



00024348

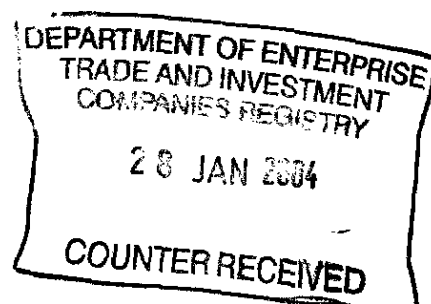
VODAFONE (NI) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2003

NI 23033



VODAFONE (NI) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

CONTENTS

	<u>Page</u>
Directors' Report	2 - 4
Independent Auditors' Report	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Statement of Accounting Policies	10
Notes to the Financial Statements	11 - 21

VODAFONE (NI) LIMITED
REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as a service provider for a national cellular telephone network and paging network.

REVIEW OF THE BUSINESS

Turnover for the year amounted to £20.6m and the loss before taxation was (£4.8m). After taxation the loss of £(3.4m) has been transferred to reserves (2002 loss of £(2.3m)).

In October 2002 the company's subscriber base was transferred to Vodafone Limited, who have acted as billing agent for the company. As from 4th November 2002 the company has been acting as a connection channel for Vodafone Limited. From 4th November 2002 all new customer contracts have been taken out with Vodafone Limited, existing customers continue with Vodafone (NI) Limited until they accept their contract upgrade.

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

FUTURE DEVELOPMENTS

The Company is continuing with its policy of long term growth in the field of cellular radio.

FIXED ASSETS

The movement in tangible fixed assets is set out on page 15 in note 8.

AUDITORS

The Company has passed an elective resolution under Article 386 (1) of the Companies (Northern Ireland) Order 1986 to dispense with the re-appointment of auditors annually.

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

DIRECTORS

The directors of the Company during the period were as follows:

Mr I Gray	(resigned on the 1st April 2002)
Mr C H B Bramwell	
Mr A N Halford	(resigned on the 1st April 2002)
Mr S Brewer	(appointed on the 1st April 2002, resigned on the 22nd August 2003)
Mr E Langston	(appointed on the 1st April 2002)
Mr G J Darby	(appointed on the 1st September 2003)
Mr N J Read	(appointed on the 1st September 2003)

VODAFONE (NI) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS INTERESTS IN SHARES

Given below are details of the interests in the ordinary shares of Vodafone Group Plc at 31 March 2003 of directors of the Company at that date. The interests at the beginning of the year are shown in brackets.

	Ordinary Shares Held	Ordinary Share Options (Note 1)	Ordinary Share Options (Note 2)
C H B Bramwell	19,365 (18,587)	11,270 (11,270)	219,403 (141,900)

- 1) The options are granted under the Vodafone Group Plc Savings Related Share Option Scheme and the Vodafone Group 1998 Sharesave Scheme.
- 2) The options are granted under the Vodafone Group 1998 Company Share Option Scheme, the Vodafone Group Plc Executive Share Option Scheme, the Vodafone Group 1998 Executive Share Option Scheme and the Vodafone Group Plc Share Option Scheme.

Details of the shareholdings of Mr S Brewer and Mr E Langston are disclosed in the accounts of Vodafone UK Limited.

REGISTERED OFFICE

The registered office of the Company is at 16 Wellington Park, Belfast, Northern Ireland.

STATEMENTS OF DIRECTORS' RESPONSIBILITIES

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

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

VODAFONE (NI) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Mr P R S Howie
Company Secretary

27th January 2004

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE (NI) LIMITED

We have audited the financial statements of Vodafone (NI) Ltd for the year ended 31st March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 (Northern Ireland) Order 1986. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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.

VODAFONE (NI) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

27 January 2004

VODAFONE (NI) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	NOTE:	2003	2002
		£'000	£'000
Turnover	2	<u>20,627</u>	<u>17,630</u>
Operating (loss)	3	(4,340)	(2,843)
Interest Payable	6	(436)	(340)
Interest Receivable	6	2	7
		—	—
(Loss) on ordinary activities before taxation		(4,774)	(3,176)
Tax on (loss) on ordinary activities	7	1,400	914
		—	—
(Loss) for the financial year transferred to reserves	14	<u>(3,374)</u>	<u>(2,262)</u>

All activities derive from continuing operations.

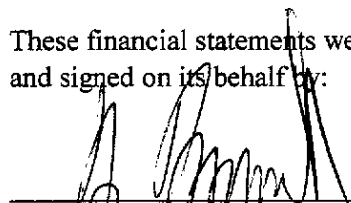
There are no recognised gains or losses other than the loss for the financial year. Accordingly no statement of gains and losses is given.

VODAFONE (NI) LIMITED**BALANCE SHEET****AS AT 31 MARCH 2003**

		<u>2003</u>		<u>2002</u>
	NOTE	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
FIXED ASSETS				
Tangible Fixed assets	8		1,260	1,249
CURRENT ASSETS				
Stocks	9	764		641
Debtors	10	2,562		3,490
Cash at bank and in hand		215		317
		<u>3,541</u>		<u>4,448</u>
CREDITORS: amounts falling due within one year.	11	13,075		10,595
Provisions for Liabilities and Charges	12	41		43
NET CURRENT LIABILITIES			(9,575)	(6,190)
NET LIABILITIES			<u>(8,315)</u>	<u>(4,941)</u>
CAPITAL AND RESERVES				
Called up Equity Share Capital (£100)	13		-	-
Share premium account			494	494
Profit and loss account	14		(8,809)	(5,435)
EQUITY SHAREHOLDERS FUNDS - DEFICIT			<u>(8,315)</u>	<u>(4,941)</u>

These financial statements were approved by the Board of Directors on
and signed on its behalf by:

27th January 2004


C H B Bramwell (Director)

VODAFONE (NI) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2003

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Net cash (outflow) from operating activities	(4,590)	(3,146)
Servicing of finance:		
Interest paid	(434)	(333)
Group Relief Payment Received	750	537
Capital expenditure and financial investment:		
Purchase of Fixed Assets	(402)	(64)
Receipts from sale of Fixed Assets	230	7
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(172)	(57)
Net cash outflow before financing	<hr/> (4,446)	<hr/> (2,999)
Financing:		
Movement in short term loans	<hr/> 4,344	<hr/> 2,958
Net cash inflow from financing	4,344	2,958
(Decrease) in cash for the year.	<hr/> (102)	<hr/> (41)

Additional disclosures are provided in note 20 to the accounts.

VODAFONE (NI) LIMITED

STATEMENT OF ACCOUNTING POLICIES

1. Accounting Policies

(i) Basis of accounting

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

(ii) Turnover

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

(iii) Stocks

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

(iv) Depreciation of tangible fixed assets

The cost of tangible fixed assets is written off, from the time they are brought into use, by equal instalments over their expected useful lives as follows:-

Short term leaseholds	the term of the lease
Furniture and fittings	6-7 years
Motor vehicles	4 years
Plant and machinery	10 years

(v) Deferred Taxation

The company has adopted FRS19 Deferred Tax. 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.

(vi) Pension Costs

Costs relating to defined benefit plans 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 dependant upon actuarial advice with any difference between pension cost and funding being treated as a provision or prepayment.

Vodafone (NI) Limited continues to report pensions benefits under Statement of Standard Accounting Practice 24 (SSAP 24). Additional disclosure has been made in the financial statements for Financial Reporting Standard 17 (FRS 17), for the transitional phase of the implementation of the standard.

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

	<u>2003</u>	<u>2002</u>
2. Turnover	<u>£'000</u>	<u>£'000</u>
Sales of cellular radio products	20,627	17,630
Geographical analysis of turnover by area of destination:		
United Kingdom	20,375	17,415
Republic of Ireland	252	215
 3. Operating (loss)	 <u>2003</u>	 <u>2002</u>
i) Summary;	<u>£'000</u>	<u>£'000</u>
Turnover	20,627	17,630
Cost of Sales	19,907	15,115
	<hr/>	<hr/>
Gross Profit	720	2,515
Selling and distribution costs	3,283	3,133
Administrative expenses	1,777	2,225
	<hr/>	<hr/>
	5,060	5,358
	<hr/>	<hr/>
Operating (loss)	<u>(4,340)</u>	<u>(2,843)</u>
 ii) Operating (loss) has been arrived at after charging:		
Depreciation of tangible fixed assets - owned		
Assets	311	302
Auditors remuneration	10	11
Property rents	773	752
Profit on disposal of Fixed Assets	149	
	<hr/>	<hr/>

VODAFONE (ND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

4. Employees

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

	<i>Note</i>	2003 Number	2002 Number
Administration		36	36
Selling and distribution		73	70
		<hr/>	<hr/>
		109	106
		<hr/> <hr/>	<hr/> <hr/>

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

		2003 £'000	2002 £'000
Wages and salaries		2,323	2,169
Social security costs		172	165
Pensions	18	147	169
		<hr/>	<hr/>
		2,642	2,503
		<hr/> <hr/>	<hr/> <hr/>

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

5. Directors

The emoluments, excluding pension contribution, of directors of the Company:

	2003 £'000	2002 £'000
For service as executives	92	89
Benefits in kind	10	10
	<hr/>	<hr/>
	102	99
	<hr/>	<hr/>
Pension Scheme Contributions	14	12
	<hr/>	<hr/>

Two of the three directors' pension contributions are paid by another Company within the Group and are not included in the above figure. The remaining director is accruing benefits under a defined benefit scheme.

No director exercised share options in Vodafone Group Plc during the year.

Transactions with Directors

The Company's principal trading premises are owned by a Director, Byrom Bramwell. Property rentals of £50,400 (2002-£50,400) are paid by the Company in respect of this property.

	2003 £'000	2002 £'000
6. Interest payable and similar charges		
Interest paid to group companies	(436)	(340)
	<hr/>	<hr/>
Bank interest received	2	7
	<hr/>	<hr/>

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

7. Tax credit on loss on ordinary activities	2003	2002
	£'000	£'000
UK Corporation tax at 30% (2002: 30%)	(1,397)	(928)
Prior year adjustment for over/(under) provision	(2)	28
Total current tax	<u>(1,399)</u>	<u>(900)</u>
Deferred tax: origination and reversal of timing differences	(1)	(14)
	<u>(1,400)</u>	<u>(914)</u>

The standard rate of tax for the year, based on the UK standard rate of Corporation tax is 30%.
The actual tax charge for the current and previous year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation:

	2003	2002
	£'000	£'000
Loss on ordinary activities before tax	(4,774)	(3,176)
Tax credit on loss on ordinary activities at 30% (2001: 30%)	(1,432)	(953)
Accelerated capital allowances	1	14
Other permanent differences	34	11
Adjustments to tax charge in respect of previous periods	(2)	28
Current tax credit for the year	<u>(1,399)</u>	<u>(900)</u>

The elements of deferred taxation are shown in note 12 to the accounts.

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

8. Tangible fixed assets

	<u>Short-term leasehold premises</u>	<u>Plant, machinery, furniture, vehicles</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Cost</u>			
Balance at 1 April 2002	324	1,807	2,131
Additions	14	388	402
Disposals	(2)	(178)	(180)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	336	2,017	2,353
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
Balance at 1 April 2002	133	749	882
Charge for year	37	274	311
Disposals	(1)	(99)	(100)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	169	924	1,093
	<hr/>	<hr/>	<hr/>
<u>Net book value</u>			
At 31 March 2003	167	1,093	1,260
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2002	191	1,058	1,249
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. Stocks

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Finished goods	764	641
	<hr/> <hr/>	<hr/> <hr/>

10. Debtors

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Due within one year:		
Trade debtors	5	1,037
Amounts owed by group companies	2,244	937
Prepayments and accrued income	313	1,516
	<hr/> <hr/>	<hr/> <hr/>
	2,562	3,490

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

11. Creditors - amounts falling due within one year

	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Trade Creditors	173	119
Amounts owed to group companies	689	1,505
Other taxation and social security	56	391
Accruals and deferred income	841	1,608
Loans from group companies	11,316	6,972
	<u>13,075</u>	<u>10,595</u>

Loans from group companies are classified as repayable within one year as there are no fixed repayment terms.

12. Provision for liabilities and charges

Deferred taxation

<u>2003</u> <u>Amount</u> <u>Provided</u> <u>£'000</u>	<u>2003</u> <u>Potential</u> <u>Liability</u> <u>£'000</u>	<u>2002</u> <u>Amount</u> <u>Provided</u> <u>£'000</u>	<u>2002</u> <u>Potential</u> <u>Liability</u> <u>£'000</u>
---	---	---	---

The elements of deferred taxation are as follows:

Accelerated capital allowances	75	74	51	51
Other timing differences	(33)	(33)	(8)	(8)
Unused tax losses	-	(74)	-	(74)
	<u>42</u>	<u>(33)</u>	<u>43</u>	<u>(31)</u>

Deferred tax assets and liabilities have not been discounted.

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

12. Provision for liabilities and charges (cont'd)

The movements in the deferred taxation balances were as follows:

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Liability at 1 April 2002	43	57
Amount (credited)/charged to profit & loss account	(1)	(14)
Liability at 31 March 2003	<u>42</u>	<u>43</u>

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

13. Called up Share Capital

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Authorised, allotted & fully paid Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

14. Profit and loss account

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>
Retained losses at 31 March 2002	(5,435)	(3,173)
Retained (loss) for the period - (2002 as previously reported)	(3,374)	(2,262)
Retained losses at 31 March 2003	<u>(8,809)</u>	<u>(5,435)</u>

There is no movement in shareholders funds other than the loss for the period as above.

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

15. Leased Assets

Operating leases

Commitments existed at the year end under operating leases in respect of annual rentals which expire:

	<u>2003</u> <u>Property</u>	<u>2003</u> <u>Plant and</u> <u>Machinery</u>	<u>2002</u> <u>Property</u>	<u>2002</u> <u>Plant and</u> <u>Machinery</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Less than one year	52	-	-	-
Between				
2 and 5 years	13	-	91	-
Greater than 5 years	529	-	446	-
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

16. Capital commitments

There were no capital commitments existing at the balance sheet date, not already provided for in these accounts.

17. Group Companies

The ultimate controlling entity of the Company is Vodafone Group Plc, a Company incorporated in England.

The Company is dependent on financial support from its parent Company. The parent Company has indicated its intention to support the Company to enable it to meet its liabilities as they fall due.

A copy of the financial statements of Vodafone Group Plc may be obtained from The Company Secretary, Vodafone Group Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire, RG14 1JX, England.

18. Pensions

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

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

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

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2003**

18. Pensions (continued)

Using consistent assumptions to those outlined above the updated funding level as at 31 March 2003 has been estimated as 92%.

Disclosures required under SSAP 24

The pension cost for the company amounted to £146,955 (2002 - £168,977).

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

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

Disclosures required under FRS 17

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

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

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

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2003**

18. Pensions (continued)

Information in respect of the scheme as a whole

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

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

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

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

VODAFONE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

19. Related Party Transactions

The Company has taken advantage of the exemption granted by paragraph 3 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. Notes to the cash flow statement

a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities.

	2003 £'000	2002 £'000
Operating (loss)	(4,340)	(2,843)
Depreciation charges	311	302
(Profit)/Loss on disposal	(149)	4
(Increase)/Decrease in stocks	(123)	23
Decrease/(Increase) in debtors	1,574	(829)
(Decrease)/Increase in creditors	(1,863)	197
Net cash (outflow) from operating activities.	(4,590)	(3,146)

b) Reconciliation of net cash flow to movement in net debt.

	2003 £'000	2002 £'000
(Decrease)/Increase in cash for the year	(102)	(41)
Cashflow from increase in debt financing	(4,344)	(2,958)
Movement in net debt in the year	(4,446)	(2,999)
Net debt at 1 April 2001	(6,655)	(3,656)
Net debt at 31 March 2003	(11,101)	(6,655)

c) Analysis of changes in net debt.

	1 April 2002 £'000	Cashflow £'000	31 March 2003 £'000
Cash in Hand, at bank	317	(102)	215
Debt due within one year	(6,972)	(4,344)	(11,316)
	(6,655)	(4,446)	(11,101)