

Vodafone Group Plc

Annual Report and Accounts

For the year ended 31 March 1993



VODAFONE
GROUP

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Vodafone Group Plc

Vodafone Group Plc is a world leader in the provision of mobile telecommunications services. It is the market leader in the United Kingdom and operates the largest contiguous cellular network in the world. Vodafone Group Plc also participates in other cellular networks overseas.

The Company's shares are quoted on both the London and New York stock exchanges and in June 1993, the Group was one of the forty largest companies by market capitalisation included in the FT-SE 100 index.

The Group's profitability has grown every year since 1986. Its cash flow is positive and it has no net debt.

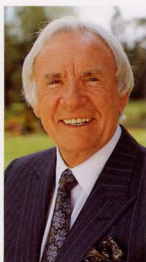
Significant opportunities exist for future growth and the Group has a clearly defined strategy to achieve continued success.

Results at a glance

	1993	1992
	£000	£000
Turnover	664,100	585,337
Return on turnover (before interest)	46.3%	45.0%
Profit before taxation	322,473	271,765
Taxation	100,636	87,516
Profit after taxation	221,837	184,249
Net assets employed	596,478	452,149
Return on net assets employed	54.1%	60.1%
Earnings per share	22.07p	18.38p
Dividends per share (net of tax)	6.96p	5.80p*

* excludes the special interim dividend of 5.0p paid during the year to facilitate the demerger.

Board of directors



Sir Ernest Harrison OBE
Chairman



G A Whent CBE
Chief Executive

Chairman

Sir Ernest Harrison OBE
Hon DSc, Hon D Univ (Surrey),
Hon D Univ (Edinburgh), FCA, Comp IEE, Hon FCGI

Chief Executive

G A Whent CBE

Directors

Sir William Barlow F Eng
Sir Robert Clark DSC
C C Gent
D J Henning
K J Hydon
G J Lomer CBE F Eng
E J Peett CBE

Secretary

S R Scott MA, Solicitor

Registered Office

The Courtyard, 2-4 London Road,
Newbury, Berkshire RG13 1JL

Auditors

Touche Ross & Co.,
Hill House, 1 Little New Street,
London EC4A 3TR

Registrars and Transfer Office

Barclays Registrars,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU

Statement by the Chairman

It is with pleasure I am able to report that the Company achieved increases in both sales and profit. Sales during the year were £664.1 million (1991/92 – £585.3 million), an increase of 13%. The net profit before taxation amounted to £322.5 million (1991/92 – £271.8 million), an increase of 19%.

Taxation for the year is estimated at £100.6 million (1991/92 – £87.5 million). Earnings per share amounted to 22.07p per share (1991/92 – 18.38p per share), an increase of 20%.

The directors recommend payment of a final dividend of 3.53p per share, net of tax (1991/92 – 2.94p per share), making a total of 6.96p per share (1991/92 – 5.80p per share) for the year. This represents an increase of 20% on the net dividend of 5.80p per share for the year ended 31st March 1992, excluding the special dividend paid on demerger.

The final dividend will be paid on 18th August 1993 to shareholders on the Register of Members on 1st July 1993.

The Company

The Vodafone Group is a leading provider of mobile telecommunications including cellular radio, wide area paging, trunked private mobile radio, packet radio and value added network services.

The Vodafone national cellular radio telephone service continues to be the largest and most profitable contiguous mobile telephone service in the world.

The increased demand for mobile communications in the United Kingdom resulted in positive growth being sustained throughout the year.

Notwithstanding additional start-up operating losses, mainly in Australia and Greece, the prospects for both the year and the long term are good.

Acquisition of Hawthorn Leslie Group PLC

After the year end, on 13th April 1993, Vodafone Group Plc's offer for the entire share capital of Hawthorn Leslie Group PLC, the principal subsidiary of which is one of Vodafone's major service providers, became unconditional.

Now renamed VHL Communications Limited, this service provision company operates nationwide, although it enjoys a higher profile in the south east of England where its principal trading name, 'London Car Telephones', is widely recognised.

Vodafone

Vodafone's rate of growth accelerated throughout the year, assisted by the resumption of growth in the economy, and the company maintained its 56% share of the United Kingdom's cellular market. 125,000 net new subscribers were added during the year, which resulted in a total of over 838,000 subscribers connected to the service by 31st March 1993.

An alternative tariff, designed to be attractive to infrequent users of mobile telephony, was introduced to broaden the market beyond the business sector. This new tariff, called 'LowCall', offers a reduced monthly access charge but increased call charges.

By the end of the year more than 85,000 customers had connected to the 'LowCall' service, over 60% of whom were new to cellular. The level of migration from the existing tariff was much less than originally expected. Strong net growth of the traditional business sector of the market had resumed by the end of the year, which was assisted by a reduction in the number of subscribers discontinuing the service.

STATEMENT BY THE CHAIRMAN

During the year, the Office of Telecommunications (OFTEL) conducted the first independent assessment of the quality of service provided by the two UK cellular networks. This assessment was completed by a drive-round survey of more than one hundred and twenty routes over a three month period and showed Vodafone ahead on all criteria with an overall success rate of 93%, a lead of more than 4% over the other cellular operator.

The principal investment during the year was on Vodafone's new EuroDigital service. By the end of the year over 400 base stations had been installed, achieving coverage of 70% of the UK population. Capital expenditure on this project in the year amounted to £65.4 million and will continue until the same level of coverage as the analogue system is achieved. Vodafone intends to promote its digital service actively once it reaches a level of coverage which makes it comparable with the existing analogue service.

Roaming agreements have been concluded with a number of European network operators and it is anticipated that all the major digital operators will have signed agreements and implemented roaming by the end of June 1993.

In addition to the EuroDigital system, work commenced on the construction of the MetroDigital network which will offer a service for users who make mainly local calls. Sufficient progress was made to enable a full successful commercial trial to be undertaken in April 1993. It is expected that this service will be open in the autumn of 1993, when extensive coverage in the south east of England and in major conurbations in the rest of the country will be available to subscribers.

Investment continues in the analogue network including the introduction of additional micro-base stations and cell extenders to improve coverage for hand portable users on major highways and in some suburban locations. Over 150 new sites will have been installed by the time this programme has been completed later in 1993.

In March 1993, a new programme to assist retailers of the Vodafone service to develop distribution outlets located in the high street was announced. This initiative is intended to ensure that the Vodafone service can be made more readily available to those new sections of the market that will be attracted by MetroDigital as well as by the new low user tariff on the analogue network.

Vodac

Vodac continued to trade profitably and its customer base showed sustained growth. The rate of new connections accelerated towards the end of the year and disconnections and bad debts remained lower than the industry average.

Vodac offers service to its customers through a chain of appointed Vodac Service Centres and during the year each Service Centre separately gained quality accreditation to BS5750. Vodac itself was similarly accredited.

Vodac continues to dominate the corporate sector of the service provision market and has enjoyed ongoing success in this area. The company has also opened a retail division to make its products available through high street retail outlets and has continued its policy of purchasing only the highest quality equipment available in the market.

Vodata

Vodata enjoyed another good year with improved profitability. As foreshadowed last year, the launch of the Vodafone 'Recall' service was very successful and has ensured Vodata's leadership in the voice messaging market. Users of this service increased by over 80% during the year, which has more than made up for the lower margins resulting from increased competition.

The other businesses in Vodata's value added portfolio continued to trade well. New services, which will further enhance Vodata's range of value added services, are planned for the current year.

STATEMENT BY THE CHAIRMAN

Paknet

The Paknet radio based packet data service was originally conceived and developed by Vodata but for regulatory reasons, was set up as a joint venture with Cable & Wireless and Mercury Communications Limited. Paknet was granted its own licence during the year and subsequently Vodafone Group acquired the Cable & Wireless interest, making Paknet a 100% subsidiary.

The company is still developing its service and market and with subscriber numbers growing almost threefold during the year the future prospects are encouraging.

Vodapage

Subscribers to the Vodapage nationwide radiopaging service grew from 90,000 to over 102,000 during the year, which represented 30% of the total UK paging market growth in 1992/93. The company further increased its profitability and generated a positive cash flow.

Orbitel

Orbitel Mobile Communications, the Group's 50:50 manufacturing joint venture with L M Ericsson, experienced another difficult year.

During the year the company was reorganised and streamlined and this, together with a rationalised product portfolio, resulted in a significant recovery of the company's trading position at the end of the year which should continue throughout the present year.

National Band Three

The merger of Band Three Radio and the General Electric Company's (GEC) National One to form a 50:50 joint venture called National Band Three was completed early in the year. Subsequently the subscriber base of Band Three Radio was transferred to the National One network which was expanded as a consequence. This transition was skilfully managed with very little disruption to subscribers and with correspondingly few disconnections.

National Band Three commenced trading profitably.

In June 1993, GEC and the Company received an unsolicited cash offer for 100% of the shares of National Band Three from Geotek Industries Inc. and after careful consideration both companies believe it is in the best interests of their shareholders to accept the offer.

International

The Vodafone Group has continued to seek opportunities to participate in overseas network operations and in 1992/93 has been particularly successful in this endeavour. The most significant international events for the Vodafone Group during the year were:

- In August 1992, Panafon SA, a joint venture company in which Vodafone Group Plc has a 45% interest, was awarded one of two licences to operate a mobile telephone service in Greece.
- In December 1992, Vodafone Pty was awarded a licence to establish and operate a nationwide digital mobile telephone network in Australia. This is the third mobile licence to be awarded by the Australian Government.
- In February 1993, the German Government announced that the E-Plus consortium, in which Vodafone Group Plc has a 16% stake, was to be awarded the licence to build the third German cellular telephone network.

Pacific Link Communications, in which the Vodafone Group has a 30% interest, is a cellular network operator in Hong Kong. The company increased its subscriber base on its analogue network to its maximum capacity of 60,000. In October 1992, Pacific Link opened a new digital cellular network in Hong Kong which, following a pause caused by a shortage of subscriber handsets, is now growing steadily.

STATEMENT BY THE CHAIRMAN

During the year the Vodafone Group acquired a 30% interest in Pacific Telelink, a telepoint operator in Hong Kong. Pacific Telelink opened its telepoint/paging service at the end of March 1993 and now has more than 7,000 subscribers.

NordicTel, in which the Vodafone Group has an 18.9% interest, is one of three digital network operators in Sweden. NordicTel opened a limited digital service in October 1992. After a slow start due to an acute shortage of digital handsets the rate of growth of NordicTel's subscriber base is accelerating.

Société Française du Radiotéléphone (SFR), a subsidiary of COFIRA in which the Vodafone Group has a 4% interest, increased its analogue network subscribers from 88,000 to more than 116,000 during the year and continued to trade profitably. SFR opened its digital cellular radio service in April 1993 and appointed a number of service providers.

Vodafone SA, the Group's wholly owned subsidiary in France, is a service provider for both the France Telecom and SFR digital cellular services. In 1992/93 the company significantly increased its sales and is expected to commence trading profitably in the current year.

Telecell, a joint venture with Telemalta, in which the Company has an 80% interest, increased its subscriber base and its profits.

Comunicaciones Celulares de Occidente SA de CV, a Mexican joint venture in which the Company has a 7% interest, increased its subscriber base during the year and is trading profitably.

Finance

Capital expenditure in the year amounted to £139 million, including £34 million overseas. The UK expenditure included £77 million on the roll-out of the new digital networks. Overseas capital expenditure was almost

entirely in respect of the new Australian companies.

Investments in associated companies and other joint ventures totalled £52 million of which £49 million was overseas, including £27 million and £13 million respectively for joint ventures in Greece and Scandinavia.

During the year the Group generated £77 million of cash ending the year with £152 million of cash and liquid investments, net of overdrafts and borrowings.

The capital expenditure and investment programme for 1993/94 is estimated to be in the order of £300 million, with approximately £170 million in the UK and £130 million overseas, mainly in Australia, Greece and Germany. In the UK, approximately £100 million will be invested in Vodafone's EuroDigital and MetroDigital networks and £26 million was required for the Hawthorn Leslie Group acquisition in April 1993. It is believed that the envisaged programme of capital expenditure and investments will be funded from internal resources.

The effective tax rate decreased, principally due to the introduction in November 1992 of 40% initial capital allowances on fixed asset expenditure in the UK. The majority of the Group's UK capital expenditure took place in the second half of the financial year. The cessation of this higher rate of allowance in 1993/94 together with the impact of start up losses in new overseas operations may result in an increase in the effective rate of tax in the current year.

The Group's treasury policy is to deposit funds where they will earn the best return from secure investments and to minimise the unforeseen effect of currency movements on the profit and loss account by hedging significant transactions in overseas currencies when contractual commitments are made. The Group does not actively hedge the sterling value of overseas net assets, except to the extent that overseas borrowings are required for commercial reasons.

STATEMENT BY THE CHAIRMAN

The Group supports the actions of the Accounting Standards Board (ASB) and welcomes improvements in the quality and content of financial statements. The Group has adopted the ASB's standard 'Reporting Financial Performance' (FRS3) for the first time in preparing its financial statements but the effect on the presentation of the Group's results is not significant.

Board Changes

On 8th December 1992 David Henning, Managing Director of Vodac Limited, was appointed an executive director of Vodafone Group Plc. At the same time Geoffrey Lomer, who had previously served as technical director of Racal Electronics Plc, was appointed a non-executive director. Both will bring valuable experience to the Company and shareholders will be asked to confirm their appointments at the Annual General Meeting.

E J Peett CBE

The announcement in Her Majesty the Queen's Birthday Honours list that John Peett, an executive director of the Company, had been made a Commander of the Most Excellent Order of the British Empire, was delightful news to us all.

The honour is well deserved and is a very fitting recognition of the outstanding service he has given to the Vodafone Group and the telecommunications industry.

Appreciation

1992/93 was an extremely busy year for the Company and this placed exceptional demands on the staff, and, in turn on their families. I am sure that you would wish me to place on record our very great appreciation of their considerable efforts and achievements.

The Future

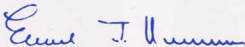
The Group will continue to develop its existing businesses to realise their full potential and further expand its digital cellular system.

A high capacity MetroDigital network is being established and this will provide new, innovative services for the small business and domestic sectors of the mobile communications market.

The Company will continue to seek opportunities to participate in overseas network operations, particularly in Europe and the Pacific Rim.

Following the Duopoly Review, the Company applied to the Department of Trade and Industry for a replacement licence which will permit the Company, should it so desire, to provide other telecommunications services and to connect directly to existing and future fixed and mobile networks in the UK and elsewhere. This new licence has recently completed its public consultation phase and should shortly be awarded.

Mobile communications continues to be an outstanding growth market and the Group is recognised to be a world leader.





Vodafone Limited

Vodafone operates one of the two UK nationwide analogue mobile telephone networks and is the market leader both in terms of existing subscribers and the introduction of new digital services.

Vodafone was the first network operator to introduce an alternative tariff for low users of mobile telephones.

The introduction of the new 'LowCall' tariff was supported by an effective advertising campaign in the press and on television, which led to a pronounced increase in subscriber connections during the second half of the year.

Vodafone has, in conjunction with the West Yorkshire Police, developed a new service called 'SafeLink'. Likely users are people at risk, who do not have a telephone, and who live alone. They could be witnesses under threat during a trial or victims of domestic violence. 'SafeLink' provides fast access to police support via the Vodafone network, 24 hours a day.

Digital phones are operated by a SIM card (Subscriber Identity Module). The cards are similar in appearance to a normal credit card and incorporate a tiny microprocessor. This chip contains the identity of the subscriber which enables the user to move the SIM between all GSM phones and networks.

Vodafone responded to the potential environmental disaster caused by the wreck of the tanker 'Braer' in the Shetland Isles. Within two days of the incident, specialist equipment had been installed to provide mobile communications for the Emergency Services.



Vodac Limited

Vodac is the leading Service Provider to the Vodafone network. The company sells equipment to the public through its own sales force and appointed dealers and bills the customers for their monthly access and call charges. Its subscriber base exceeded 200,000 in early May 1993.

Vodac has agreements with several major retailers including Comet, Dixons, Currys, Selfridges and the John Lewis Partnership, giving Vodac a presence in approximately 700 high street outlets.

In 1992 Vodac opened the Vodaconnect department, offering on-line credit clearance and connection. This department was originally set up to administer the 'LowCall' customers ordering by telephone but has now expanded and is responsible for handling connections from both retailers and dealers.

Whilst expanding into the domestic sector of the market, Vodac has retained its dominance in the corporate sector. Shell UK is one of the latest corporate accounts to be gained. The order demanded the safe installation of cellular handsets in the cabs of more than 200 Shell tankers.

In September 1992, Vodac became the first and only cellular Service Provider to receive the prestigious BS5750 Quality Award for its entire nationwide installation and maintenance operation.





Vodata Limited

Vodata develops and markets a wide range of value added network services to Vodafone and Vodapage subscribers, as well as other telecommunications users.

A new feature of the pan-European digital mobile phone system, Short Message Service (SMS), was recently successfully demonstrated by Vodata using the Vodafone EuroDigital service. SMS enables short text messages to be displayed on digital mobile phones.

Vodafone 'Recall' was launched in May 1992 to ensure that subscribers never miss a call, and is the world's largest voice messaging service.

Vodata offers a rental phone metering system called 'Meterbill', which revolutionises billing, cash collection and administration of rental phones by providing a secure and efficient call management and enquiry system.

Using 'Vodastream' Fax, the public has access to the latest macro-economic statistics compiled by the Central Statistical Office (CSO). Monthly trade figures and retail price indexes can be obtained within minutes of their release to the press. Another example of this service is 'Metfax', which provides detailed weather forecasts from the Met. Office to sailors and pilots.

The 'Vodafax Broadcast' service, a new facsimile service for distributing information quickly and efficiently, allows users to send the same information by facsimile to any number of destinations, simultaneously, by making just one call.



Paknet Limited

Paknet Limited designs and supplies a UK nationwide public packet-switched data communications service, using compact radio units as the local access method.

Existing customers include high street banks and retailers, the utilities industries, alarm companies and out of office personnel.

The network has expanded rapidly to cover the UK and in April 1993 the service was launched in Northern Ireland. In January 1993 the 10,000th radio pad was supplied and over 500 radio pads are being added to the network each month.

The wide availability of Paknet and its low running and installation costs make the service ideal for use in data acquisition and control.

Many County Councils now utilise Paknet to handle traffic measurement and management applications.



A leading alarm company used Paknet technology to protect the Queen's collection of Fabergé eggs at an exhibition at the Victoria and Albert Museum.

Many of the UK's leading alarm companies have now recognised the benefits of Paknet in alarm signalling. Immune to traditional methods of disabling alarms, an alarm message can be transmitted to a central station in seconds and the antennae are not visible or detectable from outside the premises.

British Rail Intercity sales terminals use Paknet for authorising credit or similar card transactions and many high street retailers have also switched to Paknet for card authorisation.





Vodapage Limited

Vodapage operates a UK nationwide radiopaging network and sells equipment directly to the public and through appointed Service Providers and dealers. The company is the fastest growing paging operator in the UK.

During the year Vodapage passed another major milestone when it connected its 100,000th subscriber.

Vodapage continues to develop and support applications for paging in new sectors. An excellent example of this is the Healthcall Medical Answerline Service for GPs and other healthcare professionals, enabling them to remain accessible to the public without requiring them to be permanently on duty. Anyone trying to make contact is directed to the Healthcall Control Centre where the message is taken and the subscriber paged via the Vodapage Network.

Major corporate accounts form a large part of the Vodapage subscriber base and winning Thames Water as a customer was important. Thames Water uses paging in many areas of its organisation for contacting staff who spend time out of the office.

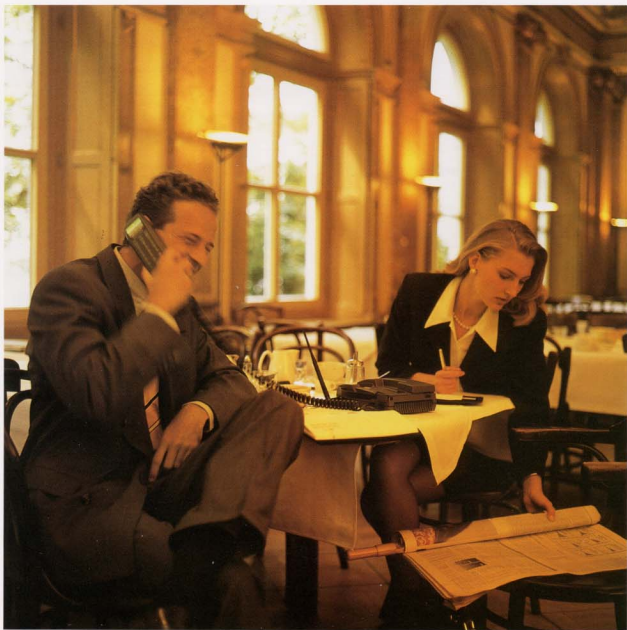
Another innovative application which is proving successful is the Rare Bird Alert News Service which has joined forces with Vodapage to provide details of sightings of rare birds and unusual migrants in the UK via the latest Wordcall 4-Line pagers. Subscribers to this service report sightings to the Control Centre and the information is transmitted to all subscribers.



Orbitel

Orbitel is the Group's joint venture company involved in the design and manufacture of digital cellular phones and systems.

The company uses the very latest technology and state-of-the-art assembly techniques in its custom built production facility. As an ISO9001 quality approved manufacturer, Orbitel is committed to providing the highest standards of quality and product reliability.



International

1992/93 was a particularly successful year for the Group in its stated objective to gain participation in overseas cellular radio networks.

The Group has won a licence to operate the third digital mobile telephone network in Australia and is at present establishing Vodafone Pty and Vodac Pty to build and operate the network and to sell subscriber equipment for the launch of the service later this year.

In February 1993 the company received the news that the consortium of which it is a member had been awarded a licence to build the third German cellular telephone network. Service will be available in Berlin and Leipzig early in 1994.

In Greece, the Group is a member of a consortium which was awarded a licence to operate one of two nationwide mobile telephone networks. The network will open this summer.



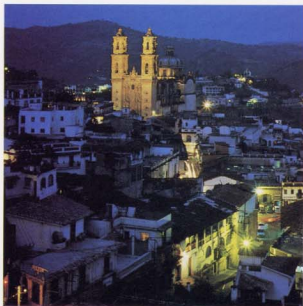


International

The overseas interests in which the Group became involved prior to the financial year 1992/93 are all progressing well.

The SFR and France Telecom digital cellular radio networks in France are now open and Vodafone SA is already connecting subscribers to both systems.

The subscriber bases in Mexico and Malta continue to increase steadily.





In October 1992 Pacific Link in Hong Kong opened a new digital cellular network in addition to its existing analogue network and is actively recruiting subscribers to the new service.

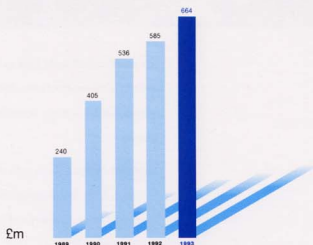
The GSM digital cellular networks in Sweden and Denmark have now been launched and the subscriber bases will grow as more GSM handsets become available in the summer of 1993.



Group financial summary

Turnover

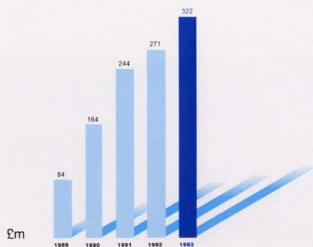
The turnover of the Vodafone Group has increased by more than two and a half times from £240 million in 1989 to over £664 million in 1993. This increase is due to the fast expanding markets in which the Group operates.



Profit before taxation

The growth in profit before taxation between 1989 and 1993 has been greater than the growth in turnover. Profit before taxation as a percentage of turnover has increased from 35% in 1989 to 49% in 1993.

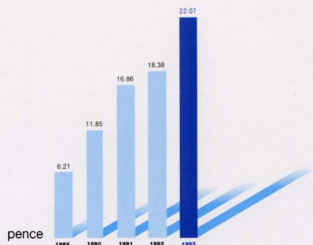
(1990/91 excludes the extraordinary income.)



Earnings per share

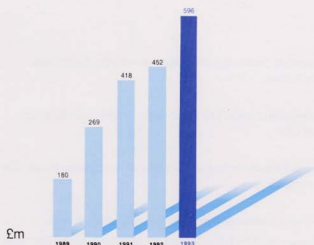
Earnings per share have increased more than three and a half times between 1989 and 1993.

(1990/91 excludes the extraordinary income.)



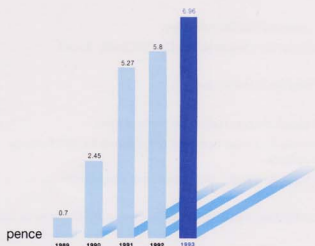
The years stated are for financial years to 31 March.

Five years of continuous growth



Shareholders' funds

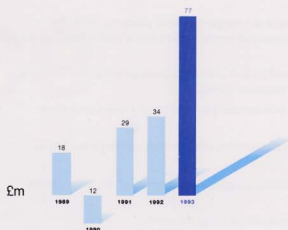
Shareholders' funds stood at over £596 million at 31 March 1993. The Group has had a net cash balance every year since its flotation in 1988.



Dividends per share

The Company has declared steadily increasing dividends since the flotation in the financial year 1988/89.

(1992 excludes the special interim dividend of 5.0p paid to facilitate the demerger.)



Net cash flow

The Group's net cash inflow since 1 April 1988 has totalled £146 million. During the last five years capital expenditure on tangible fixed assets amounted to £563 million and dividend payments amounted to £227 million.

(1988/89 excludes the effect of the flotation.)

The years stated are for financial years to 31 March.

Business highlights

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April

- Vodafone helps to rescue stranded motorists with the Automobile Association 'Callsafe' service.

May

- Vodapage helps fight crime by introducing a Neighbourhood Watch Information Line.

June

- Vodafone and Telecom Finland sign the World's first International GSM Roaming Agreement.

August

- Vodafone Group consortium wins Greek mobile phone licence.
- Vodata achieves BS5750 Quality Award for its entire business operation.
- Vodafone announces 'LowCall', a low user mobile phone tariff to open up the non-business market.

September

- Vodafone connects 750,000th subscriber.
- Vodac and its Service Centres receive BS5750 Quality Award.

October

- Vodafone launches 'LowCall' tariff.

November

- Vodapage introduces personalised answering service.
- Vodafone Group Plc named Company of the Year in the 1992 Business Enterprise Awards.
- Vodafone 'Safelink' assists potential victims of violent crime.

December

- Delegates at Edinburgh EEC Ministerial Summit use GSM system for the first time.
- Vodafone Group consortium wins Australian mobile phone licence.

January

- Vodafone provides an emergency mobile phone service to the Emergency Services and rescue workers following the wreck of the tanker 'Braer'.
- Vodata sends world's first GSM short message text on the Vodafone digital mobile telephone system.
- Paknet service foils an attempted robbery at a major retail store.

February

- Vodafone Group consortium wins German mobile phone licence.

March

- Vodac signs distribution agreement with major high street retailer, Comet.
- Vodata launches facsimile broadcast service.

Report of the directors

The directors submit their annual report and audited financial statements for the year ended 31 March 1993.

REVIEW OF THE GROUP'S BUSINESS

The Company and its subsidiaries are involved principally in mobile telecommunications services. A review of the development of the business of the Company and its subsidiaries is contained in the Chairman's statement on pages 3 to 7 and in businesses within the Group on pages 8 to 17.

FUTURE DEVELOPMENTS

The Group is currently involved in the future expansion and development of the cellular telecommunications and related businesses as detailed in the Chairman's statement on pages 3 to 7.

CORPORATE GOVERNANCE

The past year has seen much debate in the UK about the duties of company directors, both executive and non-executive, and about the structure and functioning of boards. This has culminated in the publication of the Cadbury Committee's report on the Financial Aspects of Corporate Governance. The board of directors of Vodafone Group Plc supports the report in raising the standards of corporate governance.

The Vodafone Group Plc board, which comprises five executive and four non-executive directors, retains direct control over appropriate strategic, budgetary, financial and organisational issues and monitors executive management. The board has a wealth and diversity of outside experience represented in its non-executive directors. Their independence is particularly valuable in the areas of audit and remuneration where they contribute through standing committees of the board.

Having compared its own practices with the Cadbury Committee's Code of Best Practice, the board of Vodafone Group Plc believes it is in compliance with the Code.

THE ENVIRONMENT

The Group has formally established an environmental policy, the main thrust of which is the introduction of an environmental management system based on the British Standard 7750.

The policy also includes specific procedures on the protection of the environment as follows:

- To use technology that is not known to be harmful to people or the environment.

- To ensure every effort is made to minimise the visual impact of the radio masts the Group must inevitably erect to provide mobile telecommunications services.
- To endeavour only to purchase environmentally friendly products.
- To preserve wildlife habitats.
- Wherever possible to recycle waste.
- To minimise the use of harmful CFCs.

The Group has undertaken formally to review the use of any processes or products likely to cause harm to the environment to ensure their use is kept to a minimum.

SHARE CAPITAL

A statement of changes in the share capital of the Company is set out on page 37 in note 18.

DIVIDENDS AND TRANSFER TO RESERVES

The consolidated profit and loss account is set out on page 26 and shows a profit after taxation of £221,837,000.

The directors recommend a final dividend of 3.53p per ordinary share amounting to £35,498,000 payable on 18 August 1993 to shareholders on the register of members on 1 July 1993.

An interim dividend of 3.43p per ordinary share was paid during the year giving a total for the year of 6.96p per ordinary share.

The retained profit for the year of £151,770,000 has been transferred to reserves.

FIXED ASSETS

During the year, the Group spent £105 million on tangible fixed assets. These additions included £91 million which was spent on the Group's cellular radio systems.

The Group also had additions to intangible fixed assets during the year of £66 million in respect of cellular radio licence fees, of which £33 million was spent in the year.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year, charitable contributions amounted to £165,000. No political contributions were made.

RESEARCH AND DEVELOPMENT

The Group continues an active development programme and is involved in the development and enhancement of both analogue and digital technology.

DIRECTORS

The present directors of the Company are as follows:

Sir Ernest Harrison, G A Whent, Sir William Barlow, Sir Robert Clark, C C Gent, D J Henning, K J Hydon, G J Lomer and E J Peett.

All of the above directors served throughout the year with the exception of D J Henning and G J Lomer who were appointed on 8 December 1992.

In accordance with the Company's Articles of Association, C C Gent and E J Peett retire by rotation and offer themselves for re-election. Mr Gent and Mr Peett each have service contracts which commenced on 1 July 1991 for a period of three years terminable by the Company by not less than two years' notice expiring on 30 June 1994 or any time thereafter. D J Henning and G J Lomer, each having been appointed to the board since the last Annual General Meeting, offer themselves for election. Mr Henning has a service contract which commenced on 1 December 1992 for a period of three years terminable by the Company by not less than two years' notice expiring on 30 November 1995 or any time thereafter.

The following served as non-executive directors:

Sir Ernest Harrison, OBE, non-executive Chairman, aged 67. He was appointed to his present position in 1988. He was Chairman and Chief Executive of Racal Electronics Plc from 1966 until 1992, having been appointed to the Board of Directors of Racal in 1958, after joining the company in 1951. He is now Chairman of Racal and of Chubb Security Plc.

Sir William Barlow, F Eng, aged 69. He was appointed to his present position in 1988. He is president of the Royal Academy of Engineering. He was Chairman of BICC Plc from 1984 to 1992 and was Chairman of the Post Office from 1977 to 1980. He is non-executive Chairman of Ericsson Limited and a director of other companies.

Sir Robert Clark, DSC, aged 69. He was appointed to his present position in 1988. He is Chairman of Mirror Group Newspapers Plc and a non-executive Director of a number of UK companies, including SmithKline Beecham Plc and The 'Shell' Transport and Trading Company Plc.

Mr G J Lomer, CBE, F Eng, aged 61. He was appointed to his present position in 1992. He is a Fellow of the Institution of Electrical Engineers and of the Royal Academy of Engineering and has served on a number of government and academic boards and committees. He was Technical Director of the Racal Electronics Group until his retirement in August 1992.

The following directors served on the Company's Remuneration Committee:

Sir Ernest Harrison, Sir William Barlow, Sir Robert Clark and G A Whent.

The following directors served on the Company's Audit Committee: Sir Ernest Harrison, Sir William Barlow and Sir Robert Clark.

None of the directors had a material interest in any contract of significance to which Vodafone Group Plc or any of its subsidiaries was a party during the financial year.

INSURANCE FOR DIRECTORS

During the year, insurance was maintained which indemnified the directors and officers of the Company and its subsidiaries against personal liability and defence costs which might result from claims brought against them in their capacities as directors and officers of the Group.

EMPLOYEE INVOLVEMENT AND CONSULTATION

With the exception of certain centralised services, the Group is organised on the basis of autonomous subsidiary companies.

Employee involvement and commitment is encouraged throughout the Group and is the responsibility of the managing director of each company and his board of directors.

Regular contact and exchange of information between managers and staff is maintained through team briefing, internal newsletters, company notices and informally via social functions.

Team briefing, which complements other forms of management communications, is a systematic method of staff communication providing a structured approach to ensure that all levels in the organisation are kept up-to-date, thereby increasing employee involvement.

The directors of the Company are committed to the principle of employee share participation in the Company and two all-employee share schemes have been established. Both schemes provide employees with the opportunity to acquire Vodafone shares on an advantageous basis and they are operated with tax benefits under Inland Revenue approved share scheme arrangements. There is a high level of employee participation.

DISABLED PERSONS

The Group is very conscious of the difficulties experienced by the disabled and as regards recruitment, continuity of employment, training, development and promotion its attitude concerning the employment of disabled persons is the same as that relating to all other staff.

Individual circumstances are taken account of sympathetically.

DIRECTORS' INTERESTS IN THE SHARES OF VODAFONE GROUP PLC

The directors have the following interests, all of which are beneficial, in the ordinary shares of Vodafone Group Plc:

	Ordinary Shares			Ordinary Shares	
	31 March 1993	1 April 1992		31 March 1993	1 April 1992
Sir Ernest Harrison	526,219	526,219	D J Henning	13,064	12,074*
G A Whent	161,810	160,492	K J Hydon	6,318	5,000
Sir William Barlow	5,000	5,000	G J Lomer	37,089	37,089*
Sir Robert Clark	5,000	5,000	E J Peett	54,420	53,102
C C Gent	6,952	25,764			

* on date of appointment.

At 31 March 1993 the undermentioned directors had outstanding the following options to acquire ordinary shares of Vodafone Group Plc under the terms of the Vodafone Group Savings Related Share Option Scheme ('Savings Related Scheme') and the Vodafone Group Executive Share Option Scheme ('Executive Scheme'):

	A	B	C	D	E	F	G	H	I	J	K	L	M
G A Whent	Nil	2,278	Nil	3,961	Nil	110,000	55,000	125,000	25,200	122,900	134,400	44,800	25,400
C C Gent	4,210	1,139	Nil	2,640	Nil	45,000	26,000	109,000	Nil	67,900	51,800	9,400	Nil
D J Henning	Nil	Nil	5,022	2,640	Nil	17,000	Nil	19,000	600	32,000	30,000	10,000	42,300
K J Hydon	Nil	1,139	3,348	2,640	38,000	30,000	16,000	58,000	Nil	42,400	14,700	10,300	Nil
E J Peett	Nil	1,139	3,348	2,640	Nil	40,000	22,000	70,000	300	56,100	58,700	7,700	Nil

A Option granted under the Savings Related Scheme exercisable at 171p per share between 1 March 1994 and 31 August 1994.

B Options granted under the Savings Related Scheme exercisable at 316p per share between 1 March 1995 and 31 August 1995.

C Options granted under the Savings Related Scheme exercisable at 224p per share between 1 April 1996 and 30 September 1996.

D Options granted under the Savings Related Scheme exercisable at 284p per share between 1 February 1997 and 31 July 1997.

E Option granted under the Executive Scheme exercisable at 170p per share between 11 October 1991 and 10 October 1998.

F Options granted under the Executive Scheme exercisable at 409p per share between 12 July 1992 and 11 July 1999.

G Options granted under the Executive Scheme exercisable at 337p per share between 25 July 1993 and 24 July 2000.

H Options granted under the Executive Scheme exercisable at 279p per share between 22 January 1994 and 21 January 2001.

I Options granted under the Executive Scheme exercisable at 377p per share between 3 January 1995 and 2 January 2002.

J Options granted under the Executive Scheme exercisable at 321p per share between 3 January 1995 and 2 January 2002.

K Options granted under the Executive Scheme exercisable at 305p per share between 14 July 1995 and 13 July 2002.

L Options granted under the Executive Scheme exercisable at 260p per share between 14 July 1995 and 13 July 2002.

M Options granted under the Executive Scheme exercisable at 416p per share between 21 December 1995 and 20 December 2002.

Sir Ernest Harrison, Sir William Barlow, Sir Robert Clark and G J Lomer have no options under either the Savings Related Scheme or the Executive Scheme.

All the above options existed at 1 April 1992 with the exception of the K, L and M options which were granted during the year.

During the year ended 31 March 1993, G A Whent exercised an option for 53,500 shares under the Executive Scheme at the exercise price of 170p per share and subsequently sold them, E J Peett exercised an option for 37,000 shares under the Executive Scheme at the exercise price of 170p per share and subsequently sold them and D J Henning exercised an option for 59,500 shares under the Executive Scheme at the exercise price of 170p per share and subsequently sold them.

No director had since 1 April 1992 any interest in the shares of any subsidiary company.

There have been no changes in the interests of the directors of Vodafone Group Plc in the ordinary shares of the Company during the period 1 April to 10 June 1993 except that, on 9 June 1993, 4,200 shares in which G J Lomer had an interest were sold at a price of 442p per share and the directors listed below have acquired interests in shares of the Company under the Vodafone Group Profit Sharing Scheme as follows:

	Interests in Ordinary Shares		Interests in Ordinary Shares
G A Whent	954	K J Hydon	954
C C Gent	862	E J Peett	954
D J Henning	718		

CLOSE COMPANY PROVISIONS

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution proposing the reappointment of Touche Ross & Co. as auditors to the Company will be put to the Annual General Meeting.

SUBSTANTIAL HOLDINGS

With the exception of the following shareholding, the directors are not aware of any holding in the ordinary share capital of Vodafone Group Plc which, at 10 June 1993, exceeds 3%:

BNY (Nominees) Limited held 19.55%, a holding which underlies American Depositary Receipts (ADRs) issued by The Bank of New York.

By Order of the Board
Stephen Scott
Secretary
25 June 1993

Directors' responsibilities for financial statements' preparation

The directors of Vodafone Group Plc are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit of the Group for the year to that date. The financial statements must be prepared in compliance with the Companies Act 1985.

The directors of Vodafone Group Plc are also required:

- To select suitable accounting policies and apply them consistently;
- To ensure that the accounting policies are supported by reasonable and prudent judgements and estimates;
- To ensure that all applicable standards are followed.

The directors confirm that the financial statements comply with the above requirements.

The directors are also responsible for maintaining adequate accounting records to enable them to ensure that the financial statements comply with the Companies Act 1985, for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.

**Touche
Ross****Chartered Accountants**

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1 Little New Street
London EC4A 3TR

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LDE DX 599

AUDITORS' REPORT TO THE MEMBERS

of

VODAFONE GROUP Plc

We have audited the financial statements on pages 26 to 45 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO.
Chartered Accountants and
Registered Auditor

25 June 1993

**Deloitte Touche
Tohmatsu
International**

Aberdeen, Belfast, Birmingham, Bournemouth, Bradford, Bristol, Canterbury, Cardiff, Cork, Dublin,
Glasgow, Harrogate, Liverpool, London, Leicester, Loughborough, Luton, Manchester,
Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a lot of partners' names is available:
Prestonbury Court, 133 Fleet Street, London EC4A 3TR

Auditors by the Institute of Chartered Accountants in England and Wales to carry on
investment business.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1993

		1993	1992
	Note	£000	£000
Turnover			
Continuing operations	1	<u>664,100</u>	<u>585,337</u>
Operating profit			
Continuing operations	2	<u>307,450</u>	<u>263,502</u>
Interest receivable less payable	5	<u>15,023</u>	<u>8,263</u>
Profit on ordinary activities before taxation		<u>322,473</u>	<u>271,765</u>
Tax on profit on ordinary activities	6	<u>100,636</u>	<u>87,516</u>
Profit on ordinary activities after taxation		<u>221,837</u>	<u>184,249</u>
Minority interests		<u>102</u>	<u>—</u>
Profit for the financial year		<u>221,735</u>	<u>184,249</u>
Dividends	7	<u>69,965</u>	<u>108,254</u>
Retained profit for the year	19	<u>151,770</u>	<u>75,995</u>
Earnings per share	8	<u>22.07p</u>	<u>18.38p</u>

		1993		1992	
	Note	£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	9		66,239		285
Tangible assets	10		449,558		410,516
Investments	11		47,295		27,575
			<u>563,092</u>		<u>438,376</u>
CURRENT ASSETS					
Stocks	12	3,252		1,357	
Debtors	13	145,690		137,157	
Investments	14	26,856		—	
Cash at bank and in hand		<u>130,431</u>		<u>80,013</u>	
		306,229		218,527	
CREDITORS: amounts falling due within one year	15	<u>237,357</u>		<u>200,235</u>	
NET CURRENT ASSETS			<u>68,872</u>		<u>18,292</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			631,964		456,668
CREDITORS: amounts falling due after more than one year	16		35,076		4,267
PROVISIONS FOR LIABILITIES AND CHARGES	17		<u>410</u>		<u>252</u>
			<u>596,478</u>		<u>452,149</u>
CAPITAL AND RESERVES					
Called up share capital	18		50,245		50,224
Share premium account	19		97,370		96,584
Capital reserve	19		4,241		2,705
Profit and loss account	19		444,336		302,636
			596,192		452,149
Minority interests			<u>286</u>		<u>—</u>
			<u>596,478</u>		<u>452,149</u>

The financial statements on pages 26 to 45 were approved by the board of directors on 25 June 1993 and were signed on its behalf by:

G A WHENT Chief Executive

K J HYDON Financial Director

CONSOLIDATED CASH FLOW
FOR THE YEAR ENDED 31 MARCH 1993

	Note	1993		1992	
		£000	£000	£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22i		383,296		342,168
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		16,276		8,972	
Interest paid		(1,253)		(1,376)	
Dividends received from associated undertaking		6,623		408	
Dividends paid		<u>(63,999)</u>		<u>(105,419)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(42,353)		(97,415)
TAXATION					
Corporation tax paid			(75,830)		(96,765)
INVESTING ACTIVITIES					
Purchase of intangibles		(1,355)		(5,502)	
Purchase of intangible fixed assets		(33,032)		-	
Purchase of tangible fixed assets		(105,818)		(56,217)	
Proceeds of sale of tangible fixed assets		2,113		637	
Purchase of subsidiary undertaking	22ii	1,492		1,568	
Purchase of investments		(47,110)		(59,309)	
Long term loans to associated undertakings		(4,749)		-	
Movement of short term loan to associated undertaking		10,000		(10,000)	
Proceeds of sale of investment		-		15	
Purchase of liquid investments		<u>(26,856)</u>		<u>-</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(205,315)		(128,808)
NET CASH INFLOW BEFORE FINANCING			59,798		19,180
FINANCING					
Issue of ordinary share capital	22iii	807		14,750	
Secured loan	22iii	<u>(173)</u>		<u>3,332</u>	
NET CASH INFLOW FROM FINANCING			634		18,082
INCREASE IN CASH AND CASH EQUIVALENTS	22v		<u>60,432</u>		<u>37,262</u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1993

29

	1993	1992
	£000	£000
Profit for the financial year	221,735	184,249
Currency translation differences on foreign currency net investments	<u>1,604</u>	<u>(181)</u>
Total recognised gains and losses relating to the year	<u>223,339</u>	<u>184,068</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 MARCH 1993

	1993	1992
	£000	£000
Profit for the financial year	221,735	184,249
Dividends	<u>(69,965)</u>	<u>(108,254)</u>
	151,770	75,995
Currency translation	1,604	(181)
New share capital subscribed	807	14,750
Capital reserve on acquisition	1,536	-
Goodwill written-off	<u>(11,674)</u>	<u>(56,614)</u>
Net additions to shareholders funds	144,043	33,950
1 April	<u>452,149</u>	<u>418,199</u>
31 March	<u>596,192</u>	<u>452,149</u>

HISTORICAL COST PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 1993

All assets are stated in the Group financial statements at historical cost. Accordingly, there are no adjustments required to the reported profit which is stated on an unmodified historical cost basis.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with all applicable accounting standards. In addition, the Group also adopted Financial Reporting Standard 3 – "Reporting Financial Performance". The particular accounting policies adopted are described below.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and its subsidiaries, and include the Group's share of results of associated undertakings for financial statements made up to 31 March 1993.

TURNOVER

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

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

INTANGIBLE FIXED ASSETS

Purchased intangible fixed assets, including licence fees, are capitalised at cost except for subscriber contracts, which are written off to reserves in the year in which they are acquired.

The value attributable to the potential income stream of existing subscribers is not included in the Group's balance sheet.

DEPRECIATION OF INTANGIBLE FIXED ASSETS**Licence fees**

Amounts paid for network licences are amortised over the periods of the licences. Amortisation is charged from commencement of service of the network. The annual charge is calculated in proportion to the expected usage of the network during the start up period and on a straight line basis thereafter.

Knowhow

The cost is amortised in equal annual instalments over six years.

GOODWILL

The surplus of cost over fair value attributed to the net assets (excluding goodwill) of subsidiaries or associated undertakings acquired during the year is written off directly to reserves.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. Where appropriate, additional depreciation is charged for excess and obsolete items.

The cost of tangible fixed assets includes overheads incurred in the acquisition, establishment and installation of radio base stations.

DEPRECIATION OF TANGIBLE FIXED ASSETS

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

Freehold buildings	25-50 years
Leasehold buildings	the term of the lease
Cellular radio and paging networks	10 years
Plant and machinery	10 years
Motor vehicles	4 years
Computers and software	3-5 years
Furniture and fittings	10 years

OPERATING LEASES

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

INVESTMENTS

The consolidated financial statements include investments in associated undertakings using the equity method of accounting. An associated undertaking is a company in which the Group owns a material share of the equity and, in the opinion of the directors, can exercise a significant influence in its management. The profit and loss account includes the Group's share of the profit or loss before taxation and attributable taxation of those companies. The balance sheet shows the Group's share of the net assets or liabilities, excluding goodwill, of those companies.

Other investments, held as fixed assets, comprise equity shareholdings in, and long term loans to, communication companies and are stated at cost. Income is recognised upon receipt of dividends and interest being due and provision is only made for permanent diminution in value.

Current asset investments are stated at cost.

STOCKS

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

FOREIGN CURRENCIES

The financial statements of the overseas subsidiary companies and associated undertakings are translated into sterling at the closing rate of exchange. Exchange differences which arise on the retranslation of these financial statements at the beginning of the year and equity additions and withdrawals during the financial year are dealt with as a movement in reserves.

Other translation differences are dealt with in the profit and loss account.

DEFERRED TAXATION

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

PENSION COSTS

Pension costs, which are periodically calculated by professionally qualified actuaries, are charged against profits so that the expected costs of providing pensions are recognised during the period in which benefit is derived from the employees' services.

The cost of the various pension schemes may vary from the funding dependent upon actuarial advice with any difference between pension cost and funding being treated as a provision or prepayment.

1 SEGMENTAL ANALYSIS

The Group operates substantially in one class of business, the supply of mobile telecommunications services and products. An analysis of turnover, operating profit and net assets by geographical region is as follows:

	Turnover £000	1993 Operating profit £000	Net assets £000	Turnover £000	1992 Operating profit £000	Net assets £000
United Kingdom	650,868	301,805	403,797	576,281	264,009	380,189
Europe, Asia and Australia	13,232	5,645	40,459	9,056	(507)	7,199
Net cash	—	—	152,222	—	—	64,761
	<u>664,100</u>	<u>307,450</u>	<u>596,478</u>	<u>585,337</u>	<u>263,502</u>	<u>452,149</u>

Turnover is by origin which is not materially different from turnover by destination.

A geographical analysis of operating profit and net assets has been included for the first time due to the increasing overseas operations.

2 OPERATING PROFIT

	1993 Continuing Operations £000	1992 Continuing Operations £000
Turnover	664,100	585,337
Cost of sales	<u>266,433</u>	<u>241,702</u>
Gross profit	397,667	343,635
Selling and distribution costs	35,175	22,260
Administrative expenses	<u>52,283</u>	<u>47,762</u>
	87,458	70,022
	310,209	273,613
Share of losses of associated undertakings	2,759	10,111
	<u>307,450</u>	<u>263,502</u>

Operating profit has been arrived at after charging:

Depreciation of tangible fixed assets	68,837	60,772
Amortisation of intangible fixed assets	84	68
Research and development	14,527	9,957
Payments under operating leases:		
Land and buildings	8,158	6,746
Other assets	49,052	52,576
Auditors' remuneration:		
Audit work	237	198
Non audit work	<u>413</u>	<u>402</u>

3 EMPLOYEES

The average number of persons employed by the Group during the year:	1993 Number	1992 Number
Operations	958	903
Selling and distribution	431	397
Administration	944	842
	<u>2,333</u>	<u>2,142</u>
The cost incurred in respect of these employees (including directors):	1993 £000	1992 £000
Wages and salaries	45,699	38,046
Social security costs	4,700	3,917
Other pension costs	1,753	1,106
	<u>52,152</u>	<u>43,069</u>

4 DIRECTORS

	1993 £	1992 £
Emoluments including pension contributions	<u>1,694,865</u>	<u>1,378,914</u>
The emoluments, excluding pension contributions, of directors of the Company:		
Chairman	<u>159,911</u>	<u>81,667</u>
Highest paid director	<u>515,144</u>	<u>479,237</u>
Other directors:	1993 Number	1992 Number
£ 10,001 – £ 15,000	1	–
£ 30,001 – £ 35,000	2	2
£ 55,001 – £ 60,000	1	–
£145,001 – £150,000	–	1
£170,001 – £175,000	1	–
£195,001 – £200,000	–	1
£225,001 – £230,000	1	–
£230,001 – £235,000	–	1
£265,001 – £270,000	<u>1</u>	<u>–</u>

The emoluments of the Chairman of Vodafone Group Plc for 1992 are only in respect of his services from 16 September 1991, the date the Vodafone Group Plc was demerged from Racal Electronics Plc.

5 INTEREST RECEIVABLE LESS PAYABLE

	1993		1992	
	£000	£000	£000	£000
Interest receivable and similar income		16,276		9,642
Interest payable and similar charges:				
Bank overdrafts and other loans repayable within five years	1,204		1,144	
Other loans	49		235	
		1,253		1,379
		15,023		8,263

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1993	1992
	£000	£000
United Kingdom		
Corporation tax charge at 33% (1992 – 33%)	98,898	86,938
Transfer to deferred taxation	653	578
	99,551	87,516
Overseas		
Current	3	–
Associated undertakings	1,082	–
	1,085	–
	100,636	87,516

7 DIVIDENDS

	1993	1992
	£000	£000
Interim dividend paid of 3.43p (1992 – 2.86p) per ordinary share	34,467	28,722
Special interim dividend of £nil (1992 – 5.0p) per ordinary share	–	50,000
Proposed final dividend of 3.53p (1992 – 2.94p) per ordinary share	35,498	29,532
	69,965	108,254

8 EARNINGS PER SHARE

Earnings per share are based upon the weighted average of 1,004,687,325 (1992 – 1,002,613,809) ordinary shares in issue throughout the year and are calculated on the profit on ordinary activities after taxation and minority interests of £221,735,000 (1992 – £184,249,000).

There would be no material dilution of earnings per share if the outstanding share options were exercised.

9 INTANGIBLE FIXED ASSETS

	Licence fees £000	Know how £000	Total £000
Cost			
1 April 1992	–	2,500	2,500
Additions	66,038	–	66,038
31 March 1993	66,038	2,500	68,538
Amortisation			
1 April 1992	–	2,215	2,215
Charge for the year	–	84	84
31 March 1993	–	2,299	2,299
Net book value			
31 March 1993	66,038	201	66,239
31 March 1992	–	285	285

The licence fee addition in 1992/93 is in respect of the licence fee in Australia. No amortisation has been charged in accordance with the Group's accounting policies as the network had not commenced service at 31 March 1993.

10 TANGIBLE FIXED ASSETS

	Freehold premises £000	Short term leasehold premises £000	Plant & machinery £000	Fixtures & fittings £000	Cellular radio systems £000	Total £000
Cost						
1 April 1992	3,302	2,441	39,075	28,210	512,187	585,215
Exchange movement	–	361	126	126	341	954
Additions	–	254	10,345	3,274	90,976	104,849
Acquisitions	–	–	333	116	6,019	6,468
Disposals	–	(4)	(2,684)	(921)	(3,581)	(7,190)
31 March 1993	3,302	3,052	47,195	30,805	605,942	690,296
Depreciation						
1 April 1992	34	386	18,766	9,019	146,494	174,699
Exchange movement	–	63	35	43	56	197
Charge for the year	34	326	9,021	3,730	55,726	68,837
Acquisitions	–	–	167	28	1,884	2,079
Disposals	–	(1)	(2,323)	(757)	(1,993)	(5,074)
31 March 1993	68	774	25,666	12,063	202,167	240,738
Net book value						
31 March 1993	3,234	2,278	21,529	18,742	403,775	449,558
31 March 1992	3,268	2,055	20,309	19,191	365,693	410,516
Cellular radio systems comprise:						
	Freehold premises £000	Short term leasehold premises £000	Plant & machinery £000			Total £000
31 March 1993						
Cost	6,665	74,523	524,754			605,942
Depreciation	(848)	(25,897)	(175,422)			(202,167)
Net book value	5,817	48,626	349,332			403,775
31 March 1992						
Net book value	6,077	45,220	314,396			365,693

11 FIXED ASSET INVESTMENTS

	Associated undertakings		Other investments		Total
	Equity £000	Loans £000	Equity £000	Loans £000	£000
Cost					
1 April 1992	5,774	14,175	20,460	1,033	41,442
Exchange movement	(80)	-	-	-	(80)
Additions	27,419	4,749	19,691	-	51,859
Repayment of short term loan	-	(10,000)	-	-	(10,000)
Goodwill on acquisition	(5,886)	-	-	-	(5,886)
Transfer to associate	5,886	-	(5,886)	-	-
Transfer to subsidiary	-	(5,325)	-	-	(5,325)
31 March 1993	33,113	3,599	34,265	1,033	72,010
Movements on reserves					
1 April 1992	(10,285)	(3,582)	-	-	(13,867)
Losses for year	(1,482)	(2,787)	-	-	(4,269)
Dividends received	(6,623)	-	-	-	(6,623)
Goodwill	(3,841)	-	-	-	(3,841)
Transfer to subsidiary	-	3,885	-	-	3,885
31 March 1993	(22,231)	(2,484)	-	-	(24,715)
Net book value					
31 March 1993	10,882	1,115	34,265	1,033	47,295
31 March 1992	(4,511)	10,593	20,460	1,033	27,575

The Group's associated undertakings and fixed asset investments are detailed on page 45.

12 STOCKS

	1993 £000	1992 £000
Raw materials	195	-
Finished goods	3,057	1,357
	3,252	1,357

13 DEBTORS

	1993 £000	1992 £000
Due within one year:		
Trade debtors	70,130	68,091
Amounts owed by associated undertakings	562	193
Other debtors	4,678	6,280
Prepayments and accrued income	60,731	52,467
	136,101	127,031
Due after more than one year:		
Other debtors	164	164
Prepayments	9,425	9,962
	145,690	137,157

14 INVESTMENTS

Current asset investments comprise commercial paper, issued by major blue chip companies, which had maturity dates more than three months from the date of purchase.

15 CREDITORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993	1992
	£000	£000
Bank overdraft	1,291	11,305
Trade creditors	32,628	16,708
Amounts owed to associated undertakings	4,953	562
Taxation	98,909	73,413
Social security	8,193	7,980
Other creditors	1,639	3,210
Proposed dividend	35,498	29,532
Accruals and deferred income	54,246	57,525
	<u>237,357</u>	<u>200,235</u>

16 CREDITORS:

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993	1992
	£000	£000
Bank loan	3,774	3,947
Trade creditors	—	278
Other creditors	30,785	—
Accruals	517	42
	<u>35,076</u>	<u>4,267</u>
The bank loan is repayable as follows:		
1-2 years	—	438
2-5 years	2,831	1,316
after 5 years	943	2,193
	<u>3,774</u>	<u>3,947</u>

The bank loan bears interest at 6.75% and is repayable in instalments. It is secured on certain overseas assets of the Group.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	1993		1992	
	Amount provided £000	Amount unprovided £000	Amount provided £000	Amount unprovided £000
Deferred taxation				
1 April 1992				252
Profit and loss account				653
				905
Increase in advance corporation tax recoverable on proposed dividend				495
31 March 1993				<u>410</u>
The amounts provided and unprovided for deferred taxation are:				
Accelerated capital allowances	1,183	63,178	363	54,574
Gains subject to rollover relief	—	15,840	—	15,840
Other timing differences	510	(2,325)	677	(1,010)
	<u>1,693</u>	<u>76,693</u>	<u>1,040</u>	<u>69,404</u>
Advance corporation tax recoverable	(1,283)	—	(788)	—
	<u>410</u>	<u>76,693</u>	<u>252</u>	<u>69,404</u>

There are capital losses in excess of £5 million available to set off against future capital gains.

18 CALLED UP SHARE CAPITAL

	1993		1992	
	Number	£000	Number	£000
Authorised:				
Ordinary shares of 5p each	<u>1,200,000,000</u>	<u>60,000</u>	<u>1,200,000,000</u>	<u>60,000</u>
Allotted, issued and fully paid:				
1 April	<u>1,004,474,487</u>	<u>50,224</u>	1,000,000,535	50,000
Allotted and issued during the year	<u>418,676</u>	<u>21</u>	<u>4,473,952</u>	<u>224</u>
31 March	<u>1,004,893,163</u>	<u>50,245</u>	<u>1,004,474,487</u>	<u>50,224</u>

During the year the Company allotted 176 ordinary shares at 284p to the executors of a participant in the Savings Related Share Option Scheme and 207,000 shares at 170p, 197,500 shares at 205p and 14,000 shares at 357p respectively to participants in the Executive Share Option Scheme. The nominal value of shares issued under the option schemes was £20,933.80 and the proceeds received were £807,254.84.

Options:

The Company had the following options outstanding at 31 March 1993 to subscribe for ordinary shares:

	Number	Price	Period during which exercisable
Savings Related Share Option Scheme	178,035	171p	1 March 1994 to 31 August 1994
	84,226	316p	1 March 1995 to 31 August 1995
	87,097	282p	1 September 1995 to 29 February 1996
	270,746	224p	1 April 1996 to 30 September 1996
	449,140	284p	1 February 1997 to 31 July 1997
	<u>143,925</u>	<u>342p</u>	<u>1 February 1998 to 31 July 1998</u>
	<u>1,213,169</u>		
Executive Share Option Scheme	38,000	170p	11 October 1991 to 10 October 1998
	158,500	205p	19 January 1992 to 18 January 1999
	569,000	409p	12 July 1992 to 11 July 1999
	274,000	357p	19 January 1993 to 18 January 2000
	124,000	337p	25 July 1993 to 24 July 2000
	1,097,000	279p	22 January 1994 to 21 January 2001
	388,200	377p	3 January 1995 to 2 January 2002
	1,068,400	321p	3 January 1995 to 2 January 2002
	1,506,600	305p	14 July 1995 to 13 July 2002
	412,600	260p	14 July 1995 to 13 July 2002
	652,700	416p	21 December 1995 to 20 December 2002
	<u>147,500</u>	<u>354p</u>	<u>21 December 1995 to 20 December 2002</u>
	<u>6,436,500</u>		

19 CAPITAL AND RESERVES

	Share premium account £000	Capital reserve £000	Profit and loss account £000
1 April 1992	96,584	2,705	302,636
Allotment of shares	786	-	-
Acquisition of subsidiary	-	1,536	-
Retained profit for the year	-	-	151,770
Goodwill written off	-	-	(11,674)
Currency translation	-	-	1,604
31 March 1993	<u>97,370</u>	<u>4,241</u>	<u>444,336</u>

20 **GOODWILL**

	1993	1992
	£000	£000
Subsidiary companies	592	6,865
Associated undertakings	9,727	44,247
Subscriber contracts	1,355	5,502
	11,674	56,614

Subsidiary companies:

The goodwill written off in 1992/93 relates to the acquisition of subsidiary companies in prior years and is in respect of taxation and minority interests.

Associated undertakings:

	Martin Dawes Communications Limited £000	Pacific Link Communications (Holdings) Limited £000	Total £000
Transfer from investments	5,886	–	5,886
Group's share of post acquisition profits for the year	34	10,430	10,464
Dividends received	–	(6,623)	(6,623)
	5,920	3,807	9,727

On 1 February 1993, Martin Dawes Communications Limited became an associated undertaking of the Group. The cost of the investment has been written off to goodwill as Martin Dawes Communications Limited had a deficiency of net assets, when calculated in accordance with the Group's accounting policies, at the date of reclassification.

Cumulative goodwill:

The cumulative goodwill arising from acquisitions of subsidiaries, associated undertakings and subscriber contracts which has been written off to profit and loss account at 31 March 1993 is as follows:

	Prior Years £000	1993 £000	Total £000
Subsidiary companies	9,023	592	9,615
Associated undertakings	44,247	9,727	53,974
Subscriber contracts	10,428	1,355	11,783
	63,698	11,674	75,372

21 **ACQUISITION OF MERRAC LIMITED**

On 1 August 1992, the Group acquired the 50% of Merrac Limited, the holding company of Paknet Limited, which it did not own. Until then, the Group accounted for its investment using the equity method of accounting. Acquisition accounting has been used to account for the acquisition but no fair value adjustments were required. The net assets acquired and the consideration paid are detailed in note 22ii. Merrac Limited's loss after tax from 1 April 1992 to 31 July 1992 was £640,000 and its loss for the year to 31 March 1992 was £2,998,000.

22 CASH FLOW

		1993	1992		
		£000	£000		
i	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
	Operating profit	307,450	263,502		
	Depreciation and amortisation	68,921	60,840		
	Loss on sale of tangible fixed assets	4	867		
	Loss of associated undertakings	4,269	11,442		
	(Increase)/decrease in stocks	(824)	1,204		
	(Increase)/decrease in debtors	(9,247)	9,356		
	Increase/(decrease) in creditors	12,723	(5,043)		
		<u>383,296</u>	<u>342,168</u>		
ii	PURCHASE OF SUBSIDIARY UNDERTAKING				
		1993			
		£000			
	<i>Net assets acquired and disposed of:</i>				
	Investment in associated undertaking	(1,440)			
	Tangible fixed assets	4,389			
	Stocks	1,071			
	Debtors	582			
	Cash	1,742			
	Creditors	(4,558)			
		<u>1,786</u>			
	Capital reserve	(1,536)			
		<u>250</u>			
	<i>Satisfied by:</i>				
	Cash consideration	250			
		<u>250</u>			
	<i>Net inflow in respect of purchase of subsidiary undertaking:</i>				
	Cash consideration	(250)			
	Cash at bank acquired	1,742			
		<u>1,492</u>			
iii	ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR				
		Share premium £000	Share capital £000	Total £000	Secured loan £000
	1 April 1992	96,584	50,224	146,808	3,947
	Cash inflow/(outflow) from financing	786	21	807	(173)
	31 March 1993	<u>97,370</u>	<u>50,245</u>	<u>147,615</u>	<u>3,774</u>
iv	ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS				
					£000
	1 April 1992				68,708
	Net cash inflow				<u>60,432</u>
	31 March 1993				<u>129,140</u>
v	ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
		1993 £000	1992 £000		Change in year £000
	Cash at bank and in hand	130,431	80,013		50,418
	Bank overdrafts	(1,291)	(11,305)		10,014
		<u>129,140</u>	<u>68,708</u>		<u>60,432</u>

23 LEASED ASSETS**Operating leases**

Commitments to non-cancellable operating lease payments within one year are as follows:

	1993		1992	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
In respect of leases expiring:				
Within one year	2,050	2,085	1,073	3,720
Between two and five years	2,053	33,488	387	29,789
After five years	3,893	—	5,446	—

Finance leases

The Group does not hold a material amount of assets under finance leases.

24 PENSIONS

The Group operates a number of schemes for the benefit of its employees. The schemes are funded defined benefit schemes, the assets of which are held in separate trustee administered funds.

The schemes are subject to triennial valuations by independent actuaries. The last valuations of the two main schemes were carried out in January and April 1992 using the projected unit credit method of valuation in which allowance is made for projected earnings growth.

The scheme valued in January 1992 had assets whose market value were £5,821,037 and whose corresponding actuarial value was sufficient to cover 84% of the benefits accrued to members. The deficiency is being dealt with by payment of contributions at the rate advised by the actuary. The scheme valuations carried out in April 1992 had assets whose market value were £10,287,035 and whose corresponding actuarial value was sufficient to cover 112% of benefits accrued to members.

The main assumptions used in the last valuations were that the average long term rate of return, earned by the scheme assets, would be 2% above the rate of general salary growth and that equity dividend growth would be 5%.

The pension cost for the Group amounted to £1,753,000 (1992 – £1,106,000).

A prepayment of £295,000 (1992 – £325,000) is included in prepayments due after more than one year. This represents the excess of the amounts funded over the accumulated pension costs.

25 CAPITAL COMMITMENTS

	1993	1992
	£000	£000
Contracted for but not provided in the financial statements	63,602	43,101
Authorised by respective boards of directors but not contracted for	66,940	63,377

26 CONTINGENT LIABILITIES

	1993	1992
	£000	£000
Guarantees of bank or other facilities in respect of associated undertakings and investments	69,970	29,900

27 SIGNIFICANT POST BALANCE SHEET EVENT

On 13 April 1993, it was announced that the offer made on behalf of Vodafone Group Plc for the entire issued share capital of Hawthorn Leslie Group PLC had become unconditional. The all share offer for Hawthorn Leslie involved the issue of approximately 0.7m new ordinary shares in the Vodafone Group Plc. The cost of investment was £3 million and the net liabilities acquired were £34 million.

COMPANY BALANCE SHEET

AT 31 MARCH 1993

41

		1993		1992	
	Note	£000	£000	£000	£000
FIXED ASSETS					
Investments	28		593,199		540,059
CURRENT ASSETS					
Debtors	29	201,452		94,882	
Cash at bank		<u>2</u>		<u>77,893</u>	
		201,454		172,775	
CREDITORS: amounts falling due within one year	30	<u>83,207</u>		<u>120,177</u>	
NET CURRENT ASSETS			<u>118,247</u>		<u>52,598</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			711,446		592,657
PROVISIONS FOR LIABILITIES AND CHARGES	31		<u>-</u>		<u>426</u>
			<u>711,446</u>		<u>592,231</u>
CAPITAL AND RESERVES					
Called up share capital	18		50,245		50,224
Share premium account	19		97,370		96,584
Merger reserve			87,895		87,895
Profit and loss account	32		<u>475,936</u>		<u>357,528</u>
			<u>711,446</u>		<u>592,231</u>

G A WHENT Chief Executive

K J HYDON Financial Director

25 June 1993

28 **FIXED ASSET INVESTMENTS**

	Subsidiary companies £000	Associated undertakings Equity £000	Loans £000	Other Investments £000	Total £000
Cost					
1 April 1992	507,617	773	14,175	21,493	544,058
Net additions	15,108	27,419	(11,336)	19,691	50,882
Transfer to associate	—	5,886	—	(5,886)	—
31 March 1993	522,725	34,078	2,839	35,298	594,940
Provisions					
1 April 1992	—	(502)	(3,497)	—	(3,999)
Net additions	—	—	2,258	—	2,258
31 March 1993	—	(502)	(1,239)	—	(1,741)
Net book value					
31 March 1993	522,725	33,576	1,600	35,298	593,199
31 March 1992	507,617	271	10,678	21,493	540,059

The Company's subsidiaries, associated undertakings and fixed asset investments are detailed on pages 44 and 45.

29 **DEBTORS**

	1993	1992
	£000	£000
Due within one year:		
Amounts owed by subsidiaries	190,199	83,076
Other debtors	310	675
Prepayments and accrued income	653	1,287
	191,162	85,038
Due after more than one year:		
Prepayments	10,290	9,844
	201,452	94,882

30 **CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1993	1992
	£000	£000
Bank overdraft	6,569	—
Amounts owed to subsidiaries	18,185	77,574
Amounts owed to associated undertakings	—	115
Taxation	22,563	12,145
Other creditors	99	84
Proposed dividend	35,498	29,532
Accruals and deferred income	293	727
	83,207	120,177

31 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000
1 April 1992	426
Profit and loss account	(426)
31 March 1993	-

32 PROFIT AND LOSS ACCOUNT

	£000
1 April 1992	357,528
Retained profit for the year	109,058
Currency translation	9,350
31 March 1993	475,936

In accordance with the exemption allowed by section 230 of the Companies Act 1985 no profit and loss account has been presented by Vodafone Group Plc. The profit for the financial year dealt with in the accounts of Vodafone Group Plc is £179,023,000 (1992 – £144,312,000).

33 CONTINGENT LIABILITIES

The Company has guaranteed certain of the overdraft and loan facilities of its associated undertakings and investments as set out in Note 26. In addition, the Company has guaranteed certain of the overdraft and loan facilities of its overseas subsidiaries as follows:

	1993 £000	1992 £000
Guarantees of bank facilities	5,621	5,164

Vodafone Group Plc had at 31 March 1993 the following principal subsidiaries:

PRINCIPAL SUBSIDIARIES

Vodafone Group Plc's subsidiaries all have share capital consisting solely of ordinary shares. The country of incorporation or registration of all subsidiaries is also their principal place of operation. All subsidiaries are wholly owned (unless otherwise stated); sub-subsidiaries are shown inset.

Name	Activity	Country of incorporation or registration
Telecell Limited (80%)	Operation of cellular network	Malta
Vodafone Asia Pacific Limited	Holding company	Hong Kong
Vodafone Cellular Limited	Holding company	England
Vodac Limited	Service provider for Vodafone network	England
Vodac (Ulster) Limited (51%)	Service provider for Vodafone network	Northern Ireland
Vodafone Europe Holdings B.V.	Holding company	Netherlands
Vodafone Netherlands B.V.	Holding company	Netherlands
Vodafone Australasia Pty Limited	Holding company	Australia
Vodafone Pty Limited (95%)	Operation of cellular network	Australia
Vodafone Group Services Limited	Provision of central services	England
Vodafone (Holdings) Limited	Holding company	England
Vodafone Limited	Operation of cellular network	England
Vodafone SA	Service provider for cellular networks	France
Vodapage Limited	Operation of radio paging service	England
Vodata Limited	Supply of value added services	England
Paknet Limited	Operation of packet radio network	England

Vodafone Group Plc had at 31 March 1993 the following principal associated undertakings and investments:

PRINCIPAL ASSOCIATED UNDERTAKINGS

Vodafone Group Plc's associated undertakings all have share capital consisting solely of ordinary shares. The Country of incorporation or registration of all associated undertakings is also their principal place of operation. The operating subsidiaries of all associated undertakings are wholly owned and shown inset.

Name	Activity	Percentage shareholding	Par value of issued equity	Latest financial accounts	Country of incorporation or registration
Martin Dawes Communications Limited	Service provider for UK cellular networks	19	£632,601	30.6.92	England
National Band Three Limited	Operation of trunked mobile radio network	50	£9m	31.3.93	England
Orbitel Mobile Communications (Holdings) Limited	Holding company	50	£100	31.3.93	England
Orbitel Mobile Communications Limited	Mobile telecommunications equipment manufacturer				England
Pacific Link Communications (Holdings) Limited*	Holding company	30	US\$100	31.12.92	British Virgin Islands
Pacific Link Communications Limited	Operation of Hong Kong cellular network				Hong Kong
Pacific Telelink Limited*	Operation of a Hong Kong telepoint network	30	HK\$10,000	31.12.92	Hong Kong
Panafon SA	Operation of Greek cellular network	45	GRD 19,625,000	31.12.92	Greece

* Indirectly held.

PRINCIPAL INVESTMENTS

The shareholdings in investments consist solely of ordinary shares. The principal country of operation for the investments is the same as the country of incorporation or registration.

Name	Activity	Percentage shareholding	Country of incorporation or registration
COFIRA	Operation of French cellular network	4	France
Comunicaciones Celulares de Occidente, SA de CV	Operation of Mexican regional cellular network	7	Mexico
E-Plus Mobilfunk GmbH	Operation of German cellular network	16	Germany
NordicTel Holdings AB	Holding company for Swedish GSM licence holder	19	Sweden
Servicios de Radiotelefonía Movil SA	Operation of Spanish paging network	15	Spain

The following is a summary of the approximate effects of the differences between US Generally Accepted Accounting Principles ("US GAAP") and UK Generally Accepted Accounting Principles ("UK GAAP") that are material to Vodafone Group Plc.

	Years ended 31 March	
	1993	1992
	£000	£000
NET INCOME AND EARNINGS PER ORDINARY SHARE		
Net income as reported in accordance with UK GAAP	221,735	184,249
Items decreasing net income:		
Goodwill amortisation	(3,286)	(10,169)
Equity in losses of associated undertakings	(2,109)	(1,228)
Licence fee amortisation	(1,662)	-
Deferred income taxes	(14,921)	(9,262)
Compensation expense	(281)	(1,070)
Amortisation of capitalised interest	(639)	(639)
Pension cost	(142)	-
Foreign currency translation	(780)	-
Net income in accordance with US GAAP	197,915	161,881
Earnings per ordinary share in accordance with US GAAP	19.70p	16.15p
	At 31 March	
	1993	1992
	£000	£000
SHAREHOLDERS' EQUITY		
Shareholders' equity as reported in accordance with UK GAAP	596,192	452,149
Items increasing / (decreasing) shareholders' equity:		
Goodwill – net of amortisation	130,988	126,279
Licence fee amortisation	(1,662)	-
Cumulative deferred income taxes	(76,407)	(61,486)
Cumulative compensation expense	(1,351)	(1,070)
Cumulative capitalisation of interest costs – net of amortisation	2,281	2,920
Proposed dividends	35,498	29,532
Cumulative pension cost	(142)	-
Shareholders' equity in accordance with US GAAP	685,397	548,324
TOTAL ASSETS		
Total assets as reported in accordance with UK GAAP	869,321	656,903
Items increasing / (decreasing) total assets:		
Goodwill – net of amortisation	79,774	82,687
Investment in associated undertakings – net of amortisation	49,520	42,995
Licence fee amortisation	(1,662)	-
Cumulative capitalisation of interest costs – net of amortisation	2,281	2,920
Pension prepayment	(260)	-
Total assets in accordance with US GAAP	998,974	785,505

SUMMARY OF DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED KINGDOM AND THE UNITED STATES.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP"), which differ in certain material respects from those generally accepted in the United States ("US GAAP"). The differences that are material to the Group relate to the following items and the necessary adjustments are shown on the facing page.

GOODWILL AND EQUITY IN LOSSES OF ASSOCIATED UNDERTAKINGS

Under UK GAAP, costs of acquisition in excess of the fair value of the attributable net assets of acquired businesses at the date of acquisition may be capitalised or may be written off against shareholders' equity, either in the fiscal year of acquisition or in a subsequent fiscal year. The Group has written off such goodwill against shareholders' equity in the fiscal year of acquisition. Under US GAAP, goodwill must be capitalised and amortised against income over the estimated period of benefit, but not in excess of 40 years. Investments in associated undertakings would also include an element of goodwill in the amount of the excess of the investment over Vodafone Group Plc's share in the fair value of the net assets at the date of investment.

For US GAAP purposes the Group would amortise goodwill over periods not exceeding 40 years. The Company's equity in earnings of the associated undertakings is reduced by the amortisation of such goodwill.

LICENCE FEE AMORTISATION

Under UK GAAP, licence fees are amortised in proportion to the expected usage of the network during the start up period. Under US GAAP, intangibles are amortised on a straight line basis from the date of acquisition.

DEFERRED TAXATION

Under UK GAAP, deferred taxation is provided at the rates at which the taxation is expected to become payable. No provision is made for amounts which are not expected to become payable in the foreseeable future.

Under US GAAP, deferred taxation is provided on all temporary differences under the liability method at rates at which the taxation would be payable in the relevant future year.

FOREIGN CURRENCY TRANSLATION

Under US GAAP, income from foreign subsidiaries is translated at average exchange rates for the year, while under UK GAAP year end rates are used. The difference results in a reclassification between retained earnings and the translation component of shareholders' equity.

COMPENSATION EXPENSE

Under UK GAAP, on the granting of Share options, no amounts are normally attributed to employee remuneration. Under US GAAP, upon the granting of Share options to employees, the employer records as employee compensation the difference between the market value of the Shares and the total amount the employees are required to pay.

CAPITALISATION OF INTEREST COSTS

Under UK GAAP, interest on borrowings used to finance the construction of an asset is not required to be included in the cost of the asset. Under US GAAP, the interest cost on borrowings used to finance the construction of an asset is capitalised during the period of construction until the date that the asset is placed in service. Such interest cost is amortised over the estimated useful life of the related assets.

PENSION COSTS

Under both UK GAAP and US GAAP pension costs are provided so as to provide for future pension liabilities. However, there are differences in the prescribed methods of valuation which give rise to GAAP adjustments to the pension cost and the pension prepayment.

PROPOSED DIVIDENDS

Under UK GAAP, dividends are included in the financial statements when recommended by the board of directors to the shareholders. Under US GAAP, dividends are not included in the financial statements until declared by the board of directors.

EARNINGS PER ORDINARY SHARE

Earnings per ordinary share are calculated by dividing net income of £161,881,000 and £197,915,000 for the years ended 31 March 1992 and 1993 respectively, by 1,002,613,809 and 1,004,687,325 which are the approximate weighted average number of ordinary shares outstanding for the years ended 31 March 1992 and 1993 respectively.

FINANCIAL CALENDAR

Vodafone Group Plc usually announces results and pays dividends at the following times:

	Announcement of results	Payment of dividend
Interim	November	February
Final	June	August

LISTINGS

Ordinary shares of Vodafone Group Plc are traded on the London Stock Exchange and, in the form of American Depositary Shares (ADSs), on the New York Stock Exchange.

AMERICAN DEPOSITARY RECEIPTS

ADSs each representing ten ordinary shares are traded on the New York Stock Exchange under the symbol "VOD". ADSs are represented by American Depositary Receipts (ADRs). The ADR programme is administered on behalf of Vodafone Group Plc by The Bank of New York, ADR Division, 101 Barclay Street, New York, N.Y. 10286.

REPORTS TO ADR HOLDERS

ADR holders receive the annual and interim reports issued to ordinary shareholders. Vodafone Group Plc will file with the Securities and Exchange Commission in the USA its annual report in Form 20-F (which corresponds to the 10-K for a US Corporation) and other information as required. A copy of the Form 20-F may be obtained by writing to: Investor Relations, Vodafone Group Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire RG13 1JL, England.

DIVIDENDS AND ADR HOLDERS

ADR holders are generally eligible for all dividends or other entitlements attaching to the underlying shares of Vodafone Group Plc and receive all cash dividends in US dollars. Qualifying US holders will generally be entitled to receive a payment in respect of the UK tax credit, subject to a UK withholding tax of 15% of the sum of the dividend and UK tax credit.

Dividends and any related UK tax credit and associated withholding will be income to the holder for Federal income tax purposes.

ADR holders unsure of their tax position should consult their independent tax adviser.

SHAREHOLDERS

Number of ordinary shares held at 31 March 1993		Number of accounts	% of total issued shares
1–	1,000	20,663	0.92
1,001–	5,000	14,984	3.24
5,001–	50,000	3,377	4.45
50,001–	100,000	295	2.16
100,001–	500,000	488	11.57
More than	500,000	229	77.66
		40,036	100.00

TYPE OF SHAREHOLDER AT 31 MARCH 1993

	Number of accounts	% of total issued shares
Private individuals	33,766	6.54
Nominee companies	4,486	55.96
Other corporate bodies	93	1.15
Insurance companies	260	9.62
Investment trusts and funds	581	4.43
Banks	383	0.13
Commercial and industrial companies	410	0.94
Sepon Limited	1	1.85
Pension funds and trustees	55	3.01
Bank of New York Nominees – ADRs*	1	16.37
	40,036	100.00

With the exception of nominee companies, most of which are institutional investors, stated shareholdings are only those directly held.

* At 31 March 1993 there were 1,141 registered holders of ADRs representing approximately 12,000 beneficial holders.

PERSONAL EQUITY PLANS ('PEPs')

Earlier this year the Company introduced for UK resident shareholders two PEPs, a General PEP and a Single Company PEP, managed by Bradford & Bingley (PEPs) Limited. For further details please write to the Plan Manager, Bradford & Bingley (PEPs) Limited, P.O. Box 50, Main Street, Bingley, West Yorkshire BD16 2LW or telephone 0274 555677.

CAPITAL GAINS TAX BASE COSTS

UK taxpayers who became shareholders in Vodafone Group Plc as a result of holding shares in Racal Electronics Plc at the time of the demerger (16 September 1991) are advised that the base cost of their Racal Electronics' shares for Capital Gains Tax purposes should be split as to 80.036% to Vodafone shares and 19.964% to Racal Electronics shares.

ORDINARY SHARE AND ADS MARKET PRICE RANGES

Fiscal Year	Ordinary Shares		ADSs	
	High (£)	Low (£)	High (US\$)	Low (US\$)
1988/89				
3rd Quarter	1.84	1.58	34.12	29.50
4th Quarter	3.51	1.84	59.50	34.12
1989/90				
1st Quarter	5.19	3.24	85.50	60.62
2nd Quarter	4.26	3.45	70.75	53.38
3rd Quarter	4.07	3.18	65.25	49.25
4th Quarter	4.06	3.45	66.75	53.88
1990/91				
1st Quarter	3.91	3.09	67.13	50.00
2nd Quarter	3.73	2.30	66.88	42.63
3rd Quarter	2.86	2.37	56.50	45.00
4th Quarter	3.67	2.52	67.50	48.75
1991/92				
1st Quarter	4.12	3.38	73.50	54.63
2nd Quarter	3.87	3.26	68.25	59.75
3rd Quarter	3.86	3.44	72.50	61.75
4th Quarter	3.74	3.30	72.25	55.75
1992/93				
1st Quarter	3.98	3.03	71.25	53.25
2nd Quarter	3.35	2.88	64.00	53.25
3rd Quarter	4.27	3.33	66.63	55.38
4th Quarter	4.30	3.75	66.88	54.50

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING

1. ALLOTMENT OF SHARES FOR CASH

At the Annual General Meeting of the Company held on 7th August 1992, a resolution was passed enabling the directors to allot equity securities up to an aggregate amount of 5% of the then issued share capital of the Company for cash and, on a rights issue, to sell the entitlements of overseas shareholders for their benefit and to sell fractional entitlements for the benefit of the Company. As this authority expires at the end of this year's Annual General Meeting, the directors, in Resolution 7, are seeking renewal of the authority until the date of the Annual General Meeting in 1994.

The principal purpose of this resolution is to give the directors of the Company the flexibility to finance business opportunities by raising funds in international markets by the issue of shares without a pre-emption offer to existing shareholders. The resolution is required to dis-apply the

provisions of the Companies Acts and, if passed, will also enable the directors, on a rights issue, to avoid exceptional costs in issuing shares to shareholders who are citizens of, or resident in, an overseas territory.

This resolution is in the same form as that passed at last year's Annual General Meeting although, as the Company's issued share capital has since increased, the 5% limit now gives a slightly increased aggregate amount of £2,512,333.

2. ARTICLES OF ASSOCIATION

The directors are proposing two amendments to the Company's existing Articles of Association:

A Mandated Dividend Payments

In order to increase efficiency, the Company would now like to be able to offer shareholders who wish to receive dividend payments directly into their bank accounts the benefit of arrangements made by the most up to date methods available from the banks. At present, shareholders with mandated accounts rely upon their banks to distribute tax vouchers, a service for which some banks levy a charge. An alternative method, permitting the tax voucher to be distributed directly to shareholders whilst at the same time ensuring the payment is received on time in the shareholder's bank account, is now available and Article 132 requires amendment to enable the Company to take advantage of it.

B Scrip Dividend Scheme

At the preliminary announcement of the Company's results, the directors announced that they intended to offer shareholders the choice of taking new fully paid ordinary shares of 5p each instead of cash in respect of the recommended final dividend for the year ended 31 March 1993.

The text of new Article 134A in resolution No 9 sets out the rules of the scheme to be incorporated, subject to shareholders' approval, into the Company's Articles of Association. Resolution No 10, which is subject to the passing of resolution No 9, permits shareholders to elect to receive the proposed final dividend for the financial year ended 31 March 1993 in shares rather than cash and authorises the directors to offer shareholders a scrip dividend in respect of any dividend(s) declared by the Board before the Annual General Meeting to be held in 1998.

Notice is hereby given that the ninth Annual General Meeting of the Company will be held at The Institution of Electrical Engineers, Savoy Place, London WC2 on Wednesday 21 July 1993 at 11.45 a.m. to transact the following business:

- 1 To receive the report of the directors and financial statements for the year ended 31 March 1993 and to approve a final dividend of 70.6% (3.53p per share) net of tax on the ordinary shares.
- 2 To re-elect Mr C C Gent.
- 3 To re-elect Mr E J Peett.
- 4 To elect Mr D J Henning.
- 5 To elect Mr G J Lomer.
- 6 To re-appoint Touche Ross & Co. as auditors to the Company until the next Annual General Meeting and to authorise the directors to fix their remuneration.

- 7 As special business to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution: THAT the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the Companies Act 1985) for cash pursuant to the authority conferred by the ordinary resolution passed on 1 August 1989 as if sub-section (1) of section 89 of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited:

- a) to the allotment of equity securities in connection with an offer by way of rights to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be defined) to the respective numbers of ordinary shares held by them, subject to such exclusions or other arrangements as the directors may deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and
- b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £2,512,333, being 5% of the issued share capital of the Company at 31 March 1993

and shall expire on the date of the Annual General Meeting of the Company after the passing of this resolution save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not expired.

- 8 As special business to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

THAT the Articles of Association of the Company be altered by deleting entirely Clause 132 and by adding in its stead a new Clause 132 as follows:

"Any dividend or other moneys payable on or in respect of shares may be paid by cheque, warrant or similar financial instrument, or by other means, sent direct to the registered address of the member or person entitled thereto or, in the case of joint holders, to the registered address of the holder who is first named in the Register, or sent to such person and to such address as the holder or joint holders may in writing direct. Such payment may be sent through the post or equivalent means of delivery or by such other means, including by electronic media, offered by the Company as the holder or joint holders may in writing agree. Every such cheque, warrant, financial instrument or other form of payment shall be made payable to the order of the person to whom it is sent or to such other person as the holder, or joint holders, may in writing direct, and payment of the cheque, warrant, instrument or other form of payment shall be a good discharge to the Company. Every such payment shall be sent at the risk of the person entitled to the money represented thereby."

As special business to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

THAT the Articles of Association of the Company be altered by adding a new Clause 134A as follows:

"134A The Directors may, with the previous sanction of an ordinary resolution of the Company, offer any holders of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution. The following provisions shall apply:

- (i) The said resolution may specify a particular dividend (whether or not declared), or may specify all or any dividends declared or resolved in respect of a specified period provided nevertheless that the Directors may in their absolute discretion, at any time prior to the allotment of the additional shares, suspend, withdraw or terminate (whether temporarily or otherwise), in relation to any particular proposed dividend, such right to elect and may do such things and acts considered necessary or expedient with regard to, or in order to effect, any such suspension, withdrawal or termination.
- (ii) The entitlement of each holder of shares to new shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) that such holder would have received by way of dividend. For this purpose 'relevant value' shall be calculated by reference to the average of the middle market quotation for the Company's shares on the London Stock Exchange as derived from the Daily Official List, for the day on which the shares are first quoted 'ex' the relevant dividend and the four subsequent dealing days, or in such other manner as may be determined by or in accordance with the ordinary resolution. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount.
- (iii) The Directors may specify a minimum number of shares in respect of which the rights of election may be exercised. The basis of allotment shall be such that no holder or person entitled by transmission may receive a fraction of a share and the Directors may make such provision as it thinks fit for fractional entitlements including provisions whereby, in whole or in part, the benefit of the fractional entitlement accrues to the Company.
- (iv) On or as soon as practicable after announcing that the Directors are to declare or recommend any dividend, the Directors, if they intend to offer an election in respect of that dividend, shall also announce that intention, and shall, after determining the basis of allotment, notify the holders of or persons entitled by transmission to shares in writing of the right of election and specify the procedure (including issuing any Form of Election) determined by the Directors to be followed and the place at which, and the latest date and time by which, duly completed Forms of Election must be lodged in order to be effective.
- (v) The Directors may also issue Forms of Election under which holders of, or persons entitled by transmission to, shares may elect to receive shares instead of cash both in respect of the relevant dividend and in respect of future dividends not yet declared or resolved (and accordingly in respect of which the basis of allotment shall not have been determined) until such Form of Election is revoked in accordance with its terms.
- (vi) The Directors may exclude from any offer any holders of shares or persons entitled to shares by transmission (with registered addresses in any territory) where the Directors believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any reason the offer should not be made to them and in such event the aforesaid provisions shall be read and construed subject to such determination.
- (vii) The Directors shall not proceed with any election unless the Company has sufficient unissued shares authorised for issue and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment is determined.
- (viii) The dividend (or that part of the dividend in respect of which a right of election has been given) shall not be payable on shares in respect of which an election has been duly made ('the elected shares') and instead additional shares (but not any fraction of a share) shall be allotted to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose the Directors shall capitalise out of any amount for the time being standing to the credit of any reserve fund (including any share premium account or capital redemption reserve fund) any of the profits which could otherwise have been applied in paying dividends in cash as the Directors may determine a sum equal to the aggregate nominal amount of the additional shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued shares for allotment and distribution to the holders of the elected shares on that basis.

- (ix) The additional shares so allotted shall be allotted as of the record date for the dividend in respect of which the right of election has been offered and shall rank *pari passu* in all respects with the fully paid shares then in issue save only that the shares so allotted will not rank for any dividend or other distribution or other entitlement which has been declared, made, paid or is payable by reference to such record date or earlier record date.
- (x) The Directors shall have power to do all acts and things as they may consider necessary or expedient to give effect to this Article."

- 10 As special business to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution:

THAT, subject to the passing of resolution 9 in the notice of meeting, the directors are hereby authorised:

- a to exercise the power contained in Article 134A of the Articles of Association of the Company so that, to the extent (if any) determined by the directors, the holders of shares are permitted to elect to receive any dividend, whether declared or payable, in respect of any financial period of the Company ending prior to the date of the Annual General Meeting of the Company to be held in 1998, in whole or in part in the form of new shares in the capital of the Company, credited as fully paid, instead of in cash alone; and
- b to capitalise out of the amount for the time being standing to the credit of any reserve or fund (including any share premium account or capital redemption reserve) or any profits which could otherwise have been applied in paying dividends in cash, as the directors may determine, a sum equal to the aggregate nominal amount of the additional shares to be allotted pursuant to elections made aforesaid, and to apply such sum in paying up in full the appropriate number of unissued shares and to allot shares to the members of the Company who have validly so elected.

By Order of the Board

Stephen Scott, Secretary

The Courtyard,
2-4 London Road,
Newbury,
Berkshire RG13 1JL

25 June 1993

NOTES

- 1 A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member of the Company. A proxy card is enclosed.
- 2 Lodgment of a proxy will not preclude a shareholder from attending and voting at the Meeting.
- 3 Copies of the service contracts of the directors with the Company of more than one year's duration will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturday) from the date of the Notice until the date of the Annual General Meeting and at The Institution of Electrical Engineers, Savoy Place, London WC2 from 11.15 a.m. on that day until the conclusion of the Meeting. No director has a service contract with any subsidiary.
- 4 Copies of the Company's existing Memorandum and Articles of Association will be available for inspection at the registered office of the Company and at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA during normal business hours on any weekday (excluding Saturday) from the date of the Notice until the date of the Annual General Meeting and at the Institution of Electrical Engineers, Savoy Place, London WC2 from 11.15 a.m. on that day until the conclusion of the Meeting.

Principal Activities

Cellular Radio Network Operations

Data Transmission Over Cellular Radio Networks

Digital Cellular Radio Systems and Equipment

Mobile and Hand-Portable Cellular Telephones

Private Mobile Radio

Radiopaging

Value Added Network Services

Telepoint Systems and Equipment

Packet Radio Network Operation

Vodafone Group Plc

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