

Registered No:
2227940

VODAFONE UK LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2006

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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 2006.

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, Cellops Limited, Cellular Operations Limited and Generation Telecom Limited. On 20 April 2005, the Company acquired the share capital in respect of Townley Communications Plc for consideration of £7,114,828. On 7 July 2005, the Company acquired the share capital in respect of Worldroam Limited for consideration of £4,266,250.

The Company will continue to act as a holding company.

Results and dividends

The profit and loss account is set out on page 7 of the financial statements and shows a profit after taxation of £25.5 million (2005: £54.0 million profit).

The Directors declared interim dividends totalling £nil during the year (2005: 462p per share).

Events after the balance sheet date

On 1 June 2006, the Company acquired an interest of 13,076 ordinary shares of £1 each in Silver Stream Investments Limited. It also proposed to acquire the 2,100,000 preference shares of £1 each in Yes Telco Limited. Further details can be found in Note 12 to the financial statements.

Directors

The Directors of the Company, who served throughout the year were as follows:

Ms P A Best
Mr P Chesworth
Mr P M Donovan
Mr I Gray
Mr T J Harrabin
Mr D L Jones
Mr H A Kuropatwa
Mr E Langston
Mr W T Morrow
Mr N J Read
Mr E Tournon

Changes in Directors during the year and since year end were as follows:

	Date of resignation
Mr P R Bamford	7 March 2006
Mr E Langston	25 July 2006
Mr W T Morrow	31 July 2006

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares of Vodafone Group Plc

Given below are details of the interests in the ordinary shares of Vodafone Group Plc at 31 March 2006 of Directors of the Company.

The shareholdings and share options in Vodafone Group Plc of Mr P R Bamford are disclosed in the Annual Report of Vodafone Group Plc.

	Ordinary Shares		Ordinary Share Options			
	31 March 2006	1 April 2005	(Note A)		(Note B)	
	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005
Ms P A Best	86,070	82,025	8,705	-	877,520	973,446
Mr P Chesworth	2,749	714	15,182	-	117,647	-
Mr P M Donovan	188,470	161,162	-	13,395	2,305,729	1,668,129
Mr I Gray	150,577	144,569	-	-	1,378,501	1,417,797
Mr T J Harrabin	192,363	143,597	23,336	23,336	890,972	818,871
Mr D L Jones	226,807	410,589	-	13,395	1,391,269	1,159,093
Mr H A Kuropatwa	36,360	66,475	8,705	13,395	812,135	996,461
Mr E Langston	406,200	333,977	23,336	23,336	1,399,889	1,218,938
Mr W T Morrow	86,124	80,140	-	-	3,216,733	3,017,834
Mr N J Read	-	-	9,706	9,706	1,085,126	799,288
Mr E Tournon	-	-	-	-	492,765	313,983

(A) The options are granted under the Vodafone Group 1998 Sharesave Scheme.

(B) The options are granted under the Vodafone Group 1998 Company Share Option Scheme, the Vodafone Group Plc Executive Share Option Scheme, the Vodafone Group 1998 Executive Share Option Scheme and the Vodafone Group Plc 1999 Long-Term Stock Incentive Plan.

In addition to the above, all permanent employees at 1 April 2005 received an award of 320 shares (known as "AllShares") in Vodafone Group Plc on 5 July 2005, under the Global All Employee Share Plan. The awards vest after two years and are not subject to performance conditions. A similar award was made on 5 July 2004 for 350 "AllShares" - Mr P Chesworth did not qualify for the 2004 award.

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in the shares of Vodafone Group Plc (continued)

In addition to the above interests in the ordinary shares and share options of Vodafone Group Plc, the following directors also had beneficial interests in shares receivable under the Vodafone Group's Long-Term Incentive Plan ("LTIP") and Vodafone Group's Short-Term Incentive Plan ("STIP") as shown below:

	LTIP		STIP	
	31 March 2006	1 April 2005	31 March 2006	1 April 2005
Ms P A Best	381,519	441,826	-	-
Mr P Chesworth	86,764	-	-	-
Mr P M Donovan	761,671	754,214	-	319,932
Mr I Gray	495,051	595,139	352,043	590,884
Mr T J Harrabin	331,406	403,395	-	-
Mr D L Jones	518,519	604,484	-	248,258
Mr H A Kuropatwa	331,660	399,010	19,930	19,930
Mr E Langston	443,157	535,555	-	-
Mr W T Morrow	715,920	353,708	-	-
Mr N J Read	349,681	209,144	-	-
Mr E Tournon	167,286	79,385	-	-

Details of these schemes are included in the Board's Report to Shareholders on Directors in Vodafone Group Plc's Annual Report and Accounts for the year ended 31 March 2006. None of the Directors held beneficial interests in the shares of Vodafone UK Limited or in the shares of any other Group Company in the current or preceding financial year, except as noted above.

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Statement of Directors' responsibilities

Company law requires the Directors to prepare such financial statements for each financial period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those 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 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 which 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, so far as each of the directors 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 each of the directors has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


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.

Approved by the Board of Directors and signed on behalf of the Board.



P R S Howie
Secretary
17 August 2006

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 2006 which comprise the profit and loss account, 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

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

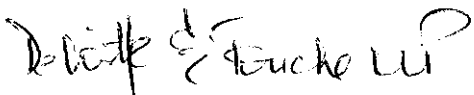
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2006 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
Chartered Accountants and Registered Auditors
London
18 August 2006

VODAFONE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £'000	2005 £'000
Administrative expenses		(11,278)	(201,934)
Operating loss	2	<u>(11,278)</u>	<u>(201,934)</u>
Net interest receivable	4	52,563	365,685
Profit on ordinary activities before taxation		<u>41,285</u>	<u>163,751</u>
Tax charge on profit on ordinary activities	5	(15,763)	(109,704)
Profit on ordinary activities after taxation		<u>25,522</u>	<u>54,047</u>
Equity dividends	6	-	(7,200,000)
Retained profit/(loss) for the financial year	11	<u><u>25,522</u></u>	<u><u>(7,145,953)</u></u>

There are no recognised gains or losses, or movements on shareholders' funds, in the current financial year and preceding financial year, other than the results for the year.

All results derive from continuing operations.

VODAFONE UK LIMITED

BALANCE SHEET

AT 31 MARCH 2006

	Notes	2,006 £'000	2,005 £'000
Fixed assets			
Investments	7	1,020,797	1,019,358
		<u>1,020,797</u>	<u>1,019,358</u>
Current assets			
Debtors	8	3,384,972	3,348,954
		<u>3,384,972</u>	<u>3,348,954</u>
Creditors: amounts falling due within one year	9	(1,834,016)	(1,822,081)
NET CURRENT ASSETS		<u>1,550,956</u>	<u>1,526,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,571,753</u>	<u>2,546,231</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,560,000	1,560,000
Profit and loss account	11	1,011,753	986,231
EQUITY SHAREHOLDERS' FUNDS		<u>2,571,753</u>	<u>2,546,231</u>

The financial statements were approved by the Board of Directors on 17 August 2006, and were signed on its behalf by:



N J Read

Director

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

1 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.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Investments

The investments held as fixed assets are valued at cost less provision for any impairment.

Cash flow

The Company is not required under Financial Reporting Standard 1 to prepare a cash flow statement as the Company is a wholly owned subsidiary of Vodafone Group Plc, a company incorporated under the Companies Act 1985 with its Registered Office situated in England and Wales, which publishes 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 2006

2 Administrative expenses and operating loss

Operating loss has been arrived at after charging:	2,006	2,005
	£'000	£'000
Amounts written off fixed asset investments	<u>11,258</u>	<u>201,930</u>

Administrative expenses include a management charge of £3,600 (2005: £3,739) from Vodafone Limited. The auditors' remuneration is included in this management charge in the current and preceeding year.

3 Directors

The Company does not employ any personnel (2005: none).

The emoluments of Mr P R Bamford are disclosed in the Annual Report of Vodafone Group Plc. The remaining directors are remunerated for their services to Vodafone Limited and their emoluments are disclosed within those financial statements. It is not practicable to determine how much has been paid in respect of their services to Vodafone UK Limited.

4 Net interest receivable	2006	2005
	£'000	£'000
Interest receivable and similar income:		
Group	191,419	419,822
Interest payable and similar charges:		
Group	(138,856)	(54,137)
	<u>52,563</u>	<u>365,685</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2006

5 Tax charge on profit on ordinary activities	2006	2005
	£'000	£'000
UK corporation tax at 30% (2005: 30%)	15,763	109,704

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2005: 30%). The actual tax charge for the current year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation:

	2006	2005
	£'000	£'000
Profit on ordinary activities before tax	41,285	163,751
Tax on profit on ordinary activities before tax at standard rate of 30% (2005: 30%)	12,386	49,125
Factors affecting tax charge for the year:		
Amounts written off investments	3,377	60,579
Current tax charge for the year	15,763	109,704

6 Equity dividends	2006	2005
	£'000	£'000
Interim dividends paid of £nil (2005: £4.62) per ordinary share	-	(7,200,000)

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2006

7 Investments

	£'000
Balance at 1 April 2005	1,019,358
Acquisitions	12,697
Amounts written off	(11,258)
Balance at 31 March 2006	<u>1,020,797</u>

On 20 April 2005, the Company acquired the share capital in respect of Townley Communications plc for consideration of £7,114,828.

On 7 July 2005, the Company acquired the share capital in respect of Worldroam Limited for consideration of £4,266,250.

Acquisition costs of £1,316,763 were capitalised in relation to the acquisitions.

During the year the Company impaired the investments of Townley Communications plc and Generation Telecom Limited. The investment is recorded at cost less provision for impairment.

Investment held	Principal Activity	Holding and Voting Rights %
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
Le Bunt Holdings Limited	Holding company	100
Singlepoint (4U) Limited	Supply of airtime	100
Townley Communications plc	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 2006

7 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 and sales and hire of telecommunications equipment	100

All shareholdings are in £1 ordinary shares with the exception of Vodafone UK Content Services Limited 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.

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2006

8 Debtors	2006	2005
	£'000	£'000
Due within one year:		
Amounts owed by group undertakings	<u>3,384,972</u>	<u>3,348,954</u>

9 Creditors: amounts falling due within one year	2006	2005
	£'000	£'000
Trade creditors	1,324	668
Amounts owed to group undertakings	1,816,929	1,711,709
Corporation tax	15,763	109,704
	<u>1,834,016</u>	<u>1,822,081</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.

10 Called up share capital	2006	2005
	£'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>

11 Reserves	£'000
Profit and loss account	
Balance at 1 April 2005	986,231
Retained profit for the year	25,522
Balance at 31 March 2006	<u>1,011,753</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2006

12 Events after the balance sheet date

The Company acquired an interest of 13,076 share in the capital of Silver Stream Investments Limited on 1 June 2006, which amounted to the entire issued share capital with the exception of 1 share held by Vodafone Nominees Limited

It was also proposed that the Company acquired the 2,100,000 preference shares of £1 each in Yes Telco Limited from Farid Fazelynia.

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 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 incorporated under the Companies Act 1985 with its registered office situated 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. Accordingly these financial statements present the results of the Company and not its group.

A copy of the financial statements of Vodafone Group Plc may be obtained from the Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.