

Vodafone Enterprise Equipment Limited

Company No: 01648524

Annual Report and Financial Statements

for the year ended 31 March 2022

Registered office

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
United Kingdom

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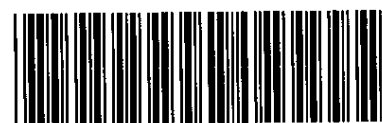


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Vodafone Enterprise Equipment Limited

Company No: 01648524

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Vodafone Enterprise Equipment Limited

Company No: 01648524

Company Information

Directors	Gregory Mook
	Vodafone Enterprise Corporate Secretaries Limited
	Joanna Claire Jones
	Adam Hyde
Company secretary	Vodafone Enterprise Corporate Secretaries Limited
Registration number	01648524
Registered office	Vodafone House The Connection Newbury Berkshire RG14 2FN United Kingdom

Vodafone Enterprise Equipment Limited

Company No: 01648524

Directors' Report for the year ended 31 March 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

Incorporation

The Company was incorporated as a private company limited by shares on 6 July 1982 and registered in England and Wales.

Principal activities

The principal activity of the Company is to hold network assets which are used by other Vodafone Group companies.

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

Review of the business and future development

The Directors do not anticipate that the business of the Company will change in the foreseeable future. There have been no subsequent events that would suggest future changes.

Results and Dividends

The income statement is set out on page 5 of the financial statements. For the year ended 31 March 2022, there was a profit on ordinary activities after taxation of £237,000 (2021: profit of £411,000).

The profit for the year has decreased mainly due to income tax credit in last year.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2022 (2021: £nil).

Directors of the Company

The Directors, who held office during the year, were as follows:

Gregory Mook

Cameron Rejali (resigned 1 June 2022)

Vodafone Enterprise Corporate Secretaries Limited

Joanna Claire Jones

Adam Hyde (appointed 1 June 2022)

Registered office

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

Political and charitable donations

No charitable donations, political donations or contributions to political parties under the Companies Act 2006 have been made by the Company during the financial year (2021: £nil). The Company follows Vodafone Group policy in that no political donations be made or political expenditure incurred.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Directors' Report for the year ended 31 March 2022 (continued)

Principal risks and uncertainties

The Directors have assessed the risks that the Company is exposed to and the financial risks the Directors consider relevant to the Company include currency risk, credit risk and liquidity risk. The Company follows the board approved policies of its parent Vodafone Group Plc, to manage these principal financial risks. In preparing the financial statements for the year, management has not used any significant assumptions.

Financial position and liquidity

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

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, the factors likely to affect its future development and performance, and the enquiries made of the directors of Vodafone Group Plc, the Company's Directors have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company 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.

Research and development

The Company does not perform any research or development activities.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The net current assets position at 31 March 2022 was £981,000 (2021: net current liabilities position £178,000). The Directors are satisfied that, at the time of approval, it is appropriate to prepare the financial statements on a going concern basis.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Directors' Report for the year ended 31 March 2022 (continued)

Statement of Directors' Responsibilities

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

Company law of England and Wales 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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 proper 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 the system of internal control, 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 year. This policy is renewed annually. Neither the Company's indemnity nor the insurance provides cover in the event that the Director is proven to have acted dishonestly or fraudulently.

Approved by the Board on 12 August 2022 and signed on its behalf by:

DocuSigned by:

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Vodafone Enterprise Corporate Secretaries Limited
Company secretary

Vodafone Enterprise Equipment Limited

Company No: 01648524

Income Statement for the year ended 31 March 2022

	Note	2022 £ 000	2021 £ 000
Revenue	5	7,354	4,121
Cost of sales		<u>(6,995)</u>	<u>(4,152)</u>
Gross profit/(loss)		359	(31)
Other (expense)/income		<u>(82)</u>	<u>200</u>
Operating profit	6	277	169
Finance expense	7	<u>(27)</u>	<u>(103)</u>
Profit before taxation		250	66
Income tax (expense)/credit	8	<u>(13)</u>	<u>345</u>
Profit for the financial year		<u><u>237</u></u>	<u><u>411</u></u>

The above results were derived from continuing operations.

The notes on pages 9 to 25 form an integral part of these financial statements.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Statement of Comprehensive Income for the year ended 31 March 2022

The Company has not recognised any other comprehensive income / (expense) and therefore no separate statement of comprehensive income has been prepared in respect of either year.

The notes on pages 9 to 25 form an integral part of these financial statements.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Statement of Financial Position as at 31 March 2022

	Note	2022 £ 000	2021 £ 000
Non current assets			
Intangible assets	10	596	397
Property, plant and equipment	11	3,983	5,056
Right of use assets	12	2,507	2,770
		<u>7,086</u>	<u>8,223</u>
Current assets			
Trade and other receivables	13	4,227	4,519
Creditors: Amounts falling due within one year	14	<u>(3,246)</u>	<u>(4,697)</u>
Net current assets/(liabilities)		<u>981</u>	<u>(178)</u>
Total assets less current liabilities		8,067	8,045
Creditors: Amounts falling due after more than one year	15	<u>(1,069)</u>	<u>(1,087)</u>
Deferred tax liabilities	9	<u>144</u>	<u>(54)</u>
Net assets		<u>7,142</u>	<u>6,904</u>
Equity			
Capital and reserves			
Called up share capital	16	500	500
Retained earnings		<u>6,642</u>	<u>6,404</u>
Total Shareholders' funds		<u>7,142</u>	<u>6,904</u>

For the financial year ending 31 March 2022 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 accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board and authorised for issue on 12 August 2022 and signed on its behalf by:

DocuSigned by:

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Vodafone Enterprise Corporate Secretaries Limited
Director

The notes on pages 9 to 25 form an integral part of these financial statements.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Statement of Changes in Equity for the year ended 31 March 2022

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	500	5,993	6,493
Profit for the year	-	411	411
Total comprehensive income for the year		411	411
At 31 March 2021	500	6,404	6,904
At 1 April 2021	500	6,351	6,851
Impact of deferred tax liabilities	-	54	54
At 1 April 2021 (As restated)	500	6,405	6,905
Profit for the year	-	237	237
Total comprehensive income for the year	-	237	237
At 31 March 2022	500	6,642	7,142

The notes on pages 9 to 25 form an integral part of these financial statements.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022

1 General information

Vodafone Enterprise Equipment Limited ('the Company') holds network assets which are used by other Vodafone Group companies.

The Company is a private company limited by shares, incorporated and domiciled in England and Wales.

The address of its registered office is:

Vodafone House

The Connection

Newbury

Berkshire

RG14 2FN

United Kingdom

Registration number: 01648524

These financial statements were authorised for issue by the Board on 12 August 2022.

2 Significant accounting policies

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.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statement 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 Companies Act 2006, as applicable to companies using FRS 101.

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 on page 16.

The Company's functional and presentation currency is Pounds Sterling.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of 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*.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

- The requirements of 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);
 - 134-136 (capital management disclosures);
- The requirements of IAS 7 *Statement of Cash Flows*;
- The requirements of 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);
- The requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;
- The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*, because equivalent disclosures are included in the Vodafone Group Plc Annual Report in which the entity is consolidated;
- The requirements of IFRS 7 *Financial Instruments: Disclosures*, because equivalent disclosures are included in the Vodafone Group Plc Annual Report in which the entity is consolidated;
- The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*, because equivalent disclosures are included in the Vodafone Group Plc Annual Report in which the entity is consolidated;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*;
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*;
- The requirements of paragraph 58 of IFRS 16 *Leases*, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

2.1.1 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. 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 starting on page 2.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern (continued)

The Directors have reviewed the financial position of the Company. 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.

2.1.2 New standards, amendments and IFRIC interpretation

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022, have had a material impact on the Company.

2.2 Foreign currency transaction and balances

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency and is denoted by the symbol £.

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 within 'Other (expense)/income'.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any provision for impairment.

Cost includes materials, direct labour and other incremental costs applicable to the design construction and connection of 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. The present value of the asset retirement obligation is capitalised as part of the initial cost of the asset.

Depreciation is provided on all property, plant and equipment at a rate calculated to write off the cost, less estimated residual value, of each asset on straight-line basis over its expected useful life as follows:

Plant and machinery	3 to 5 years
Network infrastructure	4 to 20 years

The assets residual value and useful live 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.

Impairment losses recognised in prior periods are reversed if, and only if, there has been a change in circumstances indicating that the impairment to the assets recoverable amount may have decreased or reversed.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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.

2.4 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. 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 products 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 a software product include employees' costs and an appropriate portion of relevant overheads.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated 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 3 to 5 years.

Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the 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.

2.5 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.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.6 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.7 Leases

When the Company leases an asset, a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Company is 'reasonably certain' to exercise any extension options. The useful life of the asset is determined on acquisition based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the Company (the rate implicit in the lease is used if it is readily determinable). After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Company's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.7 Leases (continued)

Where the Company is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term.

2.8 Financial assets

Receivables

The Company classifies its financial assets in the category of receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 undertakings and other receivables, excluding prepayments, in the statement of financial position.

Trade receivables are amounts due from Vodafone Group Companies and third party customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are disclosed as current assets, if not, they are presented as non-current assets.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.8 Financial assets (continued)

Recognition and measurement

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Receivables are written off when management considers them to be irrecoverable.

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 are 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.

2.9 Financial liabilities

Creditors

The Company classifies its financial liabilities in the category of creditors. Creditors are non-derivative financial liabilities. They are included in current liabilities, except where maturities greater than 12 months after the end of the reporting period. These are classified in non-current liabilities. The Company's payables comprise amounts owed to group undertakings and other payables, in the statement of financial position.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities (or in the normal operating cycle of the business if longer), if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

2 Significant accounting policies (continued)

2.9 Financial liabilities (continued)

Recognition and measurement

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method, except where they are identified as a hedged item in a designated hedge relationship.

Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

2.10 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 is recognised to the extent the Company has rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

3 Critical accounting estimates and assumptions

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 judgements that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the reporting period are addressed below:

3.1 Recoverability of deferred tax asset

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 Group's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.2 Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a tangible or intangible asset or group of tangible or intangible assets is impaired. A tangible or intangible asset or a group of tangible or 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 tangible or intangible asset or group of tangible or intangible assets that can be reliably estimated.

Vodafone Enterprise Equipment Limited

Company No: 01648524

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

3 Critical accounting estimates and assumptions (continued)

3.3 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.

3.4 Lease accounting

In order to determine whether an arrangement is considered to be a lease or a service contract both the legal form and substance of the arrangement between the Company and the counter-party are analysed to determine if control of an identified asset has been passed between the parties, if not, the arrangement is a service arrangement. If the Company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time then a right of use asset is identified if the agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute. The impact of determining whether the Company has a lease or service are described below.

- As a lessee. The judgement impacts the nature and timing of both costs and reported assets and liabilities. A lease results in an asset and a liability being reported and depreciation and interest being recognised; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded (other than trade payables, prepayments and accruals).
- A finance lessor. The judgement impacts the nature and timing of both income and reported assets. A finance lease results in the lease income being recognised at commencement of the lease and an asset (the net investment in the lease) being recorded.

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines. Generally, where the Company has exclusive use of a physical line it is determined that the Company can also direct the use of the line and therefore leases will be recognised.

Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. The impact of this judgement is significantly greater where the Company is a lessee. As a lessee, optional periods are included in the lease term if the Company is reasonably certain it will exercise an extension option or will not exercise a termination option: this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Company has in place for the future use of the asset. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term.

3.5 Impairment of trade and other receivables

The Company applies the IFRS 9 approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. For this impairment assessment, management considers factors including aging profile of receivables, historical experience and the level of group support available to these Group entities.

Vodafone Enterprise Equipment Limited

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

4 Employees and Directors' remuneration

Employees

The Company had no employees during the year (2021: nil).

Directors

The Directors did not receive any emoluments from the Company in respect of their services during the year (2021: £nil).

The Company's Directors were remunerated by other Group companies.

5 Revenue

The Company's revenue is derived from the provision of services to Vodafone Group companies. £7,354,000 (2021: £4,121,000).

6 Operating profit

The operating profit for the year and prior year is stated after (charging)/crediting:

	2022	2021
	£ 000	£ 000
Depreciation charge on property, plant and equipment (see note 11)	(1,702)	(1,593)
Amortisation charge on intangible assets (see note 10)	(290)	(207)
Depreciation on right of use assets (see note 12)	(411)	(307)
Loss on disposals of property, plant and equipment	-	(1)
Foreign exchange (losses)/gains from operating activities	(82)	201

7 Interest income and expense

	2022	2021
	£ 000	£ 000
Finance expense		
Interest payable to group undertakings	(3)	(2)
Interest expense on leases	(24)	(101)
Total finance expense	<u>(27)</u>	<u>(103)</u>
Net finance costs	<u>(27)</u>	<u>(103)</u>

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

8 Income tax

	2022 £ 000	2021 £ 000
United Kingdom corporation tax (expense)/credit:		
Current year tax expense	(211)	(139)
Tax adjustments in respect of prior years	-	535
Total UK current tax (expense)/credit	(211)	396
Deferred taxation		
Arising from origination and reversal of temporary differences	163	127
Arising from changes in tax rates and laws	35	-
Deferred tax adjustment in respect of prior periods	-	(178)
Total deferred tax credit/(expense)	198	(51)
Total income tax (expense)/credit in the income statement	(13)	345

The actual tax (expense)/credit for the current and previous year differs from the tax (expense)/credit at the standard rate of corporation tax in the UK of 19% (2021: 19%) for the reasons set out in the reconciliation below:

	2022 £ 000	2021 £ 000
Profit before tax	250	66
Corporation tax expense at standard rate of 19% (2021: 19%)	(48)	(13)
Factors affecting tax (expense)/credit:		
Effect of changes in tax rates on deferred tax	35	-
Prior period adjustments	-	358
Total tax (expense)/credit	(13)	345

The tax rate for the current year is 19%. In the Spring Budget 2021, the UK Government announced the corporation tax rate will remain at 19% until 31 March 2023 but will increase to 25% with effect from 1 April 2023.

Vodafone Enterprise Equipment Limited

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

9 Deferred taxation

The elements of deferred taxation which have been recognised as asset/(liability) in the statement of financial position are as follows:

	2022 £ 000	2021 £ 000
Accelerated capital allowances	144	(54)
Deferred tax assets/(liabilities)	144	(54)
	2022 £ 000	2021 £ 000
Deferred tax assets due within 12 months	29	-
Deferred tax liabilities due within 12 months	-	(11)
Deferred tax assets/(liabilities) due within 12 months	29	(11)
Deferred tax assets due after 12 months	115	-
Deferred tax liabilities due after 12 months	-	(43)
Deferred tax assets/(liabilities) due after 12 months	115	(43)
Deferred tax	144	(54)

The reconciliation of the deferred taxation as at 31 March 2022 is as follow:

	Accelerated capital allowance £ 000	Total £ 000
At 1 April 2021	(54)	(54)
Amount credit to the income statement	198	198
At 31 March 2022	144	144

The tax rate for the current year is 19%. A rate increase in the UK corporation tax rate to 25% was announced in the Spring Budget 2021 and will apply to accounting periods starting on or after 1st April 2023.

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

10 Intangible assets

	Computer software £ 000	Assets under construction £ 000	Total £ 000
Cost:			
At 1 April 2021	703	9	712
Additions	7	483	490
Transfers	350	(350)	-
At 31 March 2022	1,060	142	1,202
Accumulated amortisation:			
At 1 April 2021	316	-	316
Amortisation charge for the year	290	-	290
At 31 March 2022	606	-	606
Net book value:			
At 31 March 2021	389	8	397
At 31 March 2022	454	142	596

Vodafone Enterprise Equipment Limited

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

11 Property, plant and equipment

	Plant and machinery £ 000	Network infrastructure £ 000	Assets under construction £ 000	Total £ 000
Cost:				
At 1 April 2021	903	14,226	239	15,368
Additions	-	7	621	628
Transfers	39	523	(562)	-
At 31 March 2022	942	14,756	298	15,996
Accumulated depreciation:				
At 1 April 2021	536	9,775	-	10,311
Charge for the year	188	1,514	-	1,702
At 31 March 2022	724	11,289	-	12,013
Net book value:				
At 31 March 2021	367	4,451	238	5,056
At 31 March 2022	218	3,467	298	3,983

Vodafone Enterprise Equipment Limited

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

12 Leases

The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position

	2022 £ 000	2021 £ 000
Right-of-use-assets		
Network equipment and capacity	<u>2,507</u>	<u>2,770</u>

Additions to the right-of-use assets during the financial year ending 31 March 2022 were £148,000.

	2022 £ 000	2021 £ 000
Lease liabilities		
Current	92	30
Non-current	<u>1,069</u>	<u>1,087</u>
	<u>1,161</u>	<u>1,117</u>

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Depreciation charge of right-of-use-assets		
Network equipment and capacity	<u>411</u>	<u>307</u>

	2022 £ 000	2021 £ 000
Interest expense (see note 7)	<u>(24)</u>	<u>(101)</u>

Vodafone Enterprise Equipment Limited

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

13 Trade and other receivables

	2022 £ 000	2021 £ 000
Amounts owed by group undertakings	3,623	4,259
Other receivables	604	260
	<u>4,227</u>	<u>4,519</u>

Amounts owed by group undertakings comprise of trading balances due for services provided.

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

14 Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Accruals	1,807	807
Group relief payable	211	139
Other creditors	1,046	802
Amounts owed to group undertakings	90	2,919
Lease liabilities (see note 12)	92	30
	<u>3,246</u>	<u>4,697</u>

15 Creditors: amounts falling due after more than one year

	2022 £ 000	2021 £ 000
Lease liabilities (see note 12)	1,069	1,087
	<u>1,069</u>	<u>1,087</u>

Vodafone Enterprise Equipment Limited

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Notes to the Financial Statements for the year ended 31 March 2022 (continued)

16 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each 50p paid	<u>1,000,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>500,000</u>

17 Related party transactions

The Company has taken advantage of the Related Party Disclosures exemption granted under paragraph 8 'FRS 101' reduced disclosure framework, not to disclose transactions with Vodafone Group Plc group companies.

18 Controlling parties

The Company's immediate parent company is The Eastern Leasing Company 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 consolidated financial statements of Vodafone Group Plc may be obtained from the Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire. RG14 2FNr from Vodafone Group's website <https://investors.vodafone.com>.