

VODAFONE UK LIMITED
Company No: 02227940
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2013



VODAFONE UK LIMITED
REPORT OF THE DIRECTORS

The directors submit their annual report and unaudited financial statements for the financial year ended 31 March 2013

Principal activity and review of business

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

During the year the Company impaired the value of its investments mainly in FB Holdings Limited and Le Bunt Holdings Limited as explained in more detail in Note 5 of the financial statements.

The principal risks and uncertainties facing the Company include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk in relation to its lending and investment activities. The Company follows Vodafone Group (the "Group") policy in managing its principal risks. Financial risk management is explained in more detail in these financial statements.

Results and dividends

The profit and loss account is set out on page 4 of the financial statements. For the year ended 31 March 2013, there was a profit on ordinary activities after taxation of £7,559,000 (2012: loss of £12,543,000).

The directors do not recommend the payment of a dividend (2012: £nil).

Directors

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

| | <u>Appointed</u> | <u>Resigned</u> |
|--------------|------------------|------------------|
| D Galli | 1 January 2013 | |
| J G Laurence | | 6 November 2013 |
| T Nowak | | 31 December 2012 |
| J Campbell | | 6 November 2013 |
| H J Hoencamp | 6 November 2013 | |
| H Lamprell | 6 November 2013 | |

Audit exemption

For the year ended 31 March 2013 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

VODAFONE UK LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

Registered office

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

Statement of directors' responsibilities

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

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

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

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

VODAFONE UK LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

Indemnification of directors

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

The report of the directors was approved by the Board on 5 December 2013 and signed on its behalf by



PJ B Dawe-Lane
For Vodafone Corporate Secretaries Limited
Secretary

VODAFONE UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|---------------|-----------------|
| Amounts written off investments | 5 | (302) | (21,831) |
| Net interest receivable | 3 | 10,343 | 12,551 |
| Profit/(loss) on ordinary activities before taxation | | 10,041 | (9,280) |
| Tax charge on profit/(loss) on ordinary activities | 4 | (2,482) | (3,263) |
| Profit/(loss) for the financial year | 9 | <u>7,559</u> | <u>(12,543)</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 presented

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 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|------------------|------------------|
| FIXED ASSETS | | | |
| Investments | 5 | 990,554 | 990,565 |
| | | <u>990,554</u> | <u>990,565</u> |
| CURRENT ASSETS | | | |
| Debtors amounts falling due within one year | 6 | 2,929,328 | 2,913,066 |
| CURRENT LIABILITIES | | | |
| Creditors amounts falling due within one year | 7 | (1,251,187) | (1,242,495) |
| NET CURRENT ASSETS | | <u>1,678,141</u> | <u>1,670,571</u> |
| NET ASSETS | | <u>2,668,695</u> | <u>2,661,136</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 1,560,000 | 1,560,000 |
| Reserves | 9 | 1,108,695 | 1,101,136 |
| TOTAL SHAREHOLDERS' FUNDS | 10 | <u>2,668,695</u> | <u>2,661,136</u> |

For the year ended 31 March 2013 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements were approved by the Board on 5 December 2013 and were authorised for issue and signed on its behalf by



D Galli
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 2013

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 year and the preceding year.

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.

The Company did not trade in the financial year. The directors have reasonable expectation that the Company will continue in existence for the foreseeable future. As required by Financial Reporting Standard ("FRS") 18 Accounting Policies, 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 1 (Revised 1996), 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 the 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 2013

2 Administrative expenses and operating (loss)/profit

Audit fees for the audit of the Company's annual financial statements of £2,418 were borne and not recharged by Vodafone Limited in the prior year

The directors did not receive any remuneration for their services from the Company in the financial year (2012 £nil)

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

3 Net interest receivable

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Interest receivable and similar income Group | 16,553 | 19,179 |
| Interest payable and similar charges Group | (6,210) | (6,628) |
| | <u>10,343</u> | <u>12,551</u> |

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

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

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| UK corporation tax charge at 24% (2012 26%) | 2,482 | 3,263 |

The standard rate of tax for the financial year, based on the UK standard rate of corporation tax, is 24% (2012 26%) The actual tax charge for the current and previous year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Profit/(loss) on ordinary activities before tax | 10,041 | (9,280) |
| Tax on profit/(loss) on ordinary activities before tax at standard rate of 24% (2012 26%) | 2,410 | (2,413) |
| Factors affecting tax charge for the year | | |
| Amounts written off investments | 72 | 5,676 |
| Current tax charge for the year | 2,482 | 3,263 |

With effect from 1 April 2013 the UK Corporation tax rate is 23%

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

5 Investments

| | £'000 |
|-------------------------------------|----------------|
| Cost and net book value | |
| At 1 April 2012 | 990,565 |
| Additions | 291 |
| Amounts written-off during the year | (302) |
| | <hr/> |
| At 31 March 2013 | <u>990,554</u> |

During the year, the Company capitalised and impaired a further £290,489 in respect of Cellular Operations Limited for payments due under the purchase agreement

In addition, the Company also impaired £5,725 in respect of its investment in FB Holdings Limited and £5,669 for its investment in Le Bunt Holdings Limited based on the underlying net asset value of these companies

| Investment held | Principal activity | Holding and Voting Rights % |
|--------------------------------------|----------------------------------|-----------------------------------|
| Aspective Limited | Non-trading | 100 |
| Cellops Limited | Non-trading | 100 |
| Cellular Operations Limited | Supply of communication products | 60 |
| Central Communications Group Limited | Non-trading | 100 |
| FB Holdings Limited | Holding company | 100 |
| Flexphone Limited | Non-trading | 100 |
| Generation Telecom Limited | Non-trading | 100 |

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

5 Investments (continued)

| Investment held | Principal activity | Holding and Voting Rights % |
|---|---------------------------------------|-----------------------------------|
| IES Telecom Limited | Non-trading | 100 |
| ISIS Telecommunication Management Limited | Non-trading | 100 |
| ISIS Telecommunication Management (North) Limited | Non-trading | 49 |
| Le Bunt Holdings Limited | Holding company | 100 |
| Singlepoint (4U) Limited | Non-trading | 100 |
| Vodafone Business Services Limited | Non-trading | 100 |
| Vodafone Central Services Limited | Non-trading | 100 |
| Project Telecom Holdings Limited | Non-trading | 100 |
| Silver Stream Investments Limited | Holding company | 100 |
| Townley Communications Limited | Non-trading | 100 |
| Vodafone Distribution Holdings Limited | Non-trading | 100 |
| Vodafone Distribution Limited | Non-trading | 100 |
| Vodafone Hire Limited | Non-trading | 100 |
| Vodafone Leasing Limited | Leasing of cars | 100 |
| Vodafone Mobile Commerce Limited | Non-trading | 100 |
| Vodafone Multimedia Limited | Non-trading | 50 |
| Vodafone Paging Holdings Limited | Non-trading | 100 |
| Vodafone Property Investments Limited | Investment in and leasing of world HQ | 100 |

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

5 Investments (continued)

| Investment held | Principal activity | Holding and Voting Rights % |
|--|---|-----------------------------------|
| 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 | Provision of mobile telecommunications and mobile solutions | 100 |

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

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

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

6 Debtors: amounts falling due within one year

| | 2013 £'000 | 2012 £'000 |
|------------------------------------|------------------|------------------|
| Amounts owed by group undertakings | 2,929,328 | 2,913,066 |
| | <u>2,929,328</u> | <u>2,913,066</u> |

7. Creditors' amounts falling due within one year

| | 2013 £'000 | 2012 £'000 |
|-----------------------------------|------------------|------------------|
| Amounts due to group undertakings | 1,248,705 | 1,239,232 |
| Group relief payable | 2,482 | 3,263 |
| | <u>1,251,187</u> | <u>1,242,495</u> |

8. Called up share capital

| | 2013 £'000 | 2012 £'000 |
|--|------------------|------------------|
| Allotted, issued and fully paid: | 1 | |
| 1,560,000,002 ordinary shares of £1 each | <u>1,560,000</u> | <u>1,560,000</u> |

9. Reserves

| | Profit and loss account £'000 |
|-------------------------------|-------------------------------------|
| Balance at 1 April 2012 | 1,101,136 |
| Profit for the financial year | 7,559 |
| | <u>1,108,695</u> |
| Balance at 31 March 2013 | |

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

10. Reconciliation of movements in shareholders' funds

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------|------------------|------------------|
| Opening shareholders' funds | 2,661,136 | 2,673,679 |
| Profit/(loss) for the financial year | 7,559 | (12,543) |
| Closing shareholders' funds | <u>2,668,695</u> | <u>2,661,136</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 financial statements of Vodafone Group Plc for the year ended 31 March 2013, 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.

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

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, 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 2013 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.