

Registered No:
2227940

VODAFONE UK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2008

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VODAFONE UK LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the financial year ended 31 March 2008.

Principal activity

The Company's principal activity during the year continued to be that of a holding company.

During the year the Company impaired the investment of Flexphone Limited, Cellular Operations Limited, FB Holdings Limited and Le Bunt Holdings. On the 14 December 2008 the Company acquired the communications systems integration group known as Central Telecom.

The Company follows Vodafone Group (the "Group") policy in managing its principal risks. Financial risk management is explained in more detail in Note 10 of the financial statements.

Results and dividends

The profit and loss statement is set out on page 5 of the financial statements and shows a profit after taxation of £60.6 million (2007: £47.6 million profit).

The directors do not recommend the payment of a dividend (2007 - £nil).

Directors

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

M Evans	(appointed 1 September 2007)
M H Bond	(appointed 29 February 2008)
M Brearley	
J H Hext	(appointed 29 February 2008)
G Laurence	(appointed 1 December 2008)
P Kelly	(appointed 8 September 2008)
J M Mundy	(appointed 21 May 2007)
J McCoy	
M D Newans	(resigned 29 February 2008)
N J Read	(resigned 1 December 2008)
I A Shepherd	(appointed 21 May 2007)
C F Tillotson	(resigned 29 February 2008)
K A Thomson	(appointed 30 April 2007 and resigned on 30 June 2008)
E Tournon	(resigned 31 July 2007)
K D Whitehill	(resigned 29 February 2008)
P J Wybrow	(resigned 29 February 2008)
T Yates	(resigned 29 February 2008)

Auditors

The Company has passed an elective resolution under Section 386(1) of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

Registered office

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

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors' statement of responsibilities

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

Company law of England and Wales 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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records that 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 1985. 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.

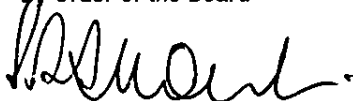
Indemnification of directors

In accordance with the Company's Articles of Association and to the extent permitted by the laws of England and Wales, 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.

Statement as to disclosure of information to auditors

Having made the requisite enquiries, each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and the directors have 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.

By Order of the Board



P R S Howie
Secretary
29 January 2009

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE UK LIMITED

We have audited the financial statements of Vodafone UK Limited for the financial year ended 31 March 2008 which comprise the profit and loss statement, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE UK LIMITED (CONTINUED)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, UK

29 January 2009

VODAFONE UK LIMITED

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £'000	2007 £'000
Administrative expenses	2	(3,059)	(4)
Operating loss	2	<u>(3,059)</u>	<u>(4)</u>
Amounts written off investments	5	(2,678)	(6,315)
Net interest receivable	3	94,794	77,018
Profit on ordinary activities before taxation		<u>89,057</u>	<u>70,699</u>
Tax charge on profit on ordinary activities	4	(28,437)	(23,109)
Retained profit for the financial year	9	<u><u>60,620</u></u>	<u><u>47,590</u></u>

All results derive from continuing operations.

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 presented.

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


VODAFONE UK LIMITED

BALANCE SHEET

AT 31 MARCH 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	5	1,063,775	1,063,649
		<u>1,063,775</u>	<u>1,063,649</u>
Current assets			
Debtors	6	3,035,636	2,901,584
Creditors: amounts falling due within one year	7	(1,419,448)	(1,345,890)
NET CURRENT ASSETS		<u>1,616,188</u>	<u>1,555,694</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,679,963</u></u>	<u><u>2,619,343</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	1,560,000	1,560,000
Profit and loss statement	9	1,119,963	1,059,343
TOTAL SHAREHOLDERS' FUNDS	10	<u><u>2,679,963</u></u>	<u><u>2,619,343</u></u>

The financial statements were approved by the Board of Directors on 29 January 2009, and were signed on its behalf by:



 M Evans 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 2008

1 Statement of accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies, all of which have been applied consistently during the current and preceding year covered by the financial information in this report, are described below.

Basis of preparation

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 and adversely affect revenue. 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 10 for 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.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards.

Investments

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

Cash flow

In accordance with the provisions of Financial Reporting Standard 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.

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 2008

2 Administrative expenses and operating loss

Administrative expenses include a management charge of £3,819 (2007: £3,708) from Vodafone Limited. Audit fees of £2,596 are included in the management charge (2007: £1,562). Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

The directors did not receive any remuneration from the Company in the financial year (2007: £nil).

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

3 Net interest receivable	2008 £'000	2007 £'000
Interest receivable and similar income:		
Group	210,822	171,879
Interest payable and similar charges:		
Group	(116,028)	(94,861)
	<u>94,794</u>	<u>77,018</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

4 Tax charge on profit on ordinary activities	2008	2007
	£'000	£'000
UK corporation tax at 30% (2007: 30%)	28,437	23,104
Prior-year adjustment for under-provision	-	5
Total current tax	28,437	23,109

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2007: 30%). 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:

	2008	2007
	£'000	£'000
Profit on ordinary activities before tax	89,057	70,699
Tax on profit on ordinary activities before tax at standard rate of 30% (2007: 30%)	26,716	21,210
Factors affecting tax charge for the year:		
Amounts written off investments	804	1,894
Permanent differences	917	-
Adjustments to tax charge in respect of previous periods	-	5
Current tax charge for the year	28,437	23,109

5 Investments

	£'000
Balance at 1 April 2007	1,063,649
Acquisitions	2,804
Amounts written off	(2,678)
Balance at 31 March 2008	1,063,775

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

5 Investments (continued)

On 29 May 2007, the Company acquired the share capital of Flexphone Limited, a company registered in England and Wales, for consideration of £2,425,978.

During the year the Company impaired the investment of Flexphone Limited due to post acquisition trading activities. The investment is recorded at cost less provision for impairment.

Acquisition costs of £158,028 were capitalised in relation to prior year acquisitions.

The Company capitalised and impaired a further £220,418 in respect of Cellular Operations Limited for payments due under the purchase agreement and impaired £16,029 in both FB Holdings Limited and Le Bunt Holdings Limited.

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
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
Silver Stream Investments Limited	Holding company	100
Townley Communications Limited	Supply of airtime and sales and hire of telecommunications equipment	100

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

5 Investments (continued)

Investment held	Principal Activity	Holding and Voting Rights %
Vodafone Business Services Limited	Non-trading	100
Vodafone Central Services Limited	Non-trading	100
Vodafone Distribution Holdings Limited	Holding Company	100
Vodafone Distribution Limited	Non-trading	100
Vodafone Hire Limited	Hire of telecommunications 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 (formerly Vodafone Hire Solutions 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
Yes Telco Limited	Provision of mobile telecommunications and mobile solutions	100

All shareholdings are in £1 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 Yes Telco Limited in which Vodafone UK Limited holds £1 redeemable preference shares.

In addition to the investments listed above, the Company is a 33% member of Mobile Takeback UK Limited, a company whose principal activity is mobile phone recycling. Mobile Takeback UK Limited is a company limited by guarantee and each of the members have agreed to contribute £1 each to the assets of the company in the event of a winding up.

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 2008

6 Debtors	2008 £'000	2007 £'000
Due within one year:		
Amounts owed by group undertakings	3,035,636	2,900,590
Other debtors	-	994
	<u>3,035,636</u>	<u>2,901,584</u>

7 Creditors: amounts falling due within one year	2008 £'000	2007 £'000
Trade creditors	897	1,430
Amounts owed to Group undertakings	1,386,848	1,319,971
Group relief payable	28,437	23,104
Other creditors	3,266	1,385
	<u>1,419,448</u>	<u>1,345,890</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.

8 Called up share capital	2008 £'000	2007 £'000
Authorised:		
1,750,000,000 ordinary shares of £1 each	<u>1,750,000</u>	<u>1,750,000</u>
Issued and fully paid:		
1,560,000,002 ordinary shares of £1 each	<u>1,560,000</u>	<u>1,560,000</u>

9 Reserves	£'000
Profit and loss statement	
Balance at 1 April 2007	1,059,343
Retained profit for the financial year	60,620
Balance at 31 March 2008	<u>1,119,963</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

10 Shareholders' funds

	Share capital	Profit and loss statement	Total
As at 31 March 2007	1,560,000	1,059,343	2,619,343
Movement in financial year	-	60,620	60,620
As at 31 March 2008	<u>1,560,000</u>	<u>1,119,963</u>	<u>2,679,963</u>

11 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 Accounts of Vodafone Group Plc, which does not form part of this report.

12 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.

13 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, which is incorporated in Great Britain and registered in England and Wales. As a wholly owned direct subsidiary of a company registered in England and Wales, for which Group accounts are prepared, Vodafone UK Limited has taken advantage of Section 228 of the Companies Act 1985 and has not prepared consolidated financial statements.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2008 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.