

**Registered No:**  
**2227940**

**VODAFONE UK LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2007**

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## **VODAFONE UK LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their annual report and the audited financial statements for the year ended 31 March 2007

#### **Principal activity and review of business**

The Company's principal activity during the year continued to be that of a holding company to FB Holdings Limited, Le Bunt Holdings Limited, Mobile Takeback UK Limited, Vodafone Distribution Limited, Vodafone Distribution Holdings Limited, Vodafone Paging (Holdings) Limited, Vodafone Multimedia Limited, Vodafone Central Services Limited, Vodafone UK Content Services Limited, Vodafone UK Investments Limited, Vodafone Property Investments Limited, Vodafone Mobile Commerce Limited, Vodafone Leasing Limited, Vodafone Specialist Communications Limited (formerly Vodafone Hire Solutions Limited), IES Telecom Limited, Vodafone Business Services Limited, Singlepoint (4U) Limited, Townley Communications Limited, Worldroam Limited, Cellops Limited, Cellular Operations Limited and Generation Telecom Limited. On 1 June 2006, the Company acquired an interest of 13,076 share in the capital of Silver Stream Investments Limited, which amounted to the entire issued share capital, with the exception of 1 share held by Vodafone Nominees Limited, for consideration of £14,119,776. On 8 October 2006, the Company acquired the share capital of ISIS Telecommunications Management Limited for consideration of £15,800,206. On 18 December 2006, the Company acquired the share capital of Aspective Limited for consideration of £19,921,250.

The Company will continue to act as a holding company

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 account is set out on page 5 of the financial statements and shows a profit after taxation of £47.6 million (2006: £25.5 million profit).

The directors do not recommend the payment of a dividend (2006: £nil).

#### **Directors**

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

Ms P A Best	(resigned 31 August 2006)
Mr M Brearley	(appointed 10 November 2006)
Mr P Chesworth	(resigned 31 August 2006)
Mr P M Donovan	(resigned 7 September 2006)
Mr M Evans	(appointed 1 September 2007)
Mr I Gray	(resigned 31 August 2006)
Mr T J Harrabin	(resigned 31 August 2006)
Mr D L Jones	(resigned 31 October 2006)
Mr H A Kuropatwa	(resigned 31 August 2006)
Mr J McCoy	(appointed 11 November 2006)
Ms J M Mundy	(appointed 21 May 2007)
Mr M D Newans	(appointed 10 November 2006)
Mr N J Read	
Mr I A Shepherd	(appointed 21 May 2007)
Mr C F Tiltotson	(appointed 10 November 2006)
Mrs K A Thomson	(appointed 30 April 2007)
Mr E Tournon	(resigned 31 July 2007)
Mr E Langston	(resigned 25 July 2006)
Mr W T Morrow	(resigned 31 July 2006)
Mr K D Whitehill	(appointed 10 November 2006)
Mr P J Wybrow	(appointed 10 November 2006)
Mr T Yates	(appointed 10 November 2006)

## **VODAFONE UK LIMITED**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **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

#### **Directors' statement of responsibilities**

The directors are responsible for preparing the Annual Report and 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

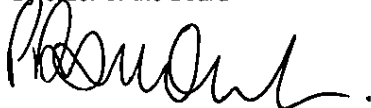
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate 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.

#### **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 2008

## **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 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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**

As described in the statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 the other information contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **INDEPENDENT AUDITORS' REPORT**

**to the members of**

### **VODAFONE UK LIMITED (Continued)**

#### **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.

#### **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 2007 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 & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

29 January 2008

# VODAFONE UK LIMITED

## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £'000	Restated ** 2006 £'000
Administrative expenses	2	(4)	(20)
Operating loss	2	<u>(4)</u>	<u>(20)</u>
Amounts written off investments	5	(6,315)	(11,258)
Net interest receivable	3	77,018	52,563
Profit on ordinary activities before taxation		<u>70,699</u>	<u>41,285</u>
Tax charge on profit on ordinary activities	4	(23,109)	(15,763)
Retained profit for the financial year	9	<u><u>47,590</u></u>	<u><u>25,522</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

\*\* Amounts written off investments was disclosed within operating loss in the prior year.


# VODAFONE UK LIMITED

## BALANCE SHEET

AT 31 MARCH 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Investments	5	1,063,649	1,020,797
		<u>1,063,649</u>	<u>1,020,797</u>
Current assets			
Debtors	6	2,901,584	3,384,972
Creditors amounts falling due within one year	7	(1,345,890)	(1,834,016)
NET CURRENT ASSETS		<u>1,555,694</u>	<u>1,550,956</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,619,343</u>	<u>2,571,753</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,560,000	1,560,000
Profit and loss account	9	1,059,343	1,011,753
EQUITY SHAREHOLDERS' FUNDS		<u>2,619,343</u>	<u>2,571,753</u>

The financial statements were approved by the Board of Directors on 29 January 2008, and were signed on its behalf by


Director  
 M Evans

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 2007**

**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 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 accounts that include a consolidated cash flow statement.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure on taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset. 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 2007**

**2 Administrative expenses and operating loss**

Administrative expenses include a management charge of £3,708 (2006 £3,600) from Vodafone Limited. Audit fees of £1,562 are included in the management charge (2006 £1,027). Fees payable to Deloitte & Touche 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 (2006 £nil).

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

<b>3 Net interest receivable</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income		
Group	171,879	191,419
Interest payable and similar charges		
Group	(94,861)	(138,856)
	<u>77,018</u>	<u>52,563</u>

With effect from 1 April 2006, certain amounts owed by or to group undertakings became interest free, leading to a reduction in interest receivable and payable.

# VODAFONE UK LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2007

<b>4 Tax charge on profit on ordinary activities</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax at 30% (2006 30%)	23,104	15,763
Prior-year adjustment for under-provision	5	-
Total current tax	<u>23,109</u>	<u>15,763</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2006 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

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	<u>70,699</u>	<u>41,285</u>
Tax on profit on ordinary activities before tax at standard rate of 30% (2006 30%)	21,210	12,386
Factors affecting tax charge for the year		
Amounts written off investments	1,894	3,377
Adjustments to tax charge in respect of previous periods	5	-
Current tax charge for the year	<u>23,109</u>	<u>15,763</u>

### 5 Investments

	<b>£'000</b>
Balance at 1 April 2006	1,020,797
Acquisitions	50,917
Amounts written off	(6,315)
Retention release	(1,750)
Balance at 31 March 2007	<u>1,063,649</u>

**VODAFONE UK LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**5 Investments (continued)**

On 1 June 2006, the Company acquired an interest of 13,076 shares in the capital of Silver Stream Investments Limited, a company registered in Guernsey for consideration of £14,119,776. This amounted to the entire issued share capital, with the exception of 1 share held by Vodafone Nominees Limited, a company registered in England and Wales.

On 8 October 2006, the Company acquired the share capital of ISIS Telecommunications Management Limited, a company registered in England and Wales, for consideration of £15,800,206.

On 18 December 2006, the Company acquired the share capital of Aspective Limited, a company registered in England and Wales, for consideration of £19,921,250.

A retention release of £1,750,000 was made against the cost of the investment in Singlepoint 4 U Limited in settlement of the 02 deferred bonus indemnity claim.

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

Acquisition costs of £1,076,242 were capitalised in relation to the acquisitions.

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
Generation Telecom Limited	Provision of cellular services	100
IES Telecom Limited	Non-trading	100
ISIS Telecommunication Management Limited	Supply of airtime	100
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 2007

#### 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 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
Worldroam Limited	Supply of airtime, sales and hire of telecommunications equipment	100

All shareholdings are in £1 ordinary shares with the exception of Vodafone UK Content Services Limited in which Vodafone UK Limited holds both €1 ordinary and €1 5% non-voting fixed rate 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 2007

<b>6 Debtors</b>	2007	2006
	£'000	£'000
Due within one year		
Amounts owed by group undertakings	2,900,590	3,384,972
Other debtors	994	-
	<u>2,901,584</u>	<u>3,384,972</u>

<b>7 Creditors: amounts falling due within one year</b>	2007	2006
	£'000	£'000
Trade creditors	1,430	1,324
Amounts owed to group undertakings	1,319,971	1,816,929
Corporation tax	23,104	15,763
Other creditors	1,385	-
	<u>1,345,890</u>	<u>1,834,016</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

<b>8 Called up share capital</b>	2007	2006
	£'000	£'000
Authorised		
1,750,000,000 ordinary shares of £1 each	<u>1,750,000</u>	<u>1,750,000</u>
Allotted and fully paid		
1,560,000,002 ordinary shares of £1 each	<u>1,560,000</u>	<u>1,560,000</u>

<b>9 Reserves</b>	£'000
Profit and loss account	
Balance at 1 April 2006	1,011,753
Retained profit for the year	47,590
Balance at 31 March 2007	<u>1,059,343</u>

## **VODAFONE UK LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 MARCH 2007**

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

##### **11 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.

##### **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, which is 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 accounts.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2007 may be obtained from the company's website [www.vodafone.com](http://www.vodafone.com) or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.