

VODAFONE UK LIMITED
Company No: 02227940
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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VODAFONE UK LIMITED
REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the financial year ended 31 March 2012

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 Vodafone Paging Holdings Limited and Central Telecommunication 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 6 of the financial statements. For the year ended 31 March 2012, there was a loss on ordinary activities after taxation of £12,543 thousand (2011 profit of £2,953 thousand).

The directors do not recommend the payment of a dividend (2011: £nil).

Directors

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

	<u>Resigned</u>
J G Laurence	
T Nowak	
J Campbell	
D Crook	23 September 2011
D Cloke	23 September 2011
M H Bond	23 September 2011
S G Langkamp	23 September 2011
P J A Kelly	23 September 2011
J M Mundy	23 September 2011
A Thompson	23 September 2011
S Gopalan	23 September 2011

VODAFONE UK LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Auditor

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 auditor annually.

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.

Statement as to disclosure of information to auditor

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is 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 auditor is aware of that information.

The report of the directors was approved by the Board on 1st November 2012 and signed on its behalf by



P R S Howie
Secretary

INDEPENDENT AUDITOR'S REPORT

to the members of

VODAFONE UK LIMITED

We have audited the financial statements of Vodafone UK Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 auditor's 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 auditor

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 and express an opinion on 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 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.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT

to the members of

VODAFONE UK LIMITED (CONTINUED)

Opinion on 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 2012 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 (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

8 November 2012

VODAFONE UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Amounts written off investments	5	(21,831)	(4,631)
Net interest receivable	3	12,551	10,533
(Loss)/profit on ordinary activities before taxation		(9,280)	5,902
Tax charge on (loss)/profit on ordinary activities	4	(3,263)	(2,949)
Retained (loss)/profit for the financial year	9	<u>(12,543)</u>	<u>2,953</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 2012

	Note	2012 £'000	2011 £'000
FIXED ASSETS			
Investments	5	990,565	1,011,619
		<u>990,565</u>	<u>1,011,619</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	6	2,913,066	3,185,046
CURRENT LIABILITIES			
Creditors amounts falling due within one year	7	(1,242,495)	(1,522,986)
NET CURRENT ASSETS		<u>1,670,571</u>	<u>1,662,060</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,661,136</u>	<u>2,673,679</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,560,000	1,560,000
Reserves	9	1,101,136	1,113,679
TOTAL SHAREHOLDERS' FUNDS	10	<u>2,661,136</u>	<u>2,673,679</u>

The financial statements were approved by the Board on 1st November 2012 and were authorised for issue and 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 2012

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 ("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 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 2012

2. Administrative expenses and operating (loss)/profit

Audit fees for the audit of the Company's annual financial statements of £2,418 (2011 £2,418) have been borne and not recharged by Vodafone Limited in the current year

The directors did not receive any remuneration for their services from the Company in the financial year (2011 £nil)

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

3. Net interest receivable

	2012 £'000	2011 £'000
Interest receivable and similar income		
Group	19,179	21,920
Interest payable and similar charges		
Group	(6,628)	(11,387)
	<u>12,551</u>	<u>10,533</u>

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

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

	2012 £'000	2011 £'000
UK corporation tax charge at 26% (2011 28%)	3,263	2,949

The standard rate of tax for the financial year, based on the UK standard rate of corporation tax, is 26% (2011 28%) 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

	2012 £'000	2011 £'000
(Loss)/profit on ordinary activities before tax	(9,280)	5,902
Tax on (loss)/profit on ordinary activities before tax at standard rate of 26% (2011 28%)	(2,413)	1,653
Factors affecting tax charge for the year		
Amounts written off investments	5,676	1,296
Current tax charge for the year	3,263	2,949

VODAFONE UK LIMITED
NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

5. Investments

	£'000
Cost and net book value	
At 1 April 2011	1,011,619
Additions	777
Amounts written-off during the year	(21,831)
	<hr/>
At 31 March 2012	<u>990,565</u>

During the year the Company impaired the value of its investment in Vodafone Paging Holdings Limited by £21,022,000 due to the initiation of strike off proceedings for that company subsequent to the year end

During the year, the Company capitalised and impaired a further £777,443 in respect of Cellular Operations Limited for payments due under the purchase agreement

In addition, the Company also impaired £21,000 in respect of its investment in FB Holdings Limited and Le Bunt Holdings Limited and £10,000 for its investment in Central Telecommunications Group Limited based on the underlying net asset value of these companies

Investment held	Principal activity	Holding and Voting Rights %
Aspective Limited	Software consultancy and supply	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 2012

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 2012

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 2012

6. Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by group undertakings	2,913,066	3,185,046
	<u>2,913,066</u>	<u>3,185,046</u>

7. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts due to group undertakings	1,239,232	1,520,037
Group relief payable	3,263	2,949
	<u>1,242,495</u>	<u>1,522,986</u>

8. Called up share capital

	2012 £'000	2011 £'000
Allotted, 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

	Profit and loss account £'000
Balance at 1 April 2011	1,113,679
Loss for the financial year	(12,543)
	<u>1,101,136</u>
Balance at 31 March 2012	<u>1,101,136</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

10. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Opening shareholders' funds	2,673,679	2,670,726
(Loss)/profit for the financial year	(12,543)	2,953
Closing shareholders' funds	<u>2,661,136</u>	<u>2,673,679</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 2012, 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 2012

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 2012 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.