

VODAFONE UK LIMITED

Company No: 02227940

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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VODAFONE UK LIMITED
Company No: 02227940
STRATEGIC REPORT (CONTINUED)

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VODAFONE UK LIMITED
Company No: 02227940

REPORT OF THE DIRECTORS

The directors submit their annual report and unaudited financial statements for the financial year ended 31 March 2017.

Principal activity and future developments

The Company's principal activity during the year continued to be that of an investment holding company. The directors do not anticipate that the business of the Company will change in the foreseeable future.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption from the need to present a strategic report.

Results and dividends

The profit and loss account is set out on page 4 of the financial statements. For the year ended 31 March 2017, there was a profit on ordinary activities after taxation of £10,959,000 (2016: loss of £172,521,000).

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors of the Company, who served throughout the year and to the date of this report, unless otherwise indicated, are as follows:

H Lamprell	
N Jeffery	(appointed 1 September 2016)
E Tournon	(appointed 1 January 2017)
P Riviere	(resigned 1 January 2017)
H Hoencamp	(resigned 1 September 2016)
D Galli	(resigned 1 May 2016)

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk in relation to its lending and investment activities. The Company follows Vodafone Group Plc (the "Group") policies in managing its principal risks. Financial risk management is explained in more detail in note 10 of these financial statements.

Registered office

The registered office of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

Going concern

The directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. On the basis of their assessment of the Company's financial position, the factors likely to affect its future development and performance, and the enquiries made of the directors of Vodafone Group Plc, who is its ultimate parent, the Company's directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Vodafone Group Plc to continue as a going concern. Accordingly they expect that the Company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

VODAFONE UK LIMITED
Company No: 02227940

REPORT OF THE DIRECTORS (CONTINUED)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

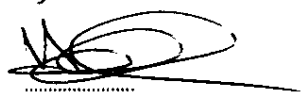
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Indemnification of directors

In accordance with the Company's articles of association and to the extent permitted by law, the directors may be granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, Vodafone Group Plc maintained a directors' and officers' liability insurance policy throughout the financial year. This policy is renewed annually in August. Neither the Company's indemnity nor the insurance provides cover in the event that the director is proven to have acted dishonestly or fraudulently.

The report of the directors was approved by the Board on **3 October** 2017 and signed on its behalf by:



H Lamprell
Director

VODAFONE UK LIMITED
Company No: 02227940

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Note	£'000	£'000
Amounts written off investments		-	(179,888)
Finance income	3	13,699	9,209
Profit/(Loss) on ordinary activities before taxation		13,699	(170,679)
Income tax charge on ordinary activities	4	(2,740)	(1,842)
Profit/(Loss) for the financial year		10,959	(172,521)

The Company has no other recognised gains or losses in the current or preceding year and therefore no separate statement of other comprehensive income has been presented.

The results above are derived from continuing operations.

The accompanying notes are an integral part of these financial statements.

VODAFONE UK LIMITED
Company No: 02227940

BALANCE SHEET

AT 31 MARCH 2017

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Investments	5	<u>990,554</u>	<u>990,554</u>
CURRENT ASSETS			
Debtors	6	4,876,115	2,788,029
Cash and cash equivalents	7	<u>-</u>	<u>2,070,000</u>
		4,876,115	4,858,029
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	<u>(1,279,796)</u>	<u>(1,272,669)</u>
NET CURRENT ASSETS		<u>3,596,319</u>	<u>3,585,360</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,586,873</u>	<u>4,575,914</u>
CAPITAL AND RESERVES			
Called up share capital	9	3,630,000	3,630,000
Reserves		<u>956,873</u>	<u>945,914</u>
TOTAL SHAREHOLDERS' FUNDS		<u>4,586,873</u>	<u>4,575,914</u>

For the year ended 31 March 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board on **3 October** 2017 and were signed on its behalf by:



E Tournon
Director

The accompanying notes are an integral part of these financial statements.

VODAFONE UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

		Called up share capital	Profit and loss account	Total shareholders' funds
	Note	£'000	£'000	£'000
At 1 April 2015		1,560,000	1,118,435	2,678,435
Issue of shares	9	2,070,000	-	2,070,000
Loss for the financial year		-	(172,521)	(172,521)
At 31 March 2016		3,630,000	945,914	4,575,914
Profit for the financial year		-	10,959	10,959
At 31 March 2017		3,630,000	956,873	4,586,873

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of accounting policies

Vodafone UK Limited is a limited liability company incorporated and domiciled in England and Wales (registration number 02227940).

The accounting policies adopted in respect of material items are described below. The accounting policies have been applied on a consistent basis during the current and the preceding year.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

The exemptions available under FRS 102 have been applied to the following items:

- Statement of cash flows and related notes.
- Financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial risks.
- Related Party Disclosures

Going concern

The Company continues to adopt the going concern basis in preparing its financial statements.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The financial statements do not contain any significant estimates or judgements that would reasonably impact the results and balances presented.

Investments

Investments held as fixed assets are stated at cost less accumulated impairment losses. The performance of investments is reviewed annually at each year end to establish whether there has been an impairment in the value of the investment which would necessitate a provision.

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of accounting policies (continued)

Debtors

Receivables are measured at transaction price, less any impairment. Receivables are written off when management considers them to be irrecoverable.

If collection is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents are amounts held by the Company on a short-term basis having an original maturity of three months or less.

Creditors

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

2. Administrative expenses

The directors did not receive any remuneration for their services from the Company in the financial year (2016: £nil).

There were no employees employed directly by the Company during the current or preceding year.

3. Finance income

	2017 £'000	2016 £'000
Interest receivable and similar income:		
Group deposits	20,034	15,530
Interest payable and similar charges:		
Group undertakings	(6,335)	(6,321)
	<u>13,699</u>	<u>9,209</u>

4. Tax charge on profit/(loss) on ordinary activities

	2017 £'000	2016 £'000
UK corporation tax charge at 20% (2016: 20%)	<u>2,740</u>	<u>1,842</u>

The standard rate of tax for the financial year, based on the UK standard rate of corporation tax, is 20% (2016: 20%). The actual tax charge for the current and previous year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation:

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax	<u>13,699</u>	<u>(170,679)</u>
Tax on profit/(loss) on ordinary activities before tax at standard rate of 20% (2016: 20%)	2,740	(34,136)
Permanent differences	-	35,978
Current tax charge for the year	<u>2,740</u>	<u>1,842</u>

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. Investments

	£'000
Cost	
At 1 April 2016 and 31 March 2017	<u>1,175,344</u>
Provisions for impairment	
At 1 April 2016 and 31 March 2017	<u>(184,790)</u>
Net Book Value	
At 31 March 2016 and 31 March 2017	<u>990,554</u>

<u>Investment held</u>	<u>Principal activity</u>	<u>Holding and Voting Rights %</u>
Aspective Limited	Non-trading	100
Cellops Limited	Non-trading	100
Cellular Operations Limited	Non-trading	60
Central Communications Group Limited	Non-trading	100
FB Holdings Limited	Holding company	100
Flexphone Limited	Non-trading	100
Generation Telecom Limited	Non-trading	100
Dataroam Limited	Non-trading	100
ISIS Telecommunications Management Limited	Non-trading	100
Erudite Systems Limited	Non-trading	100
Le Bunt Holdings Limited	Holding company	100
Singlepoint (4U) Limited	Non-trading	100
Vodafone Business Services Limited	Non-trading	100
Vodafone Central Services Limited	Non-trading	100
Silver Stream Investments Limited	Holding company	100
Townley Communications Limited	Non-trading	100
Vodafone Distribution Holdings Limited	Non-trading	100

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. Investments (continued)

<u>Investment held</u>	<u>Principal activity</u>	<u>Holding and Voting Rights %</u>
Oxygen Solutions Limited	Non-trading	100
Vodafone Hire Limited	Non-trading	100
Vodafone Leasing Limited	Non-trading	100
Vodafone Mobile Commerce Limited	Non-trading	100
Vodafone Multimedia Limited	Non-trading	50
C.S.P. Solutions Limited	Non-trading	100
Vodafone Property Investments Limited	Property investment	100
Vodafone Specialist Communications Limited	Non-trading	100
Vodafone UK Content Services Limited	Non-trading	100
Vodafone UK Investments Limited	Non-trading	100
Vodafone Partner Services Limited	Non-trading	100
Vodafone-Central Limited	Non-trading	100
Central Telecom (Northern) Limited	Non-trading	100
CT Networks Limited	Non-trading	100
How2 Telecom Limited	Non-trading	100
Telecommunications Europe Limited	Non-trading	100
The Old Telecom Sales Co. Limited	Non-trading	100
FM Associates (UK) Limited	Non-trading	100
Singlepoint Payment Services Limited	Non-trading	100
AAA (Euro) Limited	Non-trading	100
AAA (MCR) Limited	Non-trading	100
AAA (UK) Limited	Non-trading	100
Uniqueair Limited	Non-trading	100
Vodafone (Scotland) Limited	Non-trading	100

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. Investments (continued)

<u>Investment held</u>	<u>Principal activity</u>	<u>Holding and Voting Rights %</u>
Pinnacle Cellular Group Limited	Non-trading	100
Pinnacle Cellular Limited	Non-trading	100
Woodend Group Limited	Non-trading	100
Woodend Holdings Limited	Non-trading	100
Woodend Cellular Limited	Non-trading	100
Woodend Communications Limited	Non-trading	100
Vodafone Connect Limited	Non-trading	100
Emtel Europe Limited	Non-trading	100
Mobile Phone Centre Limited	Non-trading	100
P.C.P. (North West) Limited	Non-trading	100
Vodafone Connect 2 Limited	Non-trading	100
Vodafone Corporate Limited	Non-trading	100
Vodafone M.C. Mobile Services Limited	Non-trading	100
Vodafone Retail (Holdings) Limited	Non-trading	100
Astec Communications Limited	Non-trading	100
Nat Comm Air Limited	Non-trading	100
Peoples Phone Limited	Non-trading	100
Vodafone (NI) Limited	Non-trading	100
Vodafone Retail Limited	Non-trading	100
Talkland Airtime Services Limited	Non-trading	100
Talkland Communications Limited	Non-trading	100
Talkland Midlands Limited	Non-trading	100
Global Cellular Rental Limited	Non-trading	50
Vodafone Old Show Ground Site Management Limited	Non-trading	100

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. Investments (continued)

All shareholdings are in ordinary shares with the exception of Vodafone Partner Services Limited (formerly Yes Telco Limited), in which Vodafone UK Limited holds £1 redeemable preference shares, and Aspective Limited, in which Vodafone UK Limited holds A, B and C preference shares of 0.1p each.

With the exception of FB Holdings Limited, Le Bunt Holdings Limited and Silver Stream Investments Limited, which are Guernsey registered companies, all companies are registered in England and Wales.

6. Debtors

	2017 £'000	2016 £'000
Debtors		
Amounts owed by Group undertakings	4,876,115	2,788,029

Amounts owed by Group undertakings are unsecured and repayable on demand.

7. Cash and cash equivalents

	2017 £'000	2016 £'000
Money market funds	-	2,070,000

In 2016 cash of £2,070,000,000 was received on the issue of ordinary shares. In 2017, this cash was deposited with the ultimate parent company resulting in an intercompany receivable.

8. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Creditors: amounts falling due within one year		
Amounts due to Group undertakings	1,277,056	1,270,827
Group relief payable	2,740	1,842
	<u>1,279,796</u>	<u>1,272,669</u>

Amounts owed to Group undertakings are repayable on demand.

VODAFONE UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

9. Called up share capital

	2017 £'000	2016 £'000
Allotted, issued and fully paid:		
3,630,000,002 (2016: 3,630,000,002) ordinary shares of £1 each	3,630,000	3,630,000
Ordinary shares		
As at 1 April	3,630,000	1,560,000
Share issue	-	2,070,000
As at 31 March	3,630,000	3,630,000

10. Financial risk management

The Company follows Group policy to manage its principal risks which include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk. The Group's treasury function provides a centralised service to the Group, and follows a framework of policies and guidelines authorised and reviewed annually by the Group's management.

The Group's internal auditors review the internal control environment regularly. There has been no significant change during the financial year to the types of financial risks faced by the Company, or the Company's approach to the management of those risks.

Further details of the Group's policies can be found in the annual report and financial statements of Vodafone Group Plc for the year ended 31 March 2017, which does not form part of this report.

11. Related party transactions

The Company is a wholly owned subsidiary of Vodafone Group Plc and has taken advantage of the exemption granted by paragraph 33(2) of FRS102, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the Group who are related parties.

12. Ultimate parent company

The immediate and ultimate parent company and controlling entity of Vodafone UK Limited, and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, a company registered in England and Wales.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2017 may be obtained from the company's website www.vodafone.com or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.