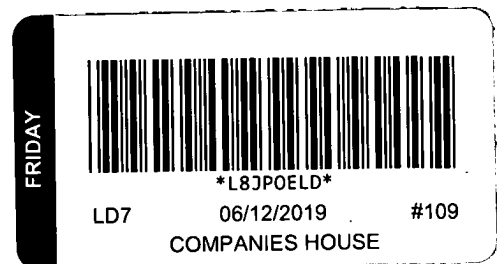


## **VODAFONE SALES & SERVICES LIMITED**

### **Annual Report and Financial Statements**

**For the Year Ended 31 March 2019**



## **VODAFONE SALES & SERVICES LIMITED**

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# **VODAFONE SALES & SERVICES LIMITED**

## **Company Information**

### **Directors**

P Patel  
D Massidda  
S Parisse  
C Sommer  
M Spink

### **Company Registration Number**

06844137

### **Company Secretary**

Vodafone Corporate Secretaries Limited

### **Registered office**

Vodafone House  
The Connection  
Newbury  
Berkshire  
RG14 2FN

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
United Kingdom

## **VODAFONE SALES & SERVICES LIMITED**

### **Strategic Report for the Year Ended 31 March 2019**

The Directors present their strategic report for the year ended 31 March 2019.

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

The Company's financial performance is mainly influenced by the services it provides to other Vodafone companies, associates and partners of the Group.

The activities of the Company are focused on 3 main areas, namely Partner Markets, the Vodafone brand and Vodafone Money Transfer (M-Pesa). In addition, the Company offers mobile applications including widget and embedding services.

The Company operates within the global market to build the Vodafone brand, bring new products and services to market, unlock efficiency and drive value for its customers.

#### **Fair review of the business**

Vodafone Partner Markets works to form strategic alliances with operators all over the world, partnering to offer a range of global products and services that extend Vodafone's reach into local markets. Vodafone Partner Market agreements vary from roaming and service resale to full partner branding. Established in 2002, Vodafone Partner Markets as at 31 March 2019 had partnership agreements with local operators in 41 countries. Partner Market revenues decreased by 3% year on year in the year ended 31 March 2019.

The Company has the right to utilize the Vodafone brand rights around the world, and receives a return on these rights from the Group operating companies based upon revenues earned by these Vodafone companies.

The Vodafone brand strategy is designed to underline Vodafone's belief that new technologies and digital services will play a positive role in transforming society and enhancing individual quality of life over the years ahead. The strategy focuses on the theme of optimism about the future, using the strapline, "The future is exciting. Ready?"

The Company is responsible for the licensing of the brand to operating companies, affiliates and partner networks of the Vodafone Group. Brand revenue is earned through a royalty levied on the revenues of those businesses to which it has licensed the use of the Vodafone brand. Brand revenue decreased by 9% to €605m for the year ended 31 March 2019 (2018: €662m).

The Company provides mobile money transfer services to companies in the Vodafone Group and associated partners. The turnover of this business division is derived mainly from charges for software, hosting and support services made to other companies in the Vodafone Group, who sell mobile applications to their customers.

The M-PESA programme has revolutionized small business and local commerce in a number of developing markets since its launch in East Africa. Revenues earned from mobile money transfers and other mobile applications increased by 20% in the year.

## **VODAFONE SALES & SERVICES LIMITED**

### **Strategic Report for the Year Ended 31 March 2019 (continued)**

#### **Results**

The Income Statement is set out on page 10 of the financial statements. For the year ended 31 March 2019 the Company recorded a profit for the financial year of €144 million (2018: profit of €169 million). The Company generated €769 million of revenues in the year which are analyzed in note 4 to the financial statements (2018: €825 million) and cost of sales of €540 million (2018: €591 million).

#### **Financial Position and Liquidity**

The Statement of financial position on page 12 of the financial statements shows the Company's financial position at the end of the year.

The Company had creditors of €510 million at 31 March 2019 (2018: €166 million), €119 million at 31 March 2019 (2018: €103 million) of which is due to Vodafone Group companies, and debtors of €1,843 million (2018: €1,369 million). Debtors primarily consisted of €1,671 million of deposits with the Company's parent undertaking (2018: €1,200 million). The net asset position of the Company increased from €1,228 million at 31 March 2018 to €1,370 million at 31 March 2019 reflecting the impact of the profits earned in the year.

For further details of amounts payable to and due from the parent company and fellow subsidiary undertakings see notes 12 and 13 of the financial statements.

#### **Future developments**

The Directors are of the opinion that the Company's activities will continue on a similar basis for the foreseeable future.

#### **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 and largely related to the provision of central management, technical and administrative and other key services to the Vodafone Group, the Company's Directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development or position of the business. Please refer to the Vodafone Group Plc Annual Report for KPIs relating to the Company.

#### **Principal risks and uncertainties**

The Company's financial performance is mainly influenced by the services it provides to other Vodafone Group companies, associates and partners of the Vodafone Group.

The Company's principal business risks in relation to partner market activities include the ability of the Company to enter into new agreements or renew existing agreements with partners, the pricing thereof, and the ability of the Company to continue to provide services that are attractive to the Company's partners.

For its mobile money transfer services, the Company's principal business risks relate to any change in the strategy of the Vodafone Group or its partners in relation to the promotion of activities described above, the extent of use by their customers of mobile technology for the purposes of conducting money transfers and other services, and the development and availability to consumers of alternative technologies.

The key risk facing the Company in relation to its brand activities is that existing licensees of the Vodafone brand will cancel their brand licensing agreements and adopt an alternative brand (for example as the result of the termination of a partner network agreement between Vodafone Group Plc and an existing licensee, or the disposal of a Vodafone Group company). This activity is also subject to the business performance of the licensees (as the brand revenues are linked to it) and to revisions in the pricing of such licenses.

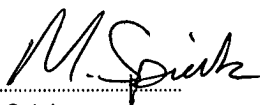
**VODAFONE SALES & SERVICES LIMITED**

**Strategic Report for the Year Ended 31 March 2019 (continued)**

**Principal risks and uncertainties (continued)**

Within Vodafone Group there are dedicated teams that manage all partner markets relationships, mobile money transfer activities and the global brand relationship with all the existing licensees. These teams are involved in the reporting and monitoring of financial and non-financial performance in these areas and for agreeing overall strategy with Vodafone Group senior management. After reviewing the Company's budget for the next financial year, and other longer term plans, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 27/11/2019 and signed on its behalf by:



M Spink  
Director

## **VODAFONE SALES & SERVICES LIMITED**

### **Directors' Report for the Year Ended 31 March 2019**

The Directors present their report and the audited financial statements for the year ended 31 March 2019.

#### **Future Developments**

Details of the business' activities are set out in the Strategic Report.

#### **Dividends**

The Directors do not recommend the payment of a final dividend (2018: €nil).

#### **Going concern**

The Directors are satisfied that the Company has adequate resources to continue to operate in the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

#### **Financial risk management**

The Company follows Group policy to manage its principal financial risks which include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk. The Group's treasury function provides a centralized treasury service to the Company, and follows a framework of policies and guidelines authorized and reviewed annually by the Group's management.

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.

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 2019.

#### **Directors**

The Directors of the Company, who served throughout the year and up to the date of signing the financial statements, unless otherwise indicated, are as follows:

	<b>Appointed</b>	<b>Resigned</b>
S Parisse		
N Vlachopoulos		30 November 2018
D Massidda		
C Sommer		
S Martins De Oliveira	19 October 2018	11 October 2019
P Patel		
M Spink		

#### **Independent Auditors**

Following the approval and signing of these financial statements, Ernst and Young LLP will be appointed as auditors for the 2020 financial year.

## **VODAFONE SALES & SERVICES LIMITED**

### **Directors' Report for the Year Ended 31 March 2019 (continued)**

#### **Registered office**

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

#### **Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **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 in August. Neither the Company's indemnity nor the insurance provides cover in the event that the Director is proven to have acted dishonestly or fraudulently.

#### **Statement as to disclosure of information to the auditors**

Having made the requisite enquiries, so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and each of the Directors has 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.



## VODAFONE SALES & SERVICES LIMITED

### Directors' Report for the Year Ended 31 March 2019 (continued)

#### Employment of disabled persons

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that training, career development and promotion of a disabled person, as far as possible, be identical to that of a person who does not suffer from a disability.

#### Employee involvement

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.

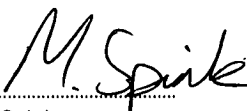
#### Appointment of auditors

Following the approval and signing of these financial statements, Ernst and Young LLP will be appointed as auditors for the 2020 financial year.

#### Events occurring after balance sheet date

The Company will closely monitor progress in relation to the impending exit of Great Britain from the membership of the European Union and regularly review the impact as part of the overall Group strategy.

Approved by the Board on 27/11/2019 and signed on its behalf by:



M Spink  
Director

## VODAFONE SALES & SERVICES LIMITED

### Independent auditors' report to the members of Vodafone Sales & Services Limited

#### Report on the audit of the financial statements

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##### Opinion

In our opinion, Vodafone Sales & Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2019; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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##### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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##### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## VODAFONE SALES & SERVICES LIMITED

### Independent auditors' report to the members of Vodafone Sales & Services Limited (continued)

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#### Reporting on other information (Continued)

##### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### Responsibilities for the financial statements and the audit

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### *Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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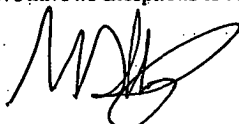
#### Other required reporting

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

  
Mark Allsop (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
November 2019

# **VODAFONE SALES & SERVICES LIMITED**

## **Income Statement for the Year Ended 31 March 2019**

	<b>Note</b>	<b>2019 €'000</b>	<b>2018 €'000</b>
Revenue	4	769,243	824,521
Cost of sales		<u>(539,701)</u>	<u>(590,505)</u>
Gross profit		229,542	234,016
Loss on sale of investment		-	(1,066)
Other (expense)/income		<u>(380)</u>	<u>2,524</u>
Operating profit	5	229,162	235,474
Finance expense	6	<u>(11,211)</u>	<u>(4,306)</u>
Profit before taxation		217,951	231,168
Income tax expense	9	<u>(73,764)</u>	<u>(62,084)</u>
Profit for the financial year		<u>144,187</u>	<u>169,084</u>

The above results were derived from continuing operations.

The notes on pages 14 to 29 form an integral part of these financial statements.

**VODAFONE SALES & SERVICES LIMITED****Statement of Comprehensive Income for the Year Ended 31 March 2019**


	Note	2019 €'000	2018 €'000
Profit for the financial year		144,187	169,084
Other comprehensive expense: Items that will not be reclassified to income statement		-	-
Loss on cash flow hedges		(306)	(86)
Movement on current tax relating to cash flow hedging & share based payment reserves		(30)	36
Movement on deferred tax relating to cash flow hedging & share based payment reserves	10	<u>(85)</u>	<u>(18)</u>
Total comprehensive income for the year		<u>143,766</u>	<u>169,016</u>

The notes on pages 14 to 29 form an integral part of these financial statements.

**VODAFONE SALES & SERVICES LIMITED****Statement of Financial Position as at 31 March 2019**

	Note	2019 €'000	2018 €'000
<b>Fixed assets</b>			
Intangible assets	11	14,413	12,561
		<u>14,413</u>	<u>12,561</u>
<b>Current assets</b>			
Deferred tax asset	10	22,978	5,533
Debtors	12	1,842,514	1,368,702
Cash and cash equivalents		-	8,054
		<u>1,865,492</u>	<u>1,382,289</u>
Creditors: Amounts falling due within one year	13	(203,950)	(166,376)
Net current assets		1,661,542	1,215,913
Creditors: Amounts falling due after more than one year	13	(305,696)	-
Provisions for liabilities	14	-	(70)
Net assets		<u>1,370,259</u>	<u>1,228,404</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Share premium account		250,000	250,000
Share based premium reserve		541	370
Cash flow hedge reserve		(449)	(69)
Retained earnings		<u>1,120,167</u>	<u>978,103</u>
Total shareholders' funds		<u>1,370,259</u>	<u>1,228,404</u>

The financial statements on pages 10 to 29 were authorised for issue by the board of directors on 27/11/2019 and were signed on its behalf:

  
 M Spink  
 Director

The notes on pages 14 to 29 form an integral part of these financial statements.

## VODAFONE SALES &amp; SERVICES LIMITED

## Statement of Changes in Equity for the Year Ended 31 March 2019

	Share premium account £'000	Share based premium reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
<b>Balance as at 1 April 2017</b>	250,000	388	-	809,019	1,059,407
Profit for the financial year	-	-	-	169,084	169,084
Other comprehensive expense for the year(net of tax)	-	1	(69)	-	(68)
Total comprehensive income for the year	-	1	(69)	169,084	169,016
Charge relating to equity-settled share based awards	-	(19)	-	-	(19)
<b>Balance as at 31 March 2018</b>	250,000	370	(69)	978,103	1,228,404
<b>Balance as at 31 March 2018</b>	250,000	370	(69)	978,103	1,228,404
Adoption of IFRS 9	-	-	-	(2,123)	(2,123)
<b>Balance as at 1 April 2018</b>	250,000	370	(69)	975,980	1,226,281
Profit for the financial year	-	-	-	144,187	144,187
Loss on cash flow hedging reserve	-	-	(306)	-	(306)
Charge relating to share based awards	-	(41)	(74)	-	(115)
Total comprehensive income for the year	-	(41)	(380)	144,187	143,766
Credit relating to equity settled share based awards	-	212	-	-	212
<b>Balance as at 31 March 2019</b>	250,000	541	(449)	1,120,167	1,370,259

The notes on pages 14 to 29 form an integral part of these financial statements.

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019

#### 1. General Information

The activities of the Company are focused on 3 main areas, namely Partner Markets, the Vodafone brand and Vodafone Money Transfer (M-Pesa). Further details of the activities of the Company are disclosed on Page 2 of the Strategic Report.

The Company is a private limited by share capital, incorporated in United Kingdom and domiciled in England.

The address of its registered office is:

Vodafone House  
The Connection  
Newbury  
Berkshire  
RG14 2FN  
United Kingdom

Company Registration number: 06844137

These financial statements were authorised for issue by the Board on 27 November 2019

#### 2. Summary of 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.

##### (a) Basis of preparation

The financial statements have been prepared in accordance with 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 UK Companies Act 2006.

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 in note 3.

The Company's functional and presentational currency is 'Euro'.



## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### (b) Summary of disclosure exemptions

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The 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), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- 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)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### (c) New standards, amends and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 March 2019. IFRS 15 was adopted using the fully retrospective method although there is no retrospective impact other than the reclassification of accrued and deferred income to contract assets and liabilities respectively (see notes 12 and 13). There is an immaterial impact from IFRS 9 (see breakdown below). There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 March 2019 which have had a material impact on the company

The impact of the adoption of IFRS 9 on the financial position at 1 April 2018 is set out below:

	31 <sup>st</sup> March 2018	Impact of IFRS 9 adoption	1 <sup>st</sup> April 2018
	€'000	€'000	€'000
Debtors	1,368,702	(2,123)	1,366,579
Retained Earnings	978,103	(2,123)	975,980

##### (d) Going concern

The financial statements have been prepared on a going concern basis. The Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 3.

##### (e) Revenue recognition

Revenue is recognized 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. Revenue is measured at the fair value of the consideration received, excluding value added tax.

Brand revenues are recognized in respect of services provided to group companies during the year.

Partner Markets revenues are recognized based upon services provided to customers through strategic partners including mobile operators.

Mobile Applications service and M-PESA mobile money transfer revenues are recognized on the basis of services provided during the year.

##### (f) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other income.'

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### (g) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. 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 crystallize based on 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 recognized 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 Company's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

##### (h) Intangible assets

###### *Computer software*

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized 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 product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

###### *Amortisation*

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

###### *Computer software 2 - 5 years*

Development expenditure meeting the conditions stated above is capitalised and amortised over the period during which the Company is expected to benefit, typically three years. Provision is made for any impairment.

###### *Impairment of non-financial assets*

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### (i) Financial assets

###### *Classification*

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 parent, group and associated undertakings, other receivables in the statement of financial position. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

###### *Recognition and measurement*

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized 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 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.

##### (j) Debtors

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using an effective interest method less provision for impairment. Estimates are based on the ageing of the debt balances and historical experience. Receivables are written off when management considers them to be irrecoverable. The company applies the IFRS 9 approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. IFRS 9 replaces IAS 39. The main difference between the two accounting standards is that the new standard (IFRS 9) requires a recognition of credit loss allowances on initial recognition of financial assets, whereas previously under IAS 39, impairment is recognised at a later stage, when a credit loss event has occurred. IFRS9 does not require restatement of previous year's financials.

##### (k) Cash and cash equivalents

Cash and cash equivalents include cash in hand less bank overdrafts. In the statement of financial position, bank overdrafts are shown within creditors in current liabilities.

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### (l) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

##### (m) 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 Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model which is calibrated using a Black-Scholes framework. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Where Vodafone Group Plc grants rights or share options over its shares to employees of the Company, the Company records this as a capital contribution directly in equity. Where the Company makes cash payments to its parent in respect of any rights or share options granted, such cash contributions are accounted for as a reduction in the capital contribution received. This accounting policy is only applicable to equity-settled share-based payments granted after 7 November 2002.

##### (n) Employee benefits

###### *Pension obligations*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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 prior periods.

Defined contribution pension costs charged to the income statement represent contributions payable in respect of the year.

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.

##### (o) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **VODAFONE SALES & SERVICES LIMITED**

### **Notes to Financial Statements for the Year Ended 31 March 2019 (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **(p) Derivatives and hedging**

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 income statement 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.

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.

##### **(q) 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.

#### **3. Critical accounting estimates and judgements**

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. There are no estimates or judgements which management consider have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Other estimates, which are not considered to be critical, include:

##### **Impairment of Intangible assets**

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

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 3. Critical accounting estimates and judgements(continued)

##### Impairment of trade debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. 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.

#### 4. Revenue

Revenue, by country of destination, is as follows:

	2019	2018
	€'000	€'000
Rest of Europe	511,938	523,150
Asia Pacific	107,382	160,323
Africa	73,767	61,107
Middle East	56,691	54,537
Americas	17,385	23,689
United Kingdom	2,080	1,715
	<u>769,243</u>	<u>824,521</u>

Revenue by business activity is as follows:

	2019	2018
	€'000	€'000
Brand	605,409	661,690
Partner Markets	134,796	138,590
Mobile money transfer	23,842	18,744
Mobile applications	5,196	5,497
	<u>769,243</u>	<u>824,521</u>

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 €'000	2018 €'000
Wages and salaries	9,401	10,533
Social security costs	1,376	1,607
Pension and other post-employment benefit costs (see note 17)	900	862
<b>Staff costs</b>	11,677	13,002
Amortisation of intangible assets	10,038	15,367
Loss on sale of investment	-	1,066
Release of onerous contract provision (Note 14)	-	(3,487)
Foreign exchange gain	380	893

The fee payable of €20k (2018: €17k) to the Company's auditors for the audit of the current year has been borne by another group company.

#### 6. Finance expenses

	2019 €'000	2018 €'000
Finance expenses	(11,211)	(4,306)
Finance expenses	(11,211)	(4,306)

All amounts stated above are relating to interest on deposit balance with Vodafone Group Plc.

#### 7. Employees

The average number of persons employed by the company during the year, was as follows:

	2019 No.	2018 No.
Sales and admin	83	83

#### 8. Directors' remuneration

The Directors are employees of other companies within the Vodafone Group Plc group of companies and did not receive any emoluments from the Company in respect of their services during the year (2018: €nil).



## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 €'000	2018 €'000
Wages and salaries	9,401	10,533
Social security costs	1,376	1,607
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Sales and admin	<u>83</u>	<u>83</u>

#### 8. Directors' remuneration

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# VODAFONE SALES & SERVICES LIMITED

## Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

### 9. Income tax expense

	2019 €'000	2018 €'000
<b>Current taxation</b>		
UK Corporation Tax charge at 19% (2018: 19%)	(40,918)	(43,267)
Adjustments in respect of prior periods	(2,378)	270
	<u>(43,296)</u>	<u>(42,997)</u>
Foreign tax	(65,545)	(42,168)
Double tax relief*	17,547	22,464
	<u>(47,998)</u>	<u>(19,704)</u>
Total current tax charge	<u>(91,294)</u>	<u>(62,701)</u>
<b>Deferred taxation</b>		
Deferred taxation credit - current year	17,473	682
Deferred tax impact of change in tax rate	1	(71)
Deferred taxation credit - prior year	56	6
Total deferred tax credit	<u>17,530</u>	<u>617</u>
Total tax expense in the income statement	<u>(73,764)</u>	<u>(62,084)</u>
The actual tax charge for the current and previous year differs from the tax charge at the standard rate of corporation tax in the UK of 19% (2018 – 19%) for the reasons set out in the following reconciliation:		
	2019 €'000	2018 €'000
Profit before tax	217,951	231,168
Tax charge on profit before income tax at standard rate of 19% (2018:19%)	(41,411)	(43,922)
Factors affecting tax credit/ (charge):		
Other permanent differences	(514)	405
Double tax relief*	1,014	932
Overseas tax	(47,998)	(19,704)
Deferred tax credit- India trademark agreement	17,466	-
Deferred tax impact of change in tax rate	1	(71)
Effect of prior year adjustments	(2,322)	276
Income tax charge for the year	<u>(73,764)</u>	<u>(62,084)</u>

\* Double tax relief includes foreign tax deducted from taxable profits of €1,014k (2018: €932k) and foreign tax paid and offset against UK tax charges of €17,547k (2018: €22,464k).

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2018) and 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016. The rate of 17% (2018: 17%) has been used to calculate the deferred tax asset/(liability). An amount of €1,708k (2018: €71k) was charged to the Income Statement in respect of this rate reduction.

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 10. Deferred Tax Asset

The following elements of deferred taxation are provided within the statement of financial position:

	2019 €'000	2018 €'000
Accelerated capital allowances	5,353	5,274
Share based payments	225	273
Other timing differences	17,400	(14)
	22,978	5,533

Deferred tax consists of the following deferred tax assets. There were no deferred tax liabilities.

	2019 €'000	2018 €'000
Deferred tax assets due within 12 months	2,743	322
Deferred tax liabilities due within 12 months	-	(377)
Deferred tax due within 12 months	2,743	(55)
Deferred tax assets due after 12 months	20,235	5,588
<b>Deferred tax asset</b>	22,978	5,533

Deferred tax assets and liabilities have not been discounted. The movement in the deferred tax asset balance is as follows:

	Accelerated capital allowances	Share based payments	Other	Total
	€'000	€'000	€'000	€'000
At 1 April 2018	5,274	273	(14)	5,533
Amounts (charged)/ credited to the income statement	79	(37)	17,488	17,530
Amounts charged directly to other comprehensive income	-	(11)	(74)	(85)
At 31 March 2019	5,353	225	17,400	22,978

Deferred tax assets have not been discounted. The recoverability of the deferred tax asset is based on the Directors' expectations of surrendering the losses to other Group companies at value.

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2018) and 17% (effective from 1 April 2020) were substantively enacted on 6 September 2016.

The rate of 17% (2018: 17%) has been used to calculate the above deferred tax asset.

# VODAFONE SALES & SERVICES LIMITED

## Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

### 11. Intangible assets

	Computer software	Assets in course of construction	Total
	€'000	€'000	€'000
<b>Cost</b>			
At 1 April 2018	94,315	1,651	95,966
Additions	2,132	9,758	11,890
Transfers	9,308	(9,308)	-
Retirements	(4,344)	-	(4,344)
At 31 March 2019	<b>101,411</b>	<b>2,101</b>	<b>103,512</b>
<b>Accumulated amortisation</b>			
At 1 April 2018	83,405	-	83,405
Charge for the year	10,038	-	10,038
Retirements	(4,344)	-	(4,344)
At 31 March 2019	<b>89,099</b>	<b>-</b>	<b>89,099</b>
<b>Net book value</b>			
At 31 March 2018	10,910	1,651	12,561
Movement during the year	1,402	450	1,852
At 31 March 2019	<b>12,312</b>	<b>2,101</b>	<b>14,413</b>

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 12. Debtors

	2019 €'000	2018 €'000
Trade debtors	9,639	20,622
Amounts owed by group undertakings	123,904	106,676
Amounts owed by parent undertakings	1,671,420	1,200,156
Amounts owed by associate undertakings	9,411	27,286
Contract assets*	28,140	13,962
	<u>1,842,514</u>	<u>1,368,702</u>

Amount owed by group undertakings relate to trading balances due for brand and license fees. They are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Amounts owed by parent undertakings relate to deposits placed that are repayable on demand and attract interest at the 1 month EURIBOR rate.

\*Previously described as accrued income in the year ended 31 March 2018

#### 13. Creditors

##### Amounts falling due within one year

	2019 €'000	2018 €'000
Trade creditors	3,498	10,012
Other creditors	43	113
Amount owed to group undertakings	119,261	103,030
Group relief payable	25,942	21,817
Accruals	7,842	9,515
Contract liabilities**	47,364	21,889
	<u>203,950</u>	<u>166,376</u>

Amount owed to group undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Contract liabilities relates to € 21,587k royalties received from Vodafone India Limited and Idea Cellular for brand merger trademark agreement and € 8,675k relates to disposal of Vodafone Qatar.

##### Amounts falling due after more than one year

	2019 €'000	2018 €'000
Contract liabilities**	305,696	-

Contract liabilities relates to € 286,038k royalties received from Vodafone India Limited and Idea Cellular for brand merger trademark agreement to be recognised in 15 years and € 19,658k relates to disposal of Vodafone Qatar to be recognised in 5 years. The current portion €30,262k has been included as part of "Contract liabilities" in amount falling less than one year.

\*\*Previously described as deferred income in the year end 31 March 2018

## VODAFONE SALES & SERVICES LIMITED

### Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

#### 14. Provisions for liabilities

	2019 €'000
Balance as at 1 April 2018	70
Additions during the year	-
Utilised during the year	(70)
Balance as at 31 March 2019	<u>-</u>

#### 15. Called up share capital

	2019 €	2018 €
Allotted, called up and fully paid:		
10 (2018:10) ordinary shares of €1	10	10
	<u>10</u>	<u>10</u>

#### 16. 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.

##### Vodafone Group Sharesave Plan

###### Scheme description

The Vodafone Group Sharesave Plan (and its predecessors - the Vodafone Group 2008 Sharesave Plan and the Vodafone Group 1998 Sharesave Scheme) enables UK staff to acquire shares in Vodafone Group Plc, through monthly savings of up to €375, over a three or five-year period, at the end of which they also receive a tax-free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of Vodafone Group Plc's shares. Invitations to participate in this scheme are usually issued annually.

##### Vodafone Share Incentive Plan

###### Scheme description

The Share Incentive Plan enables UK staff to acquire shares in Vodafone Group Plc through monthly purchases of up to £125 per month or 5% of salary, whichever is lower. For each share purchased by the employee, the Company provides a free matching share. The plan was closed for future contributions from April 2019.

# VODAFONE SALES & SERVICES LIMITED

## Notes to Financial Statements for the Year Ended 31 March 2019 (continued)

### 16. Share-based payments (Continued)

#### Summary of share options outstanding

	31 March 2019		31 March 2018	
	Options in '000	Weighted average remaining contractual life Months	Options in '000	Weighted average remaining contractual life Months
Vodafone Group Savings Related and Sharesave Scheme £1.24 - £1.89	364	23	336	25

### 17. Post-employment benefits

The Group has operated a number of different types of pension schemes for the benefits of its UK employees, which have been provided through defined contribution arrangements. Defined contribution schemes offer employees individual funds that are converted into benefits at the time of retirement.

The total amount charged to the income statement is as follows:

	2019 €'000	2018 €'000
<i>Defined contribution schemes:</i>		
Vodafone UK Defined Contribution Pension Plan		
— normal contributions	900	862
Total amount charged to the income statement (see note 5)	900	862

## **VODAFONE SALES & SERVICES LIMITED**

### **Notes to Financial Statements for the Year Ended 31 March 2019 (continued)**

#### **18. Related party disclosures**

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

During the year the Company provided partner market & M-PESA related services of €11,278k and €12,243k respectively (2018: €6,962 and €10,220k) to its indirect associated undertaking, Safaricom, a Group associate in Kenya. At the year-end €1,049k (2018: €3,534k) was outstanding. The receivable is unsecured and no guarantees have been received.

During the year, the Company provided partner market & brand related services of €9,639k and €15,991k respectively (2018: €9,530k and €18,552k) to its indirect associated undertaking, Vodafone Hutchison Australia Pty Limited, a Group joint venture in Australia. At the year-end €4,866k (2018: €7,573k) was outstanding and included within debtors. The receivable is unsecured and no guarantees have been received.

During the year, the Company provided brand services of €30,000k (2018: €30,000k) and also incurred consumer services of €302k (2018: €nil) from its indirect associated undertaking, Vodafone Ziggo Group Holding B.V., a Group joint venture in Netherlands. At the year-end €3,243k (2018: €3,476k) was outstanding. The receivable is unsecured and no guarantees have been received.

On 31 August 2018, Vodafone Idea (India) became an associate. During the year, the Company provided brand related services of €16,191k to Vodafone Idea (India). At the year-end € 252k was outstanding and included within debtors. The receivable is unsecured and no guarantees have been received.

#### **19. Controlling parties**

The immediate parent company is Vodafone International Operations Limited and ultimate parent company and controlling entity of Vodafone Sales & Services Limited, 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 which is incorporated in United Kingdom and registered in England and Wales. As a wholly owned subsidiary of a company which is incorporated in Great Britain and registered in England and Wales, for which group financial statements are prepared, the Company has taken advantage of Section 400 of the Companies Act 2006 and has not prepared consolidated financial statements.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2019 may be obtained from the company's website [www.vodafone.com](http://www.vodafone.com) or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

#### **20. Events occurring after balance sheet date**

The Company will closely monitor progress in relation to the impending exit of Great Britain from the membership of the European Union and regularly review the impact as part of the overall Group strategy.