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Vodafone Group Services Limited

Company No: 03802001

Annual Report and Financial Statements

for the year ended 31 March 2022

Registered office

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
United Kingdom

Vodafone Group Services Limited

Company No: 03802001

Contents

Vodafone Group Services Limited

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Company Information

Directors	John Connors
	Pinar Yemez
	Rebecca Symondson
Company secretary	Vodafone Corporate Secretaries Limited
Registration number	03802001
Registered office	Vodafone House The Connection Newbury Berkshire United Kingdom RG14 2FN
Independent Auditors	Ernst & Young LLP Statutory Auditor R+ Building 2 Blagrave Street Reading United Kingdom RG1 1AZ

Vodafone Group Services Limited

Company No: 03802001

Strategic Report for the year ended 31 March 2022

The Directors present their strategic report for the year ended 31 March 2022.

Principal activities

Vodafone Group Services Limited ('the Company') is a wholly owned subsidiary of Vodafone Group Plc ('the Group').

The principal activities of the Company during the year ended 31 March 2022 were and will continue to be, to support the Group strategy and help to deliver the first phase of the Group's strategy to become a new generation connectivity & digital services provider. The Company has provided support through the promotion of commercial best practice and the delivery of synergies through improved co-operation across the Vodafone group of companies (the "Group"), the provision of central management, technical, administrative and other services to companies within the Group.

Review of the business

The financial results of the Company are influenced by the Group Strategy to realise the vision to become a new generation connectivity and digital services provider. The Group continues to accelerate many of its strategic priorities and the Company directly participates in initiatives, such as digital transformation through standardisation and the sharing of processes to deliver best-in-class operational efficiencies,deepening customer engagement and undertaking a series of actions to improve the utilisation of assets. The Company continues to directly and indirectly support the Group to meet the ever increasing connectivity demands of their customers, across all of the markets and help delivery of the 2025 targets across the Groups three key pillars :

• Inclusion for All - ensuring everyone has access to the benefits of a digital society
• The Planet - reducing our environmental impact and helping society decarbonise. COP26 in Glasgow marked a step forward in global efforts to address the climate emergency, including a material increase in ambitions to reduce emissions.
• Digital Society - connecting people and things and digitalising critical sectors. The Company has continued to invest in our network infrastructure and coverage.

Principal risks and uncertainties

The Company's financial performance is mainly influenced by the services it provides to other companies and the Company's principal business risk relates to any change in the Group's strategy in respect of centralisation of the activities described above. 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. This includes the treasury function of the Vodafone Group, which provides a centralised treasury service to the Company, and follows a framework of policies and guidelines authorised and reviewed annually by the Vodafone Group Plc Board. The Group's internal auditors review the internal control environment regularly. There has been no significant change during the financial year to the types of financial risks faced by the Company, or the Company's approach to the management of those risks.

The Company has also considered a number of additional, specific risks that could impact the business over the going concern period. Covid-19 has continued to impact societies around the world and the Group is closely monitoring the ongoing effects on the economy and with the backdrop of the Russian invasion of the Ukraine also having a global impact on energy prices, inflation and causing supply chain disruption. The Group has appointed specialist teams, executing the organisational and digital transformation activities required to mitigate these risks with robust investment and governance structures in place. The Directors do not envisage any direct consequential impact on the Company.

Further details of the Group's policies on financial risk management can be found in the annual report and financial statements of Vodafone Group Plc for the year ended 31 March 2022.

Financial position and liquidity

The statement of financial position is set out on page 19 of the financial statements and shows the Company's financial position at the end of the year.

The Company's turnover derives mainly from charges it makes to other companies in the Group for the services it provides. These charges are mainly based on a cost-plus charging mechanism.

The result for the year is set out in the income statement on page 17 of the financial statements. A profit after taxation of €83 million arose in the year ended 31 March 2022 (2021: €11 million profit). The Company has incurred costs during the year that could not be recovered through its cost plus charging mechanism. However the Company secured capital contributions from its parent (see note 16) which has reduced the overall net liability position of €98 million (2021: €279 million net current assets). The Company's net liability position was driven by the purchase of the Group software licence asset management business from a Luxembourg subsidiary within the Vodafone Group for consideration of €295m on 1 April 2021. The assets acquired will generate revenue and cash flow in future years through inclusion in the Company's cost plus charging mechanism. The Company's turnover during the financial year was higher than the previous year at €3,137 million (2021: €2,989 million) and net operating costs of €3,185 million (2021: €2,987 million). The tax credit in the year of €133 million (2021: €9 million tax credit) comprises of €200 million current year tax charge and €333 million deferred tax credit.

During the year the Company continued its capital expenditure programmes in support of the Group strategy, with spend of €569 million (2021: €431 million) on intangible and tangible fixed assets. Capital expenditure is recovered through the charge of depreciation and amortisation, which together with the cost of the provision of central management, technical, administrative and other services to companies within the Group, is included in cost of sales, is recovered from Vodafone's operating companies through the Company's revenues through its cost plus charging mechanism. On 1 April 2021, the Company acquired the Vodafone Group software licence asset management business from a Luxembourg subsidiary within the Vodafone Group for consideration of €295m. This resulted in the recording of intangible asset additions of €170m, as well as prepayments of €125m.

The Company had creditors of €872 million at 31 March 2022 (2021: €807 million), €534 million of which was due to Group companies (2021: €507 million). The Company had trade and other receivables of €774 million at 31 March 2022 (2021: €1,086 million), primarily consisting of €711 million due from Group companies (2021: €1,032 million) for services provided. The net current liability position at 31 March 2022 was €98 million (2021: net current asset position of €279 million).

For further details of amounts due from and payable to the parent company and fellow subsidiary undertakings, see notes 13 and 14 of the financial statements.

Other key performance indicators

Vodafone Group Plc includes within its annual report a detailed review of the results of operations and financial performance. As the Company's activities are directly related to the provision of central management, technical and administrative and other key services to the Group, the Directors of the Company believe that further key performance indicators are not necessary or appropriate for an understanding of the development or position of the business. The Vodafone Group Plc annual report for the year ended 31 March 2022 is available to view on Vodafone's website https://investors.vodafone.com.

Future development

The Directors are of the opinion that the Company's activities will continue on a similar basis for the foreseeable future. In addition, from April 2021 the Company started to operate the Vodafone Group Software licence asset management business.

Corporate Governance

Section 172 Companies Act statement

The Board believes that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172 of the Companies Act 2006.

All board-meeting papers are required to address each of the matters noted below, if relevant, and adequate time is provided in board meetings for the Directors to discuss these matters and request clarification or further information from management.

- The probable consequences of any decisions in the long-term
- The interests of the workforce
- The need to foster the company's business relationships with suppliers, customers and other key stakeholders
- The potential impact of the company's operations on communities and the environment
- The need to protect Vodafone's reputation for high standards of business conduct

As the Company forms part of the Group, the framework adopted by Vodafone Group Plc, the ultimate parent, has been disseminated and applied by the subsidiary company. Vodafone Group Plc's key stakeholders have been identified and their interests taken into consideration, in accordance with the Directors' section 172 duties of the Companies Act 2006 and the UK Corporate Governance Code 2018. Further information is detailed on pages 14 to 15 within the Annual Report and Accounts for the year ended 31 March 2022.

Stakeholder engagement

Valerie Gooding is the Workforce Engagement Lead for Vodafone Group Plc, the ultimate beneficial owner of the Company, and supports the Vodafone Group's comprehensive employee engagement programme. The Directors do not typically engage directly with employees, however, they are regularly informed about employee matters. The Directors believe this approach enables consistent and meaningful employee engagement across the Vodafone Group, whilst ensuring the Directors remain informed about all employee matters relevant to the Company.

The ways in which the Vodafone Group has engaged with employees throughout the year is described in detail in the Vodafone Group Plc Annual Report 2022 (available to view online at https://investors.vodafone.com).

The Board recognises the need to build a holistic view of its business to promote a strategy which takes account of the broader operating environment, and that decisions made by the Company can impact one or more of our key stakeholder groups in quite different ways. This requires a considered and balanced approach to decision-making, ensuring high-quality information is provided to the Directors in a timely manner, and diversity of thought and open discussion amongst Directors is encouraged during meetings.

Principal decisions are assessed as material to the Vodafone Group's strategy. Our key stakeholder groups are identified as most likely to be affected by the principal decisions of the Company and include our customers, our people, our suppliers, our local communities and non-governmental organisations, regulators and governments and our investors.

All board meeting papers relating to a principal decision are required to state whether, and to what extent, any key stakeholder group has an interest in the matter. Adequate time is provided in board meetings for the Directors to consider and discuss the interests of stakeholders and request clarification or further information from management.

The Company's board of directors is committed to engaging with stakeholders directly wherever possible. Provided below is an overview of the Company's engagement with our key stakeholder groups during the year.

Further details of the interaction with stakeholders is provided in the Vodafone Group Plc Annual Report 2022 on pages 14 and 15 (available to view online at https://investors.vodafone.com).

People

Our people are critical to the successful delivery of our Group strategy and thus it is essential that they are engaged and embrace our purpose and values.

Our culture- the 'Spirit of Vodafone'- outlines the beliefs we stand for and the behaviours that enable our strategy and purpose. At Group level, we have continued embedding Spirit throughout the whole organisation focusing on transforming culture through addressing habits, leadership, systems, and processes. There are several established engagement and feedback mechanisms to measure Spirit, including the bi-annual Spirit Beat and Global Pulse surveys. As several Directors of the Company are people managers within the Group, they are able to gain further understanding of their teams and employees through the surveys.

During the year, other employee related items such as the Modern Slavery Statement was considered and adopted by the Board. The content included in the Company's Modern Slavery Statement was updated for 2022 in accordance with statutory guidance and included a refresh of our group-wide modern slavery risk assessment.

The Company's Gender Pay reporting was also considered by the Board, along with the data for women in management and leadership roles internally versus external benchmarking.

Diversity and inclusion

At a Group level we continue to focus on removing barriers to workplace equality. Throughout the year we have accelerated momentum on gender equality, sustained focus on embedding inclusion, set solid foundations on race and ethnicity, and began ensuring the physical and digital workplace is fully accessible. We continue to expand our focus on practising inclusion supports our ambition to create a global workforce that reflects the customers, communities, and colleagues we serve, and the wider societies in which we operate.

Vodafone Group Services Limited

Company No: 03802001

Strategic Report for the year ended 31 March 2022 (continued)

Suppliers

The Company is part of the wider Vodafone Group and operates under a global supply chain management function. The Group is helped by more than 9,000 suppliers who partner with it. These range from start-ups and small businesses to large multinational companies. Our suppliers provide us with the products and services we need to deliver our strategy and connect our customers.

During the year the Group engaged with the supply chain through safety forums, events, conferences, and site visits. Purpose criteria is included in tenders and the Group conducts supplier audits and assessments. The key topics raised through its engagement were improving health and safety standards, promoting diversity and inclusion, and driving towards net zero emissions in supply chains.

The Group held quarterly safety forums and recognised our suppliers with awards for health and safety, diversity, and inclusion as well as planet efforts.

In accordance with The Reporting on Payment Practices and Performance Regulations 2017, the Board considers the Company's Payment Practices and Performance data regularly. The Board continues to keep this data under review and the Company's data is published on a bi-annual basis in accordance with UK law.

Customers

As one of the largest mobile and fixed network operators in Europe and a leading global IoT connectivity provider, the Group continues to focus on deepening our engagement with customers to develop long-term valuable and sustainable relationships.

Diversity and inclusion

Throughout the Group we believe that the long-term success of our business is closely tied to the success of the communities in which we operate. We interact with local communities and non-governmental organisations, seeking to be a force for good wherever we operate.

Approved by the Board on 30 September 2022 and signed on its behalf by:

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John Connors
Director

Vodafone Group Services Limited

Company No: 03802001

Directors' Report for the year ended 31 March 2022

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

Incorporation

The Company was incorporated as a private company limited by shares on 7 July 1999 and registered in England and Wales.

Principal activities

Details of principal activities are set out in the Strategic Report on page 2.

Results and Dividends

The income statement is set out on page 17 of the financial statements. For the year ended 31 March 2022, there was a profit on ordinary activities after taxation of €83 million (2021: profit of €11 million).

The Company has made post tax profit during the year . The Company's turnover during the financial year was higher than the previous year at €3,137 million (2021: €2,989 million), net operating costs of €3,185 million (2021: €2,987 million) and net financing costs of €2 million (2021: €nil) generating a loss before tax of €50 million (2021: €2 million profit before tax). The tax credit in the year of €133 million (2021: €9 million tax credit) comprises of €200 million current year tax charge and €333 million deferred tax credit. Refer to the Strategic Report for more details.

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:

John Connors

Alberto Ripepi (resigned 14 April 2021)

Pinar Yemez

Rebecca Symondson (appointed 13 April 2021)

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.

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.

Further details of principal risks and uncertainties are set out in the Strategic Report on page 2.

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.

Details of financial position and liquidity are set out in the Strategic Report on page 3.

Employees

The Company is an inclusive employer and diversity is important. It gives full and fair consideration to applications for employment by disabled persons and the continued employment of anyone incurring a disability while employed by the Company. Training, career development and promotion opportunities are equally applied for all employees, regardless of disability.

Every year all our employees participate in our Global People Survey which allows us to measure engagement trends and identify ways to improve how we do things. Consultation with employees takes place at all levels, to ensure that their views are taken into account when decisions are made that are likely to affect their interests and to ensure employees are aware of the financial and economic performance of their business area and the Group as a whole. Communication with all employees is regular including weekly bulletins, regular briefing groups and the sharing of quarterly financial performance.

Employee involvement in the financial performance of the Company is encouraged through participation in various share based payments as described in note 19 to the financial statements, and via an annual bonus scheme which takes into account both the individual's and the Vodafone Group Plc's performance.

Corporate Governance

Section 172(1) statement

Details of section 172(1) statement are set out in the Strategic Report on page 4.

Stakeholder engagement

Details of stakeholder engagement are set out in the Strategic Report on page 4.

Governance

As a wholly owned subsidiary of Vodafone Group Plc ('Vodafone'), a company subject to the 2018 Corporate Governance Code (the 'Code'), the Company has chosen not to adopt and report against the Code and, whilst we fully support the Wates Corporate Governance Principles for Large Private Companies, the Directors feel that they are less appropriate for the Company.

Vodafone maintains a group-wide Delegations of Authority and Entity Governance Policy (together, the 'Policies') which are designed to ensure the effective governance of all Vodafone's related undertakings, including the Company. The Company has therefore adopted the Policies as the corporate governance principles and arrangements of the Company, which the Directors believe are appropriate for the Company.

The Policies aim to ensure effective decision-making to promote the Company's success for the long term and for the benefit of Vodafone and the Company's wider stakeholders by (i) providing checks and balances on financial and other information, (ii) encouraging constructive challenge to Vodafone's management (in addition to advice and support) and (iii) ensuring timely and high quality information is received by the Directors.

There have been no departures from the Policies during the year.

UK streamlined energy and carbon reporting (SECR)

The Company elected to apply the full exemption available of disclosing information in relation to Streamlined Energy and Carbon Reporting (SECR). A full disclosure of UK SECR is available in Vodafone Group Plc annual report.

Research and development

The Company incurs expenditure in carrying out research for, and developing technical systems, that support the Company's activities.

Going concern

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 Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Not withstanding the net current liabilities position at 31 March 2022 was €98 million (2021: net current assets position €279 million).

In reaching its conclusion, the Directors also considered the findings of the work performed by Group to support the statement on the long-term viability of the Group. The Company's business activities which are based on a cost-plus model allowing the Company to recharge its costs to the Vodafone Group entities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, and fully considered for the going concern assessment.

The Directors have reviewed the financial performance and position of the Company and have assessed the monthly cash flow forecasts through to 30 September 2023. The Directors note as of 31 March 2022, the Company has €402 million of cash held in a call deposit account as part of the Vodafone Group Plc cash pooling arrangement (as of 31 August 2022, the cash held in a call deposit account is €298 million). Per the terms of the arrangement, the Directors have control of this deposit and draw down upon this balance when needed. In addition, the Company has access to a €250 million loan facility with Vodafone Group Plc (of which €202 million was drawn as at 31 March 2022 and given no further draw downs in the period to the date of this report there is further finance of €48 million available within the loan facility). Having considered the overall financial position of the Vodafone Group, as set out in its Financial Statements for the 12 months ended 31 March 2022, the Directors are satisfied that the Group has sufficient liquidity for the Company to continue to access the cash balance held in its call deposit account and request funding through its loan facility where required.

The Company has also generated funding through issuing shares during the period. On 31 March 2022, the Company issued 100 ordinary shares of €1.00 each to its immediate parent, Vodafone International Operations Limited for a total consideration of €90,000,000 at a share premium of €89,999,900. This consideration has been deposited in the call account held with Vodafone Group Plc.

The Directors are satisfied that the Company will be able to settle its expected cost commitments and that due to the headroom in the cash flow forecast and the ability of the Company to control its capital expenditures, the business will continue to have sufficient cash available even in the event of any reasonably possible downturn in Group operations.

On the basis of their assessment, the Directors of Vodafone Group Services Limited expect that the Company will be able to continue in operational existence for the period until 30 September 2023, and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 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.

Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

Following the signing of these Financial Statements, Ernst and Young LLP will be reappointed as auditors for the financial year ending 31 March 2023.

Approved by the Board on 30 September 2022 and signed on its behalf by:

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John Connors
Director

Independent Auditor's Report to the Members of Vodafone Group Services Limited

Opinion

We have audited the financial statements of Vodafone Group Services Limited ('the Company') for the year ended 31 March 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Directors' going concern assessment process, including their controls over the review and approval of the budget and long-range plan.
- Assessing the appropriateness of the duration of the going concern assessment period to 30 September 2023 and considering the existence of any significant events or conditions beyond this period based on our procedures on the Company's long-range plan and from knowledge arising from other areas of the audit.
- Evaluating management's historical forecasting accuracy and the consistency of the going concern assessment with information obtained from other areas of the audit.
- Testing the assessment, including forecast liquidity under base and downside scenarios, for clerical accuracy.
- Assessing whether assumptions made were reasonable and in the case of downside scenarios, appropriately severe, in light of the Company's relevant principal risks and uncertainties and our own independent assessment of those risks.
- Evaluating the amount and timing of identified mitigating actions available to response to a severe downside scenario, and whether those actions are feasible and within the Company's control.
- Performed independent reverse stress testing to understand how severe conditions would have to be to breach liquidity and whether the reduction in profitability required has no more than a remote possibility of occurring.

Independent Auditor's Report to the Members of Vodafone Group Services Limited (continued)

- Performing independent sensitivity analysis on management's assumptions including applying incremental adverse cashflow sensitivities. These sensitivities included the impact of certain severe but plausible scenarios, evaluated as part of management's work on the Company's long-term viability, materialising within the going concern assessment.
- Reading the disclosure in relation to going concern basis set out in Note 2 of the financial statements and the directors' report and evaluating the amount and timing of identified mitigating actions available to respond to a severe downside scenario, and whether those actions are feasible and within the Company's control.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 10 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the framework (FRS 101, the UK Companies Act 2006 and UK Corporate Governance Code), the relevant tax compliance regulations in the United Kingdom and the General Data Protection Regulation (GDPR).

  We understood how Vodafone Group Services Limited is complying with those frameworks by making inquiries of management and those responsible for legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas, and to understand the culture and whether there is a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place as well as fraud deterrence. We corroborated our enquiries through our inspection of Board minutes, review of any correspondence with relevant regulatory bodies, for which there were none, and made consideration of the results of our audit procedures performed to either corroborate or provide contrary evidence which was then followed up.

Independent Auditor's Report to the Members of Vodafone Group Services Limited (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering there to be a potential for management override to achieve revenue targets via topside manual journal entries posted to revenue, further identifying revenue to be a fraud risk area. We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls. We used statistical techniques to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions. We considered programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud, and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of board minutes, testing of manual journals identified by specific criteria, enquiries with management, those responsible for legal and compliance procedures and the company secretary.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Carl Stone (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor

Reading

Date: 30th September 2022

Vodafone Group Services Limited

Company No: 03802001

Income Statement for the year ended 31 March 2022

	Note	2022 €m	2021 €m
Revenue	5	3,137	2,989
Cost of sales		(3,177)	(2,973)
Gross (loss)/profit		(40)	16
Administrative expenses		(12)	(13)
Other income/(expense)		4	(1)
Operating (loss)/profit	6	(48)	2
Finance income	7	2	2
Finance expense	7	(4)	(2)
Finance expense - net		(2)	-
(Loss)/profit before taxation		(50)	2
Income tax credit	8	133	9
Profit for the financial year		83	11

The above results were derived from continuing operations.

The notes on pages 22 to 53 form an integral part of these financial statements.

Vodafone Group Services Limited

Company No: 03802001

Statement of Comprehensive Income for the year ended 31 March 2022

	Note	2022 € m	2021 € m
Profit for the financial year:		83	11
Other comprehensive income/(expense):			
Items that may be reclassified to the income statement in subsequent years:			
Current tax expense relating to share-based payment		-	(2)
Deferred tax credit relating to share-based payment	9	-	3
Current tax (expense)/credit relating to pension		(5)	5
Deferred tax credit relating to pension	9	25	15
Total items that may be reclassified to the income statement in subsequent years		20	21
Items that will not be reclassified to the income statement in subsequent years:			
Net actuarial gains/(losses) on defined benefit pension schemes		72	(106)
Total items that will not be reclassified to the income statement in subsequent years		72	(106)
Other comprehensive income/(expense)		92	(85)
Total comprehensive income/(expense) for the year		175	(74)

The notes on pages 22 to 53 form an integral part of these financial statements.

Vodafone Group Services Limited

Company No: 03802001

Statement of Financial Position as at 31 March 2022

	Note	2022 € m	2021 € m
Non current assets			
Intangible assets	10	1,012	788
Property, plant and equipment	11	91	109
Right of use assets	12	11	14
Deferred tax asset	9	501	188
Post-employment benefits	18	61	-
		1,676	1,099
Current assets			
Trade and other receivables	13	774	1,086
Creditors: Amounts falling due within one year	14	(872)	(807)
Net current (liabilities)/assets		(98)	279
Total assets less current liabilities		1,578	1,378
Creditors: Amounts falling due after more than one year	15	(36)	(45)
Provisions for liabilities	17	(5)	(10)
Post-employment benefits	18	-	(42)
Net assets		1,537	1,281
Equity			
Capital and reserves			
Called up share capital	16	-	-
Share premium account		1,985	1,895
Share based payment reserve		(42)	(33)
Pensions reserve		(156)	(248)
Accumulated losses		(250)	(333)
Total Shareholders' funds		1,537	1,281

These financial statements were approved by the Board and authorised for issue on 30 September 2022 and signed on its behalf by:

DocuSigned by:
08B7F5D76D7C421...
John Connors
Director

The notes on pages 22 to 53 form an integral part of these financial statements.

Vodafone Group Services Limited

Company No: 03802001

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

	Called up share capital €m	Share premium account €m	Pensions reserve €m	Share-based payment reserve €m	Accumulated losses €m	Total €m
At 1 April 2020	-	1,381	(162)	(47)	(344)	828
Profit for the year	-	-	-	-	11	11
Current tax expense relating to share-based payment	-	-	-	(2)	-	(2)
Deferred tax credit relating to share-based payment	-	-	-	3	-	3
Current tax credit relating to pension	-	-	5	-	-	5
Deferred tax credit relating to pension	-	-	15	-	-	15
Actuarial losses on pension scheme	-	-	(106)	-	-	(106)
Total comprehensive expense for the year	-	-	(86)	1	11	(74)
Issue of shares	-	514	-	-	-	514
Movement in share-based payment reserve	-	-	-	13	-	13
At 31 March 2021	-	1,895	(248)	(33)	(333)	1,281

The notes on pages 22 to 53 form an integral part of these financial statements.

Vodafone Group Services Limited

Company No: 03802001

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

At 1 April 2021	-	1,895	(248)	(33)	(333)	1,281
Profit for the year	-	-	-	-	83	83
Current tax expense relating to pension	-	-	(5)	-	-	(5)
Deferred tax credit relating to pension	-	-	25	-	-	25
Actuarial gains on pension scheme	-	-	72	-	-	72
Total comprehensive income for the year	-	-	92	-	83	175
Issue of shares	-	90	-	-	-	90
Movement in share-based payment reserve	-	-	-	(9)	-	(9)
At 31 March 2022	-	1,985	(156)	(42)	(250)	1,537

On 31 March 2022, the Company issued 100 ordinary shares of €1.00 each to its immediate parent, Vodafone International Operations Limited for a total consideration of €90,000,000 at a share premium of €89,999,900.

The notes on pages 22 to 53 form an integral part of these financial statements.

Vodafone Group Services Limited

Company No: 03802001

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

1 General information

Vodafone Group Services Limited ('the Company') supports the Group strategy, through the promotion of commercial best practice and the delivery of synergies through improved co-operation across the Group, the provision of central management, technical, administrative and other services to companies within the Group.

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: 03802001

These financial statements were authorised for issue by the Board on 30 September 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 statements 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 34.

The Company's functional and presentation currency is Euro.

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;*

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iii) paragraph 118(e) of IAS 38 *Intangible Assets.*

• 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 45(b) and 46 to 52 of IFRS 2 *Share-based payments* provided that for a qualifying entity that is:
(i) a subsidiary, the share-based payment arrangement concerns equity instruments of another group entity;
(ii) an ultimate parent, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group;
and, in both cases, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

• The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*;

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

• 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.

2.1.2 Going concern

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 Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Not withstanding The net current liabilities position at 31 March 2022 was €98 million (2021: net current assets position €279 million).

In reaching its conclusion, the Directors also considered the findings of the work performed by Group to support the statement on the long-term viability of the Group. The Company's business activities which are based on a cost-plus model allowing the Company to recharge its costs to the Vodafone Group entities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2, and fully considered for the going concern assessment.

The Directors have reviewed the financial performance and position of the Company and have assessed the monthly cash flow forecasts through to 30 September 2023. The Directors note as of 31 March 2022, the Company has €402 million of cash held in a call deposit account as part of the Vodafone Group Plc cash pooling arrangement (as of 31 August 2022, the cash held in a call deposit account is €298 million). Per the terms of the arrangement, the Directors have control of this deposit and draw down upon this balance when needed. In addition, the Company has access to a €250 million loan facility with Vodafone Group Plc (of which €202 million was drawn as at 31 March 2022 and given no further draw downs in the period to the date of this report there is further finance of €48 million available within the loan facility). Having considered the overall financial position of the Vodafone Group, as set out in its Financial Statements for the 12 months ended 31 March 2022, the Directors are satisfied that the Group has sufficient liquidity for the Company to continue to access the cash balance held in its call deposit account and request funding through its loan facility where required.

The Company has also generated funding through issuing shares during the period. On 31 March 2022, the Company issued 100 ordinary shares of €1.00 each to its immediate parent, Vodafone International Operations Limited for a total consideration of €90,000,000 at a share premium of €89,999,900. This consideration has been deposited in the call account held with Vodafone Group Plc.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Going concern (continued)

The Directors are satisfied that the Company will be able to settle its expected cost commitments and that due to the headroom in the cash flow forecast and the ability of the Company to control its capital expenditures, the business will continue to have sufficient cash available even in the event of any reasonably possible downturn in Group operations.

On the basis of their assessment, the Directors of Vodafone Group Services Limited expect that the Company will be able to continue in operational existence for the period until 30 September 2023, and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.1.3 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 transactions 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 Euro. The Company's functional and presentation currency is Euro and is denoted by the symbol €.

Transactions and balances

Foreign currency transactions are initially recorded into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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'.

The Company has used year-end exchange rate of 1.18 (GBP to EUR) as at 31 March 2022 (2021: 1.17).

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.

2 Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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 - 15 years
IT Hardware	3 - 5 years
Furniture, fittings and equipment	3 - 8 years

The residual value and useful life of the assets 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.

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.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred and is only capitalised if all of the following conditions are met:

2 Significant accounting policies (continued)

2.4 Intangible assets (continued)

- an asset is created that can be identified;
- the technical, commercial and financial feasibility is reasonably assured;
- the cost is separately identifiable and can be measured reliably; and
- it is probable that the asset will generate future economic benefits in excess of the costs incurred and expected to be incurred in its development.

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 costs, recognised as assets, are amortised using the straight-line basis over their estimated useful lives, which varies between 3 to 8 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.

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.

2.5 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.

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.

2 Significant accounting policies (continued)

2.6 Current and deferred tax (continued)

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 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

2.8 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.

2 Significant accounting policies (continued)

2.8 Leases (continued)

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.

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.

2.9 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.

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.

2 Significant accounting policies (continued)

2.9 Financial assets (continued)

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.

2.10 Derivatives and hedging

The Company provides centralised functions on behalf of the Group and recharges service costs to the Group's subsidiaries. This activity exposes the Company to the financial risks of changes in foreign exchange rates. The Company co-ordinates and manages the related foreign exchange risk using foreign exchange forward and swap derivatives.

The use of foreign exchange forward and swap derivatives is governed by the Group's policies approved by its Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Under the Group's foreign exchange management policy, foreign exchange transaction exposure in Group companies is generally maintained at the lower of €5 million per currency per month or €15 million per currency over a six-month period.

Derivative financial instruments are initially recognised at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. The Company uses cash flow hedge accounting to minimise profit and loss volatility on foreign exchange forward and swap derivatives.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity within the cash flow hedging reserve. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the net cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2 Significant accounting policies (continued)

2.10 Derivatives and hedging (continued)

The Directors have elected to take the exemption from the disclosure requirements of IFRS 7 Financial Instruments: Disclosures, on the basis that the Company is a wholly owned subsidiary included within the publicly available consolidated financial statements of Vodafone Group Plc, which includes the disclosure requirements of IFRS 7.

2.11 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.

Contracts with customers are accounted for when the contract is approved, each party can identify its rights regarding the services to be provided, payment terms have been agreed and the contract has commercial substance.

The Company recognises revenue when (or as) it satisfies a performance obligation by transferring services to the customer. The amount of revenue recognised is the amount allocated to the satisfied performance obligation and when it is probable that the Company will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the customer's ability and intention to pay that amount of consideration when it is due.

The Company only recognises a significant financing component within its long term contracts with customers. In these cases the Company follows the Group's beta IFRS 15 Revenue policy agreed approach and applies the relevant risk free rate plus a credit risk premium and the interest charge is then unwound over the life of the contract as an interest expense.

The Company recognises revenue over time by selecting the most appropriate input method as the basis for measuring the Company's progress towards complete satisfaction of that performance obligation. A performance obligation is satisfied as and when the services are delivered and the customer can benefit from services either on its own or together with other resources that are readily available to the customer. The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs those services.

2 Significant accounting policies (continued)

2.11 Revenue recognition (continued)

The Company applies IFRS 15 to the portfolio of contracts with similar performance obligations and characteristics. The Company's revenue is recognised from contracts with customers, including the disaggregation of revenue into appropriate categories. When selecting the type of category (or categories) to use to disaggregate revenue, the Company has considered how any information about the entity's revenue is presented in disclosures presented outside the financial statements and also considered how the information is reviewed by the chief operating decision maker for evaluating the financial performance of operating segments and when making resource allocation decisions.

Any contract balances, including the opening and closing balances of receivables, contract assets and contract liabilities, including any loss provision and the amount of revenue recognised from the opening contract liability are disclosed in the notes to the accounts.

2.12 Post-employment benefits

The Company's employees participate in the Vodafone UK Defined Contribution Pension Plan.

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and periods.

For defined contribution plans, 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.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Defined contribution pension costs are charged to the income statement and represent contributions payable in respect of the year.

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

2 Significant accounting policies (continued)

2.12 Post-employment benefits (continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past service costs are recognised immediately in the income statement.

The defined benefit plan was closed to new members in 2010.

2.13 Share-based payments

Vodafone Group Plc issues equity-settled awards to some of the Company's employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding increase in share-based payment reserve is also recognised. Where the Company makes cash payments to Vodafone Group Plc in respect of any rights or share options granted, such cash contributions are accounted for as a reduction in share-based payment reserve.

2.14 Financial liabilities

<u>Creditors</u>

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.

<u>Recognition and measurement</u>

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.

3 Critical accounting judgements and key sources of estimation uncertainty

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.

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 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.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

3.5 Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosures of the defined benefit pension scheme.

4 Employees and Directors' remuneration

Employees

The average number of persons employed by the Company (including Directors) during the year was as follows:

	2022 Number	2021 Number
Administrative	26	49
Provision of services to other group companies	3,984	3,835
	4,010	3,884

The cost incurred in respect of these employees was:

	2022 € m	2021 € m
Wages and salaries	(421)	(371)
Social security costs	(62)	(55)
Pension and other post-employment benefit costs (see note 18)	(49)	(42)
Share-based payment expense (see note 19)	(23)	(39)
Staff costs	(555)	(507)

Directors

Some Directors were remunerated by other Group companies.

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

4 Employees and Directors' remuneration (continued)

The Directors' remuneration for the year was as follows:

	2022 € m	2021 € m
Aggregate remuneration	2	2

The Company contributed €nil (2021: €nil) to defined contribution pension plan in respect of the Directors.

Directors in the year who were members of:

	2022 Number	2021 Number
Defined contribution pension scheme	2	1

The remuneration of the highest paid Director was €0.8 million (2021: €0.7 million).

All the Directors employed by the Company participate in the Group's share plans, which are described in note 19.

5 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

The Company's largely derives its revenue from the provision of central management, technical, administrative and other services to companies within the Group.

Revenue disaggregation is applied where it is considered that the revenues have substantially different characteristics. The Company manages its revenues by geographical areas as follows:

	2022 € m	2021 € m
United Kingdom	1,144	1,193
Europe	1,889	1,715
Other	104	81
	3,137	2,989

6 Operating (loss)/profit

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

	2022 € m	2021 € m
Depreciation charge on property, plant and equipment (see note 11)	(37)	(48)
Amortisation charge on intangible assets (see note 10)	(484)	(430)
Depreciation on right of use assets (see note 12)	(5)	(5)
Staff costs (see note 4)	(555)	(507)
Loss on disposals of intangible assets	(4)	-
Foreign exchange gains/(losses) from operating activities	8	(1)

€168,000 is payable in respect of the audit fees for the financial year (2021: €127,700).

The Company's auditors have not received any non-audit fees.

7 Interest income and expense

	2022 € m	2021 € m
Finance income		
Interest receivable from group undertakings	2	1
Other interest receivable	-	1
Total finance income	2	2
Finance expense		
Interest payable to group undertakings	(4)	(2)
Total finance expense	(4)	(2)
Net finance costs	(2)	-

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

8 Income tax

	2022 € m	2021 € m
United Kingdom corporation tax (expense)/credit:		
Current year tax expense	(48)	(30)
Tax adjustments in respect of prior years	(153)	16
Total UK current tax expense	(201)	(14)
Overseas current tax (expense)/credit:		
Current year tax expense	(4)	(11)
Tax adjustments in respect of prior years	5	8
Double taxation relief	-	2
Total overseas current tax credit/(expense)	1	(1)
Total current tax expense	(200)	(15)
Deferred taxation		
Deferred taxation credit - current year	192	22
Deferred taxation credit - prior year	141	2
Total deferred tax credit	333	24
Total income tax credit in the income statement	133	9

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

8 Income tax (continued)

	2022 € m	2021 € m
(Loss)/profit before tax	(50)	2
Corporation tax credit at standard rate of 19% (2021: 19%)	10	-
Factors affecting the tax (expense)/credit for the year:		
Effect of changes in tax rates on deferred tax	120	-
Overseas tax suffered	(4)	(9)
Permanent differences	14	(8)
Tax adjustments in respect of prior year	(7)	26
Total tax credit	133	9

The tax rate for the current year is 19%. An increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 was substantively enacted in Finance Act 2021 which gives rise to a €120 million increase in the total tax credit for the year. However, in its Growth Plan dated 23rd September 2022, the Government stated that the rate of 19% will now remain in place from 1 April 2023. The reversal of the future tax rate (from 25% to 19%) has yet to be substantively enacted. If the company's deferred tax balances at the period end were remeasured at 19% this would result in a corresponding €120 million decrease in the total tax credit/deferred tax asset for the year.

9 Deferred taxation

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

	2022 €m	2021 €m
Accelerated capital allowances	472	163
Share based payments	25	16
Pension	(12)	8
Other temporary differences	16	1
Deferred tax assets	501	188

	2022 €m	2021 €m
Deferred tax assets due within 12 months	18	4
Deferred tax liabilities due within 12 months	(10)	-
Deferred tax assets due within 12 months	8	4
Deferred tax assets due after 12 months	493	184
Deferred tax assets due after 12 months	493	184
Deferred tax assets	501	188

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

9 Deferred taxation (continued)

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

	Accelerated capital allowance €m	Share-based payments €m	Pension €m	Other temporary differences €m	Total €m
At 1 April 2021	163	16	8	1	188
Amount credit to the income statement	309	5	5	15	334
Amount credit/(charged) directly to other comprehensive income	-	4	(25)	-	(21)
At 31 March 2022	472	25	(12)	16	501

The tax rate for the current year is 19%. An increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 was substantively enacted in Finance Act 2021 which gives rise to a €120 million increase in the total tax credit for the year. However, in its Growth Plan dated 23rd September 2022, the Government stated that the rate of 19% will now remain in place from 1 April 2023. The reversal of the future tax rate (from 25% to 19%) has yet to be substantively enacted. If the company's deferred tax balances at the period end were remeasured at 19% this would result in a corresponding €120 million decrease in the total tax credit/deferred tax asset for the year.

The deferred tax asset/(liability) above has been calculated based on the proportion of the timing differences which will be utilised or realised within the next 12 months (at the 19% rate) or more than 12 months (at the 25% rate)

10 Intangible assets

	Computer software €m	Assets under construction €m	Total €m
Cost:			
At 1 April 2021	1,751	182	1,933
Additions	223	486	709
Disposals	(458)	-	(458)
Transfers	409	(406)	3
At 31 March 2022	1,925	262	2,187

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

10 Intangible assets (continued)

	Computer software € m	Assets under construction € m	Total € m
Accumulated amortisation:			
At 1 April 2021	1,145	-	1,145
Amortisation charge for the year	484	-	484
Disposals	(454)	-	(454)
At 31 March 2022	1,175	-	1,175
Net book value:			
At 31 March 2021	606	182	788
At 31 March 2022	750	262	1,012

On 1st April 2021, the Company acquired the Vodafone software licence asset management business from a Luxembourg subsidiary within the Vodafone Group resulting in the acquisition of intangible assets of €170 million.

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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 €m	Furniture, fittings and equipment €m	Assets under construction €m	Total €m
Cost:				
At 1 April 2021	301	4	19	324
Additions	1	-	22	23
Disposals	(42)	-	-	(42)
Transfers	22	2	(27)	(3)
At 31 March 2022	282	6	14	302
Accumulated depreciation:				
At 1 April 2021	213	2	-	215
Charge for the year	35	2	-	37
Disposals	(41)	-	-	(41)
At 31 March 2022	207	4	-	211
Net book value:				
At 31 March 2021	88	2	19	109
At 31 March 2022	75	2	14	91

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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 € m	2021 € m
Right-of-use-assets		
Vehicles	3	3
Network equipment and capacity	8	11
	11	14

Additions to the right-of-use assets during the financial year ending 31 March 2022 were €7 million.

	2022 € m	2021 € m
Lease liabilities		
Current (see note 14)	5	4
Non-current (see note 15)	6	10
	11	14

Amounts recognised in the income statement

	2022 € m	2021 € m
Depreciation charge of right-of-use-assets		
Vehicles	2	2
Network equipment and capacity	3	3
	5	5

Interest expense on leases for the current period is €37,632 (2021: €232,703).

13 Trade and other receivables

	2022 €m	2021 €m
Amounts owed by group undertakings	510	530
Prepayments	22	17
Other receivables	19	28
Amounts owed by parent undertakings	201	502
Amounts owed by associate undertakings	7	9
Overseas corporation tax	15	-
	774	1,086

Amounts owed by Group and associated undertakings are stated after providing for estimated credit losses of €179,592,000 (2021: €97,423,200).

Prepayments include the impact of balances acquired on 1st April 2021 from a Luxembourg subsidiary in relation to the Vodafone software licence asset management business. These prepayments had an acquisition value of €125 million, with €121 million being recognised in the Income Statement over the course of the year.

14 Creditors: amounts falling due within one year

	2022 €m	2021 €m
Trade creditors	71	83
Accruals	92	96
Group relief payable	45	7
Social security and other taxes	115	94
Amounts owed to group undertakings	534	507
Amounts owed to associate undertakings	1	1
Lease liabilities (see note 12)	5	4
Other borrowings	9	15
	872	807

Amounts owed to group undertakings relate to trading balances due for services received.

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

15 Creditors: amounts falling due after more than one year

	2022 € m	2021 € m
Lease liabilities (see note 12)	6	10
Other borrowings	26	35
Amounts due to group undertakings	4	-
	36	45

16 Share capital

Allotted, called up and fully paid shares:

	2022		2021	
	No.	€	No.	€
Ordinary shares of €1 each	1,586	1,586	1,386	1,386
Deferred shares of £1 (€1) each	1	1	1	1
Issue of new ordinary shares of €1 each	100	100	200	200
Total	1,687	1,687	1,587	1,587

On 31 March 2022, the Company issued 100 ordinary shares of €1.00 each to its immediate parent, Vodafone International Operations Limited for a total consideration of €90,000,000 at a share premium of €89,999,900.

17 Provisions for liabilities

	Re-organisation € m	Other provisions € m	Total € m
At 1 April 2021	4	6	10
Amount charged to the income statement	4	15	19
Utilised in the year	(3)	(20)	(23)
Amount released to the income statement	-	(1)	(1)
At 31 March 2022	5	-	5

17 Provisions for liabilities (continued)

Reorganisation
Reorganisation provisions at 31 March 2022 relate to business restructuring activities and are expected to be utilised within the forthcoming year.

Other
Other provisions at 31 March 2022 includes amount in respect of onerous contracts.

18 Post-employment benefits

The majority of the employees of the Company are former members of the Vodafone Group Pension Scheme (the 'Scheme"). This is a registered defined benefit scheme, the assets of which are held in an external trustee-administered fund. On 31 March 2010 the Company closed the scheme to future accrual. The pension cost for these defined benefit arrangements is included in the summary information shown below.

The Company also operates a registered defined contribution arrangement (the Vodafone UK Defined Contribution Pension Plan) which all new employees are eligible to join together with main Scheme members from 31 March 2010.

The amount charged/(credited) to the income statement is as follows:

	2022 € m	2021 € m
Defined benefit scheme:		
Vodafone Group Pension Scheme-UK	3	1
Defined contribution scheme:		
Vodafone UK Defined Contribution Pension Plan - normal contribution	46	41
Total amount charged to the income statement (see note 4)	49	42

Defined benefit scheme

Vodafone Group Pension Scheme-UK

The main scheme is subject to quarterly funding updates by independent actuaries and to formal actuarial valuations at least every three years. As at 31 March 2022 the Scheme's assets were valued at £2,872 million (2021: £2,809 million), and its liabilities at £2,675 million (2021: £2,945 million). This represents a funding ratio of 107% and a surplus of £197 million (2021: 95% and £136 million deficit). The Company has 26.52% share in this scheme.

18 Post-employment benefits (continued)

The funding policy for the UK Scheme is reviewed on a systematic basis in consultation with the independent scheme actuary in order to ensure that the funding contributions from sponsoring employers are appropriate to meet the liabilities of the scheme over the long term.

Actuarial assumptions

The Group's scheme liabilities are measured using the actuarial assumptions set out below:

	2022 %	2021 %
Weighted average actuarial assumptions used at 31 March:		
Rate of inflation	3.45	3.15
Discount rate	2.60	2.00

Life expectancy of pensioners aged 65 are as follows:

	Retiring 31 March 2022	Retiring in 25 years
Male	23.40	25.40
Female	25.30	27.40

Fair value of the assets and present value of the liabilities of the scheme

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit schemes is as follows:

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

18 Post-employment benefits (continued)

	Assets €m	Liabilities €m	Net surplus / (deficit) €m
1 April 2020	762	(725)	37
Interest income/(expense)	18	(16)	2
Benefits paid	(19)	19	-
Employer contributions	25	-	25
Actuarial losses arising from changes in financial assumptions	-	(163)	(163)
Actuarial losses arising from experience adjustments	-	(3)	(3)
Return on plan assets excluding interest income	61	-	61
Exchange rate movements	28	(29)	(1)
31 March 2021	875	(917)	(42)
1 April 2021	875	(917)	(42)
Interest income/(expense)	18	(18)	-
Benefits paid	(19)	19	-
Expenses paid	-	(1)	(1)
Past service credit	-	(2)	(2)
Actuarial gains arising from changes in financial assumptions	-	74	74
Actuarial gains arising from experience adjustments	-	13	13
Return on plan assets excluding interest income	21	-	21
Exchange rate movements	6	(8)	(2)
31 March 2022	901	(840)	61

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

18 Post-employment benefits (continued)

An analysis of net deficit is provided below:

	2022 € m	2021 € m
Analysis of net surplus/(deficit)		
Total fair value of scheme assets	901	875
Present value of scheme liabilities	(840)	(917)
Net surplus/(deficit)	61	(42)

The fair value of plan assets is as follows:

	2022 € m	2021 € m
Fair value of plan assets		
Equity instruments	137	284
Debt instruments	119	666
Asset held by insurance companies	66	71
Derivatives	378	(282)
Funds	146	76
Cash	2	9
Real Estate	53	51
Total	901	875

Sensitivity analysis

Measurement of the Company's defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 31 March 2022.

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. In presenting this sensitivity analysis, the change in the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

18 Post-employment benefits (continued)

	Increase/(decrease) in present value of defined benefit obligation €m
Rate of inflation	
Decrease by 0.5%	(74.2)
Increase by 0.5%	79.4
Discount rate	
Decrease by 0.5%	106.9
Increase by 0.5%	(91.8)
Life expectancy	
Decrease by 1 year	(32.0)
Increase by 1 year	33.0

19 Share-based payments

The Company currently uses a number of equity-settled share plans to grant options and shares in Vodafone Group Plc, the ultimate parent of the Company, to its Directors and employees.

Share options

Vodafone Group Plc Sharesave Plan

Under the Vodafone Group Plc Sharesave Plan UK staff may acquire shares in Vodafone Group Plc through monthly savings of £375 over a three and/or five year period, at the end of which they may also receive a tax-free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set out at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of the shares.

Vodafone Group Plc Executive Plans

No share options have been granted to any Directors or employees under the Vodafone Group Plc discretionary share option plans in the year end 31 March 2022. There were no options outstanding under the Vodafone Global Incentive Plan at the year-end.

19 Share-based payments (continued)

Share plans

Vodafone Group Plc Executive Plans

Under the Vodafone Global Incentive Plan awards of Vodafone Group Plc shares are granted granted to Directors and certain employees. The release of these shares is conditional upon continued employment and for some awards achievements of certain performance targets measured over a three year period.

Vodafone Group Plc Share Incentive Plan

Following a review of the UK all-employee plans it was decided that with effect from 1 April 2017 employees would no longer be able to contribute to the Vodafone Group Plc Share Incentive Plan and would therefore no longer receive matching shares. Individuals who hold shares in the plan continue to receive dividend shares.

Summary of share options outstanding

	31 March 2022		31 March 2021	
	Options	Weighted average remaining contractual life	Options	Weighted average remaining contractual life
Option price band	**in millions**	**in months**	**in millions**	**in months**
Vodafone Group Savings Related and Sharesave Scheme £0.91 - £1.89	20	22	19	28
Total	**20**		**19**	

Of the total outstanding share options of 20 million (2021:19 million) there were no exercisable options at the year end (2021: None).

20 Commitments

The Company at the year ended 31 March 2022 had contracts placed for future capital expenditure not provided in the financial statements for €2 million (2021: €5 million).

21 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.

During the year, the Company provided €82m (2021: €133m) of Group support services to its indirect associated undertakings, Vodafone Ziggo Group Holding B.V., a Group joint venture in the Netherlands €71m and Vodafone Idea Limited €12.5m. At the year end, €7m (2021: €9m) was outstanding and included within trade and other receivables.

22 Controlling parties

The Company's immediate parent company is Vodafone International Operations 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 2FN or from Vodafone Group's website https://investors.vodafone.com.