Company Registration No 6798969

Thus Limited

Directors' report and financial statements

31 March 2013

Registered Office
Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

Contents

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2013

Principal activities and business review

During the year, the Company's principal activity was the supply of telecommunications services and equipment

The Company specialised in providing telecommunications services to United Kingdom small and medium sized enterprises ("SME's") with a focus on high quality, repeatable and reliable services Services were provided under the THUS and Demon brands and are serviced both directly and indirectly via reseller partners

The bulk of the business revenues and earnings were generated from Data and Internet product and service propositions

The UK telecommunications market continues to be highly fragmented with a significant number of network operators and business resellers competing for the same business Despite being a highly fragmented marketplace, the market is still dominated by the historic incumbent supplier Lack of differentiation of key product offerings mean the marketplace is dominated by pricing pressures

The trading results for the year continue to reflect the difficult market conditions and competitive landscape that the company operates under

Future Developments and Going Concern

On 27 July 2012, the company, as part of Cable & Wireless Worldwide Group, was acquired by Vodafone Group plc

On 31 March 2013, the company sold its trade and net assets to Vodafone Limited for £35,386,000 which represents the net book value of the net assets on the date of transfer The company is not expected to trade going forward As a result, the financial statements have been prepared on a basis other than that of a going concern

Financial risk management

The Company is exposed to a variety of financial risks that include the effects of credit risk and liquidity risk The Company has in place risk management programmes that seek to limit the adverse effects on the financial performance of the Company

Credit risk

Credit risk procedures on trade debtors vary depending on the size or type of customer These procedures include such activities as credit checks, payment history analysis and credit approval limits Based on these procedures, management assessed the credit quality of those trade debtors that are neither past due nor impaired as low risk There have been no significant changes to the composition of trade debtor counterparties within the Company that indicate this would change in the future There has been an economic downturn in markets in which the Company operates This would indicate an increased credit risk on trade debtors that are neither past due nor impaired However, management have assessed this risk and, after providing additional valuation allowance where necessary, continue to support the assessment of credit quality as low risk

Liquidity risk

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due The Company manages liquidity risk with the use of robust forecasts to ensure that it has sufficient funds to meet all its potential liabilities as they fall due These forecasts take account of reasonably possible downsides against expected outcomes so as to ensure adequate contingency levels are maintained

Liquidity forecasts are produced on a regular basis to ensure medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements

Directors' report

Key Performance Indicators and Performance review
Measurement of how the Company is performing against its aims and strategies is currently based on three key performance indicators

	31 March 2013	31 March 2012
Gross Margin (% turnover)	**34%**	36%
Operating costs (before depreciation, amortisation & exceptional items - % turnover)	**22%**	24%
EBITDA (earnings before interest, tax, depreciation and amortisation and before exceptional costs - % turnover)	**12%**	12%

Revenue in the year to 31 March 2013 was £93 7m compared with £106 3m in 2012 The bulk of the revenue decrease can be accounted for by the decline in mature and legacy products sets

Gross margin decreased from £38 3m to £31 7m and as a percentage of revenues it decreased from 36% to 34% Operating costs before depreciation, amortisation and exceptional items were £20 4m compared with £25 5m in the prior year During the year, operating costs decreased primarily due to a reduction in salary and IT costs EBITDA before exceptional items was £11 3m compared with £12 8m in the prior year EBITDA decreased by £1 5m but as a percentage of revenues was consistent with the prior year at 12%

Dividends

The Directors do not recommend the payment of a dividend (2011 £nil)

Policy and practice on payment of creditors
The Company agrees payment terms with its suppliers when it enters into binding purchase contracts and seeks to abide fairly by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions

At the year end, there were 3 days purchases in external trade creditors (2012 3 days)

Directors' report

Directors of the company

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

P S Davis

S Mahon

I Hughes

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

Employees

The Company has developed employment policies that comply with local requirements and meet relevant standards on employment of disabled people Full and fair consideration is given to disabled applicants for employment and training, and career development is encouraged on the basis of aptitude and abilities It is the policy of the Company to retain employees who become disabled whilst in its service and to provide specialist training where appropriate

As a Company within a global telecommunications group, great emphasis is placed on effective employee communications and direct employee communication programmes have been established The Company values the involvement of its employees and continues to keep them informed on matters affecting them as employees and factors relevant to the performance of the Company Employee representatives are consulted regularly on a wide range of issues affecting the current and future interests of employees

The Company considers that the establishment of the right priorities and environment for people is essential for their performance and development and to the future of the Company

Health and Safety

The Company is committed to the well being of colleagues and recognises in its health and safety policy that a high standard of health and safety performance is integral to its corporate values and will contribute to business performance

Political & charitable contributions

The Company made no political donations and did not incur any political expenditure during the year

During the period, the Company made the following charitable donations £819 Irish Autism Action, £100 Wildhearts in Action and £91 50 Race for Life Charitable donations in 2012 totalled £550

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Approved by the Board on 18/12/2013 and signed on its behalf by

Directors' report

S Mahon
Director

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 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 him 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 Thus Limited

We have audited the financial statements of Thus Limited for the year ended 31 March 2013, which comprise the Profit and Loss Account, the Reconciliation of Movement in Shareholders' Funds the Balance Sheet and the related notes 1-15 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 Directors' Responsibilities Statement (set out on page 5), 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 2013 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

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

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 Thus 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

Andrew Bond (Senior statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading
United Kingdom

Date 18/12/2013

Profit and loss account

For the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	93 741	106,313
Cost of sales		(62,002)	(67,991)
Gross profit		31,739	38,322
Operating costs before depreciation, amortisation and exceptional items	3	(20 396)	(25,458)
Depreciation	3	(1,253)	(1,179)
Amortisation	3	(714)	(1,428)
Total operating costs		(22 363)	(28,065)
Operating profit		9,376	10,257
Profit on ordinary activities before taxation		9,376	10,257
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	11	9,376	10,257

All activities have been discontinued in the year

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

There were no other recognised gains or losses other than the profit for the current and prior year as shown above

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2013

	2013 £'000	2012 £'000
Opening shareholders funds	26,010	15 753
Profit for the year	9,376	10,257
Closing shareholders' funds at 31 March	35,386	26,010

The accompanying notes on pages 11 to 19 form an integral part of these financial statements

Balance sheet

as at 31 March 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	6	-	716
Tangible assets	7	-	3,190
		-	3,906
Current assets			
Debtors	8	35,386	55,938
Cash at bank and in hand		-	807
		35,386	56,745
Creditors Amounts falling due within one year	9	-	(34,145)
Net current assets		35,386	22,600
Total assets less current liabilities		35,386	26,506
Creditors Amounts falling due after more than one year	9	-	(496)
Net assets		35,386	26,010
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	35,386	26,010
Total shareholders' funds		35,386	26,010

These accounts were approved by the Board of Directors on 18/12/2013 and signed on its behalf by

S Mahon
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 applicable accounting standards and under the historical cost accounting rules

As explained in the Directors' Report, the Company sold its trade and net assets on 31 March 2013 The financial statements have been prepared on a basis other than that of a going concern No adjustments are required as a result of ceasing to adopt the going concern basis of accounting The financial statements do not include any provision for the future costs of winding up the company as none were committed at the balance sheet date

Revenue recognition

Revenue, which excludes discounts and value added tax, represents the amount receivable in respect of services provided to customers during the period and is accounted for on the accruals basis Revenue is only recognised when payment is probable

Revenue from services is recognised as the services are provided Revenue from service contracts that cover periods greater than twelve months is recognised in the profit and loss account in proportion to the services delivered at the reporting date In respect of services invoiced in advance amounts are deferred until provision of the service Revenue arising from the provision of other services, including maintenance contracts, is recognised evenly over the periods in which the service is provided

Amounts payable by and to telecommunications operators are recognised as the services are provided Charges are negotiated separately and are subject to continual review Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees In certain instances the Company uses estimates to determine the amount of income receivable from or payments to these other operators The prices at which these services are charged are sometimes regulated and may be subject to retrospective adjustment Estimates are used in assessing the likely impact of these adjustments In a similar way, the Company enters into supply agreements In certain instances it uses estimates of price or usage to determine the expense charged in any period These estimates are periodically adjusted to reflect actual pricing or usage as such information becomes available or is agreed with suppliers Credits and charges on adjustments to both interconnect and other supply arrangements are taken to operating profit in the year in which the adjustments are made

Revenue from sales of telecommunication equipment is recognised on delivery to and acceptance by the customer, as this is when the transfer of both significant risks and rewards of ownership and control is deemed to occur When the fair value of components cannot be assessed the revenue is spread over the term of the service

The total consideration on arrangements with multiple revenue-generating activities (generally the sale of telecom equipment and ongoing service) is allocated to those components that are capable of operating independently based on the estimated fair value of the components

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

Notes to the financial statements

(continued)

1 Accounting policies *(continued)*

Intangible fixed assets
Intangible fixed assets are recorded at cost and amortised on a straight line basis over their estimated useful lives, not exceeding 20 years The Directors estimate the useful economic life of the goodwill relating to each acquisition on an individual basis

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation The cost of fixed assets includes materials, direct labour and other incremental costs applicable to the design, construction and connection of the telecommunications networks and equipment Where the Company has a legal or constructive obligation to dismantle and remove its assets and restore the relevant sites, a provision is made for the estimated costs of the asset retirement obligation

Depreciation
Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful lives as follows

Plant and equipment	3 - 25 years
Computer software and hardware	3 - 5 years
Buildings	10 years

Depreciation is not provided on projects under construction

Asset impairment
Intangible and tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the fixed assets may not be recoverable Where an impairment indicator is identified, the carrying value of the income generating unit is compared with its recoverable amount Where the recoverable amount is less than the carrying value an impairment is recognised

Pensions
Defined contribution pension plan
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity 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

Multi-employer pension scheme
The Company is also a member of a pension scheme operated by the Cable & Wireless Worldwide Group and provides benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, hence as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for as if it were a defined contribution scheme, in these financial statements

The amounts charged to the profit and loss account include the cost of the contributions payable to the above scheme in respect of the accounting period

Any scheme liabilities were transferred to Vodafone Limited on 31 March 2013

Notes to the financial statements

(continued)

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 15

Stock

Stock represents equipment and other items for resale and is stated at the lower of cost and net realisable value

2 Turnover

The Company's operations are all considered to fall into a single class of business, namely telecommunications, and accordingly no segmental analysis of revenue operating profit or net assets is shown

In both the current year, turnover was generated predominately by operations in the United Kingdom

3 Operating profit

Operating profit is stated after charging

	2013 £'000	2012 £'000
Staff costs	12,229	13,751
Other operating expenses	8,167	11,707
	20,396	25 458
Depreciation of tangible assets	1,253	1 179
Amortisation of intangible assets	714	1,428
	22,363	28,065

Auditor's remuneration

	2013 £000	2012 £000
Audit of these financial statements	30	120

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent Vodafone Group plc

Notes to the financial statements

(continued)

4 Information regarding Directors and employees

The directors' remuneration for the year was as follows

	2013	2012
	£000	£000
Remuneration of directors		
Directors' emoluments	-	166
Company contributions to money purchase pension schemes	-	8
Compensation for loss of office	-	305
	-	479

The aggregate emoluments of the highest paid Director was £nil (2012 £88,367), and contributions to pension schemes of £nil (2012 £8,333)

The aggregate remuneration and associated costs of employees were

	2013	2012
	£'000	£'000
Salaries and wages	10,719	12,113
Social security costs	1,150	1,250
Pension costs		
Defined contribution plans	210	223
Defined benefit plans	150	165
Total Staff Costs	12,229	13,751

	2013	2012
	Number	Number
The average monthly number of persons employed during the year was	304	324

5 Taxation

Analysis of charge for the year

	2013	2012
	£'000	£'000
Current tax		
UK Corporation tax	-	-

Notes to the financial statements

(continued)

Factors affecting current tax charge for the year

The current tax charge is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	9,376	10,257
Corporation tax at standard rate	2,250	2,667
Depreciation in excess of capital allowances	299	306
Other timing differences	-	137
Permanent differences	173	372
Group relief claimed	(2,722)	(3,482)
Current tax for the period	-	-

Factors that may affect future tax charges

There is no deferred tax asset (2012 £384,000) on timing differences resulting from depreciation in excess of capital allowances and other timing differences

6 Intangible assets

	Goodwill £'000
Cost	
At 1 April 2012	5,000
Disposals	(5,000)
At 31 March 2013	-
Amortisation	
At 1 April 2012	4,286
Charge for the year	714
Disposals	(5,000)
At 31 March 2013	-
Net book value	
At 31 March 2013	-
At 31 March 2012	714

Goodwill was amortised over a period of 3 5 years reflective of the estimated useful life of the brand asset acquired with the acquisition of the Mid Market trade and assets of Cable & Wireless U K

Notes to the financial statements

(continued)

7 Tangible fixed assets

At 31 March 2012

	Land and buildings £'000	Projects under construction £'000	Software and hardware £'000	Total £'000
Cost or valuation				
At 1 April 2012	40	741	4,256	5,037
Additions	-	699	-	699
Transfer Between Categories	-	(842)	842	-
Transfer to Group entity	(40)	(598)	(5,098)	(5,736)
At 31 March 2013	-	-	-	-
Depreciation				
At 1 April 2012	(8)	-	(1 839)	(1,847)
Charge for the year	(4)	-	(1,249)	(1 253)
Transfer to Group entity	12	-	3,088	3,100
At 31 March 2013	-	-	-	-
Net book value				
At 31 March 2013	-	-	-	-
At 31 March 2012	32	741	2,417	3,190

Projects under construction are not depreciated until the asset is brought into use

The fixed assets were sold to a fellow group company on 31 March 2013, see Note 14 for more detail

8 Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	-	12,315
Amounts owed by fellow group undertakings	35,386	39,518
Other debtors	-	344
Prepayments and accrued income	-	3 761
	35,386	55 938

Notes to the financial statements
(continued)

9 Creditors

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade creditors	-	533
Amounts owed to fellow group undertakings	-	19,916
Taxation and social security	-	3,239
Other creditors	-	71
Accruals and deferred income	-	10,386
	-	34,145

	2013 £'000	2012 £'000
Amounts falling due after more than one year.		
Accruals and deferred income	-	496

10 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No	£	No	£
Ordinary share of £1 00 each	1	1	1	1

11 Reserves

	Profit and loss account £'000
At 1 April 2012	26,010
Profit for the year	9,376
At 31 March 2013	35,386

Notes to the financial statements

(continued)

12 Pension schemes

Defined contribution scheme

The pension cost for the year represents contributions payable by the Company to the schemes described in note 1 During the period these contributions amounted to £210,000 (2012 £223,000) No amounts were outstanding at the end of the financial year in respect of this charge

Multi-employer defined benefit scheme

The Company also has employees who are members of the Thus Group plc pension scheme providing benefits based on final pensionable pay This scheme was operated by Cable & Wireless U K An independent actuarial valuation of the Thus Group plc pension scheme showed a deficit of £0 3m on a funding basis as at 31 December 2011 Cable & Wireless U K Ltd made a one off contribution of £0 3m in March 2013 in order to fully fund this scheme on an ongoing basis The scheme is now operated by Vodafone Limited following the transfer of net assets of the company and fellow subsidiary, Cable & Wireless U K on 31 March 2013

The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, and as permitted by FRS 17 Retirement Benefits, the scheme has been accounted for in these financial statements, as if the scheme was a defined contribution scheme During the period these contributions amounted to £150,000 (2012 £165,000) No amounts were outstanding at the end of the financial year in respect of this charge

13 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

14 Transfer of trade and assets

On 31 March 2013, the company sold its trade and net assets to Vodafone Limited for £35,386,000 which represents the net book value of the net assets on the date of transfer The company is not expected to trade going forward

	Net Book Value £'000
Sale proceeds	35,386
Fixed Assets	(2,636)
Debtors	(46,707)
Cash	(2,029)
Creditors	15,986
Profit on disposal	-

Notes to the financial statements

(continued)

15 Ultimate parent company and controlling party

The Company's immediate parent company is Cable & Wireless Waterside 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