

VODAFONE UK LIMITED

Company No: 2227940

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the financial year ended 31 March 2011

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 in Aspective Limited, FB Holdings Limited, Le Bunt Limited and Cellular Operations Limited as explained in more detail in Note 6 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 5 of the financial statements. For the year ended 31 March 2011, there was a profit on ordinary activities after taxation of £3.0 million (2010: loss of £32.5 million).

The directors do not recommend the payment of a dividend (2010: Nil).

Directors

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

D Crook	
D Cloke	(appointed 4 January 2011)
T Nowak	
M H Bond	
M Brearley	(resigned 17 December 2010)
S G Langkamp	
J G Laurence	
P J A Kelly	
J M Mundy	
J Campbell	
A Thompson	
S Gopalan	(appointed 18 August 2010)

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.

REPORT OF THE DIRECTORS (CONTINUED)**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 judgements 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 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.

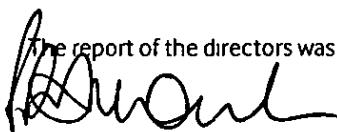
Indemnification of directors

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 the 24 August 2011 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 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 the 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 2011 and of its profit 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

24 August 2011

VODAFONE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £'000	2010 £'000
Administrative expenses	2	-	3,101
Operating profit	2	<u>-</u>	<u>3,101</u>
Amounts written off investments	6	(4,631)	(42,516)
Other income	3	-	263
Net interest receivable	4	10,534	9,251
Profit/(loss) on ordinary activities before taxation		<u>5,902</u>	<u>(29,901)</u>
Tax charge on profit/(loss) on ordinary activities	5	(2,949)	(2,590)
Retained profit/(loss) for the financial year	10	<u><u>2,953</u></u>	<u><u>(32,491)</u></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

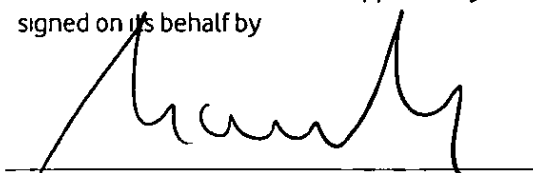
VODAFONE UK LIMITED

Company no 2227940

BALANCE SHEET**AT 31 MARCH 2011**

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	6	1,011,619	1,015,439
		<u>1,011,619</u>	<u>1,015,439</u>
Current assets			
Debtors	7	3,185,046	3,168,497
Creditors amounts falling due within one year	8	(1,522,986)	(1,513,210)
NET CURRENT ASSETS		<u>1,662,060</u>	<u>1,655,287</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u><u>2,673,679</u></u>	<u><u>2,670,726</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	1,560,000	1,560,000
Reserves	10	1,113,679	1,110,726
SHAREHOLDERS' FUNDS	11	<u><u>2,673,679</u></u>	<u><u>2,670,726</u></u>

The financial statements were approved by the Board on 24 August 2011, 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 2011

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 financial 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 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 2011

2 Administrative expenses and operating profit

Included within administrative expenses for prior year is a credit of £3,101,916 representing a reversal of certain provisions

Audit fees for the audit of the Company's annual financial statements of £2,418 (2010 £2,106) 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 (2010 £nil)

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

3 Other income

During the year ended 31 March 2010 the Company released retention funds held in respect of Townley Communications Limited against the value of the investment. As a result, an excess of these funds was released to the profit and loss account for the previous financial year

4 Net interest receivable	2011 £'000	2010 £'000
Interest receivable and similar income		
Group	21,920	20,580
Interest payable and similar charges		
Group	(11,386)	(11,329)
	<u>10,534</u>	<u>9,251</u>

5 Tax charge on profit/(loss) on ordinary activities	2011 £'000	2010 £'000
UK corporation tax at 28% (2010 28%)	2,949	2,590

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2010 28%)
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

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before tax	<u>5,902</u>	<u>(29,901)</u>
Tax on profit/(loss) on ordinary activities before tax at standard rate of 28% (2009 28%)	1,653	(8,372)
Factors affecting tax charge for the year		
Amounts written off investments	1,297	11,905
Permanent differences	-	(943)
Current tax charge for the year	<u>2,949</u>	<u>2,590</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

6 Investments

£'000

Balance at 1 April 2010	1,015,439
Additions	811
Amounts written off	(4,631)
Balance at 31 March 2011	<u>1,011,619</u>

During the year the Company impaired the value of its investment in Aspective Limited by £3,792,000 as a result of integration of the trading activities of that entity within Vodafone Limited. In addition, a further £28,234 was impaired in respect of its investment in FB Holdings Limited and Le Bunt Holdings Limited based on the underlying net asset value of these companies.

During the year, the Company capitalised and impaired a further £811,154 in respect of Cellular Operations Limited for payments due under the purchase agreement.

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
Central Communications Group Limited	Holding company	100
FB Holdings Limited	Holding company	100
Flexphone Limited	Supply of airtime	100
Generation Telecom Limited	Non-trading	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	Non-trading	100
Vodafone Business Services Limited	Non-trading	100
Vodafone Central Services Limited	Non-trading	100

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

6 Investments (continued)

Investment held	Principal Activity	Holding and Voting Rights %
Project Telecom Holdings Limited	Non-trading	100
Silver Stream Investments Limited	Holding company	100
Townley Communications Limited	Non-trading	100
Vodafone Distribution Holdings Limited	Holding Company	100
Vodafone Distribution Limited	Non-trading	100
Vodafone Hire 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	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 share and Aspective Limited in which Vodafone UK Limited holds 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 2011

7 Debtors	2011 £'000	2010 £'000
Due within one year		
Amounts owed by group undertakings	<u>3,185,046</u>	<u>3,168,497</u>
	<u>3,185,046</u>	<u>3,168,497</u>
8 Creditors amounts falling due within one year	2011 £'000	2010 £'000
Amounts owed to Group undertakings	1,520,038	1,509,995
Group relief payable	2,949	2,590
Other creditors	-	625
	<u>1,522,986</u>	<u>1,513,210</u>
9 Called up share capital	2011 £'000	2010 £'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>
10 Reserves		Profit and loss account £'000
Balance at 1 April 2010		1,110,726
Retained loss for the financial year		2,953
Balance at 31 March 2011		<u>1,113,679</u>

VODAFONE UK LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

11 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Opening shareholders' funds	2,670,726	2,703,217
Profit/(loss) for the financial year	2,953	(32,491)
Closing shareholders' funds	<u>2,673,679</u>	<u>2,670,726</u>

12 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 2011, which does not form part of this report.

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 the Company 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 2011 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.