

**Cellphones Direct (Holdings) Limited**

**Annual Report**

**For the 15 months ended**

**31 March 2000**



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COMPANIES HOUSE**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 15 months ended 31 March 2000.

### **Change of accounting reference date**

On 15 May 2000, the company changed its accounting reference date to 31 March to be coterminous with that of British Telecommunications plc ("BT").

### **Principal activities**

The Company holds shares, both directly and indirectly, in companies that sell and rent mobile telephones and provide services on the Vodafone network.

### **Business review**

The contribution of the Company's only trading subsidiary, Cellphones Direct Limited, to the overall strategy of the Lumina Group (formerly the Martin Dawes Group) is recognised and as such a commitment has been given to the continuation of the Cellphones Direct brand name.

On 8 March 1999 the Company's ultimate holding company was sold to Telecom Securicor Cellular Radio Limited, a member of the BT group.

### **Proposed dividend**

The directors do not recommend the payment of a dividend. (1998 : £Nil)

### **Directors**

The directors of the Company at 31 March 2000 and the changes during the period are as follows:

MR Dawes	(Resigned 8 March 1999)
DC Goldie	(Resigned 11 October 1999)
MA Rea	(Resigned 8 March 1999)
P Graham	(Appointed 8 March 1999)
H Logan	(Appointed 8 March 1999, resigned 30 June 2000)
W Gorjance	(Appointed 8 March 1999)
N Knight	(Appointed 1 July 2000)

None of the directors had any interests in the shares of the Company.

At 31 March 2000 and at the date of appointment, the only interests of the directors, who are not directors of the ultimate holding company, in the ordinary shares of the ultimate holding company and as shown in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985, were as follows:

<b>Ordinary shares of 25p each</b>		
<b>in British Telecommunications plc</b>		
	<b>31 March 2000</b>	<b>at date of appointment</b>
Mr P Graham	1,539	982
Mr H Logan (a)	30,459	8,792

## **Directors' report** *(continued)*

### **Directors** *(continued)*

(a) Includes 8,638 (at date of appointment: 8,572) shares held by Mr Logan under the BT Executive Share Plan ("the ESP") formerly known as the BT Long Term Remuneration Plan.

In addition to the above contingent awards and non-beneficial interests in shares held under BT share plans were:

Under the ESP, Mr Logan had been granted contingent awards of 65,969 (at date of appointment: 56,852) shares. Full entitlement to these shares at the end of a five-year period is dependent upon the BT group meeting a pre-determined corporate performance measure and the continued employment of participants by the BT Group.

As 31 March 2000, Mr Logan had a non-beneficial interest in 5,903,526 (at date of appointment: 5,629,621) shares held in trust by Ilford Trustees (Jersey) Limited for allocation to participating employees under the ESP.

Mr Logan had also been granted contingent awards totalling 3,160 (at date of appointment: 3,112) shares under the BT Deferred Bonus Plan ("the DBP"), which was established in 1998. Entitlement to these shares at the end of a three-year period is dependent upon the continued employment of the participant by the BT Group.

Under the BT Performance Share Plan Mr Graham had been granted Contingent awards totalling 3,031 (at date of appointment: 958) shares. The vesting of awards under the PSP is subject to BT meeting a pre-determined performance target. If that target is met and the participant is still employed by the BT group, the awards will vest within two years of the end of a three-year cycle (which may be extended up to five years).

At 31 March 2000, Mr Graham and Mr Logan each had a non-beneficial interest in that number of the 13,388,542 (at date of appointment: 1,317,675) shares held in trust by Ilford Trustees (Jersey) Limited, which are for allocation to employees under either the PSP or the DBP.

At 31 March 2000, the directors each had a non-beneficial interest in 78,454 shares (at date of appointment: 53,912) purchased by BT Employee Shares Trustees Limited for allocation to employees under the BT Share Ownership Scheme.

Share options held, granted to, or exercised by the directors under the BT Employee Sharesave scheme, over the ordinary shares of British Telecommunications plc, during the period from incorporation to 31 March 2000 were as follows:

#### **Employee Sharesave Scheme**

	<b>31 March 2000</b>	<b>Granted</b>	<b>Exercised</b>	<b>At date of appointment</b>
Mr P Graham	3,977	200	-	3,777
Mr H Logan	2,532	1,200	3,035	4,367

#### **Executive Share Option Scheme**

	<b>31 March 2000</b>	<b>Granted</b>	<b>Exercised</b>	<b>At date of appointment</b>
Mr H Logan	24,250	-	-	24,250

#### **BT US Stock Option Plan**

	<b>31 March 2000</b>	<b>Granted</b>	<b>Exercised</b>	<b>At date of appointment</b>
Mr W Gorjance	3,615	1,510	-	2,105

**Directors' report** *(continued)*

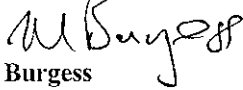
**Close company provision**

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company. There has been no change in this respect since the end of the financial year.

**Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of auditors to the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**M Burgess**  
*Company Secretary*  
22 December 2000

### **Statement of directors' responsibilities for preparing the financial statements**

The directors are required by law 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 period and of the profit or loss and total recognised gains or losses of the Company for that period.

The directors consider that, in preparing the financial statements for the period ended 31 March 2000 on pages 6 to 9, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors also consider that all accounting standards which they consider to be applicable have been followed and confirm that the financial statements have been prepared on the going concern basis.

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1995.

The directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The auditors' responsibilities are stated in their report on page 5.

## **Report of the auditors to the members of Cellphones Direct (Holdings) Limited**

We have audited the financial statements on pages 6 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 4 this includes the responsibility of preparing of the financial statements in accordance with the applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by United Kingdom 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 United Kingdom 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 audit 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 company's affairs at 31 March 2000 and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
Manchester

22 December 2000

## **Profit and loss account**

*for the 15 months ended 31 March 2000*

The Company does not trade and therefore has no profit, loss or cash flows for the periods ended 31 March 2000 and 31 December 1998. There were no other recognised gains or losses in 2000 or 1998.

## **Balance sheet**

*at 31 March 2000*

	<i>Note</i>	<b>31 March 2000</b>	<b>31 December 1998</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Investments	3	4,500	4,500
 <b>Creditors: amounts falling due within one year</b>	 4	 (2,343)	 (2,343)
 <b>Net current liabilities</b>		 (2,343)	 (2,343)
 <b>Net assets</b>		 2,157	 2,157
 <b>Capital and reserves</b>			
Called up share capital	5	2,083	2,083
Share premium account	6	394	394
Profit and loss account	6	(320)	(320)
 <b>Equity Shareholders' funds</b>	 7	 2,157	 2,157

The notes on pages 7 to 9 form part of these financial statements.

Auditors' report page 5.

These financial statements were approved by the board of directors on 22 December 2000 and were signed on its behalf by:



**N Knight**  
*Director*



## Notes to the financial statements

### 1 Accounting policies

The following accounting policies have been applied consistently regarding items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Provision is made for deferred taxation only to the extent that timing differences are expected to reverse in the foreseeable future.

#### *Cash flow statement*

The Company is a wholly owned subsidiary of British Telecommunications plc. The cash flows of the Company are included in the consolidated cash flow statement of British Telecommunications plc. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

#### *Investments*

Equity investments are shown at cost to the Company less any provision for diminution in the carrying value.

### 2 Directors' emoluments

No director received emoluments from the Company (1998 : £Nil)

### 3 Fixed asset investments

	Shares in subsidiary undertakings £
<i>Shares</i>	
Cost as at 31 March 2000 and 31 December 1998	4,500
	<hr/>

Details of the principal subsidiary undertakings are as follows:

	Country of incorporation	Principal activity	Equity Held
Cellphones Direct Limited	England	Sale of mobile telephones and provision of services on the Vodafone network	67%
Cellphones Direct (Investments) Limited	England	Holding company	100%

**Notes to the financial statements(continued)**

**4 Creditors: amounts falling due within one year**

	31 March 2000 £000	31 December 1998 £000
Amounts owed to group undertakings	2,298	2,298
Accruals and deferred income	45	45
	<u>2,343</u>	<u>2,343</u>

**5 Called up share capital**

	31 March 2000 £000	31 December 1998 £000
<i>Authorised</i>		
1,750,000 A ordinary shares of £1 each	1,750	1,750
333,333 B ordinary shares of £1 each	333	333
	<u>2,083</u>	<u>2,083</u>
<i>Allotted, called up and fully paid</i>		
1,750,000 A ordinary shares of £1 each	1,750	1,750
333,333 B ordinary shares of £1 each	333	333
	<u>2,083</u>	<u>2,083</u>

The A and B shares rank pari passu in all respects with one exception: the holders of each class of share have the right to appoint one person as director of the Company, but do not have the right to vote on the removal from office of the director appointed by the holders of the other class.

**6 Reconciliation of movement in reserves**

	Share Premium Account £000	Profit and loss account £000
At beginning of the period	394	(320)
Result for the period	-	-
	<u>394</u>	<u>(320)</u>

## Notes to the financial statements *(continued)*

### 7 Reconciliation of movements in shareholders funds

	31 March 2000	31 December 1998
	£000	£000
Opening shareholders' funds	2,157	2,157
Result for the period	-	-
	<hr/>	<hr/>
Closing shareholders' funds	2,157	2,157
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### 8 Ultimate holding company

The Company is a subsidiary of Lumina Holdings Limited, incorporated in England. The Company's ultimate holding company Aarco 152 Limited, was put into members voluntary liquidation on 3 March 1999 and Ever 1199 Limited became the ultimate holding company.

On 8 March 1999 Ever 1199 Limited was acquired by BT Cellnet Limited (formerly Telecom Securicor Cellular Radio Limited), a subsidiary of British Telecommunications plc incorporated in England, which is now the ultimate holding company. The results of the Company are included in the consolidated financial statements of British Telecommunications plc. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 8 from disclosing details of transactions and balances with British Telecommunications plc, fellow subsidiaries and associated undertakings.

Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.