

VODAFONE 2.

Company No: 4083193

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 March 2013

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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 2013

Principal activity and review of business

The activities of Vodafone 2, ("the Company") are the holding of intercompany balances associated with management of funding and related treasury matters for the Vodafone Group Plc group of companies ("the Group") The Company also acts as an investment holding 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

Results and dividends

The profit and loss account is set out on page 3 of the financial statements For the year ended 31 March 2013, there was a loss on ordinary activities after taxation of £272,119,000 (2012 £298,003,000) The loss for the year has decreased compared to the prior year primarily due to a higher tax credit in the year ended 31 March 2013

The directors do not recommend the payment of a dividend (2012 £nil)

Directors

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

J C Morton
P G Stephenson
N A Wright

Auditor exemption

For the year ended 31 March 2013 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

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

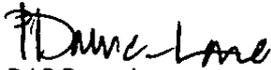
- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate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

The report of the directors was approved by the Board on 12 December 2013 and signed on its behalf by



P J B Dawe-Lane
Vodafone Corporate Secretaries Limited
Secretary

VODAFONE 2.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £'000	2012 £'000
Administrative expenses and operating loss	2	(41)	(82)
Interest receivable and similar income	3	27,302	60,739
Interest payable and similar charges	4	<u>(338,382)</u>	<u>(379,089)</u>
Loss on ordinary activities before taxation		(311,121)	(318,432)
Tax credit on loss on ordinary activities	5	<u>39,002</u>	<u>20,429</u>
Loss for the year	10	<u><u>(272,119)</u></u>	<u><u>(298,003)</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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Investments	6	159,007,685	159,007,685
CURRENT ASSETS			
Debtors	7	4,973,443	5,016,951
Creditors amounts falling due within one year	8	<u>(68,917,033)</u>	<u>(68,688,422)</u>
NET CURRENT LIABILITIES		<u>(63,943,590)</u>	<u>(63,671,471)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<u><u>95,064,095</u></u>	<u><u>95,336,214</u></u>
CAPITAL AND RESERVES			
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>(42,746,999)</u>	<u>(42,474,880)</u>
TOTAL SHAREHOLDERS' FUNDS	11	<u><u>95,064,095</u></u>	<u><u>95,336,214</u></u>

For the year ended 31 March 2013 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements were approved by the Board on 12 December 2013 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 2013

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.

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.

VODAFONE 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

2. Administrative expenses and operating loss

As the Company is exempt from audit fees no audit fees were borne by the Company in the current year (2012 £2,129)

The directors did not receive any remuneration from the Company in the financial year (2012 £nil)

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

3 Interest receivable and similar income

	2013	2012
	£'000	£'000
Group undertakings	<u>27,302</u>	<u>60,739</u>

4. Interest payable and similar charges

	2013	2012
	£'000	£'000
Group undertakings	<u>338,382</u>	<u>379,089</u>

5. Tax credit on loss on ordinary activities

	2013	2012
	£'000	£'000
UK corporation tax at 24% (2012 26%)	39,030	24,128
Prior year adjustment for under provision	-	(3,663)
Total UK current tax credit	<u>39,030</u>	<u>20,465</u>
Deferred tax origination and reversal of timing differences	<u>(28)</u>	<u>(36)</u>
Total tax credit	<u>39,002</u>	<u>20,429</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 24% (2012 26%)

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

VODAFONE 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

5. Tax credit on loss on ordinary activities (continued)

	2013	2012
	£'000	£'000
Loss on ordinary activities before tax	<u>(311,121)</u>	<u>(318,432)</u>
Tax credit on loss on ordinary activities before tax at standard rate of 24%(2012 26%)	74,669	82,792
Factors affecting tax charge for the year		
Adjustment to tax credit in respect of prior years	-	(3,663)
Group relief surrendered for nil consideration	(35,664)	(58,692)
Other timing differences	<u>25</u>	<u>28</u>
Current tax credit for the year	<u>39,030</u>	<u>20,465</u>

With effect from 1 April 2013 the UK corporation tax rate is 23%

6. Investments

	Shares in Group Undertakings £'000
Cost	
1 April 2012 and 31 March 2013	<u>172,000,185</u>
Provision for impairment	
1 April 2012 and 31 March 2013	<u>(12,992,500)</u>
Net book value	
1 April 2012 and 31 March 2013	<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%

VODAFONE 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

7. Debtors

	2013	2012
	£'000	£'000
Amounts falling due within one year		
Amounts owed by immediate parent undertaking	1,252,343	1,246,098
Amounts owed by ultimate parent undertaking	1,297,945	3,740,971
Amounts owed by group undertakings	2,384,052	5,653
Group relief receivable	39,030	24,128
Deferred tax asset	<u>73</u>	<u>101</u>
	<u>4,973,443</u>	<u>5,016,951</u>
	2013	2102
	£'000	£'000
Amounts falling due after more than one year included above are		
Deferred tax asset	<u>73</u>	<u>101</u>
Deferred tax asset	£'000	
1 April 2012	101	
Amounts charged to profit and loss account	<u>(28)</u>	
31 March 2013	<u>73</u>	

A deferred tax asset of £73,000 has been recognised at 31 March 2013 (2012 £101,000) relating to the FRS 26 adjustments to debtors and creditors

With effect from 1 April 2013 the UK corporation tax rate is 23%. The rate of 23% (2012 24%) has been used to calculate the above deferred tax asset. An amount of £3,000 has been included in the current year deferred tax charge in the profit and loss account in respect of this rate reduction.

On 20 March 2013 the UK government announced a reduction in the rate of corporation tax from 23% to 21% with effect from 1 April 2014, with a further reduction to 20% taking effect from 1 April 2015. These rate changes were substantively enacted on 2 July 2013. The deferred tax asset in these financial statements is calculated at the rate substantively enacted at the balance sheet date. The reduction in the deferred tax asset as a result of the change in rate substantively enacted since the balance sheet date is estimated to be £5,000.

VODAFONE 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

8. Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Amounts owed to ultimate parent undertaking	17,634,404	15,105,818
Amounts owed to group undertakings	51,032,629	53,232,604
Corporation tax	250,000	350,000
	<u>68,917,033</u>	<u>68,688,422</u>

9. Called up share capital

	2013	2012
	£'000	£'000
Allotted, called up and fully paid		
7,425,191,221 (2012 7,425,191,221) ordinary shares of £1 each	<u>7,425,191</u>	<u>7,425,191</u>

10. Reserves

	Profit and loss account
	£'000
1 April 2012	(42,474,880)
Loss for the year	<u>(272,119)</u>
31 March 2013	<u>(42,746,999)</u>

VODAFONE 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

11 Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Loss for the year	(272,119)	(298,003)
Net movement in shareholders' funds	(272,119)	(298,003)
Opening shareholders' funds	95,336,214	95,634,217
Closing shareholders' funds	95,064,095	95,336,214

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, is Vodafone Limited, a company registered in England and Wales. 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 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 2013 may be obtained from the company's website www.vodafone.com or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.