

Company Registration number: 01541957

Vodafone Enterprise U.K.

(Formerly Cable & Wireless U.K.)

Annual Report and Financial Statements

For the Year Ended 31 March 2019

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
United Kingdom



Vodafone Enterprise U.K.

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Vodafone Enterprise U.K.

Company Information

Directors

Vodafone Enterprise Corporate Secretaries Limited
H R Watson
A M Milton

Company secretary

Vodafone Enterprise Corporate Secretaries Limited

Registered office

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

Vodafone Enterprise U.K.

Directors' Report for the Year Ended 31 March 2019

The directors present their report and the audited financial statements for the year ended 31 March 2019.

Principal activities

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 a private unlimited company with a share capital.

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

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

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 (2018: £nil).

Political Donation

There are no political donations made by the entity during the year (2018: £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

H Copestick

(Resigned 1 April 2018)

H R Watson

(Appointed 1 April 2018)

T Sayed

(Resigned 1 May 2018)

A M Milton

(Appointed 1 November 2018)

Registered office

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

Vodafone Enterprise U.K.

Directors' Report for the Year Ended 31 March 2019 (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 £605,574K (2018: net assets of £608,183K).

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.

Vodafone Enterprise U.K.

Directors' Report for the Year Ended 31 March 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

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.

Appointment of auditors

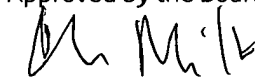
Following the approval and signing of these financial statements, Ernst and Young LLP will be appointed as auditors for the 2020 financial year.

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.

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

Approved by the Board on 2/12/2019 and signed by its order by:



A M Milton
Director

Vodafone Enterprise U.K.

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

Report on the audit of the financial statements

Opinion

In our opinion, Vodafone Enterprise U.K.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2019; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Vodafone Enterprise U.K.

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

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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.



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

2 December 2019

Vodafone Enterprise U.K.

Income Statement for the Year Ended 31 March 2019

	Note	2019 £'000	2018 £'000
Revenue	5	6,718	6,828
Operating expenses	4	(9,144)	(9,736)
Loss before taxation		(2,426)	(2,908)
Income tax (expense)/credit	8	(78)	681
Loss for the financial year		(2,504)	(2,227)

The above results were derived from continuing operations.

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

The notes on pages 12 to 23 form an integral part of these financial statements

Vodafone Enterprise U.K.

Statement of Comprehensive Income for the Year Ended 31 March 2019


	2019	2018
	£ '000	£ '000
Loss for the financial year	(2,504)	(2,227)
Other comprehensive (expense)/income: Items that will not be reclassified to profit or loss		
Currency translation difference arising on consolidation of branch account	(105)	3,294
Total comprehensive (expense)/income for the year	<u>(2,609)</u>	<u>1,067</u>

The notes on pages 12 to 23 form an integral part of these financial statements

Vodafone Enterprise U.K.**Statement of Financial Position as at 31 March 2019**

	Note	2019 £ '000	2018 £ '000
Fixed assets			
Property, plant and equipment	9	1,440	1,206
Intangible assets	10	20	-
Investments in subsidiaries	11	10,755	13,269
		<u>12,215</u>	<u>14,475</u>
Current assets			
Trade and other receivables	12	596,996	596,890
Cash and cash equivalents		2,489	2,198
		<u>599,485</u>	<u>599,088</u>
Creditors: amounts falling due within one year	13	(6,126)	(5,380)
Net current assets		<u>593,359</u>	<u>593,708</u>
Net assets		<u>605,574</u>	<u>608,183</u>
Equity			
Share Capital	14	-	-
Foreign exchange translation reserve		(119)	(14)
Retained earnings		605,693	608,197
Total shareholders' funds		<u>605,574</u>	<u>608,183</u>

The financial statements on pages 8 to 23 were authorised for issue by the board of directors on 2nd December 2019 and were signed on its behalf:



A M Milton
Director

The notes on pages 12 to 23 form an integral part of these financial statements.

Vodafone Enterprise U.K.**Statement of Changes in Equity for the Year Ended 31 March 2019**

	Called-up Share capital £ '000	Foreign exchange translation reserve £ '000	Retained earnings £'000	Total shareholders funds £'000
Balance as at 1 April 2017	-	(3,308)	610,424	607,116
Loss for the financial year	-	-	(2,227)	(2,227)
<u>Other comprehensive income for the year:</u>				
Currency translation difference arising on consolidation of branch account	-	3,294	-	3,294
Total comprehensive income for the year	-	3,294	(2,227)	1,067
Balance as at 31 March 2018	-	(14)	608,197	608,183
Balance as at 1 April 2018	-	(14)	608,197	608,183
Loss for the financial year	-	-	(2,504)	(2,504)
<u>Other comprehensive expense for the year:</u>				
Currency translation difference arising on consolidation of branch account	-	(105)	-	(105)
Total comprehensive expense for the year	-	(105)	(2,504)	(2,609)
Balance as at 31 March 2019	-	(119)	605,693	605,574

The notes on pages 12 to 23 form an integral part of these financial statements

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Notes to the Financial Statements for the Year Ended 31 March 2019

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 unlimited company 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

Company Registration number: 01541957

These financial statements were authorised for issue by the Board on 2/12/2019.

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),

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Notes to the Financial Statements for the Year Ended 31 March 2019 (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

During the year ended 31 March 2019, the amendment to IAS1 'Financial statement presentation' regarding comprehensive income had no material impact on the Company in the previous financial year.

New standards, amends and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 March 2019. IFRS 15 was adopted using the fully retrospective method although there is no retrospective impact other than the reclassification of some other receivables and other creditors to contract assets and liabilities respectively (see notes 12 and 13). There is no impact from IFRS 9 adoption. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 March 2019 which have had a material impact on the company.

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 £605,574K (2018: net assets of £608,183K). 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 2019 (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 expense 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.

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Notes to the Financial Statements for the Year Ended 31 March 2019 (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.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Computer software development costs recognised as assets are amortised using the straight line basis over their estimated useful lives, which varies between 2 to 5 years.

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.

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Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

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

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. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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.

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Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

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. There are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Operating expenses

	2019 £ '000	2018 £ '000
Network maintenance and other related costs	6,630	9,749
Impairment/(Reversal) of investments	2,514	(287)
Amount written off against loans	-	274
	<u>9,144</u>	<u>9,736</u>

Independent auditors' remuneration

The fee payable to the Company's auditors for the audit of the current year £4K (2018: £4K) has been borne by another group company. Amounts receivable by the Company's auditors 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 £2,995K (2018: £3,717K) derived from Vodafone Group companies and £3,723K (2018: £3,111K) from telecommunications related support services.

In both years revenue was generated by operations in Japan.

6. Employees

The company had no employees during the year (2018: nil).

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 parent company.

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

8. Income tax (expense)/credit

	2019 £ '000	2018 £ '000
UK Corporation Tax credit at 19% (2018: 19%)	153	708
Adjustments in respect of prior periods	(167)	(27)
Total current tax (expense)/credit	(14)	681
Overseas tax	(64)	-
Total current tax (expense)/credit in income statement	(78)	681

The actual tax (expense)/credit for the current and previous year differs from the tax expense at the standard rate of corporation tax in the UK of 19% (2018 – 19%) for the reasons set out in the following reconciliation:

	2019 £ '000	2018 £ '000
Loss before tax	(2,426)	(2,908)
Tax credit on loss before income tax at standard rate of 19% (2018:19%)	461	553
<u>Factors affecting tax (expense)/credit:</u>		
Impairment of fixed asset investment	(478)	-
Other permanent differences	-	2
Movement in deferred tax not recognised	170	153
Prior year adjustments	(167)	(27)
Overseas tax	(64)	-
Income tax (expense)/credit for the year	(78)	681

The tax rate for the current year is 19%. A further rate reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

A deferred tax asset of £558,000 (2018: £717,000) (measured at 17% rate) 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 2019 (continued)

9. Property, plant and equipment

	Cables & Other Assets	Assets in the course of construction	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2018	3,900	423	4,323
Transfer to intangible assets	-	(6)	(6)
Additions	-	344	344
Transfer	573	(573)	-
Disposal	(227)	-	(227)
As at 31 March 2019	4,246	188	4,434
Accumulated depreciation			
As at 1 April 2018	3,117	-	3,117
Charge for the year	104	-	104
Disposal	(227)	-	(227)
As at 31 March 2019	2,994	-	2,994
Net book amount	1,252	188	1,440
Net book amount			
As at 1 April 2018	783	423	1206
Movement during the year	469	(235)	234
As at 31 March 2019	1,252	188	1,440

Note – For clearer presentation in the current year, Assets in the course of construction have been separately disclosed.

The asset classes disclosed in note 2 on page 15 are grouped into cables & other assets due to the Company's Annual Report and Financial Statements being reported in £'000.

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

10. Intangible assets

	Computer software	Assets in the course of construction	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2018	-	-	-
Transfer from property, plant and equipment	-	6	6
Additions	-	16	16
Transfer	6	(6)	-
As at 31 March 2019	6	16	22
Accumulated amortization			
As at 1 April 2018	-	-	-
Charge for the year	2	-	2
As at 31 March 2019	2	-	2
Net book amount	4	16	20
Net book amount			
As at 1 April 2018	-	-	-
Movement during the year	4	16	20
As at 31 March 2019	4	16	20

11. Investments in subsidiaries

	Total £'000
At Cost	
As at 1 April 2018	338,475
Written off during the year*	(326,004)
As at 31 March 2019	12,471
Impairment	
As at 1 April 2018	(325,206)
Written off during the year*	323,490
As at 31 March 2019	(1,716)
Carrying amount	
As at 31 March 2018	13,269
As at 31 March 2019	10,755

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

11. Investments in subsidiaries (continued)

Details of the subsidiaries as at 31 March 2019 are as follows:

Name of subsidiary	Class	Principal activity	Address of Registered office	Ownership 2019
Thus 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 Worldwide Voice Messaging Ltd	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%
London Hydraulic Power Company	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, 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%
Vodafone Enterprise Corporate Secretaries Limited (Indirect)	Ordinary	Dormant	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England	100%

* The Company's Board has resolved and approved the strike off of Thus Group Limited on 31 March 2019, and are in progress for dissolution.

** The Company's Board has resolved and approved the strike off of Legend Communications Limited, hence this entity was dissolved on 18 June 2019.

Also, the Company's Board has resolved and approved the strike off of CWW Operations Limited and Cable & Wireless a-Services Inc., hence this entity was dissolved on 30 October 2018 and 23 May 2019 respectively.

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

12. Trade and other receivables

	2019 £ '000	2018 £ '000
Amounts owed by group undertakings	594,883	594,827
Contract assets*	91	215
Other receivables	1,928	1,848
Corporate tax receivable	94	-
	596,996	596,890

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

*Previously described as other receivables in the year ended 31 March 2018.

13. Creditors: amounts falling due within one year

	2019 £ '000	2018 £ '000
Amounts owed to group undertakings	2,926	2,635
Contract liabilities**	238	1,034
Other Creditors	2,962	1,711
	6,126	5,380

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.

**Previously described as other creditors in the year ended 31 March 2018

14. Share Capital

	2019 £	2018 £
Allotted, issued and fully paid:		
1(2018:1) ordinary deferred share of £1 (2018: £1)	1	1
	1	1

Vodafone Enterprise U.K.

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

15. Obligations under leases and hire purchase contracts

Operating leases

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

	2019 £ '000	2018 £ '000
Within One year	835	1,192
In two to five years	796	818
More than five years	207	17
	1,838	2,027

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,904K (2018: £2,554K).

16. 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 2019 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.

17. 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.

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