

VODAFONE UK LIMITED

Company No: 2227940

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the financial year ended 31 March 2010

Principal activity and review of business

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

During the year the Company impaired the investment of Aspective Limited, Cellular Operations Limited, Vodafone Partner Services Limited (formerly Yes Telco Limited) and Central Telecommunications Group Limited.

The Company follows Vodafone Group Plc (the "Group") policy in managing its principal risks. Financial risk management is explained in more detail in note 12 of the financial statements.

Results and dividends

The profit and loss account is set out on page 6 of the financial statements. For the year ended 31 March 2010, there was a loss on ordinary activities after taxation of £32.5 million (2009: profit £23.3 million).

The directors do not recommend the payment of a dividend (2009: £nil).

Directors

The directors of the Company, who served throughout the year unless otherwise indicated, are as follows:

D Crook	(appointed 15 March 2010)
M Evans	(resigned 30 June 2009)
T Nowak	(appointed 30 June 2009)
M H Bond	
M Brearley	
J H Hext	(resigned 31 July 2009)
S G Langkamp	(appointed 1 August 2009)
J G Laurence	
P J A Kelly	
J M Mundy	
J McCoy	(resigned 1 July 2009)
J Campbell	(appointed 1 July 2009)
I A Shepherd	(resigned 16 February 2010)
A Thompson	(appointed 1 March 2009)
S Gopalan	(appointed 18 August 2010)

Auditors

Deloitte LLP have indicated their willingness to continue in office for the next financial year. In addition the Company had, prior to 1 October 2007, passed an elective resolution dispensing with the requirement to re-appoint its auditors annually.

Registered office

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

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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 has been renewed for the next financial year. Neither the Company's indemnity nor the insurance provides cover in the event that the director is proven to have acted dishonestly or fraudulently.

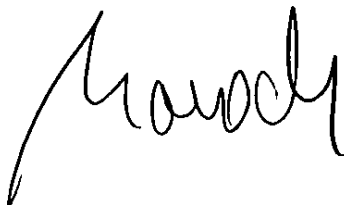
REPORT OF THE DIRECTORS (CONTINUED)

Statement as to disclosure of information to auditors

Having made the requisite enquiries, so far as each of the directors is aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware, and each of the directors has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The report of the directors was approved by the Board on the ~~17~~ December 2010 and signed on its behalf by

T Nowak
Director

A handwritten signature in black ink, appearing to read 'T Nowak', written over a horizontal line.

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE UK LIMITED

We have audited the financial statements of Vodafone UK Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE UK LIMITED (Continued)

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon Kerton-Johnson
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

17 December 2010

VODAFONE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses	2	3,101	(1,496)
Operating profit/(loss)	2	<u>3,101</u>	<u>(1,496)</u>
Amounts written off investments	6	(42,516)	(25,460)
Other income	3	263	-
Net interest receivable	4	9,251	69,736
(Loss)/profit on ordinary activities before taxation		<u>(29,901)</u>	<u>42,780</u>
Tax charge on (loss)/profit on ordinary activities	5	(2,590)	(19,526)
Retained (loss)/profit for the financial year	10	<u><u>(32,491)</u></u>	<u><u>23,254</u></u>

The Company has no other recognised gains or losses in the current or preceding year, and therefore no separate statement of total recognised gains and losses has been prepared

All results derive from continuing operations

The accompanying notes are an integral part of these financial statements

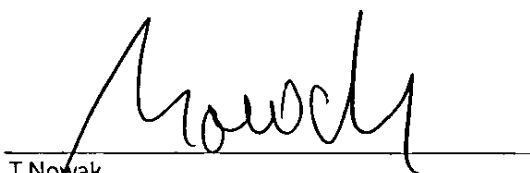
VODAFONE UK LIMITED

BALANCE SHEET

AT 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	6	1,015,439	1,057,671
		<u>1,015,439</u>	<u>1,057,671</u>
Current assets			
Debtors	7	3,168,497	3,152,525
Creditors amounts falling due within one year	8	(1,513,210)	(1,506,979)
NET CURRENT ASSETS		<u>1,655,287</u>	<u>1,645,546</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>2,670,726</u>	<u>2,703,217</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,560,000	1,560,000
Profit and loss account	10	1,110,726	1,143,217
TOTAL SHAREHOLDERS' FUNDS	11	<u>2,670,726</u>	<u>2,703,217</u>

The financial statements were approved by the Board on ~~17~~ December 2010, and were signed on its behalf by



T Nowak
Director

The accompanying notes are an integral part of these financial statements

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

1 Statement of accounting policies

The particular accounting policies adopted are described below. The accounting policies have been applied on a consistent basis during the financial year and the preceding year.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK Accounting Standards.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK Accounting Standards.

Current unfavourable economic conditions give rise to uncertainty, including inflation, recession, or other changes in economic conditions, which may result in lower mobile telecommunications technology spending. If demand for telecommunication services declines, or consumer or business spending for those products declines, revenues in the Company's subsidiaries may be adversely affected which may affect liquidity. See note 12 for a more detailed discussion of financial risk management.

After reviewing the Company's budget for the next financial year, taking into account reasonably possible changes in trading performance, and other longer term plans, 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.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Cash flow statement

In accordance with the provisions of Financial Reporting Standard ("FRS") 1 (Revised), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of Vodafone Group Plc, a company registered in England and Wales, which prepares consolidated financial statements that include a consolidated cash flow statement, and which are publicly available.

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.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

2 Administrative expenses and operating profit

Included within administrative expenses for the current year is a credit of £3,101,916 representing a reversal of certain provisions during the year

Audit fees for the audit of the Company's annual financial statements of £2,106 (2009 £2,382) have been borne, and not recharged, by Vodafone Limited in the current year

The directors did not receive any remuneration from the Company in the financial year (2009 £nil)

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

3 Other income

During the year the Company released retention funds held of respect of Townley Limited against the value of the investment. An excess of these funds has been released to profit and loss this financial year

4 Net interest receivable

	2010 £'000	2009 £'000
Interest receivable and similar income		
Group	20,580	157,056
Interest payable and similar charges		
Group	(11,329)	(87,320)
	<u>9,251</u>	<u>69,736</u>

5 Tax charge on (loss)/profit on ordinary activities

	2010 £'000	2009 £'000
UK corporation tax at 28% (2009 28%)	2,590	19,526

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28%)
The actual tax charge for the current and preceding year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	<u>(29,901)</u>	<u>42,780</u>
Tax on (loss)/profit on ordinary activities before tax at standard rate of 28% (2009 28%)	(8,372)	11,978
Factors affecting tax charge for the year		
Amounts written off investments	11,905	7,129
Permanent differences	(943)	419
Current tax charge for the year	<u>2,590</u>	<u>19,526</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

6 Investments	£'000
Balance at 1 April 2009	1,057,671
Additions	1,198
Release from indemnity payments	(281)
Release of retention amounts	(633)
Amounts written off	(42,516)
Balance at 31 March 2010	<u>1,015,439</u>

During the year the Company impaired the investment of Aspective Limited, Vodafone Central Services Limited and Vodafone Partner Services Limited (formerly Yes Telco Limited) as a result of proposed integration of the trading activities of these entities within Vodafone Limited. The investment is recorded at cost less provision for impairment.

The Company capitalised and impaired a further £1,198,348 in respect of Cellular Operations Limited for payments due under the purchase agreement and released £633,081 in respect of amounts held in retention fund for Townley Limited. In addition the Company also released indemnity payments of £281,250 in respect of investments in Central Telecommunications Group. On the 25 November 2009, Vodafone Finance Europe (formerly known as Central Telecommunications Limited) was transferred to another Group company for consideration of £1.

Investment held	Principal Activity	Holding and Voting Rights %
Aspective Limited	Software consultancy and supply	100
Cellops Limited	Holding company	100
Cellular Operations Limited	Supply of communication products	60
Central Telecommunications Group Limited	Holding company	100
FB Holdings Limited	Holding company	100
Flexphone Limited	Supply of airtime	100
Generation Telecom Limited	Provision of cellular services	100
IES Telecom Limited	Non-trading	100
ISIS Telecommunication Management Limited	Supply of airtime	100
ISIS Telecommunication Management (North) Limited	Non-trading	49
Le Bunt Holdings Limited	Holding company	100
Singlepoint (4U) Limited	Supply of airtime	100
Vodafone Business Services Limited	Non-trading	100
Vodafone Central Services Limited	Non-trading	100

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

6 Investments (continued)

Investment held	Principal Activity	Holding and Voting Rights %
Silver Stream Investments Limited	Holding company	100
Townley Communications Limited	Supply of airtime and sales and hire of telecommunications equipment	100
Vodafone Distribution Holdings Limited	Holding Company	100
Vodafone Distribution Limited	Non-trading	100
Vodafone Hire Limited	Non-trading equipment	100
Vodafone Leasing Limited	Leasing of cars	100
Vodafone Mobile Commerce Limited	Payment collection	100
Vodafone Multimedia Limited	Non-trading	50
Vodafone Paging (Holdings) Limited	Holding Company	100
Vodafone Property Investments Limited	Investment in and leasing of world HQ	100
Vodafone Specialist Communications Limited	Hiring of mobile telecommunications equipment	100
Vodafone UK Content Services Limited	Internet services	100
Vodafone UK Investments Limited	Provision of loans within the Vodafone group of companies	100
Vodafone Partner Services Limited (formerly Yes Telco Limited)	Provision of mobile telecommunications and mobile solutions	100

All shareholdings are in ordinary shares with the exceptions of Vodafone UK Content Services Limited in which Vodafone UK Limited holds both €1 ordinary and €1 5% non-voting fixed rate preference shares and Vodafone Partner Services Limited (formerly Yes Telco Limited) in which Vodafone UK Limited holds £1 redeemable preference shares

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

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

7 Debtors	2010	2009
	£'000	£'000
Due within one year		
Amounts owed by group undertakings	3,168,497	3,152,525
	<u>3,168,497</u>	<u>3,152,525</u>

8 Creditors: amounts falling due within one year	2010	2009
	£'000	£'000
Trade creditors	-	897
Amounts owed to Group undertakings	1,509,995	1,482,449
Group relief payable	2,590	19,526
Other creditors	625	4,107
	<u>1,513,210</u>	<u>1,506,979</u>

Included within the amounts owed to group undertakings is a total of £52,000,000 payable to FB Holdings Limited and Le Bunt Holdings Limited following the transaction dated 14 August 2003

9 Called up share capital	2010	2009
	£'000	£'000
Allotted, issued and fully paid		
1,560,000,002 ordinary shares of £1 each	1,560,000	1,560,000

The concept of authorised share capital was repealed by the Companies Act 2006 with effect from the 1 October 2009 and on 23 November 2009 the Company passed a special resolution dis-applying the existing provisions of its Memorandum of Association from applying to its Articles of Association

10 Reserves	
Profit and loss account	£'000
Balance at 1 April 2009	1,143,217
Retained loss for the financial year	(32,491)
Balance at 31 March 2010	<u>1,110,726</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

11 Reconciliation of movements in shareholders' funds

	Share capital	Profit and loss account	Total
As at 1 April 2009	1,560,000	1,143,217	2,703,217
Movement in financial year	-	(32,491)	(32,491)
As at 31 March 2010	<u>1,560,000</u>	<u>1,110,726</u>	<u>2,670,726</u>

12 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 2010, which does not form part of this report.

13 Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the group who are related parties.

14 Ultimate parent company

The immediate and ultimate parent company and controlling entity of the Company, (registered number 2227940), 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.

As a wholly owned subsidiary of a company registered in England and Wales, for which group financial statements are prepared, the Company is exempt under Section 400 of the Companies Act 2006 from the preparation of consolidated financial statements. Therefore, these financial statements represent those of the Company and not of its group.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2010 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.