

VODAFONE EUROPEAN INVESTMENTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2008

REGISTERED No: 3961908

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VODAFONE EUROPEAN INVESTMENTS

REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 March 2008.

Principal activity and review of business

The Company's principal activity is acting as a holding company for companies in the Vodafone Group. The Company is an unlimited company. The directors do not anticipate that the business of the Company will change in the foreseeable future.

Results and dividends

The profit and loss account is set out on page 5 of the financial statements. For the financial year ended 31 March 2008, there was a profit on ordinary activities after taxation of £92,097,000 (2007 – loss of £16,527,369,000). The increase in profits was predominately due to 2007 including impairment charges of £18,110,441,000 offset by lower net interest income of £2,128,549,000 (2008: £131,578,000; 2007: £2,260,127,000).

During the year, the Company declared and paid dividends amounting to a total of £5,997,375,000 (2007 - £11,355,242,000).

These dividends were paid to Vodafone Group Plc who are the registered holders of 100,000,111 ordinary shares (2007: 100,000,111). Vodafone Nominees Limited, who was the registered holder of one ordinary share of £1 in the capital of the Company has irrevocably waived its entitlement to dividends.

Directors

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

J De Geus
P G Stephenson
N A Wright

Auditors

The Company has passed an elective resolution under section 386(1) of the Companies Act 1985 to dispense with re-appointment of auditors annually.

Registered office

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

VODAFONE EUROPEAN INVESTMENTS

REPORT OF THE DIRECTORS (continued)

Directors' statement of responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on a 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 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

Having made the requisite enquiries, so far as each of the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and the directors have each 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.

By Order of the Board



P R S Howie
Secretary

22 December 2008

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VODAFONE EUROPEAN INVESTMENTS

We have audited the financial statements of Vodafone European Investments for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VODAFONE EUROPEAN INVESTMENTS (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom.

22 December 2008

VODAFONE EUROPEAN INVESTMENTS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £'000	2007 £'000
Administrative expenses	2	(11)	(6)
Other income and expenditure		-	988
Operating (loss)/profit		(11)	982
Impairment of fixed asset investments	3	-	(18,110,441)
Loss on ordinary activities before interest		(11)	(18,109,459)
Interest receivable and similar income	4	299,794	2,338,018
Interest payable and similar charges	5	(168,216)	(77,891)
Profit /(loss) on ordinary activities before taxation		131,567	(15,849,332)
Tax charge on profit /(loss) on ordinary activities	6	(39,470)	(678,037)
Profit / (loss) for the year	12	92,097	(16,527,369)

The Company has no other recognised gains or losses in the current or preceding year, and therefore no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations.

The accompanying notes are an integral part of these financial statements.

VODAFONE EUROPEAN INVESTMENTS

BALANCE SHEET

AT 31 MARCH 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	8	41,395,221	41,395,221
CURRENT ASSETS			
Debtors	9	67,391,287	73,098,883
CREDITORS: amounts falling due within one year	10	(3,828,203)	(3,630,521)
NET CURRENT ASSETS		<u>63,563,084</u>	<u>69,468,362</u>
NET ASSETS		<u>104,958,305</u>	<u>110,863,583</u>
CAPITAL AND RESERVES			
Called up share capital	11	100,000	100,000
Share premium account		43,250,816	43,250,816
Profit and loss account	12	61,607,489	67,512,767
TOTAL SHAREHOLDERS' FUNDS	13	<u>104,958,305</u>	<u>110,863,583</u>

The financial statements were approved by the Board of Directors on ~~22~~ December 2008 and were signed on its behalf by:

 Director
P G Stephenson

The accompanying notes are an integral part of these financial statements.

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

1. Statement of accounting policies

The principal accounting policies adopted, which have been applied consistently throughout the current year and the preceding year, are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements. Foreign currency monetary assets and liabilities are translated into sterling at year end rates.

All foreign exchange differences are dealt with in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Cash flow

In accordance with the provisions of Financial Reporting Standard 1 (Revised), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of Vodafone Group Plc, a company registered in England and Wales, which prepares and publishes consolidated accounts that include a consolidated cash flow statement and which are publicly available.

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

2. Administrative expenses and operating loss

The directors are employees of other companies within the Vodafone Group Plc group of companies. It is not practical to allocate their remuneration between their services as employees of Vodafone Group Services Limited and their services as directors of the company.

Audit fees of £1,581 (2007: £1,875) were borne by the company during the current year for the audit of the company's annual financial statements.

The Company did not have any employees throughout the current or preceding year.

3. Impairment of fixed asset investments

	2008 £'000	2007 £'000
Impairment of fixed asset investments	-	18,110,441

4. Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from parent company	262,470	173,128
Interest receivable from fellow subsidiary undertakings	37,324	2,164,890
	<u>299,794</u>	<u>2,338,018</u>

5. Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable to parent company	167,764	77,797
Interest payable to fellow subsidiary undertakings	452	94
	<u>168,216</u>	<u>77,891</u>

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

6. Tax charge on profit /(loss) on ordinary activities

	2008 £'000	2007 £'000
UK Corporation tax at 30% (2007 – 30%)	39,470	678,037

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the previous year differs from the tax charge/(credit) at the standard rate for the reasons set out in the following reconciliation:

	2008 £'000	2007 £'000
Profit /(loss) on ordinary activities before tax	131,567	(15,849,332)
Tax charge/(credit) on profit /(loss) on ordinary activities before tax at standard rate of 30%	39,470	(4,754,800)
Factors affecting the tax charge/(credit) for the year:		
Other permanent difference	-	(296)
Impairment of fixed asset investments	-	5,433,133
Current tax charge for the year	39,470	678,037

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

7. Dividends

	2008 £'000	2007 £'000
Equity – interim on ordinary shares: £59.97 per £1 share (2007: £75.73 per £1 share and £13.42 per £1 share) ^(a)	5,997,375	8,915,882
Equity – final on ordinary shares Enil (2007: £24.39 per £1 share)	-	2,439,360
	<hr/> 5,997,375 <hr/>	<hr/> 11,355,242 <hr/>

^(a) For the year ended 31 March 2007, the Company declared and paid a £75.73 per £1 share interim dividend on 30 September 2006, and a £13.42 per £1 share interim dividend on 30 November 2006, making total interim dividend payments of £7,573,387,000 and £1,342,495,000 respectively.

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

8. Investments

Shares in Group undertakings £'000

Cost

As at 1 April 2007 and 31 March 2008 59,505,662

Impairment of fixed asset investments

As at 1 April 2007 and 31 March 2008 (18,110,441)

Net book value

As at 31 March 2007 and 31 March 2008 41,395,221

The fixed asset investment of £41,395,221,000 comprises a 100% shareholding in the ordinary share capital of Vodafone International Operations Limited, a company registered in England and Wales.

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

9. Debtors

	2008 £'000	2007 £'000
Amounts owed by ultimate parent undertaking	3,715,598	4,124,811
Amounts owed by Group undertakings	63,675,689	68,974,072
	<u>67,391,287</u>	<u>73,098,883</u>

10. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to ultimate parent undertaking	3,788,733	2,943,010
Amounts owed to Group undertakings	-	9,474
Group Relief Payable	39,470	678,037
	<u>3,828,203</u>	<u>3,630,521</u>

11. Called up share capital

	2008 £'000	2007 £'000
Authorised:		
100,000,000,000 (2007 – 100,000,000,000) ordinary shares of £1 each	100,000,000	100,000,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
100,000,112 (2007 – 100,000,112) ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

12. Reserves

	Profit and loss account £'000
1 April 2007	67,512,767
Profit for the year	92,097
Dividends	(5,997,375)
31 March 2008	<u>61,607,489</u>

13. Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit/(loss) for the year	92,097	(16,527,369)
Dividends	(5,997,375)	(11,355,242)
Issue of shares, at a premium, as consideration for acquisition of investments	-	59,505,662
Net movement in shareholders' funds	<u>(5,905,278)</u>	<u>31,623,051</u>
Opening shareholders' funds	110,863,583	79,240,532
Closing shareholders' funds	<u>104,958,305</u>	<u>110,863,583</u>

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

14. Related party disclosures

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the Group who are related parties.

15. Ultimate parent company

The immediate and ultimate parent company and controlling entity of Vodafone European Investments and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, a company registered in England and Wales. As a wholly owned subsidiary of a company registered in England and Wales, for which Group accounts are prepared, the Company has taken advantage of Section 228 of the Companies Act 1985 and has not prepared consolidated accounts.

A copy of the consolidated financial statements of Vodafone Group Plc for the year ended 31 March 2008 may be obtained from the company's website www.vodafone.com or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.