

Company Registration No. 04659719

Cable & Wireless Europe Holdings Limited

Directors' report and financial statements

For the year ended 31 March 2014

**Registered Office
Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN**

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2014

Principal activities and review of developments

The principal activity of the Company is to act as an investment holding company. No change in the Company's activities is envisaged in the foreseeable future.

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

Business review

The profit for the year amounted to £153,148,000 (2013: loss of £11,853,000). The profit for the year is mainly due to the write back of loan provision and waiver of loans with fellow group companies totalling £137,508,000, partly offset by loss on disposal of £3,662,000 in its investment in Vodafone Enterprise Germany GmbH to a fellow group company and net finance income of £25,068,000. The loss incurred in 2013 was attributed to increase in provision against loans with fellow group companies of £47,256,000 partly mitigated by net finance income of £35,479,000.

The Directors consider that the Company has sufficient funding to meet its needs. Accordingly the Directors have prepared the financial statements on a going concern basis.

Dividends

The Directors do not recommend the payment of a dividend (2013: £nil).

Directors of the Company

The Directors who held office during the year and subsequent to the year end were:

P S Davis (resigned 1 September 2014)

A R Kinch (resigned 30 November 2014)

K Phillip (appointed 1 September 2014)

R Mullock (appointed 8 December 2014)

Vodafone Corporate Secretaries Limited (appointed 8 December 2014)

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' report

(continued)

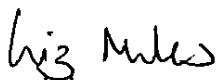
Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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



Director, for and on behalf of Vodafone Corporate Secretaries Limited
Company secretary

Date 15/12/14

E. MILES.

Statement of Directors' responsibilities

The Directors are responsible for preparing 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 elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent Auditor's Report to the Members of Cable & Wireless Europe Holdings Limited

We have audited the financial statements of Cable & Wireless Europe Holdings Limited for the year ended 31 March 2014, which comprise the Profit and loss account, the Reconciliation of movements in shareholders' funds, 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, set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 Cable & Wireless Europe Holdings Limited *(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, or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report or in preparing the Directors' report



David Griffin FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor
London, United Kingdom,

Date 15 December 2014

Profit and loss account

For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Amounts written back/(written off) against loans	3	137,508	(47,256)
Loss on disposal of investment	7	(3,662)	-
Operating profit/(loss)	2	133,846	(47,256)
Interest receivable and similar income	4	33,165	40,264
Interest payable and similar charges	5	(8,097)	(4,785)
Profit/(loss) on ordinary activities before taxation		158,914	(11,777)
Taxation	6	(5,766)	(76)
Profit/(loss) for the financial year		<u>153,148</u>	<u>(11,853)</u>

The results for the year are derived entirely from continuing operations

The company has no recognised gains or losses for the year other than the results above. Accordingly, no separate statement of total recognised gains and losses has been presented

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2014

	2014 £'000	2013 £'000
Profit/(loss) attributable to the members of the company	153,148	(11,853)
Net addition/(reduction) to shareholders' funds	153,148	(11,853)
Opening shareholders' funds at 1 April	248,189	260,042
Closing shareholders' funds at 31 March	401,337	248,189

Balance sheet

as at 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	7	17,914	17,914
Current assets			
Debtors	8	1,314,961	1,155,164
Cash at bank and in hand		-	133
		1,314,961	1,155,297
Creditors amounts falling due within one year	9	(931,538)	(925,022)
Net current assets		383,423	230,275
Net assets		401,337	248,189
Capital and reserves			
Called-up share capital	10	-	-
Share premium account	11	1,148,524	1,148,524
Profit and loss account	11	(747,187)	(900,335)
Shareholders' funds		401,337	248,189

These financial statements were approved by the Board of Directors and authorised for issue on 15/12/14 and signed on its behalf by


K Phillip
Director

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), and under the historical cost accounting rules

The financial statements have been prepared on a going concern basis. 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 1

After reviewing the Company's budget for the next 12 months, taking into account reasonably possible changes in trading performance, 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 is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group

Cash flow statement

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the financial statements of Vodafone Group Plc in which the Company is consolidated and which are publicly available from the address in note 13

Fixed asset investments

Investments in subsidiaries are included in the balance sheet at historical cost less any impairments recognised. Impairment reviews are carried out whenever events or changes in circumstances indicate that the carrying amount of the subsidiary may not be fully recoverable. Impairments are determined by comparing the carrying value of the subsidiary to its recoverable amount, being the higher of the subsidiary's net realisable value and its value in use. Impairments are recognised in the Profit and loss account. A reversal of an impairment occurs if the net assets of the investment increases in the following measurement period

Foreign currencies

Transactions during the year denominated in foreign currency have been translated at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rates of exchange ruling at the Balance sheet date. The resulting profits or losses are dealt with in the Profit and loss account

Notes to the financial statements

(continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Operating profit

The Directors did not receive any emoluments in respect of their services for this Company during the year (2013 £nil).

The Company had no employees during the year (2013 none).

In the current year, the auditor's remuneration of £4,000 (2013 £4,000) for the audit of these financial statements has been borne by another group company.

3 Amounts written back/(written off) against loans

During the year the directors reviewed the recoverability of intercompany loans to determine if a provision is required. The carrying value of the intercompany receivable was compared to the recoverable amount. This exercise resulted in a decrease in the provision of £137,508,000 (2013 increase in the provision £47,256,000).

4 Interest receivable and similar income

	2014 £'000	2013 £'000
Interest receivable from group undertakings	33,088	36,463
Net foreign exchange gain	-	3,771
Bank interest receivable	77	30
	<u>33,165</u>	<u>40,264</u>

Notes to the financial statements

(continued)

5 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	70	22
Interest on loans from group undertakings	3,571	4,763
Net foreign exchange loss	4,456	-
	<u>8,097</u>	<u>4,785</u>

6 Taxation

Tax charge on profit/(loss) on ordinary activities

	2014 £'000	2013 £'000
Current tax		
UK Corporation Tax at 23% (2013 24%)	5,766	-
Double taxation relief	(48)	-
UK Corporation Tax at 23% (2013 24%) after double tax relief	5,718	-
Overseas tax charge	48	76
Total tax charge	<u>5,766</u>	<u>76</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 23% (2013 - 24%)
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

	2014 £'000	2013 £'000
Profit/(loss) on ordinary activities before taxation	158,914	(11,777)
Tax on profit/ (loss) on ordinary activities before tax at standard rate of 23% (2013 24%)	36,550	(2,826)
Factors affecting tax charge for the year:		
(Non-taxable)/Non-deductible items	(30,784)	11,341
Double taxation relief	(48)	(76)
Overseas withholding tax suffered	48	76
Group relief claimed without payment	-	(8,439)
Current tax charge for the year	<u>5,766</u>	<u>76</u>

Notes to the financial statements

(continued)

7 Fixed asset investments

Shares in group undertakings

	Subsidiary undertakings £'000
Cost	
At 1 April 2013	54,848
Disposals	<u>(15,195)</u>
At 31 March 2014	<u>39,653</u>
Provision for impairment	
At 1 April 2013	(36,934)
Eliminated on disposal	<u>15,195</u>
At 31 March 2014	<u>(21,739)</u>
Net book value	
At 31 March 2014	<u>17,914</u>
At 31 March 2013	<u>17,914</u>

The Directors have carried out a review to determine whether there has been an impairment in the carrying values of its fixed asset investments in line with FRS 11 'Impairment of fixed assets and goodwill'. The carrying value of the investment in subsidiary was compared to the recoverable amount. The recoverable amount of the investment was deemed to be the net asset value of the subsidiary and its investments. A valuation based on net asset values was considered to be appropriate as the companies in the group are either dormant, holding or small trading companies. This exercise resulted in no impairment required for both current and prior years.

During the year the Company disposed of its investment in Cable & Wireless Telecommunications Services GmbH with a payment of £3,662,000 to a fellow group company.

Notes to the financial statements

(continued)

7 Fixed asset investments (continued)

Principal subsidiary undertakings

Details of principal operating subsidiary undertakings are given below

Subsidiary undertaking	Class	Ownership	Country of incorporation	Principal activities
Vodafone Enterprise France SAS	Ordinary shares	100%	France	Telecommunications
Cable & Wireless S p A	Ordinary shares	100%	Italy	Telecommunications
Vodafone Enterprise Europe (UK) Limited	Ordinary shares	100%	United Kingdom	Telecommunications
Vodafone Enterprise Espana SLU	Ordinary shares	100%	Spain	Telecommunications

A full list of all subsidiary undertakings will be included with the ultimate parent company's Annual Return

8 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Amounts due from group undertakings	<u>1,314,961</u>	<u>1,155,164</u>

The amounts due from group undertakings bear interest of LIBOR plus 3.50%. The loans and any interest accrued thereon become repayable in full on the last day of each borrowing period or immediately upon demand. The carrying amount of debtors is a reasonable approximation to fair value.

Notes to the financial statements

(continued)

9 Creditors

	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Bank loans and overdrafts	17	-
Amounts due to group undertakings	925,803	925,022
Group relief payable	5,718	-
	<u>931,538</u>	<u>925,022</u>

The amounts due to group undertakings are unsecured and bear interest of LIBOR. The loans and any interest accrued thereon become repayable in full on the last day of each borrowing period or immediately upon demand of the lender.

10 Called-up share capital

Allotted, called-up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Notes to the financial statements

(continued)

11 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2013	1,148,524	(900,335)
Profit for the year	-	153,148
At 31 March 2014	<u>1,148,524</u>	<u>(747,187)</u>

12 Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose transactions with wholly-owned entities that are part of the Vodafone Group, as all of the Company's voting rights are controlled within the Group. There are no transactions with any other related parties.

13 Ultimate parent company and controlling party

The Company's immediate parent company is Cable & Wireless UK Holdings Limited, a company registered in England and Wales.

The Directors regard Vodafone Group Plc, a company registered in England and Wales, as the ultimate parent company and controlling party.

The smallest and largest group in which the results of the Company are consolidated is that of Vodafone Group Plc, the parent company. The consolidated financial statements of Vodafone Group Plc may be obtained from the Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire RG14 2FN.