during 1998 were:

- The operation and continuing development of a national digital cellular personal communications network;
- Reselling of airtime on third party cellular networks;
- The operation of a national messaging network and a financial information network.

The national digital cellular personal communications network, launched under the brand name Orange in 1994, provided both data and voice services to over 98% of the population on the 31st December 1998, having grown from 96% at the end of the previous year. The Orange subscriber base grew from 1,200,000 at 31st December 1997 to over 2,160,000 at 31st December 1998, which represented 16.6% of all cellular telephone subscribers in the UK. Turnover increased from £627.2 million in 1997 to £906.5 million in 1998.

The airtime reselling business continued to focus on the maintenance of a quality subscriber base, and the generation of cash and profit for the Group. Turnover declined from £65.1million in 1997 to £55.2 million in 1998, in line with a decrease in subscriber base from 93,000 to 88,000 over the same period. Operating profit also decreased from £5.6 million to £1.0 million.

The paging business remained reasonably static over the period with a decrease in subscriber base from 55,000 to 47,000 and turnover from £8.3 million to £7.7 million. The operating loss increased from £2.4 million to £8.8 million.

Future developments

The Group continues to invest in the development of digital mobile communications technology.

Dividends and transfer to reserves

The Group made a net loss for the year ended 31st December 1998 of £69.4 million (1997 - £133.0 million).

The directors do not recommend the payment of a dividend in respect of the ordinary shares for the financial year ended 31st December 1998 (1997 - £nil).

The loss for the year of £69.4 million (1997 - £133.0 million) has therefore been transferred to reserves.

Political and charitable donations

The Group has made charitable donations of £28,471 (1997 - £10,500).

The Group has made no political donations during the year (1997 - £nil).

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED
DIRECTORS' REPORT (CONTINUED)

Research and development

The research and development program is designed to monitor, stimulate and evaluate key emerging technologies with a view to applying them commercially in the Orange network and products. It is committed to ensuring that such enhancements enable the Group to remain competitive by creating new market opportunities and improving operational efficiency.

The Group is very active in the forums which are developing the standards for future mobile communications services, with Group representatives holding key positions. The Group is seeking to ensure that Group policy is in keeping with the policies and strategies evolved in these forums.

Creditor payment policy

The Group's policy concerning the payment of its trade creditors is to reflect local practice in the UK. Standard payment terms may be varied by negotiation with individual suppliers.

For all trade creditors, it is the Group's policy to :

- agree the terms of payment at the start of business with that supplier,
- ensure that suppliers are aware of the terms of payment,
- pay in accordance with its contractual and other legal obligations whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

At 31st December 1998, Group trade creditors represented 24 days equivalent of aggregate amounts invoiced by suppliers during the year (1997 - 23 days). The Company did not have any trade creditors during the year (1997 - £nil).

Directors

The directors who served during the year were:

The Rt Honourable Lord Derwent LVO DL
Hans R Snook
Graham E Howe
Dr Colin P Tucker

None of the directors have any interest in the issued share capital of the Company. Interests of the directors, who are Directors in the ultimate holding company, Orange plc, are shown in the report of the remuneration committee contained in the annual report of that company.

Equal opportunities and disabled employees

The Group does not discriminate between employees or potential employees on grounds of race, colour, ethnic or national origin, sex, marital status or religious beliefs.

The Group gives full consideration to applications for employment from disabled persons and has become a member of the UK's Employers' Forum on Disability to improve its understanding of the needs and potential of disabled people.

Where employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions, and to provide training and career development wherever appropriate.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

Employee involvement

The Group has ensured that employees are fully informed and involved in the business, through the use of various communication methods. As well as the distribution of a regular employee magazine and monthly briefing sessions entitled "Teamtalk", a management conference was held during the year. An intranet provides a broad range of information electronically and each function is responsible for keeping the information on their area up to date.

Year 2000

The year 2000 issue relates to the possibility of the programming code of Group systems not recognising date sensitive information. These systems include but are not limited to network equipment, services and equipment (for example handsets), computer systems, business data processing systems, management reporting and planning systems (for example customer service and billing systems) and personal computers. There is a risk that these systems may not properly recognise the year 2000 and could generate erroneous data or fail.

The Group's plans to address the year 2000 issues are part of the group year 2000 programme of the ultimate holding company, Orange plc. The approach, status, risks and contingencies of the group plan are described in the Operating and Financial Review section of the Annual Report/Form 20-F of that Company.

In summary a risk based approach has been adopted and the Group believes that all significant issues will be identified and mitigating action developed to manage those risks. The costs of the group year 2000 programme, are estimated at approximately £9.0 million of which £3.2 million has already been incurred. The Group does not believe that the incremental costs of addressing year 2000 issues will have a material adverse effect on its results, liquidity or capital resources.

Auditors

Following the merger of Price Waterhouse and Coopers and Lybrand from 1 July 1998, the new firm, PricewaterhouseCoopers, has replaced Price Waterhouse as auditors of the Group.

BY ORDER OF THE BOARD



Mark Paterson
Company Secretary

Date: 24th February 1999

Registered Office:
St James Court,
Great Park Road
Almondsbury Park,
Bradley Stoke
Bristol BS32 4QJ

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

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 and the Group and of the profit or loss and cash flows of the Group 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, subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST DECEMBER 1998

We have audited the financial statements on pages 6 to 28, which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 4 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and Group as at 31st December 1998 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
London.

Date: 24 February 1999

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	1998 £m	1997 (restated) £m
TURNOVER	1,2	970.5	701.9
Cost of sales		(735.2)	(559.9)
GROSS PROFIT		235.3	142.0
Distribution costs		(117.2)	(98.9)
Administrative expenses		(81.6)	(92.8)
OPERATING PROFIT / (LOSS)	3	36.5	(49.7)
Exceptional release of restructuring provision	4	6.1	0.0
PROFIT / (LOSS) BEFORE INTEREST AND TAXATION		42.6	(49.7)
Interest receivable and similar income	5	0.3	0.3
Interest payable and similar charges	6	(112.3)	(83.6)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(69.4)	(133.0)
Tax on loss on ordinary activities	9	0.0	0.0
LOSS FOR THE PERIOD	21	(69.4)	(133.0)

No acquisitions or discontinued operations have occurred.

There were no recognised gains and losses in the year other than the reported loss shown in the profit and loss account.

The notes on pages 10 to 28 form an integral part of these accounts.

The Company has taken advantage of the exemption contained in Section 230 of the Companies Act 1985 from presenting its own profit and loss account.

The Company has no recognised gains or losses other than its loss of £19.8 million (1997 - profit of £27.4 million) (Note 22).

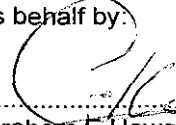
HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 1998

	Notes	1998		1997 (restated)	
		£m	£m	£m	£m
FIXED ASSETS					
Tangible assets	10	1,126.9		866.5	
Investments	12	4.2		2.2	
			1,131.1		868.7
CURRENT ASSETS					
Stocks	14	27.9		16.4	
Debtors	15	412.4		207.3	
Cash at bank and in hand	27	18.5		2.1	
		458.8		225.8	
CREDITORS: Amounts falling due within one year	16	(336.2)		(530.5)	
NET CURRENT ASSETS/ (LIABILITIES)			122.6		(304.7)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,253.7		564.0
CREDITORS: Amounts falling due in more than one year	17		(2,228.1)		(1,459.6)
PROVISIONS FOR LIABILITIES AND CHARGES	18		(8.0)		(17.4)
NET LIABILITIES			<u>(982.4)</u>		<u>(913.0)</u>
CAPITAL AND RESERVES					
Called up equity share capital	20		30.7		30.7
Profit and loss account	21		(1,013.1)		(943.7)
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>(982.4)</u>		<u>(913.0)</u>

The notes on pages 10 to 28 form an integral part of these accounts.

The board of directors approved the accounts set out on pages 6 to 28 on the 24th February 1999 and are signed on its behalf by:



 Graham E Howe
 Group finance director
 and deputy chief executive

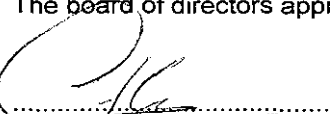
HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

COMPANY BALANCE SHEET AT 31ST DECEMBER 1998

	Notes	1998		1997 (restated)	
		£m	£m	£m	£m
FIXED ASSETS					
Tangible assets	11	0.0		0.0	
Investments	13	57.3		113.0	
			57.3		113.0
CURRENT ASSETS					
Debtors:					
Amounts falling due within one year	15	78.2		17.2	
Amounts falling due in more than one year	15	1,397.5		1,605.6	
Cash at bank and in hand		0.8		1.2	
			1,476.5		1,624.0
CREDITORS: Amounts falling due within one year	16	(25.4)		(281.1)	
NET CURRENT ASSETS			1,451.1		1,342.9
TOTAL ASSETS LESS CURRENT LIABILITIES			1,508.4		1,455.9
CREDITORS: Amounts falling due in more than one year	17		(1,539.4)		(1,459.6)
PROVISIONS FOR LIABILITIES AND CHARGES	19		(6.5)		(14.0)
NET LIABILITIES			(37.5)		(17.7)
CAPITAL AND RESERVES					
Called up equity share capital	20		30.7		30.7
Capital reserve	22		3.3		3.3
Profit and loss account	22		(71.5)		(51.7)
TOTAL EQUITY SHAREHOLDERS' FUNDS			(37.5)		(17.7)

The notes on pages 10 to 28 form an integral part of these accounts.

The board of directors approved the accounts set out on pages 6 to 28 on the 24th of February 1999.


 Graham E Howe
 Group finance director
 and deputy chief executive

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	1998 <u>£m</u>	1997 (restated) <u>£m</u>
Cash flow from operating activities	25	48.7	27.7
Return on investments and servicing of finance	26	(124.6)	(85.7)
Taxation		0.0	0.0
Capital expenditure and financial investment	26	(423.9)	(296.3)
Financing	26	<u>508.4</u>	<u>348.2</u>
Increase / (decrease) in cash in the year	27	<u>8.6</u>	<u>(6.1)</u>
Reconciliation of net cash flow to movement in net debt (Note 27)		<u>1998 £m</u>	<u>1997 £m</u>
Increase / (decrease) in cash in the year		8.6	(6.1)
Cash inflow from increase in debt and lease financing		(508.4)	(348.2)
Change in net debt resulting from cash flows		<u>(499.8)</u>	<u>(354.3)</u>
Other non cash movements		<u>(2.7)</u>	<u>(2.1)</u>
Movement in net debt in the year		(502.5)	(356.4)
Opening net debt		<u>(1,731.4)</u>	<u>(1,375.0)</u>
Closing net debt		<u>(2,233.9)</u>	<u>(1,731.4)</u>

The notes on pages 10 to 28 form an integral part of these accounts.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Management believes that cash from operations together with borrowings under the Senior Debt Facility will be sufficient to cover the Group's projected liabilities as they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

The Group has adopted and complied with Financial Reporting Standards ("FRS")

FRS 10: "Goodwill and Intangible Assets" and FRS 11: "Impairment of Fixed Assets and Goodwill".

The adoption of these standards has no effect on the net operating results or net liabilities for prior years. Comparative figures within the financial statements have been restated where appropriate.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Intercompany transactions and balances have been eliminated. Acquisitions made by the Group are included under the acquisition method of accounting and the consolidated financial statements include the results of subsidiary undertakings from the relevant date of acquisition.

(c) Turnover

Turnover includes the amounts invoiced for airtime and related services supplied to subscribers, and handsets and related accessories supplied to both subscribers and intermediaries within the period, together with airtime income earned but not invoiced. Turnover excludes airtime income billed in advance and value added tax.

(d) Cost of sales

Cost of sales includes amortisation of capitalised network and subscriber acquisition costs (see note 1(h) below), third party network interconnection costs, costs paid to third party network operators by service providers and costs of day to day network operations and maintenance.

(e) Stocks

Stocks comprise handsets and other goods for resale and are valued at the lower of cost and net realisable value, (which reflects the value to the business of the handset in the hands of the subscriber), cost being determined on a first in first out basis.

(f) Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation.

The cost of the Orange network comprises network assets purchased at cost, together with direct construction costs of the network. Information technology services costs incurred prior to launch were capitalised and are depreciated over five years using the straight line method commencing at launch. Costs incurred during, and attributable to, the construction phase of the Orange wirefree digital cellular network and other Group networks prior to launch date are included within tangible fixed assets - networks, and are depreciated in accordance with the Group's depreciation policy for such assets.

Depreciation of the Orange network commenced from the date of launch of the network in April 1994. Depreciation rates have been established to amortise the network over ten years. For assets placed in service prior to 1995, the depreciation rates applied in the first five years are based upon the level of subscriber usage, while a constant rate is applied in the second five years. Assets placed in service after 31st December 1994 are depreciated at a constant rate from the date they become operational.

Costs of maintaining the network are charged to the profit and loss account as incurred.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

1 Accounting policies (continued)

(f) Tangible fixed assets (continued)

In the case of other tangible assets depreciation is calculated using the straight line method to write off the cost of each asset over its estimated useful life according to the following rates:

Freehold land.....	Nil
Freehold buildings	2%
Leasehold land and buildings and improvements.....	Term of lease
Computer equipment	20 - 33 $\frac{1}{3}$ %
Motor vehicles	25%
Fixtures, fittings and equipment	15 - 20%
Other networks	10%

Regular reviews are conducted on asset carrying values and where impairment is judged to have occurred a provision is made for diminution in value and charged to depreciation in the year.

(g) Capitalisation of interest

Interest costs arising from indebtedness incurred to finance construction and development of network assets up to launch are capitalised as part of the construction of the network. Following launch, interest has been charged to the profit and loss account as incurred.

(h) Subscriber acquisition costs

The difference between the cost of Orange handsets to the Group and the lower amount recoverable from sales to intermediaries, if any, together with any additional commission payments, are recorded as subscriber acquisition costs, included within debtors and released to the profit and loss account over 12 months. Costs of acquiring subscribers who return handsets within the 14 day refund period are written off when the handsets are returned. Costs of obtaining new subscribers through the Group's service providers are charged against the profit and loss account as incurred, as the Group does not control the third party mobile networks by which the service is accessed by such subscribers.

(i) Research and development costs

Research and development costs are charged to the profit and loss account as incurred.

(j) Advertising costs

All advertising costs are charged to the profit and loss account as incurred.

(k) Deferred taxation

Deferred taxation is determined using the liability method in respect of the taxation effects of all timing differences to the extent that it is probable that liabilities will crystallise or assets will be realised in the foreseeable future.

(l) Leased assets

Where the Group has substantially all the risks and rewards of ownership of an asset subject to lease, that lease is treated as a finance lease with the equivalent of cost recorded as both a fixed asset and a liability. Depreciation is provided in line with the Group accounting policy for the underlying asset. Finance charges, included in interest, are allocated over each lease to produce a constant rate of charge on the outstanding balance.

Other leases are classified as operating leases and lease payments are charged to the profit and loss account in the period during which they are payable.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

(m) Cost of funds

The Group limits its exposure to movements in interest rates through entering into interest rate swap agreements on a selective basis to increase and extend the amount of borrowings subject to fixed rates of interest.

Interest expense reflects the underlying cost of borrowing. Net payments and receipts made under interest rate swap contracts are accrued over the period to which they relate and applied against or added to interest expense. No accounting entries are required for the principal amount of interest rate swaps, since it is purely a notional figure and does not represent an asset, a liability or a contingency. Where there are interest rate swaps with forward start dates, no accounting entries are made until the start of the contract, at which point the interest payable or receivable will be accrued as stated previously. Upon termination of a derivative prior to maturity, any resulting gain or loss will be taken to the profit and loss account.

Costs incurred in the origination of borrowings are deferred upon entering into the borrowing facility and charged against the profit and loss account over the term of the facility on a straight line basis. Costs in relation to refinancing are charged to interest as incurred.

(n) Pension and other post retirement obligations

The Group operates a defined contribution scheme and funded unapproved retirement benefit schemes for its eligible employees. The Group's contributions to the pension plan are charged to the profit and loss account in the year to which they relate.

The Group has no other post retirement or post employment benefit costs.

(o) Long term incentive plan

The cost of shares acquired under the long term incentive plan ("the Plan") is charged against the profit and loss account based on an assessment of the probability of the performance conditions under the Plan being met. The charge is allocated on a straight line basis over the performance period of the Plan.

(p) 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. Foreign currency monetary assets and liabilities are translated into sterling at year end rates.

(q) Goodwill

Following the introduction of FRS 10, from 1 January 1998 goodwill arising on the acquisition of subsidiary undertakings, being the difference between cost and fair value of the Group's share of net tangible assets acquired, is recognised as an asset in the Group's balance sheet and amortised over a period not exceeding 20 years. Goodwill arising on businesses acquired prior to this date has been charged against reserves in the year of acquisition. In the event of a disposal of a previously acquired business, any associated goodwill that had been charged directly against reserves is included in determining the profit or loss on such disposal. Where management consider that there has been a permanent diminution in the value of goodwill previously charged against reserves, this element of the goodwill is transferred from reserves and charged to the profit and loss account.

(r) Investments

Investments, held as fixed assets, comprise equity shareholdings, partnership interests and long term loans and are stated at cost less provision for any permanent diminution in value. Income is recognised upon receipt of dividends or interest when receivable.

(s) Liquid resources

Liquid resources comprise readily disposable current asset investments.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

2. Segmental analysis

The Group is engaged in substantially one class of activity, being telecommunications, comprising the operation of telecommunications networks and the supply of a range of mobile voice and data communications services and products. The principal services and products are offered by Orange UK under the Orange brand and are accordingly disclosed separately. Other UK comprises the paging and service provider activities of the Group. For the period under review, all revenues were earned in the United Kingdom and all identifiable assets were located in the United Kingdom.

a) Turnover

	1998	1997 (restated)
	£m	£m
Orange UK	907.6	628.5
Other UK	62.9	73.4
	<u>970.5</u>	<u>701.9</u>

b) Operating profit/(loss)

	1998	1997 (restated)
	£m	£m
Orange UK	44.3	(52.7)
Other UK	(7.8)	3.0
	<u>36.5</u>	<u>(49.7)</u>

c) Net liabilities

	1998	1997 (restated)
	£m	£m
Orange UK	(908.8)	(846.8)
Other UK	(73.6)	(66.2)
	<u>(982.4)</u>	<u>(913.0)</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

3. Operating profit/(loss)

	1998	1997 (restated)
	<u>£m</u>	<u>£m</u>
Operating profit/ (loss) is stated after charging:		
Depreciation of tangible fixed assets		
- owned	107.8	49.6
- leased	68.2	55.7
Amortisation of deferred subscriber acquisition costs	181.5	156.0
Directors' emoluments (see note 8)	1.1	1.1
Staff costs (see note 7)	94.9	79.5
Research and development costs	0.4	0.8
Operating lease rentals		
- land and buildings	6.1	5.7
- other	45.0	33.3
Loss on sale of fixed assets	<u>0.3</u>	<u>0.3</u>

4 Exceptional release of restructuring provision

Restructuring provisions no longer required of £6.1 million (1997 - £nil) have been released in the year, with no effect on taxation.

5. Interest receivable and similar income

	1998	1997
	<u>£m</u>	<u>£m</u>
Bank interest receivable	<u>0.3</u>	<u>0.3</u>

6. Interest payable and similar charges

	1998	1997
	<u>£m</u>	<u>£m</u>
Bank loans and overdrafts	93.3	82.2
Interest paid to parent undertaking	15.8	0.4
Other loans	0.0	1.0
Charges payable under finance leases	<u>3.2</u>	<u>0</u>
	<u>112.3</u>	<u>83.6</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

6. Interest payable and similar charges (continued)

Defeasance of finance leases

The Group has deposited amounts equal to the present value of its rental obligations, under finance leases entered into in December 1995, with UK financial institutions ("the deposit banks") to secure letters of credit issued by these institutions to the Lessor in order to secure the Group's rental obligations. These funds, which totalled £412.0 million at 31st December 1998 (1997 - £395.4 million), together with the interest earned thereon, will be used to settle the Group's rental obligations under the leases.

If the finance leases terminate due to the insolvency of either of the deposit banks, the obligations of the Group to pay future rentals are replaced by an obligation to pay a termination sum under each finance lease. The Group has secured insurance cover to protect against the occurrence of this risk.

The Group's immediate parent company, Orange plc, has established provisions in recognition that the rentals payable under the leases will vary if interest rates or tax rates change. Orange plc has made a provision of £5.5 million (1997 - £5.8 million) based on the directors' assessment of likely outcomes, for possible future costs arising from such variations in arriving at the profit recognised.

7. Staff numbers and costs

The average number of persons employed by the Group during the period was as follows :

	1998	1997
	Number	Number
Orange UK	4,399	3,629
Other UK	338	396
	<u>4,737</u>	<u>4,025</u>

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£m	£m
Wages and salaries	83.6	70.0
Social security costs	7.5	6.7
Other pension costs	3.8	2.8
	<u>94.9</u>	<u>79.5</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

7. Staff numbers and costs (continued)

In April 1996, Orange plc established an employee benefit trust with the power to acquire shares in the open market. The trustee is an offshore subsidiary of Orange plc and is managed under contract by an independent management company. Shares purchased by the trust are held to meet obligations under the Group's share schemes, principally the long term incentive plan (LTIP) and share bonus plan.

During the period, the trust purchased shares to be held to meet future obligations under Orange plc's long term incentive plan (LTIP), details of which are set out in the report of the remuneration committee in the financial statements of Orange plc, and its discretionary share bonus plan. The total number of shares held for these purposes at 31st December 1998 was 1,495,669 (1997 - 1,067,700) which had a market value on the last trading day of 1998 of £10.4 million (1997 - £2.9 million) and a nominal value of £0.3 million (1997 - £0.2 million).

The charge to the profit and loss account in this respect was £1.2 million (1997 - £0.6 million).

8. Directors' emoluments

The directors did not receive any emoluments from the Company in respect of their services to the Group. The directors received emoluments from a subsidiary undertaking in respect of their services to the Group. Consequently, an allocation has been made of their emoluments for services to the Company. The aggregate allocated emoluments excluding pension contributions for the year ended 31st December 1998 amounted to £1,032,000 (1997 - £1,093,000). The aggregate allocation of pension contributions was £50,000 (1997 - £47,000). The allocated emoluments of the highest paid director were £546,000 (1997 - £571,000).

9. Tax on loss on ordinary activities

The corporation tax charge for the year is £nil (1997 - £nil) as the companies in the Group either incurred losses in the year or those that made profits were able to utilise tax losses brought forward or group relief.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

10. Tangible fixed assets - Group

	Freehold land and buildings	Short leasehold improvements	Networks	Fixtures, fittings and equipment	Total
	£m	£m	£m	£m	£m
Cost					
1st January 1998 (restated)	15.4	11.6	1,023.8	108.4	1,159.2
Additions	3.1	5.3	381.4	46.9	436.7
Disposals	0.0	0.0	0.0	(1.3)	(1.3)
31st December 1998	<u>18.5</u>	<u>16.9</u>	<u>1,405.2</u>	<u>154.0</u>	<u>1,594.6</u>
Depreciation					
1st January 1998 (restated)	1.9	7.2	231.1	52.5	292.7
Charged in the year	0.3	1.0	145.4	29.3	176.0
Disposals	0	0.0	0.0	(1.0)	(1.0)
31st December 1998	<u>2.2</u>	<u>8.2</u>	<u>376.5</u>	<u>80.8</u>	<u>467.7</u>
Net book amount					
31st December 1998	<u>16.3</u>	<u>8.7</u>	<u>1,028.7</u>	<u>73.2</u>	<u>1,126.9</u>
31st December 1997 (restated)	<u>13.5</u>	<u>4.4</u>	<u>792.7</u>	<u>55.9</u>	<u>866.5</u>

Network includes assets held under a finance lease with a cost of £648.1 million at 31st December 1998 (1997 - £449.5 million) (see note 6).

The accumulated depreciation on these assets was £178.8 million at 31st December 1998 (1997- £110.6 million).

Network assets include capitalised interest of £16.9 million (1997 - £16.9 million) with a net book value of £9.9 million (1997 - £12.7 million).

Fixtures, fittings and equipment include assets held under finance leases of £2.7 million (1997 - £2.7 million) at 31st December 1998. Such assets had accumulated depreciation of £2.7 million (1997- £2.7 million) at 31st December 1998. The depreciation on these assets in 1998 was £nil (1997 - £nil).

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

11. Tangible fixed assets - Company

	Short leasehold improvements £m	Fixtures, fittings and equipment £m	Total £m
Cost			
1st January 1998 and 31st December 1998	<u>4.3</u>	<u>2.1</u>	<u>6.4</u>
Depreciation			
1st January 1998 (restated)	4.3	2.1	6.4
Charged in the year	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
31st December 1998	<u>4.3</u>	<u>2.1</u>	<u>6.4</u>
Net book amount			
31st December 1998	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
31st December 1997 (restated)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

12. Investments - Group

Shares in holding company:	£m
Cost	
1st January 1998	2.2
Acquisition	<u>2.0</u>
31st December 1998	<u>4.2</u>

The investment in ultimate holding company shares is held in trust to meet obligations under Orange plc's share schemes (see note 7). During the year 434,689 ordinary shares were acquired by the trust (nominal value £0.1 million, market value at date of purchase £2.0 million) and awards of 6,720 shares were made. At 31 December 1998 the trust held 1,495,669 ordinary shares (nominal value of £0.3 million, market value £10.4 million).

A loan was made by the Group to the employee benefit trust to enable it to acquire shares in the open market.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

13. Investments - Company

Shares in subsidiary companies:

	<u>£m</u>
Cost	
1st January 1998	113.0
Additions	5.7
Disposals	<u>(61.4)</u>
31st December 1998	<u><u>57.3</u></u>

During the year the Company disposed of its investment in both Hutchison Mobile Services Limited and Hutchison Telephone (UK) Limited in exchange for additional shares in Hutchison Cellular Services Limited.

Details of the principal subsidiary undertakings, all of which are wholly owned, are as follows:

Name of company	Country of incorporation and operation	Principal activities
Orange Personal Communications Services Limited	England	Personal communications network operator
Hutchison Cellular Services Limited	England	Cellular telephone service provider
Hutchison Telephone (UK) Limited	England	Cellular telephone service provider
Hutchison Mobile Services Limited	England	Cellular telephone service provider
Orange Retail Limited	England	Operator of retail outlets
Hutchison Personal Communications Limited	England	Telephone network service provider
Hutchison Paging (UK) Limited	England	Paging network operator
Hutchison Euromessage Limited	England	Paging network operator
Hutchison Mobile Data (UK) Limited	England	Mobile data service provider

All the above companies have been included in the Group consolidated financial statements.

14. Stocks - Group

	<u>1998</u>	<u>1997</u>
	<u>£m</u>	<u>£m</u>
Finished goods and goods for resale	<u>27.9</u>	<u>16.4</u>
Stocks principally comprise handsets for use with the Orange network.		

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

15. Debtors

	1998		1997	
	Group	Company	Group (restated)	Company (restated)
	£m	£m	£m	£m
Trade debtors	91.5	0.0	48.3	0.0
Deferred subscriber acquisition costs	131.0	0.0	85.2	0.0
Amounts due from parent undertaking	90.0	77.9	16.9	16.9
Amounts due from fellow subsidiary undertakings	0.8	1,397.5	0.8	1,605.6
Other debtors	37.1	0.0	25.4	0.0
Prepayments and accrued income	62.0	0.3	30.7	0.3
	<u>412.4</u>	<u>1,475.7</u>	<u>207.3</u>	<u>1,622.8</u>

The amounts due from fellow subsidiary undertakings of £1,397.5 million (1997 - £1,605.6 million) is due to the Company in more than one year.

Group other debtors include £1.1 million (1997 - £3.6 million) which is due after more than one year.

16. Creditors: amounts falling due within one year

	1998		1997	
	Group	Company	Group	Company
	£m	£m	£m	£m
Bank loans and overdrafts	24.3	10.6	273.9	263.4
Trade creditors	73.0	0.0	52.6	0.0
Amounts owed to fellow subsidiary undertakings	0.0	1.5	0.0	1.4
Other creditors	61.8	1.1	47.0	0.9
Taxation and social security	13.5	0.3	4.1	0.2
Accruals and deferred income	160.6	11.9	152.9	15.2
Obligations under finance leases (note 28)	3.0	0.0	0.0	0.0
	<u>336.2</u>	<u>25.4</u>	<u>530.5</u>	<u>281.1</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

17. Creditors: amounts falling due in more than one year

	1998		1997	
	Group	Company	Group	Company
	£m	£m	£m	£m
Senior Debt Facility borrowings	884.2	884.2	804.3	804.3
Loan owed to Parent undertaking	1,171.0	655.2	655.3	655.3
Obligations under finance leases (note 28)	172.9	0.0	0.0	0.0
	<u>2,228.1</u>	<u>1,539.4</u>	<u>1,459.6</u>	<u>1,459.6</u>

On 19th December 1997, the Company entered into a revised Senior Debt Facility, which provides for a secured term loan facility of up to £1,350.0 million with repayments due in instalments commencing in 2001, a revolving secured credit facility of up to £350.0 million and an overdraft facility of up to £50.0 million.

Borrowings may be made under the term loan facility until 31st December 2000 and are repayable in quarterly instalments from 31st March 2001 to 31st December 2005. Borrowings bear interest at a rate linked to LIBOR (3 month LIBOR at 31st December 1998 was 6.25%) plus a margin of 1.0% (subject to downward adjustment) and Bank of England reserve asset costs. Commitment fees are incurred of 0.35% on the unutilised balance of the facility.

During 1998 the Company maintained the amount of nominal interest rate cover using interest rate swaps on current borrowings at £900.0 million. The cumulative effect of the interest rate derivative transactions and the European Investment Bank (EIB) facility is that £1,140.0 million of borrowings carry a fixed rate for an average remaining period of 3 years and 5 months. The maximum cover is forecast to be £1,240 million in the second quarter of 1999. The economic effect of these agreements is to fix the underlying interest rates at 6.86%.

The debt falling due after more than one year is repayable as follows:

	1998		1997	
	Group	Company	Group	Company
	£m	£m	£m	£m
Between one and two years	2.6	0.0	0.0	0.0
Between two and three years	67.9	66.2	0.0	0.0
Between three and four years	133.5	132.4	61.7	61.7
Between four and five years	177.2	176.5	123.4	123.4
After five years	1,865.5	1,182.9	1,292.8	1,292.8
Less : term loan facility fee	(18.6)	(18.6)	(18.3)	(18.3)
Total due for repayment after more than one year	<u>2,228.1</u>	<u>1,539.4</u>	<u>1,459.6</u>	<u>1,459.6</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

18. Provisions for liabilities and charges - Group

	Restructuring provisions	Other	Total
	£m	£m	£m
1st January 1998 (restated)	17.1	0.3	17.4
Utilisation / amortisation	(3.0)	(0.3)	(3.3)
Release of provisions (note 4)	(6.1)	0.0	(6.1)
31st December 1998	<u>8.0</u>	<u>0.0</u>	<u>8.0</u>

19. Provisions for liabilities and charges - Company

	Restructuring provisions
	£m
1st January 1998 (restated)	14.0
Utilisation / amortisation	(2.3)
Release of provisions	(5.2)
31st December 1998	<u>6.5</u>

20. Share capital

	1998		1997	
	Number	£m	Number	£m
Authorised 'A' ordinary shares of £1	<u>1</u>	<u>0.0</u>	<u>1</u>	<u>0.0</u>
Allotted, called up and fully paid 'A' ordinary shares of £1	<u>1</u>	<u>0.0</u>	<u>1</u>	<u>0.0</u>
Authorised 'B' ordinary shares of £1	<u>20,975,793</u>	<u>21.0</u>	<u>20,975,793</u>	<u>21.0</u>
Allotted, called up and fully paid 'B' ordinary shares of £1	<u>20,975,793</u>	<u>21.0</u>	<u>20,975,793</u>	<u>21.0</u>
Authorised 'C' ordinary shares of £1	<u>9,681,135</u>	<u>9.7</u>	<u>9,681,135</u>	<u>9.7</u>
Allotted, called up and fully paid 'C' ordinary shares of £1	<u>9,681,135</u>	<u>9.7</u>	<u>9,681,135</u>	<u>9.7</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

21. Reserves - Group

	Profit and loss account £m
1st January 1998	(943.7)
Loss for the year	(69.4)
31st December 1998	<u>(1,013.1)</u>

The cumulative net amount of goodwill at 31st December 1998 resulting from acquisitions to date, which has been written off directly to reserves, is £47.9 million (1997 - £47.9 million).

22. Reserves - Company

	Capital reserve £m	Profit and loss account £m	Total £m
1st January 1998	3.3	(51.7)	(48.4)
Loss for the year	0.0	(19.8)	(19.8)
31st December 1998	<u>3.3</u>	<u>(71.5)</u>	<u>(68.2)</u>

The capital reserve represents the excess of net liabilities over the cost of an acquisition in 1990.

23. Reconciliation of movements in shareholders' funds - Group

	1998 £m	1997 £m
Opening deficit of equity shareholders' funds	(913.0)	(780.0)
Loss for the year	(69.4)	(133.0)
Closing deficit of equity shareholders' funds	<u>(982.4)</u>	<u>(913.0)</u>

24. Reconciliation of movements in shareholder's funds - Company

	1998 £m	1997 £m
Opening deficit of equity shareholders' funds	(17.7)	(45.1)
(Loss)/profit for the year	(19.8)	27.4
Closing deficit of equity shareholders' funds	<u>(37.5)</u>	<u>(17.7)</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

25. Reconciliation of operating profit/(loss) to operating cashflows

	1998	1997 (restated)
	<u>£m</u>	<u>£m</u>
Operating profit/(loss)	36.5	(49.7)
Depreciation	176.0	105.3
Amortisation of deferred subscriber acquisition costs	181.5	156.0
Loss on disposal of tangible fixed assets	0.3	0.3
Increase in stocks	(11.5)	(1.8)
Movement in debtors:		
- Increase in debtors	(145.5)	(38.5)
- Expenditure on deferred subscriber acquisition costs	(227.3)	(164.8)
Decrease in provisions for liabilities and charges	(3.3)	(1.8)
Increase in creditors	42.0	22.7
	<u>48.7</u>	<u>27.7</u>

26. Analysis of cash flows for headings netted in the cash flow statement

Returns on investments and servicing of finance	<u>1998</u>	<u>1997</u>
	<u>£m</u>	<u>£m</u>
Interest received	0.3	0.3
Interest paid	(109.4)	(86.0)
Interest element of finance lease rental payments	(15.5)	0.0
Net cash outflow for returns on investments and servicing of finance	<u>(124.6)</u>	<u>(85.7)</u>
Capital expenditure and financial investment	<u>1998</u>	<u>1997</u>
	<u>£m</u>	<u>(restated)</u> <u>£m</u>
Expenditure on tangible fixed assets	(238.7)	(295.1)
Amounts paid as lessors' agent under finance leases	(183.2)	0.0
Purchase of holding company shares by employee benefit trust	(2.0)	(1.2)
Net cash outflow for capital expenditure and financial investment	<u>(423.9)</u>	<u>(296.3)</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

26. Analysis of cash flows for headings netted in the cash flow statement (continued)

Financing	1998	1997
	£m	£m
Bank loans (repaid) / drawdown	(260.0)	145.0
Loans from parent undertaking	0.0	(8.0)
Reimbursement of amounts paid as lessors' agent under finance leases	176.6	0.0
Debts due after more than one year :		
- long term bank loan drawdown	80.1	222.6
- bank term loan arrangement fee	(0.5)	(8.0)
- loans from parent undertaking advanced/(repaid)	515.9	(3.4)
Capital element of finance lease rental payments	(3.7)	0.0
Net cash inflow from financing	<u>508.4</u>	<u>348.2</u>

27. Analysis of net debt

	At 1st January 1998	Cash flow	Other non cash movements	At 31st December 1998
	£m	£m	£m	£m
Cash at bank and in hand	2.1	16.4	0.0	18.5
Overdrafts	(16.5)	(7.8)	0.0	(24.3)
	<u>(14.4)</u>	<u>8.6</u>	<u>0.0</u>	<u>(5.8)</u>
Debt due after 1 year	(1,459.6)	(595.5)	(0.1)	(2,055.2)
Debt due within 1 year	(257.4)	260.0	(2.6)	0.0
Finance leases	0.0	(172.9)	0.0	(172.9)
	<u>(1,717.0)</u>	<u>(508.4)</u>	<u>(2.7)</u>	<u>(2,228.1)</u>
	<u>(1,731.4)</u>	<u>(499.8)</u>	<u>(2.7)</u>	<u>(2,233.9)</u>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

28. Lease commitments - Group

Amounts due under finance leases:

	1998
Amounts payable:	£m
within one year	3.0
between two and five years	6.0
after five years	166.9
	<hr/>
Total minimum lease payments	175.9
Prepaid lease payments	(3.0)
Net minimum lease payments	<hr/> <hr/> 172.9

Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:

	Land and buildings	Other	1998 Total	Land and buildings	Other	1997 Total
	£m	£m	£m	£m	£m	£m
Within one year	0.1	5.6	5.7	0.1	4.1	4.2
Between one and five years	0.4	17.9	18.3	0.3	22.2	22.5
After five years	9.6	21.6	31.2	5.7	4.6	10.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10.1	45.1	55.2	6.1	30.9	37.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

29. Lease commitments - Company

Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:

	Land and buildings	Other	1998 Total	Land and buildings	Other	1997 Total
	£m	£m	£m	£m	£m	£m
Within one year	0.0	0.0	0.0	0.0	0.0	0.0
Between one and five years	0.3	0.0	0.3	0.3	0.0	0.3
After five years	1.6	0.0	1.6	0.1	0.0	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1.9	0.0	1.9	0.4	0.0	0.4
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

30. Capital commitments

	1998		1997	
	Group	Company	Group	Company
	£m	£m	£m	£m
Contracts placed for capital expenditure but not provided for in the financial statements	101.2	0.0	102.6	0.0

31. Related party transactions

(a) Lease guarantees

The principal shareholders of Hutchison Telecommunications (UK) Limited's parent undertaking, Orange plc, have each issued shareholder guarantees to the Lessor under which, on a several basis, Hutchison Whampoa Ltd. (as to 68.42%) and British Aerospace plc (as to 31.58%) have guaranteed such payment obligations of the Group in excess of the defeasance deposits as might arise on termination of the finance leases entered into in December 1995.

(b) Other guarantees

Orange plc's principal shareholder (Hutchison Whampoa) or its affiliates had in the normal course of business entered into a number of guarantees in respect of the obligations of certain members of the Group. Orange plc and the principal shareholder agreed to use all reasonable endeavours to procure the release of such guarantees. In the event that any such guarantees are not released, Orange plc has agreed, for so long as such guarantees and indemnities remain outstanding, to pay the relevant guarantor an annual fee equal to 1% of the total sums which it has guaranteed.

(c) Other

The property occupied by the Group at St. James Court, Bristol is leased from British Aerospace plc, the intermediate landlord, at a cost of £0.8 million (1997 - £0.8 million). The terms of the lease held by the Group principally mirror the terms of the lease entered into between the head landlord and British Aerospace plc.

A subsidiary of Hutchison Whampoa, Hutchison Ports (UK), and British Aerospace are both customers of the Group for the supply of mobile phones and talktime. The Group transacts with these parties on ordinary terms of business.

(d) Exemption for subsidiaries

Hutchison Telecommunications (UK) Limited has taken advantage of the exemption in Financial Reporting Standard 8: "Related Party Transactions" relating to subsidiaries. Accordingly, transactions with the parent undertaking, Orange plc, and members of the Orange plc Group, have not been disclosed.

HUTCHISON TELECOMMUNICATIONS (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

32. Financial support

It is the current intention of the shareholders of the parent undertaking, Orange plc, to make available sufficient funds to allow the Company to meet its obligations as they fall due.

33 Contingent liabilities

After reviewing available information relating to contingent liabilities and consulting with the Group's legal counsel, Management considers that the outcome of each of these matters is unlikely to have a material effect on the Group's financial condition, results of operations or liquidity.

The Company has, under a senior debt facility agreement, secured substantially all the assets of the Group.

34. Auditors' remuneration

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Total audit fees	<u>212</u>	<u>194</u>
Fees paid to auditors for other services:		
Taxation	568	484
Other	<u>16</u>	<u>53</u>
Total fees paid to auditors for other services	<u>584</u>	<u>537</u>

Audit fees charged in respect of the Company were £23,000 (1997 - £31,000).

35. Ultimate holding company

The ultimate holding company is Orange plc, a company incorporated in the United Kingdom. Copies of the Annual Report and accounts of Orange plc can be obtained from the Company Secretary at St. James Court, Great Park Road, Almondsbury Park, Bradley Stoke, Bristol BS32 4QJ.