Company Registration number: 3802001

VODAFONE GROUP SERVICES LIMITED

Annual Report and Financial Statements

For the Year Ended 31 March 2019

VODAFONE GROUP SERVICES LIMITED

Contents

VODAFONE GROUP SERVICES LIMITED

Company Information

Directors

J Connors

A Ripepi

P Chapple

G Ventura

Company secretary

Vodafone Corporate Secretaries Limited

Company Registration number

3802001

Registered office

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
United Kingdom

Auditors

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

Company Registration number: 3802001

VODAFONE GROUP SERVICES LIMITED

Strategic Report for the Year Ended 31 March 2019

The Directors present their strategic report for the year ended 31 March 2019.

Vodafone Group Services Limited (the "Company") is a wholly owned subsidiary of Vodafone Group Plc, a company which is incorporated in the United Kingdom and registered in England and Wales.

The principal activities of the Company during the year ended 31 March 2019 were, and will continue to be, supporting the Group strategy, through the promotion of commercial best practice and the delivery of synergies through improved co-operation across the Vodafone group of companies (the "Group"), the provision of central management, technical, administrative and other services to companies within the Group.

Review of the business

The financial results of the Company are influenced by the Group Strategy. The acquisition of Liberty Global's assets will complete the Group's strategic transformation into a converged communications technology leader. Operating in a rapidly changing industry where innovation and scale are key, remarkable new technologies are rapidly transforming the way that we live and work, while simultaneously creating a range of new commercial, regulatory and societal challenges. The Group's commitment to halve the environmental impact, with a focus on energy efficiency, renewable energy supply and network waste will help Vodafone mitigate the growth of the business and customer's increasing demand for data. These long-term opportunities and risks are reflected in the Group strategy.

The Group has identified the following key industry trends:

- Growing demand for mobile data
- High speed broadband and converged solutions
- Rising global smartphone penetration
- Ubiquitous superfast internet access

The Group, under its new Chief Executive Nick Read is addressing the challenges presented by these trends by adopting a new radically simpler, Digital 'First' operating model, leveraging the Group scale.

- 'Digital Vodafone'

The Group have accelerated the implementation of the 'Digital Vodafone' programme from five years to three years to meet the ambition to move faster than our peers. This year the Group have already increased the proportion of mobile customers acquired through digital channels to 17% and in fixed 28% of customer acquisitions are also now online. The Group have introduced a number of 'digital only' products, which require no human interaction, which will lower commissions and operating costs. Across our customer operations, they have deployed TOBi chatbots in 11 markets, and plan to roll them out in a further five markets during FY20.

- Radically simpler

Over the last three years, the Group have halved the number of tariff plans and reduced the number of products by around 40%. However, the Group still have hundreds, and in some cases thousands of legacy plans. In order to drive out cost and increase commercial agility the Group are taking a more radical approach to move to new simplified pricing models across all of our markets, proactively phasing out complex legacy tariffs. Lower complexity will allow both significant savings in IT costs and greater commercial agility.

- Leverage Group scale

The Group see additional opportunities to leverage the benefit of our Group scale. They have already achieved significant savings through scale, standardisation and centralisation in some of the operations through shared service centres and centralisation of procurement activities. Looking ahead, they see further opportunities from centralising European network design and engineering functions, as well as IT operations.

A combination of these three major initiatives, together with the benefits of our ongoing 'Fit for Growth' programme to optimise margin, and zero based budgeting efforts, we are targeting to reduce our net operating costs in Europe by at least €1.2 billion in FY21compared to FY18 levels.

The Group are also leveraging other opportunities through ongoing initiatives to improve asset utilisation.

- Smart Capex

Capital smart infrastructure partnerships and network sharing opportunities support the 'digital society' by improving network coverage and speeding up the deployment of 4G and 5G services; protecting the planet by substantially reducing energy emissions; and materially improving the utilisation of our assets, realising significant cash savings in both operating costs and capital expenditure.

- Gigabit networks

Underpinned by Vodafone's market leading or co-leading network position, the Group intend to build on our leadership in 4G to create Europe's largest 5G network in the coming years. Vodafone is well positioned to do this following the completion of Project Spring, which involved densifying and fully modernising our network infrastructure.

Financial position and liquidity

The Company's turnover derives entirely from charges it makes to other companies in the Group for the services it provides. These charges are mainly based on a cost-plus charging mechanism.

The result for the year is set out in the income statement on page 12 of the financial statements. A profit for the financial year of €27 million arose in the year ended 31 March 2019 (2018: €15 million). The Company's turnover during the financial year was in line with the previous year at €2,825 million (2018: €2,829 million) and net operating costs of €2,784 million (2018: €2,789 million). These results reflect the return earned by the Company for work carried out in supporting the Group strategy. The tax charge in the year of €15 million (2018: €26 million) comprises of €17 million current year tax offset by €2 million deferred tax credit.

During the year the Company continued its capital expenditure programmes in support of the Group strategy, with spend of €408 million (2018: €432 million) on intangible and tangible fixed assets.

This spend, together with the cost of the provision of central management, technical, administrative and other services to companies within the Group, which is included in cost of sales, is recovered from Vodafone's operating companies through the Company's turnover.

Company Registration number: 3802001

VODAFONE GROUP SERVICES LIMITED

Strategic Report for the Year Ended 31 March 2019

The Company had creditors of €912 million at 31 March 2019 (2018: €802 million), €643 million of which was due to Group companies (2018: €518 million). The Company had trade and other receivables of €651 million at 31 March 2019 (2018: €505 million), primarily consisting of €495 million due from Group companies (2018: €467 million) for services provided. The net current liability position at 31 March 2019 was €116 million (2018: €154 million).

On the basis of their assessment of the Company's financial position, the factors likely to affect its future development and performance and the enquiries made of the Directors of Vodafone Group Plc, who is its principle debtor, the Directors of the Company 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.

For further details of amounts due from and payable to the parent company and fellow subsidiary undertakings, see notes 11 and 12 of the financial statements.

The statement of financial position on page 14 of the financial statements summarises the Company's financial position at the end of the year.

The Directors are of the opinion that the Company's activities will continue on a similar basis for the foreseeable future.

Other key performance indicators

Vodafone Group Plc includes within its annual report a detailed review of the results of operations and financial performance. As the Company's activities are directly related to the provision of central management, technical and administrative and other key services to the Group, the Directors of the Company believe that further key performance indicators are not necessary or appropriate for an understanding of the development or position of the business. The Vodafone Group Plc annual report for the year ended 31 March 2019 is available to view on Vodafone's website www.vodafone.com.

Principal risks and uncertainties

The Company's financial performance is mainly influenced by the services it provides to other companies and the Company's principal business risk relates to any change in the Group's strategy in respect of centralisation of the activities described above.

After reviewing the Company's budget for the next financial year, latest forecasts and other longer term plans, 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 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.

Approved by the Board on 30th September 2019 and signed on its behalf by:

....

J Connors - Director

VODAFONE GROUP SERVICES LIMITED

Directors' Report for the Year Ended 31 March 2019

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

Future developments

Details of the business' activities are set out in the Strategic Report.

Dividends

The Directors do not recommend the payment of a final dividend (2018: €nil).

Financial risk management

The Company follows the board-approved policies of its parent, Vodafone Group Plc, to manage its principal financial risks which include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk.

The Company has exposure to foreign currency/market risks: these arise mainly from Sterling and US dollar transactions. The Company uses financial instruments taken out with other Group companies to hedge against certain currency movements where the transactions are significant (in excess of €5 million).

The Group's treasury function provides a centralised treasury service to the Company, and follows a framework of policies and guidelines authorised and reviewed annually by the Group's management.

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 debtor balances are other Group companies who are considered able to pay their debts. The Group's internal auditors review the internal control environment regularly.

The Directors also consider transfer pricing risk is relevant to the Company. The Company has a recharge mechanism in place for allocating out the services charges for companies with the Group which is based on a governance framework in line with the OECD guidelines designed by the Group's tax function. The Group tax function also monitors the implementation and also review the design of recharge mechanism and update where necessary.

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 on financial risk management can be found in the annual report and financial statements of Vodafone Group Plc for the year ended 31 March 2019 which is available to view on Vodafone's website www.vodafone.com.

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:

A Ripepi	
J Connors	
J Conway	(resigned 15 August 2019)
P Becker-Pennrich	(resigned: 11 April 2019)
R Mooney	(resigned: 27 April 2018)
G Ventura	(appointed 11 September 2018)
P Chapple	(appointed 17 September 2019)

Registered office

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

Employment of disabled persons

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure their employment with the Company continues, including appropriate training if required. It is the policy of the Company that training, career development and promotion of a disabled person, as far as possible, be identical to that of a person who does not suffer from a disability.

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 incurs expenditure in carrying out research for, and developing technical systems, that support the Company's 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 notwithstanding net current liabilities of €116million (2018: €154 million). The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

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 Directors of the Company 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 Strategic Report, the Directors' 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 prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for taking reasonable steps in 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 by 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, the Group 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.

Statement as to disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps they ought to have taken to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Appointment of auditors

Following the singing of these Financial Statements, Ernst and Young LLP will be appointed as auditors for the financial year ending 31 March 2020.

Events after the end of the reporting year

The Company will continue to 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.

Approved by the Board on 30th September 2019 and signed on its behalf by:

....
J Connors
Director

Independent auditors' report to the members of Vodafone Group Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vodafone Group Services Limited'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 profit 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.

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 Strategic Report and Directors' Report for the Year Ended 31 March 2019, 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.

Strategic Report and Directors' Report for the Year Ended 31 March 2019

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the Year Ended 31 March 2019 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 Strategic Report and Directors' Report for the Year Ended 31 March 2019.

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 7, 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.

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.

Jonathan Lambert (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 September 2019

Company Registration number: 3802001

VODAFONE GROUP SERVICES LIMITED

Income Statement for the Year Ended 31 March 2019

	Note	2019 €m	2018 €m
Revenue	4	2,825	2,829
Cost of sales		(2,766)	(2,761)
Gross profit		59	68
Administrative expenses		(16)	(13)
Other operating expense		(2)	(15)
Operating profit	5	41	40
Net finance income	7	1	1
Profit before income tax		42	41
Income tax expense	8	(15)	(26)
Profit for the financial year		27	15

The above results were derived from continuing operations.

The notes on pages 16 to 38 form an integral part of these financial statements.

VODAFONE GROUP SERVICES LIMITED

Statement of Comprehensive Income for the Year Ended 31 March 2019

	Note	2019 €m	2018 €m
Profit for the financial year		27	15
Other comprehensive (expense)/ income: Items that will not be reclassified to income statement			
Actuarial loss on pension scheme	15	(10)	(20)
Movement on current tax relating to pension deficit and share based payments	8	2	6
Movement on deferred tax relating to pension deficit and share based payments	14	-	(3)
Foreign exchange movement on deferred tax relating to share based payments		-	(1)
Other comprehensive expense for the year, net of tax		(8)	(18)
Total comprehensive income/ (expense) for the financial year		19	(3)

The notes on pages 16 to 38 form an integral part of these financial statements.

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VODAFONE GROUP SERVICES LIMITED

Statement of Financial Position as at 31 March 2019

	Note	2019 €m	2018 €m
Fixed assets			
Intangible assets	9	757	749
Property, plant and equipment	10	159	148
		916	897
Current assets			
Trade and other receivables	11	651	505
Deferred tax asset	14	145	143
		796	648
Creditors: amounts falling due within one year	12	(912)	(802)
Net current liabilities		(116)	(154)
Total assets less current liabilities		800	743
Provisions for liabilities	13	(31)	(12)
Pension liability	15	(61)	(47)
Net assets		708	684
Equity			
Ordinary shares	17	-	-
Share premium		1,245	1,245
Pensions reserve		(248)	(240)
Share based payments reserve		(51)	(56)
Cash flow hedging reserve		-	-
Accumulated losses		(238)	(265)
Total shareholders' funds		708	684

The financial statements on pages 12 to 38 were authorised for issue by the Board of Directors on 30th September 2019 and were signed on its behalf:

J Connors
Director

The notes on pages 16 to 38 form an integral part of these financial statements.

Company Registration number: 3802001

VODAFONE GROUP SERVICES LIMITED

Statement of Changes in Equity for the Year Ended 31 March 2019

	Called up share capital	Share premium	Pensions reserve	Share based payments reserve	Accumulated losses	Total shareholders' funds
	€'m	€'m	€'m	€'m	€'m	€'m
Balance as at 1 April 2017	-	1,190	(222)	(62)	(280)	626
Proceeds from shares issued	-	55	-	-	-	55
Profit for the financial year	-	-	-	-	15	15
Other comprehensive expense for the year, net of tax	-	-	(18)	-	-	(18)
Total comprehensive loss for the financial year	-	-	(18)	-	15	(3)
Share based payment recharge	-	-	-	6	-	6
Balance as at 31 March 2018	-	1,245	(240)	(56)	(265)	684
Balance as at 31 March 2018	-	1,245	(240)	(56)	(265)	684
Profit for the financial year	-	-	-	-	27	27
Other comprehensive expense for the year, net of tax	-	-	(8)	-	-	(8)
Total comprehensive income for the financial year	-	-	(8)	-	27	19
Share based payment recharge	-	-	-	5	-	5
Balance as at 31 March 2019	-	1,245	(248)	(51)	(238)	708

The notes on pages 16 to 38 form an integral part of these financial statements.

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

1. General information

The principal activities of the Company continues to be, supporting the Group strategy, through the promotion of commercial best practice and the delivery of synergies through improved co-operation across the Group, the provision of central management, technical, administrative and other services to companies within the Group.

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
United Kingdom

Company Registration number: 3802001

These financial statements were authorised for issue by the Board on 30th September 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.

a) 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 as modified by derivative financial assets and liabilities measured at fair value through profit or loss and in accordance with the UK Companies Act 2006.

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 the euro '€'.

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

b) 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:

- Paragraphs 45 (b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- 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 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;
  (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- 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):
  – 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 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.

c) 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. Neither accounting standard has had a material impact on the company. 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.

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

d) 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 notwithstanding net current liabilities of €116 million (2018: €154 million). 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 5.

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 Directors of the Company have no reason to believe that a material uncertainty exists that may cast doubt about the ability of 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.

e) Exemption from preparing group financial statements

The financial statements contain information about Vodafone Group Services Limited 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.

f) Revenue recognition

Revenue represents the value of services supplied by the Company, principally charged to other Group entities, excluding value added tax. Revenue is 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.

g) Foreign 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.' The Company has used year-end exchange rate of 1.16 (GBP to EUR) as at 31 March 2019 (2018: 1.14).

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

h) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. 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.

The carrying amount of deferred tax assets is reviewed at each reporting period and adjusted to reflect changes in the Company's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) 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:

Leasehold land and buildings	over term of lease
Motor vehicles	4 years
Plant and machinery	3 - 10 years
Equipment, fixtures and fittings	4 - 10 years

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount (note 2 l).

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.

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

j) Intangible assets

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.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is capitalised only if all of the following conditions are met:

- an asset is created that can be identified;
- the technical, commercial and financial feasibility is reasonably assured;
- the development cost is separately identifiable and can be measured reliably; and
- It is probable that the asset will generate future economic benefits in excess of the costs incurred and expected to be incurred in its development.

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; and

- Development expenditure meeting the conditions stated above is capitalised and amortised over the period during which the Company is expected to benefit, typically between 2 to 5 years. Provision is made for any impairment.

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

k) Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

l) Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. . They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's receivables comprise amounts owed by Group and associated undertakings, other receivables in the statement of financial position.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

m) Cash and cash equivalents

Cash and cash equivalents include cash in hand less bank overdrafts. In the statement of financial position, bank overdrafts are shown within creditors in current liabilities.

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

n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

o) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors 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. Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

q) 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.

r) Share based payments

Vodafone Group Plc issues equity-settled awards to some of the Company's employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model which is calibrated using a Black-Scholes framework. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where Vodafone Group Plc grants rights or share options over its shares to employees of the Company, the Company records this as a capital contribution directly in equity. Where the Company makes cash payments to its parent in respect of any rights or share options granted, such cash contributions are accounted for as a reduction in the capital contribution received. This accounting policy is only applicable to equity-settled share-based payments granted after 7 November 2002.

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

s) Employee Benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is subject to formal actuarial valuations every three years and it is updated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

Current service costs together with the unwinding of the discount on plan liabilities less the expected return on plan assets, are included within operating costs.

Past-service costs are recognised immediately in the income statement.

Defined contribution pension costs charged to the income statement represent contributions payable in respect of the year.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

t) Derivatives and hedging

The Company provides centralised functions on behalf of the Group and recharges service costs to the Group's subsidiaries. This activity exposes the Company to the financial risks of changes in foreign exchange rates. The Company co-ordinates and manages the related foreign exchange risk using foreign exchange forward and swap derivatives.

The use of foreign exchange forward and swap derivatives is governed by the Group's policies approved by its Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Derivative financial instruments are initially recognised at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. The Company uses cash flow hedge accounting to minimise profit and loss volatility on foreign exchange forward and swap derivatives.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity within the cash flow hedging reserve. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the net cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Directors have elected to take the exemption from the disclosure requirements of IFRS 7 Financial Instruments: Disclosures, on the basis that the Company is a wholly owned subsidiary included within the publicly available consolidated financial statements of Vodafone Group Plc, which includes the disclosure requirements of IFRS 7.

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.

i) Useful economic lives of Property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of property plant and equipment.

ii) Impairment of Intangible assets

The Company assesses at the end of each reporting period whether there is objective evidence that an intangible asset or group of intangible assets is impaired. An intangible asset or a group of intangible assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the intangible asset or group of intangible assets that can be reliably estimated. See note 9 for the carrying amount of the intangible assets.

iii) Recoverability of Deferred tax asset

The recoverability of deferred income tax assets is evaluated through a probability assessment of the future taxable profit that will be available for the temporary differences to be utilised against. See note 14 for the carrying amounts.

iv) Impairment of trade and other receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets

4. Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

The Company's operations are all considered to fall into a single class of business, the provision of central management, technical, administrative and other services to companies within the Group; accordingly, no segmental analysis of operating profit or net assets is presented.

All turnover originated within the UK and includes €2,825 million (2018: €2,829 million) derived from other companies within the Vodafone Group who are related parties. Turnover, by country of destination, is as follows:

	2019 € m	2018 € m
United Kingdom	1,104	1,164
Continental Europe	1,489	1,417
Other	232	248
	2,825	2,829

5. Operating profit

The operating profit is stated after charging:

	2019 € m	2018 € m
Wages and salaries	356	352
Social security costs	47	49
Other pension costs (note 15)	38	33
Share-based payments	47	52
Staff costs	488	486
Loss on disposal of intangible assets	4	1
Loss on disposal of tangible assets	1	-
Amortisation of intangible assets (note 9)	324	345
Depreciation of owned property, plant and equipment (note 10)	48	45
Foreign exchange (gains)/losses	(3)	9

€117k is payable in respect of the audit fees for the financial year (2018: €115k).

6. Employees and directors

Employees

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

	2019 Number	2018 Number
Provision of services to other group companies	3,529	3,361
Administrative	59	49
	3,588	3,410

Directors

The Directors' remuneration were as follows:

	2019 €m	2018 €m
Aggregate remuneration	2	2

The Company contributed €nil (2018: €nil) to defined contribution pension schemes in respect of the Directors. Directors in the year who were members of:

	2019 Number	2018 Number
Defined contribution pension scheme	3	3

The remuneration of the highest paid Director was €0.6 million (2018: €0.9 million). All the Directors employed by the Company participate in the Group's share plans which are described in note 16.

7. Interest income and expense

Net finance income	2019 €m	2018 €m
Net interest receivable and similar income: Group	1	1

The interest payable and similar charges: Group were €3 million (2018: €0.5 million).

8. Income tax expense

	2019 €'m	2018 €'m
Current taxation:		
United Kingdom Tax charge at 19% (2018: 19%)	(14)	(16)
Adjustments in respect of prior periods	3	3
Double tax relief	-	4
Foreign tax	(6)	(22)
Total current tax charge	(17)	(31)
Deferred taxation:		
- Deferred taxation credit - current year	2	3
- Deferred taxation credit - prior year	-	2
Total deferred tax credit	2	5
Total tax expense in income statement	(15)	(26)

	2019 €'m	2018 €'m
Tax included in other comprehensive income		
Current tax relating to pension deficit and share based payments	2	6
Origination and reversal of temporary differences	-	(3)
Total tax credit included in other comprehensive income	2	3

The elements of deferred taxation are shown in note 14.

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

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

	2019 €'m	2018 €'m
Profit before tax	42	41
Tax charge on profit before income tax at standard rate of 19% (2018: 19%)	(8)	(8)
Permanent differences	(5)	(5)
Foreign tax expensed	(6)	(18)
Double tax relief	1	1
Effect of change in tax rates on deferred tax	-	(1)
Prior period adjustments	3	5
Income tax charge for the year	(15)	(26)

9. Intangible assets

Intangible assets			
	Computer software and development expenditure	**Assets in the course of construction**	**Total**
	€'m	**€'m**	**€'m**
Cost			
At 1 April 2018	2,034	335	2,369
Additions	9	334	343
Transfer	469	(469)	-
Disposals	(38)	-	(38)
As at 31 March 2019	2,474	200	2,674
Accumulated amortisation			
At 1 April 2018	1,620	-	1,620
Charge for the year	324	-	324
Disposals	(27)	-	(27)
As at 31 March 2019	1,917	-	1,917
Net book amount	557	200	757
Net book amount			
At 1 April 2018	414	335	749
Movement during the year	143	(135)	8
As at 31 March 2019	**557**	**200**	**757**

10. Property, plant and equipment

Property, plant and equipment				
	Plant and Machinery	Fixtures, fittings and equipment	Assets in the course of construction	Total
	€ 'm	€ 'm	€ 'm	€ 'm
Cost				
At 1 April 2018	280	4	45	329
Additions	15	-	50	65
Transfer	71	2	(73)	-
Disposals	(27)	-	-	(27)
As at 31 March 2019	339	6	22	367
Accumulated depreciation				
At 1 April 2018	179	2	-	181
Charge for the year	46	2	-	48
Disposals	(21)	-	-	(21)
As at 31 March 2019	204	4	-	208
Net book amount	135	2	22	159
Net book amount				
At 1 April 2018	101	2	45	148
Movement during the year	34	-	(23)	11
As at 31 March 2019	**135**	**2**	**22**	**159**

11. Trade and other receivables

	2019	2018
	€ m	€ m
Amounts owed by Group undertakings	495	467
Amounts owed by associated undertakings	111	4
Other receivables	28	23
Prepayments and accrued income	17	11
	651	505

Amounts owed by Group and associated undertakings relate to trading balances due for services provided.

12. Creditors: amounts falling due within one year

	2019 €m	2018 €m
Bank overdraft	1	2
Creditors	68	71
Amounts owed to parent undertaking	111	199
Amounts owed to group undertakings	532	319
Other taxes and social security costs	80	97
Group relief payable	23	15
Accruals	97	99
	912	802

Amounts owed to Group undertakings relate to trading balances due for services received. Amounts owed to parent undertaking are repayable on demand and attract interest at the 1 month EURIBOR or LIBOR rate.

13. Provisions for liabilities

	Reorganisation €m	Other €m	Total €m
At 1 April 2018	9	3	12
Additions to the income statement	28	1	29
Unused amounts reversed to the income statement	(1)	-	(1)
Amounts utilised	(8)	(1)	(9)
As at 31 March 2019	28	3	31

Reorganisation
Reorganisation provisions at 31 March 2019 relate to business restructuring activities and are expected to be utilised within the forthcoming year.

Other
Other provisions at 31 March 2019 include amounts in respect of onerous contracts, of which €1 million is payable in greater than one year.

14. Deferred tax asset

The elements of deferred taxation which have been recognised as assets in the statement of financial position are as follows:

	2019 €m	2018 €m
Accelerated capital allowances	124	120
Share based payments	11	15
Pension liability	10	8
Deferred tax asset	145	143

Deferred tax assets have not been discounted.

	2019 €m	2018 €m
Deferred tax assets due within 12 months	21	57
Deferred tax liabilities due within 12 months	-	(19)
Deferred tax asset due within 12 months	21	38
Deferred tax assets due after 12 months	124	105
Deferred tax asset	145	143

The reconciliation of the deferred tax as at 31 March 2019 are as follows:

	Accelerated capital allowances €m	Share-based payments €m	Pension deficit €m	Total €m
At 1 April 2018	120	15	8	143
Credited/(charged) to the income statement	4	(3)	1	2
Charged directly to other comprehensive income	-	(1)	1	-
At 31 March 2019	124	11	10	145

The recoverability of the deferred tax asset is based on the Directors' expectations of surrendering the losses to other Group companies at value.

The tax rate for the current year is 19%. A further rate reduction to 17% (effectively from 1 April 2020) was substantively enacted on 6 September 2016. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements

The rate of 17% (2018: 17%) has been used to calculate the above deferred tax asset.

15. Post-employment benefits

The majority of the employees of the Company are former members of the Vodafone Group Pension Scheme (the 'Scheme"). This is a registered defined benefit scheme, the assets of which are held in an external trustee-administered fund. On 31 March 2010 the Company closed the scheme to future accrual. The pension cost for these defined benefit arrangements is included in the summary information shown below.

The Company also operates a registered defined contribution arrangement (the Vodafone UK Defined Contribution Pension Plan) which all new employees are eligible to join together with main Scheme members from 31 March 2010.

Amount charged to the income statement is as follows:	2019 €m	2018 €m
Defined benefit schemes:		
Vodafone Group Pension Scheme-UK	4	2
Defined contribution scheme:		
Vodafone UK Defined Contribution Pension Plan	34	31
	38	33

Defined benefit scheme

Vodafone Group Pension Scheme-UK

The main scheme is subject to quarterly funding updates by independent actuaries and to formal actuarial valuations at least every three years. As at 31 March 2019 the Scheme's assets were valued at £2,527 million (2018: £2,432 million), and its liabilities at £2,727 million (2018: £2,583 million). This represents a funding ratio of 93% and a deficit of £200 million (2018: 94% and £151 million). The Company has 26.52% share in this scheme.

The funding policy for the UK Scheme is reviewed on a systematic basis in consultation with the independent scheme actuary in order to ensure that the funding contributions from sponsoring employers are appropriate to meet the liabilities of the scheme over the long term.

Actuarial assumptions

The Group's scheme liabilities are measured using the actuarial assumptions set out below:

	2019 %	2018 %
Weighted average actuarial assumptions used at 31 March:		
Rate of inflation	3.2	3.2
Discount rate	2.5	2.6

Life expectancy of pensioners aged 65 are as follows:	On 31 March 2019	Retiring In 25 years
Male	23.0	26.1
Female	26.5	29.3

15. Post-employment benefits (continued)

Fair value of the assets and present value of the liabilities of the scheme

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit schemes is as follows:

	Assets €m	Liabilities €m	Net deficit €m
1 April 2017	754	(835)	(81)
Interest income/(cost)	18	(19)	(1)
Benefits paid	(23)	23	-
Expenses paid	(1)	-	(1)
Employer contributions	55	-	55
Actuarial losses arising from changes in financial assumptions	-	(2)	(2)
Actuarial loss due to change in demographic assumptions	-	(18)	(18)
Return on plan assets excluding interest income			
Exchange rate movements	(69)	70	1
31 March 2018	734	(781)	(47)
Interest income/(cost)	19	(20)	(1)
Benefits paid	(20)	20	-
Return on plan assets excl. interest	31	-	31
Service credit	-	(3)	(3)
Actuarial losses arising from changes in financial assumptions	-	(41)	(41)
Actuarial loss due to change in demographic assumptions	-	(2)	(2)
Exchange rate movements	12	(10)	2
31 March 2019	776	(837)	(61)

An analysis of net deficit is provided below:

Analysis of net deficit	2019 €m	2018 €m
Total fair value of scheme assets	776	734
Present value of scheme liabilities	(837)	(781)
Net deficit		

The fair value of plan assets is as follows:

Fair value of plan assets	2019 €m	2018 €m
Equity instruments	240	216
Debt instruments	532	546
Assets held by insurance companies	47	45
Real Estate	29	
Derivatives	(148)	(143)
Funds	73	69
Cash	3	1
Total	776	734

15. Post-employment benefits (continued)

Sensitivity analysis

Measurement of the Company's defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 31 March 2019.

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. In presenting this sensitivity analysis, the change in the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

	Increase / (decrease) in present value of defined benefit obligation €m
Rate of inflation	
Decrease by 0.5%	(71.6)
Increase by 0.5%	82.4
Discount rate	
Decrease by 0.5%	116.2
Increase by 0.5%	(98.1)
Life expectancy	
Decrease by 1 year	(29.0)
Increase by 1 year	29.1

Defined contribution scheme

Vodafone UK Defined Contribution Pension Plan

The Company operates a registered defined contribution arrangement (the Vodafone UK Defined Contribution Pension Plan) which all employees are eligible to join.

Defined contribution pension costs charged to the income statement were €34 million (2018: €31 million).

16. Share-based payments

The Company currently uses a number of equity-settled share plans to grant a right to acquire shares in Vodafone Group Plc, the ultimate parent of the Company, to its directors and employees.

The Company has applied the exemption permitted by IFRS 2 that allows the measurement of this expense to be calculated only on share awards and share options after 7 November 2009. IFRS 2 requires that equity-settled share based payments issued to the Company's employees are measured at fair value and that this value is expensed over the vesting period, with an equivalent credit taken directly to equity as a capital contribution. On vesting of the shares, the Company is charged the intrinsic value of the share by Vodafone Group Plc. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

Vodafone Group Sharesave Plan

Scheme description

The Vodafone Group Sharesave Plan (and its predecessors - the Vodafone Group 2008 Sharesave Plan and the Vodafone Group 1998 Sharesave Scheme) enables UK staff to acquire shares in Vodafone Group Plc, through monthly savings of up to £375, over a three or five-year period, at the end of which they also receive a tax-free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of Vodafone Group Plc's shares. Invitations to participate in this scheme are usually issued annually.

Vodafone Share Incentive Plan

Scheme description

The Share Incentive Plan enables UK staff to acquire shares in Vodafone Group Plc through monthly purchases of up to £125 per month or 5% of salary, whichever is lower. For each share purchased by the employee, the Company provides a free matching share. The plan was closed for future contributions from April 2018.

Vodafone Group executive plans

Scheme description

Under the Vodafone Global Incentive Plan (and its predecessor the Vodafone Group Plc 1999 Long Term Stock Incentive Plan), awards of performance shares in Vodafone Group Plc are granted to Directors and certain employees. The release of these shares is conditional upon achievement of performance targets measured over a three year period.

16. Share-based payments (continued)

Summary of share options outstanding

	31 March 2019		31 March 2018	
	Options In millions	Weighted average remaining contractual life In months	Options In millions	Weighted average remaining contractual life In months
Vodafone Group Savings Related and Sharesave Scheme £0.95 - £1.89	14.5	28	10.9	26
Vodafone Group 1999 Long Term Stock Incentive Plan	-	-	-	-
Total	14.5		10.9	

Of the total outstanding share options of 14.5 million (2018: 10.9 million), there were no exercisable options at the year-end (2018: None).

17. Share capital

Ordinary shares

	No.	€
Allotted, issued and fully paid of €1 each		
As at 1 April 2018	1,286	1,286
As at 31 March 2019	1,286	1,286

Deferred share of £1 (€1)		
As at 1 April 2018	1	1
As at 31 March 2019	1	1

Total		
As at 1 April 2018	1,287	1,287
As at 31 March 2019	1,287	1,287

18. Capital and other commitments

	2019 €m	2018 €m
Contracts placed for future capital expenditure not provided in the financial statements	6	5

19. Related party disclosures

The Company has taken advantage of the related party disclosures exemption granted under paragraph 8 'FRS 101' reduced disclosure framework to not to disclose transactions with Vodafone Group Plc Group companies.

During the year, the Company provided €154m (2018: €74m) of Group support services to two indirect associated undertakings, Vodafone Ziggo Group Holding B.V, a Group joint venture in Netherlands (€72m) and Vodafone Idea Ltd (€82m). At the year-end €112m (2018: €4m) was outstanding and included within trade and other receivables.

20. Controlling parties

The immediate parent company of Vodafone Group Services Limited is Vodafone International Operations 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 Group Services Limited, and the smallest and largest Group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, a company registered in England and Wales.

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, United Kingdom.

21. Events after the end of the reporting year

The Company will continue to 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.