

Company Registration number: 01541957

Vodafone Enterprise U.K.

(Formerly Cable & Wireless U.K.)

Annual Report and Financial Statements

For the Year Ended 31 March 2017

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN



Vodafone Enterprise U.K.

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Vodafone Enterprise U.K.

Company Information

Directors

Vodafone Enterprise Corporate Secretaries Limited
T Sayed
H Copestick

Company secretary

Vodafone Enterprise Corporate Secretaries Limited

Registered office

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Vodafone Enterprise U.K.

Directors' Report for the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is to continue to act as a holding company and operate the Cable & Wireless Japanese branch. The Company provides support services to Vodafone Group subsidiaries through its centralised functions as well as supply telecommunications services. Prior to 31 March 2013 the revenue was generated predominantly by operations in the United Kingdom. On 31 March 2013 the trade and assets of the Company, excluding the operation of the Japanese branch, were transferred to Vodafone Limited.

Vodafone Enterprise U.K. is an unlimited company with a share capital.

The Company has taken advantage of the exemption in Companies Act 2006 to not present a Strategic Report.

Future developments

The entity will continue to act as a holding company for its Japanese branch.

Branch outside the UK

The Company is operating through a branch in Japan which is engaged in providing support services to the Vodafone Group Companies and supplying telecommunications services to large, multinational clients in Japan.

Dividends

The directors do not recommend the payment of a final dividend (2016: £nil).

Political Donation

There are no political donations made by the entity during the year (2016: £nil).

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements, are as follows:

Vodafone Enterprise Corporate Secretaries Limited	(appointed 31 May 2017)
Vodafone Corporate Secretaries Limited	(resigned 31 May 2017)
S Jebb	(resigned 5 April 2016)
R Mullock	(resigned 14 November 2016)
T Sayed	(appointed 14 November 2016)
H Copestick	

Registered office

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

Vodafone Enterprise U.K.

Directors' Report for the Year Ended 31 March 2017 (continued)

Financial risk management

The Company follows the board-approved policies of its parent, Vodafone Group Plc, to manage its principal financial risks which include currency risk, credit risk and liquidity risk. The treasury function of the Vodafone Group provides a centralised treasury service to the Company, and follows a framework of policies and guidelines authorised and reviewed annually by the Vodafone Group Plc Board. The other financial risks the directors consider relevant to the Company are credit risk and liquidity risk. These risks are mitigated by the fact that the counterparty of the majority of trade receivable balances are other Vodafone Group companies who are considered able to repay their debts.

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 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.

Employee involvement

Every year all our employees participate in our Global People Survey which allows us to measure engagement trends and identify ways to improve how we do things. Consultation with employees takes place at all levels, to ensure that their views are taken into account when decisions are made that are likely to affect their interests and to ensure employees are aware of the financial and economic performance of their business area and the Group as a whole. Communication with all employees is regular including weekly bulletins, regular briefing groups and the sharing of quarterly financial performance.

Research and Development

The company does not perform any research or development activities.

Going concern

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. The Company has net assets of £607,116K (2016: net assets of £934,016K).

The Directors have reviewed the financial position of the Company, including the arrangements with Vodafone Group Plc undertakings. The Directors have also considered the financial position of the Company's ultimate parent Vodafone Group Plc, including centralised treasury arrangements and the availability of a credit facility.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Vodafone Group Plc, the Company's Directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Vodafone Group Plc to continue as a going concern. Accordingly they expect that the Company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Vodafone Enterprise U.K.

Directors' Report for the Year Ended 31 March 2017 (continued)

Statement of Directors' Responsibilities (continued)

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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, including FRS 101 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.

Statement of disclosure of information to the 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 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each of the directors has 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.

Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Events occurring after balance sheet date

The Company will closely monitor progress in relation to the impending exit of Great Britain from the membership of the European Union and regularly review the impact as part of the overall Group strategy.

On 13 June 2017, the Company's name has been changed from Cable & Wireless U.K. to Vodafone Enterprise U.K.

There is no other significant events noted after the financial year.

Approved by order of the Board on 25/09/ 2017 and signed on its behalf by:



.....
Vodafone Enterprise Corporate Secretaries Limited
Company secretary

Independent auditors' report to the members of Vodafone Enterprise U.K.

Report on the financial statements

Our opinion

In our opinion, Vodafone Enterprise U.K.'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 March 2017;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Vodafone Enterprise U.K.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

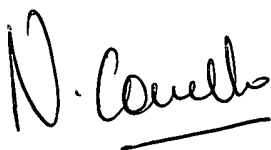
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25 September 2017

Vodafone Enterprise U.K.**Income Statement for the Year Ended 31 March 2017**

	Note	2017 £ '000	2016 £ '000
Revenue	5	6,283	4,755
Operating expenses	4	(329,730)	(4,805)
Operating loss		(323,447)	(50)
Income tax expense	8	52	440
(Loss)/profit for the financial year		(323,395)	390

The above results were derived from continuing operations.

There is no material differences between the result on ordinary activities before taxation and the result for the financial year stated above and their historical costs equivalents.

The notes on pages 11 to 22 form an integral part of these financial statements

Vodafone Enterprise U.K.**Statement of Comprehensive Income for the Year Ended 31 March 2017**

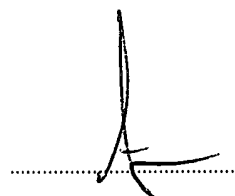
	2017 £ '000	2016 £ '000
(Loss)/profit for the financial year	(323,395)	390
Other comprehensive income/(expense): Items that will not be reclassified to profit or loss		
Currency translation difference arising on consolidation of branch account	(1,324)	602
Total comprehensive (loss)/income for the year	<u>(324,719)</u>	<u>992</u>

The notes on pages 11 to 22 form an integral part of these financial statements

Vodafone Enterprise U.K.**Statement of Financial Position as at 31 March 2017**

	Note	2017 £'000	2016 £'000
Fixed assets			
Property, plant and equipment	9	1,242	1,409
Investments in subsidiaries	10	12,982	336,473
		<u>14,224</u>	<u>337,882</u>
Current assets			
Trade and other receivables	11	602,059	1,122,945
Cash and cash equivalents		1,072	548
		<u>603,131</u>	<u>1,123,493</u>
Creditors: amounts falling due within one year	12	(10,239)	(527,359)
Net current assets		<u>592,892</u>	<u>596,134</u>
Net assets		<u>607,116</u>	<u>934,016</u>
Equity			
Ordinary shares	13	-	-
Foreign exchange translation reserve		(3,308)	(1,984)
Retained earnings		610,424	936,000
Total shareholders' funds		<u>607,116</u>	<u>934,016</u>

The financial statements on pages 7 to 22 were authorised for issue by the board of directors on 25/09/ 2017 and were signed on its behalf:



Vodafone Enterprise Corporate Secretaries Limited
Director

The notes on pages 11 to 22 form an integral part of these financial statements.

Vodafone Enterprise U.K.**Statement of Changes in Equity for the Year Ended 31 March 2017**

	Called-up Share capital £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Total shareholders funds £'000
Balance as at 1 April 2015	-	(2,586)	935,610	933,024
Profit for the financial year	-	-	390	390
<u>Other comprehensive income/(expense) for the year:</u>				
Currency translation difference arising on consolidation of branch account	-	602	-	602
Balance as at 31 March 2016	-	(1,984)	936,000	934,016
Balance as at 1 April 2016	-	(1,984)	936,000	934,016
Loss for the financial year	-	-	(323,395)	(323,395)
<u>Other comprehensive income/(expense) for the year:</u>				
Currency translation difference arising on consolidation of branch account	-	(1,324)	-	(1,324)
Losses relating to previous years (*)	-	-	(2,181)	(2,181)
Balance as at 31 March 2017	-	(3,308)	610,424	607,116

* The losses relating to previous years are now being reported following the change of presentation from £millions in previous years to £'000 for the current year's financial statements.

The notes on pages 11 to 22 form an integral part of these financial statements

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2017

1. General information

The principal activity of the Company is to continue to act as a holding company and operate the Cable & Wireless Japanese branch.

The company is a private company limited by share capital incorporated in United Kingdom and domiciled in England.

The address of its registered office is:

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

These financial statements were authorised for issue by the Board on 25/09/ 2017.

2. Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the UK Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company's functional and presentational currency is 'Pounds sterling'.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Summary of disclosure exemptions (continued)

- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements),
- 38B-D (additional comparative information),
- 40A-D (requirements for a third statement of financial position
- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Changes in accounting policy and disclosures

No new or amended standards have been adopted by the Company during the year ended 31 March 2017. The amendment to IAS1 'Financial statement presentation' regarding comprehensive income had no material impact on the Company in the previous financial year.

Going concern

The financial statements have been prepared on a going concern basis. 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. The Company has net assets of £607,116K (2016: net assets of £934,016K). The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2.

Exemption from preparing group financial statements

The financial statements contain information about Vodafone Enterprise U.K. as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Vodafone Group Plc, a company incorporated in United Kingdom.

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Revenue

Revenue represents the value of services supplied by the Company to other Group entities and other services provided to external customers, excluding discounts and value added tax.

Revenue earned in respect of services provided to Vodafone Group subsidiaries by the Company's centralised functions. Revenue from these services is recognised as the services are provided.

Revenue arising from the provision of other services, such as maintenance contracts, is recognised evenly over the periods in which the service is provided. Amount payable by and to telecommunications operators for interconnection and transmission of content are recognised as the services are provided. Charges are negotiated separately and are subject to continue review. Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees. In certain instances the Company uses estimates to determine the amount of income receivable from or payments to these other operators. In a similar way, the Company enters into supply agreements. In certain instances it uses estimates of price or usage to determine the expense charged in any period. These estimates are periodically adjusted to reflect actual pricing or usage as such information becomes available or is agreed with suppliers. Credits and charges on adjustments to both interconnect and other supply arrangements are taken to operating profit in the year in which adjustments are made.

Foreign currency transactions and balances

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in "Pounds Sterling" (£) which is also the company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income.'

Income tax expense

The tax expense for the period comprises of current tax only. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Property, plant and equipment

Tangible fixed assets are stated at cost, less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible assets at a rate calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Asset class	Depreciation method and rate
Cables and other Assets	up to 20 years on straight line basis
Network Equipments	3 to 25 years on straight line basis
Ducting	40 years on straight line basis

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Cash and cash equivalents

Cash and cash equivalents include cash in hand less bank overdrafts. In the balance sheet, bank overdrafts are shown within creditors in current liabilities.

Investment in subsidiaries

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Trade and other receivables

Trade and other receivables are amounts due from Vodafone Group companies and third party customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using an effective interest method less provision for impairment. Estimates are based on the ageing of the debt balances and historical experience. Receivables are written off when management considers them to be irrecoverable.

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2. Summary of significant accounting policies and key accounting estimates (continued)

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. Depreciation on the relevant assets and interest are charged to the profit and loss account.

All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of trade receivables

The company makes an estimate of the recoverable value of these trade receivables. When assessing impairment of these trade receivables, management considers factors including aging profile of trade receivable, historical experience and the level of group support.

Impairment of investments

In making the judgement for impairment of investment in a subsidiary, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the subsidiary.

Vodafone Enterprise U.K.**Notes to the Financial Statements for the Year Ended 31 March 2017
(continued)****4. Operating expenses**

	2017 £ '000	2016 £ '000
Out payments, network costs and Others	5,466	4,805
Impairment of investments	324,264	-
	<u>329,730</u>	<u>4,805</u>

Auditors' remuneration

The fee payable to the Company's auditor for the audit of the current year £4K (2016: £4K) has been borne by another group company. Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent Vodafone Group Plc.

5. Revenue

The Company's operations are considered to fall into two main business streams, the provision of services to Vodafone Group companies and telecommunications related support services. Revenue includes £3,026K (2016: £2,831K) derived from Vodafone Group companies and £3,257K (2016: £1,924K) from telecommunications related support services.

In the both years revenue was generated by operations in Japan.

6. Employees

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2017 Number	2016 Number
Sales and admin	-	3

7. Directors' remuneration

The emoluments of all Directors are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company.

Vodafone Enterprise U.K.**Notes to the Financial Statements for the Year Ended 31 March 2017
(continued)****8. Income tax**

	2017	2016
Tax credited in the income statement		
Current taxation	£ '000	£ '000
UK corporation tax at 20% (2016: 20%)	(23)	(265)
UK corporation tax adjustment to prior periods	(29)	(175)
Total tax credit in the income statement	<u>(52)</u>	<u>(440)</u>

The actual tax credit for the current and previous year differs from the tax charge at the standard rate of corporation tax in the UK of 20% (2016: 20%) for the reasons set out in the following reconciliation:

	2017	2016
	£ '000	£ '000
Loss before tax	(323,447)	(50)
Corporation tax at standard rate of 20%. (2016: 20%)	(64,689)	(10)
Factors affecting tax charge for the year		
Increase from effect of impairment of fixed asset investment	64,852	-
Movement in Deferred tax not recognised	(186)	(255)
Decrease from effect of prior year adjustments	(29)	(175)
Total tax credit	<u>(52)</u>	<u>(440)</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 17% (effective from April 2020) were enacted in Finance Act 2016.

A deferred tax asset of £841,000 (2016: £1,220,000) has not been recognised in respect of accelerated timing differences as it is not certain that suitable taxable profits will be available against which these losses could be utilised.

Vodafone Enterprise U.K.**Notes to the Financial Statements for the Year Ended 31 March 2017
(continued)****9. Property, plant and equipment**

	Other property, plant and equipment
	£ '000
Cost	
As at 1 April 2016	3,861
Additions	38
As at 31 March 2017	3,899
Accumulated depreciation	
As at 1 April 2016	2,452
Charge for the year	205
As at 31 March 2017	2,657
Net book amount	1,242
Net book amount	
As at 31 March 2016	1,409
Movement during the year	(167)
As at 31 March 2017	1,242

The asset classes disclosed in note 2 on page 14 are grouped into other property, plant and equipment due to the Company's Annual Report and Financial Statements being reported in £'000.

10. Investment in subsidiaries

	Total £ '000
At Cost	
As at 1 April 2016	355,340
Additions during the year	626
Disposals during the year	(626)
As at 31 March 2017	355,340
Impairment	
As at 1 April 2016	(18,867)
Impairment during the year	(323,491)
As at 31 March 2017	(342,358)
Carrying amount	
As at 31 March 2016	336,473
As at 31 March 2017	12,982

Vodafone Enterprise U.K.**Notes to the Financial Statements for the Year Ended 31 March 2017
(continued)****10. Investment in subsidiaries (continued)**

Details of the subsidiaries as at 31 March 2017 are as follows:

Name of subsidiary	Class	Principal activity	Address of Registered office	Ownership 2017
Thus Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless Access Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless a-Services, Inc	Ordinary	Non Trading	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless Capital Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless Communications Data Network Services Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless Communications Star Class Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless Holdco Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
CWW Operations Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Digital Island (UK) Ltd	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Jaguar Communications Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
London Hydraulic Power Company	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%

Vodafone Enterprise U.K.**Notes to the Financial Statements for the Year Ended 31 March 2017
(continued)****10. Investment in subsidiaries (continued)**

Name of subsidiary	Class	Principal activity	Address of Registered office	Ownership 2017
Cable & Wireless Worldwide Voice Messaging Ltd	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
City Cable (Holdings) Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Thus Group Holdings Limited (Indirect)	Ordinary	Dormant	1-2 Berkeley Square, 99 Berkeley Street, Glasgow, G3 7HR, England	100%
Legend Communications Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Thus Group Limited	Ordinary	Dormant	1-2 Berkeley Square, 99 Berkeley Street, Glasgow, G3 7HR, England	100%
Thus Profit Sharing Trustees Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Your Communications Group Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Business Serve Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Eurocall Holdings Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Intercell Communications Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Vodafone Enterprise Corporate Secretaries Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

10. Investment in subsidiaries (continued)

Name of subsidiary	Class	Principal activity	Address of Registered office	Ownership 2017
Netforce Group Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%
Cable & Wireless Worldwide a-services Limited	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%

11. Trade and other receivables: amounts falling due within one year

	2017 £ '000	2016 £ '000
Amounts owed by group undertakings	600,304	1,122,412
Other receivables	1,755	533
	<u>602,059</u>	<u>1,122,945</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: amounts falling due within one year

	2017 £ '000	2016 £ '000
Amounts owed to group undertakings	8,466	526,393
Other Creditors	1,773	966
	<u>10,239</u>	<u>527,359</u>

Amounts owed to group undertakings represent an interest free loan, repayable in full on the last day of each borrowing period or immediately upon demand of the lender.

13. Equity

	2017 £	2016 £
Allotted, issued and fully paid:		
1(2016:1) ordinary deferred share of £1 (2016: £1)	1	1
	<u>1</u>	<u>1</u>

Vodafone Enterprise U.K.**Notes to the Financial Statements for the Year Ended 31 March 2017
(continued)****14. Obligations under leases and hire purchase contracts****Operating leases**

The total future value of minimum lease payments is as follows:

	2017	2016
	£'000	£'000
Within One year	453	519
In two to five years	1,119	1,061
	1,572	1,580

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,908K (2016: £1,786K). The future value of minimum lease payments for more than five years is £138K (2016: £189K).

15. Controlling parties

The immediate parent company of Vodafone Enterprise U.K. is Cable and Wireless Waterside Holdings Limited, a company which is incorporated in the United Kingdom and registered in England and Wales. The ultimate parent company and controlling entity of Vodafone Enterprise U.K., 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.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2017 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.

16. Events after the end of the financial year

The Company will closely monitor progress in relation to the impending exit of Great Britain from membership of the European Union and regularly review the impact as part of the Group's overall strategy.

On 13 June 2017, the Company's name has been changed from Cable & Wireless U.K. to Vodafone Enterprise U.K.

There are no other significant events noted after the financial year.