

**VODAFONE 2.**

**Company No: 4083193**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2011**

WEDNESDAY



\*A0057Q01\*

A10

14/12/2011

#375

COMPANIES HOUSE

## **VODAFONE 2.**

**Company No: 4083193**

### **REPORT OF THE DIRECTORS**

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

#### **Principal activity and review of business**

The principal activity of Vodafone 2 ("the Company") is the managing of short term liquidity, cash resources, foreign exchange and interest exposure, and acting as a holding company in respect of certain investments of the Vodafone Group. Vodafone 2 is an unlimited company. The directors do not anticipate that the business of the Company will change in the foreseeable future. The directors are satisfied with the position and performance of the Company in the year.

#### **Results and dividends**

The profit and loss account is set out on page 5 of the financial statements. For the year ended 31 March 2011, there was a loss on ordinary activities after taxation of £357,375,000 (2010: loss of £592,885,000). The loss for the year has decreased compared to the prior year due to the impact of prior year tax adjustments.

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

#### **Directors**

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

J C Morton  
G R G Rudolph  
P G Stephenson  
N A Wright

#### **Auditor**

Deloitte LLP have indicated their willingness to continue in office for the next financial year. In addition, the Company had, prior to 1 October 2007, passed an elective resolution dispensing with the requirement to re-appoint its auditor annually.

#### **Registered office**

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

## **VODAFONE 2.**

**Company No: 4083193**

### **REPORT OF THE DIRECTORS (continued)**

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Indemnification of directors**

In accordance with the Company's articles of association and to the extent permitted by law the directors may be granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, Vodafone Group Plc maintained a directors' and officers' liability insurance policy throughout the financial period. This policy is renewed annually in August. Neither the Company's indemnity nor the insurance provides cover in the event that the director is proven to have acted dishonestly or fraudulently.

#### **Statement as to disclosure of information to auditor**

Having made the requisite enquiries, so far as each of the directors is aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditor is 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 auditor is aware of that information.

The report of the directors was approved by the Board on 9 December 2011 and signed on its behalf by



Vodafone Corporate Secretaries Limited  
Secretary

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF**

### **VODAFONE 2.**

We have audited the financial statements of Vodafone 2 for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF**

### **VODAFONE 2. (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Hadleigh Shekle (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
12 December 2011

**VODAFONE 2.**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2011**

		2011	2010
	Note	£'000	£'000
Administrative expenses and operating loss	2	(16)	(13)
Interest receivable and similar income	3	7,641	25,481
Interest payable and similar charges	4	<u>(315,689)</u>	<u>(321,828)</u>
Loss on ordinary activities before taxation		(308,064)	(296,360)
Tax charge on loss on ordinary activities	5	<u>(49,311)</u>	<u>(296,525)</u>
Loss for the year	10	<u><u>(357,375)</u></u>	<u><u>(592,885)</u></u>

The Company has no other recognised gains or losses in the current or preceding year and therefore no separate statement of total recognised gains and losses has been presented

All results derive from continuing operations

The accompanying notes are an integral part of these financial statements

**VODAFONE 2**  
**BALANCE SHEET**  
**AT 31 MARCH 2011**

		2011	2010
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Fixed assets investments	6	159,007,685	159,007,685
<b>CURRENT ASSETS</b>			
Debtors	7	2,742,078	1,819,359
Creditors amounts falling due within one year	8	<u>(66,115,546)</u>	<u>(64,835,452)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(63,373,468)</u>	<u>(63,016,093)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b>		<u><u>95,634,217</u></u>	<u><u>95,991,592</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	7,425,191	7,425,191
Share premium account		130,385,903	130,385,903
Profit and loss account	10	<u>(42,176,877)</u>	<u>(41,819,502)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	11	<u><u>95,634,217</u></u>	<u><u>95,991,592</u></u>

The financial statements were approved by the Board on 9 December 2011 and were authorised for issue and signed on its behalf by

 Director  
 P G Stephenson

The accompanying notes are an integral part of these financial statements

## **VODAFONE 2.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MARCH 2011**

##### **1. Statement of accounting policies**

The particular accounting policies adopted are described below. The accounting policies have been applied on a consistent basis during the current and preceding year.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards.

##### **Basis of preparation**

The financial statements are prepared in pounds sterling as this is the most appropriate functional currency for the Company's operations.

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.

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements. Foreign currency monetary assets and liabilities are translated into pounds sterling at year end rates.

All foreign exchange differences are recognised in the profit and loss account.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.



## **VODAFONE 2.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MARCH 2011**

##### **1 Statement of accounting policies (continued)**

###### **Cash flow statement**

In accordance with the provisions of Financial Reporting Standard 1 (Revised), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of Vodafone Group Plc, a company registered in England and Wales, which prepares consolidated financial statements that include the cash flows of the Company, and which are publicly available

###### **Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

##### **2. Administrative expenses and operating loss**

Fees for the audit of the Company's annual financial statements of £2,129 (2010 £2,129) were borne by the Company in the current year

The directors did not receive any remuneration from the Company in the financial year (2010 £nil)

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

##### **3. Interest receivable and similar income**

	2011	2010
	£'000	£'000
Group undertakings	<u>7,641</u>	<u>25,481</u>

##### **4. Interest payable and similar charges**

	2011	2010
	£'000	£'000
Group undertakings	<u>315,689</u>	<u>321,828</u>

## VODAFONE 2.

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 MARCH 2011

##### 5. Tax charge on loss on ordinary activities

	2011	2010
	£'000	£'000
Prior year adjustment for under provision	(49,270)	(296,496)
Total UK current tax charge	(49,270)	(296,496)
Deferred tax origination and reversal of timing differences	(41)	(29)
Total tax charge	(49,311)	(296,525)

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

The actual tax charge for the current and previous year differs from the tax charge at the standard rate for the reasons set out in the following reconciliation

	2011	2010
	£'000	£'000
Loss on ordinary activities before tax	(308,064)	(296,360)
Tax credit on loss on ordinary activities before tax at standard rate of 28% (2010 28%)	86,258	82,981
Factors affecting tax charge for the year		
Adjustment to tax credit in respect of prior years	(49,270)	(296,496)
Group relief surrendered for nil consideration	(86,287)	(83,010)
Other timing differences	29	29
Current tax charge for the year	(49,270)	(296,496)

With effect from 1 April 2011 the UK corporation tax rate is 26%

## VODAFONE 2.

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 MARCH 2011

#### 6 Investments

	Shares in Group Undertakings £'000
Cost	
1 April 2010 and 31 March 2011	<u>172,000,185</u>
Provision for impairment	
1 April 2010 and 31 March 2011	<u>(12,992,500)</u>
Net book value	
31 March 2010 and 31 March 2011	<u>159,007,685</u>

Investments include the following significant investments

<u>Company Name</u>	<u>Holding</u>	<u>Country of registration</u>	<u>% shareholding</u>
Vodafone Holdings Luxembourg Limited	£1 ordinary shares	England and Wales	100.00%
Vodafone Jersey Dollar Holdings Limited	US\$1 ordinary shares	Jersey	5.88%

#### 7. Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed by immediate parent undertaking	1,239,867	1,233,685
Amounts owed by ultimate parent undertaking	1,496,422	257,071
Amounts owed by group undertakings	5,652	328,425
Deferred tax asset	<u>137</u>	<u>178</u>
	<u>2,742,078</u>	<u>1,819,359</u>

## VODAFONE 2.

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 MARCH 2011

##### 7. Debtors (continued)

	2011	2010
	£'000	£'000
Amounts falling due after more than one year included above are		
Deferred tax asset	<u>137</u>	<u>178</u>
Deferred tax asset	£'000	
1 April 2010	178	
Amounts charged to profit and loss account	<u>(41)</u>	
31 March 2011	<u>137</u>	

With effect from 1 April 2011 the UK corporation tax rate is 26%. The rate of 26% (2010: 28%) has been used to calculate the above deferred tax asset. An amount of £11,000 has been included in the current year deferred tax charge in the profit and loss account in respect of this rate reduction.

##### 8. Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Amounts owed to ultimate parent undertaking	14,124,949	14,586,822
Amounts owed to group undertakings	51,540,597	48,998,630
Corporation tax	<u>450,000</u>	<u>1,250,000</u>
	<u>66,115,546</u>	<u>64,835,452</u>

##### 9. Called up share capital

	2011	2010
	£'000	£'000
Allotted, called up and fully paid		
7,425,191,221 (2010: 7,425,191,221) ordinary shares of £1 each	<u>7,425,191</u>	<u>7,425,191</u>

## VODAFONE 2.

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 MARCH 2011

#### 10. Reserves

	Profit and loss account £'000
1 April 2010	(41,819,502)
Loss for the year	<u>(357,375)</u>
31 March 2011	<u>(42,176,877)</u>

#### 11. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Loss for the year	<u>(357,375)</u>	<u>(592,885)</u>
Net movement in shareholders' funds	(357,375)	(592,885)
Opening shareholders' funds	<u>95,991,592</u>	<u>96,584,477</u>
Closing shareholders' funds	<u>95,634,217</u>	<u>95,991,592</u>

#### 12. Related party disclosures

The Company is a wholly owned subsidiary of Vodafone Group Plc and has taken advantage of the exemption granted by paragraph 3(c) Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the Group who are related parties

#### 13. Ultimate parent company

The immediate parent company of Vodafone 2, company number 4083193, is Vodaphone Limited, a company registered in the United Kingdom. The ultimate parent company and controlling entity of Vodafone 2, and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, a company registered in England and Wales. As a wholly owned subsidiary of a company registered in England and Wales, for which Group consolidated financial statements are prepared, the Company has taken advantage of Section 400 of the Companies Act 2006 and has not prepared consolidated financial statements.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2011 may be obtained from the company's website [www.vodafone.com](http://www.vodafone.com) or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.