VODAFONE LIMITED

Company No: 1471587

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

VODAFONE LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 March 2010

Principal activity and review of business

The principal activity of the Company continues to be the provision of telecommunications services through its mobile network

The key messages for the year for Vodafone's business in the UK (Vodafone UK), of which Vodafone Limited is the largest and major part, are summarised below

Turnover declined by 7 3% (2009 1 6%) with lower voice revenue primarily due to a mobile termination rate reduction effective from July 2009, continued intense competition and economic pressures resulting in customers optimising bundle usage and lower roaming revenue These were partially offset by higher messaging revenue driven by unlimited plans, strong growth in data revenue driven by the success of mobile internet bundles and higher wholesale revenue derived from existing Mobile Virtual Network Operator agreements ("MVNO's) The decline slowed within the last quarter of the financial year which was driven by higher data growth and the impact of mobile customer additions achieved through the launch of new products and expanded indirect distribution channels

The 23 2% decline in earnings before interest, tax, depreciation and amortisation ("EBITDA") (2009 16 2%), was primarily due to the lower service revenue and increased customer investment partially offset by cost efficiency initiatives, including streamlined processes, outsourcing and reductions in publicity and consultancy

The economic situation has remained challenging throughout the financial year and the Company will continue to focus on cost reduction programmes Vodafone Limited continues to evolve towards being a total communications provider, rebalancing mobile voice with increasing revenue from broadband data services

Closing customers were 19,017,534 (2009 18,716,246)

We continue to pursue the Radio Access Network sharing deal between Vodafone UK and O2 Both parties have agreed to share sites, use each other's networks for 3G infill, and pursue joint network expansion

Following the year end the Company announced plans to integrate the remaining trade and assets of Isis Telecommunications Management Limited The full integration of the Company will consolidate Vodafone Limited expertise in Business Solution offerings

Charitable donations were made in the year of £2 0m (2009 £2 0m) These consisted of amounts paid to the Vodafone Foundation, a Group registered charity

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Financial position and liquidity

The balance sheet on page 9 of the financial statements shows the Company's financial position at the end of the year

During the year the Company continued its capital expenditure programmes Total expenditure on tangible fixed assets was £493 1m (2009 £441 0m), an increase of £52 1m The expenditure during the year predominately relates to the Company's commitment to investing in its network infrastructure Disposals have decreased in the year to £27 7m net book value ("NBV") (2009 £34 2m NBV) because in prior year a one-off exercise was undertaken to dispose of a significant number of assets with a nil NBV

The increase in debtors to £2,506 9m (2009 £2,454 2m) is mainly due to an increase in amounts due from trading intercompany balances and prepayments and accrued income This is offset to a lesser extent by a reduction in the corporation tax balances of £301 6m and a reduction in trade debtors as a result of working capital initiatives

The increase in creditors to £2,261 1m (2009 £2,248 2m) is due to an increase in trade creditors, accruals and deferred income as a result of extended trading terms with selected handset manufacturers and provisioning of smart phone devices Current year also includes a group bank overdraft facility

The increase in provisions for liabilities to £106 1 (2009 £89 4m) is predominately due to the costs associated to the restructuring of the UK business There was also an increase in the asset restoration provision as a result of identifying additional sites for decommissioning

For further details of amounts payable to and due from the parent company and fellow subsidiary undertakings, see notes 12, 13 and 14 of the financial statements

The major source of liquidity for the Company comes from the cash generated from trading activities The Group's treasury function provides a centralised treasury service to the Company, and follows a framework of policies and guidelines authorised and reviewed annually by the Group's management Going concern is discussed within the statement of accounting policies

Financial risk management

The Company follows Group policy to manage its principal risks which include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk The Group's treasury function provides a centralised service to the Group, including the Company, and follows a framework of policies and guidelines authorised 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 can be found in the annual report and financial statements of Vodafone Group Plc

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Results and dividends

The profit and loss account is set out on page 8 of the financial statements For the year ended 31 March 2010, there was a loss on ordinary activities after taxation of £260 3m (2009 £116 1m)

The directors do not recommend the payment of a dividend (2009 £nil)

Directors

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

M H Bond	
M Brearley	
J Campbell	(appointed 1 July 2009)
D Crook	(appointed 15 March 2010)
M Evans	(resigned 30 June 2009)
J H Hext	(resigned 31 July 2009)
P J A Kelly	
G Laurence	
S G Langkamp	(appointed 1 August 2009)
J McCoy	(resigned 1 July 2009)
J M Mundy	
T Nowak	(appointed 30 June 2009)
I A Shepherd	(resigned 16 February 2010)
A Thompson	

Auditors

Deloitte LLP are willing to continue in office for the next financial year In addition the Company had passed, prior to 1 October 2007, an elective resolution dispensing with the requirement to re-appoint its auditors annually

Registered office

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

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Employee involvement and commitment

Employee involvement and commitment is encouraged throughout the Company and is the responsibility of the Board of directors

Regular contact and exchanges of information between managers and staff is maintained through team briefings, internal newsletters, company notices and informally via social functions

Team briefings, which complements other forms of management communication, are a systematic method of staff communication providing a structured approach to ensure that all levels in the organisation are kept up-to-date, thereby increasing employee engagement

The directors of the Company are committed to the principle of employee share participation and accordingly during the year have continued the Vodafone Group Plc 1998 Sharesave Schemes These schemes provide employees with the opportunity to acquire Vodafone Group Plc shares on an advantageous basis and they are operated with tax benefits under HM Revenue & Customs approved share scheme arrangements There is a high level of employee participation

Disabled persons

The Company is very conscious of the difficulties experienced by the disabled as regards to recruitment, continuity of employment, training, development and promotion Its attitude concerning the employment of disabled persons is the same as that relating to all other staff Individual circumstances are sympathetically taken into account

Creditor payment terms

It is the Company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms it is the Company's policy that payment is made accordingly

Creditors' days were 51 at 31 March 2010 (recalculated 2009 33) In line with Group policy, the method of calculating creditor days changed in the financial year to include accruals, and the prior year has been recalculated accordingly

Company No 1471587

VODAFONE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Statement of directors 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) 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

Indemnification of directors

In accordance with the Company's articles of association and to the extent permitted by the 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 has been renewed for the next financial year 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 auditors

Having made the requisite enquiries, so far as each of the directors is aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware, and each of 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

The report of the directors was approved by the Board on 5 July 2010 and signed on its behalf by

P R S Howie

Secretary

5.7.2010

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE LIMITED

We have audited the financial statements of Vodafone Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

INDEPENDENT AUDITORS' REPORT

to the members of

VODAFONE LIMITED (Continued)

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its loss for the year then ended,

- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and

- have been prepared in accordance with the Companies Act 2006

Opinion on other matters perscribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Opinion on the financial statements

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

- the financial statements are not in agreement with the accounting records and returns, or

- certain disclosures of directors' remuneration specified by law are not made, or

- we have not received all the information and explanations we require for our audit

Simon Kerton-Johnson

Simon Kerton-Johnson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
6 July 2010

VODAFONE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £m	2009 £m
Turnover	2	4,800 5	5,177 7
Operating (loss)/profit on continuing operations	3	(13 6)	135 2
Loss on disposal of tangible assets		(22 6)	(29 0)
Net interest payable	6	(286 9)	(254 6)
Loss on ordinary activities before taxation		(323 1)	(148 4)
Tax credit on loss on ordinary activities	7	62 8	32 3
Loss for the financial year	19	(260 3)	(116 1)

The Company has no other recognised gains and losses in the current or preceding year and therefore, no separate statement of total recognised gains and losses has been prepared There have been no movements in equity shareholder's funds other than the retained loss for the year

All results derive from continuing operations

The accompanying notes are an integral part of these financial statements

Company No 1471587

VODAFONE LIMITED

BALANCE SHEET

AT 31 MARCH 2010

	Notes	2010 £m	2009 £m
Fixed assets			
Intangible assets	8	4,090 8	4,420 4
Tangible assets	9	2,158 8	2,249 3
		6,249 6	6,669 7
Current assets			
Assets held for re-sale	10	-	1 1
Stocks	11	61 2	50 4
Debtors amounts falling due within one year	12	2,506 9	2,454 2
Debtors amounts due after more than one year	12	434 4	287 0
Cash at bank and in hand		-	29 8
		3,002 5	2,822 5
Creditors amounts falling due within one year	13	(2,261 1)	(2,248 2)
NET CURRENT ASSETS		741 4	574 3
TOTAL ASSETS LESS CURRENT LIABILITIES		6,991 0	7,244 0
Creditors amounts falling due after more than one year	14	(6,292 5)	(6,295 9)
PROVISIONS FOR LIABILITIES	15	(106 1)	(89 4)
NET ASSETS		592 4	858 8
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Share-based payment reserve	18	18 2	24 3
Reserves	19	574 2	834 5
TOTAL SHAREHOLDERS' FUNDS		592 4	858 8

The financial statements were approved by the Board on 5 July 2010, and were signed on its behalf by

Director

T Nowak

The accompanying notes are an integral part of these financial statements

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

1 Statement of accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards The particular accounting policies adopted are described below The accounting policies have been applied on a consistent basis during the current and the preceding year

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK Accounting Standards

Basis of preparation

After reviewing the Company's budget for the next financial year, taking into account reasonably possible changes in trading performance, 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

Turnover

Turnover from mobile telecommunications comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, the provision of other mobile telecommunication services, including data services and information provision, fees for connecting customers of other fixed line and mobile network to the UK's network, revenue from the sale of equipment, including handsets and revenue arising from agreements entered into with partner networks

Access charges and airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as turnover over the related access period, with unbilled turnover resulting from services already provided from the billing cycle date to the end of each period accrued and unearned turnover from services provided in periods after each accounting period deferred Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires

Incentives are provided to customers, in various forms and are usually offered on signing a new contract or as part of a promotional offering Where incentives are provided on connection of a new customer or the upgrade of an existing customer, revenue representing the fair value of the incentive, relative to other deliverables provided to the customer as part of the same arrangement, is deferred and recognised in line with Vodafone Limited's performance of its obligations relating to the incentive

1 Statement of accounting policies (continued)

Turnover (continued)

For equipment sales made to intermediaries, revenue is recognised if the significant risks associated with the equipment are transferred to the intermediary and the intermediary has no general right of return If the significant risks are not transferred, revenue recognition is deferred until sale of the handset to an end customer by the intermediary or the expiry of the right of return

Other turnover from mobile telecommunications primarily comprises equipment sales, which are recognised upon delivery to customers and customer connection revenues Customer connection revenues are recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenues do not exceed the fair value of the equipment delivered to the customer Any customer connection revenues not recognised together with related equipment revenues are deferred and recognised over the period in which services are expected to be provided to the customer

Revenue from data services and information provision is recognised when the Company has performed the related service and depending on the nature of the service is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service

In revenue arrangements including more than one deliverable, the arrangement consideration is allocated to each deliverable based on the fair value of the individual element The Company generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand alone basis, after considering volume discounts, where appropriate

Intangible assets

Purchased intangible assets, including licence fees, are capitalised at cost

Goodwill is calculated as the surplus of cost over fair value attributed to the trade and assets of the businesses acquired Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life The amortisation period for goodwill is typically between three and six years

Licence fees are capitalised and amortised on a straight-line basis over its estimated useful economic life The amortisation period for the licence fees is 17 1 years

1 **Accounting policies (continued)**

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairments

Included within the cost of cellular radio systems are materials awaiting installation which are valued at cost less a provision for excess and obsolete items The materials are used in the construction and maintenance of new and existing infrastructure and, when issued, are charged either to the cost of specific infrastructure or to the profit and loss account

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation

Depreciation of tangible fixed assets

Depreciation is not provided on freehold land Depreciation of other tangible fixed assets is charged so as to write off the cost of assets, other than assets under construction, using the straight line method over their estimated useful lives, as follows

Freehold buildings	50 years
Leasehold improvements	5 years
Plant and machinery	1-7 years
Motor vehicles	4 years
Furniture and fittings	5-10 years
Network infrastructure	5-25 years

Stocks

Stocks are valued at the lower of cost and estimated net realisable value

Where stock is slow moving or obsolete and unlikely to reach the point of sale, stock is measured as net realisable value and a provision made where net realisable value is lower than cost

Provisions relating specifically to handset inventories are calculated using an appropriate and consistently applied methodology based on forecast handset sales, subject to a minimum level of provision This is calculated as being four months after the introduction of a handset into the market, the full carrying value of all handset inventories in excess of the lower of the previous four months' historical sales and four months' forecast sales demand

Provisions for accessories, data cards, returned handsets and other inventory items are calculated using an appropriate and consistently applied methodology

1 Accounting policies (continued)

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases

Assets acquired under finance leases, which transfer substantially all the rights and obligations of ownership, are accounted for as though purchased outright The fair value of the asset at the inception of the lease is included in tangible fixed assets and the capital element of the leasing commitment included in creditors Finance charges are calculated on an actuarial basis and are allocated over each lease to produce a constant rate of charge on the outstanding balance

Trade debtors

Trade debtors are accounted for at amounts invoiced Allowances are maintained for bad and doubtful debts for estimated losses resulting from the inability of customers to make required payments Estimates are based on the ageing of the debt balances and historical experience Debtors are written off when management deems them not to be recoverable

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 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

1 Accounting policies (continued)

Share-based payments

Vodafone Group Plc issues equity-settled share-based payments to certain 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 behavioural 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, up to the fair value recorded for such right or share option granted

The adoption of this accounting policy is only applicable to share schemes commencing after 7 November 2002

Pensions

Costs relating to defined benefit plans, which are subject to periodic valuations calculated by professionally qualified actuaries, are charged against profits, within staff costs so that the expected costs of providing pensions are recognised during the period in which benefit is derived from the employees' services

It is not possible for Vodafone Limited to identify its share of the underlying assets and liabilities of the Vodafone Group Pension Scheme on a consistent and reasonable basis Accordingly as permitted by Financial Reporting Standard ("FRS") 17, the Company accounted for contributions to the scheme as if it were a defined contribution scheme

Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the year

1 Accounting policies (continued)

Cash flow statement

In accordance with the provisions of FRS 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 consolidated financial statements that include a consolidated cash flow statement, and which are publicly available

Research and development

It is Company policy that research and development expenditure is written off to the profit and loss account when incurred

Fixed assets held in order to provide facilities for research and development activities are capitalised and depreciated over the period of their expected economic life, in accordance with normal accounting practice

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions

Capital instruments

Borrowings are initially stated at the amount of the net proceeds after deducting any issue costs Issue costs together with finance costs are charged to the profit and loss account over the terms of the borrowings and represent a constant proportion of the balance of capital repayments outstanding Accrued finance charges and issue costs are added to the carrying value of these borrowings Accrued interest and finance charges that fall due within one year are included within current liabilities

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

2 Turnover

The Company operates in one class of business, being the supply of telecommunications products and services Turnover is stated by origin which is not materially different from turnover by destination

	2010 £m	2009 £m
United Kingdom	4,650 3	5,033 7
Continental Europe	68 0	78 6
Other	82 2	65 4
	4,800 5	5,177 7

3 Operating (loss)/profit

	2010 £m	2009 £m
Turnover	4,800 5	5,177 7
Cost of Sales	(3,759 4)	(3,836 1)
Gross profit	1,041 1	1,341 6
Selling and distribution costs	(318 7)	(305 2)
Administrative expenses	(736 0)	(901 2)
	(1,054 7)	(1,206 4)
Operating (loss)/profit	(13 6)	135 2

Included within Administrative expenses are £3 4m of research and development costs (2009 £4 5m)

3 Operating (loss)/profit (continued)

Operating (loss)/profit has been arrived at after charging/(crediting)	2010 £m	2009 £m
Depreciation of owned tangible fixed assets	555 4	595 6
Depreciation of assets held under hire purchase contracts	2 0	4 0
Amounts written off owned tangible fixed assets	0 3	1 4
Payments under operating leases		
Land and buildings	121 7	109 4
Other assets	50 2	41 4
Auditors' remuneration		
Audit work	0 6	0 7
Other fees	-	0 1
Amortisation of licence fees	348 8	348 8
Amortisation of goodwill	2 9	81 2
Exchange (gain)/loss	(0 6)	2 6

Costs in respect of assurance services other than the auditing of the Company's accounts are included within the consolidated disclosure within the financial statements of Vodafone Group Plc

4 Employees

The average number of persons directly employed by the Company (including directors) during the year was

	2010 Number	2009 Number
Selling and distribution	3,171	3,064
Administrative	5,331	6,084
	8,502	9,148

The costs incurred in respect of employees (including directors) were

	2010 £m	2009 £m
Wages and salaries	293 8	299 0
Social security costs	28 2	28 3
Other pension costs	75 8	40 1
	397 8	367 4

5 Directors

	2010	2009
	£'000	£'000
Emoluments	3,822	4,116
Compensation for loss of office	457	-
	4,279	4,116

The emoluments shown are those earned by the directors in performing qualifying services for the Company during the year

	2010	2009
	Number	Number
Number of directors in the year who		
Are members of a defined benefit pension scheme	9	9

	2010	2009
	£'000	£'000
Highest paid director's remuneration	949	943

The amount of the accrued pension of the highest paid director in the financial year ended 31 March 2010 was £26,571 (2009 £21,470)

All directors of the Company participate in Vodafone Group Plc share plans which are described in note 22

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

6 Net interest payable

	2010 £m	2009 £m
Interest receivable and similar income		
Group	5 8	152 0
Other	16 7	14 7
	22 5	166 7
Interest payable and similar charges		
Group	(303 8)	(416 9)
Other	(5 0)	(3 7)
	(308 8)	(420 6)
Interest payable under hire purchase contracts		
Group	(0 6)	(0 7)
	(286 9)	(254 6)

7 Tax credit on loss on ordinary activities

	2010 £m	2009 £m
UK corporation tax at 28% (2009 28%)	(73 1)	(158 0)
Prior year adjustment for (under)/over provision	(11 5)	255 3
Total UK current tax (charge)/credit	(84 6)	97 3
Deferred taxation credit - current year	157 8	172 0
Deferred taxation charge - prior year	(10 4)	(237 0)
Total tax credit	62 8	32 3

The elements of deferred taxation are shown in note 16 to the financial statements

The prior year adjustment to current tax of £255 3m in the prior year arises from the surrender of excess losses to group companies in earlier years

7 Tax credit on loss on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28%) The actual tax (charge)/credit for the current and previous year differs from the tax credit at the standard rate for the reasons set out in the following reconciliation

	2010 £m	2009 £m
Loss on ordinary activities before tax	(323 1)	(148 4)
Tax on loss on ordinary activities before tax at standard rate of 28% (2009 28%)	90 5	41 6
Factors affecting tax (charge)/credit for the year		
Accelerated capital allowances	(159 3)	(173 7)
Pension contributions in excess of charge	-	1 6
Goodwill amortisation	(0 8)	(22 7)
Other permanent differences	(5 0)	(4 9)
Other short term timing differences	1 5	0 1
Adjustments to tax charge in respect of previous periods	(11 5)	255 3
Current tax (charge)/credit for the year	(84 6)	97 3

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

8 Intangible assets

	Goodwill £m	Licence Fees £m	Total £m
Cost			
At 1 April 2009	1,208 0	5,964 0	7,172 0
Additions	22 1	-	22 1
As at 31 March 2010	1,230 1	5,964 0	7,194 1
Amortisation			
At 1 April 2009	(1,205 4)	(1,546 2)	(2,751 6)
Charge for the year	(2 9)	(348 8)	(351 7)
As at 31 March 2010	(1,208 3)	(1,895 0)	(3,103 3)
Net book value			
As at 31 March 2010	21 8	4,069 0	4,090 8
As at 31 March 2009	2 6	4,417 8	4,420 4

9 Tangible fixed assets

Cost	Freehold land & buildings and Leasehold Improvements £m	Plant Machinery and Motor Vehicles £m	Furniture and Fittings £m	Network Infra - structure £m	Total £m
1 April 2009	115 3	1,738 8	247 7	3,668 0	5,769 8
Additions	5 1	135 2	12 9	339 9	493 1
Transfers from group undertakings	-	1 8	-	-	1 8
Disposals	(1 5)	(54 2)	(4 2)	(118 1)	(178 0)
At 31 March 2010	118 9	1,821 6	256 4	3,889 8	6,086 7
Accumulated depreciation					
1 April 2009	58 7	1,265 1	147 9	2,048 8	3,520 5
Charge for the year	5 8	236 6	18 5	296 5	557 4
Amounts written off	-	0 3	-	-	0 3
Disposals	(0 5)	(46 7)	(3 2)	(99 9)	(150 3)
At 31 March 2010	64 0	1,455 3	163 2	2,245 4	3,927 9
Net book value					
At 31 March 2010	54 9	366 3	93 2	1,644 4	2,158 8
At 31 March 2009	56 6	473 7	99 8	1,619 2	2,249 3

Included in tangible assets is Freehold Land with a cost of £13 2m (2009 £13 2m) Freehold land is not depreciated

Included in net book value are assets under construction of £288 6m (2009 £141 2m) which are not depreciated

The financial effect of a change during the period in the estimate of useful economic lives , in accordance with FRS 15 ('Tangible Fixed Assets'), was to increase the depreciation charge and is summarised below

	£m
Network Infrastructure	23 8

The useful economic life reduction detailed above was as a result of asset impairment reviews

9 Tangible fixed assets (continued)

The net book value of Plant, Machinery and Motor Vehicles includes £7 3m (2009 £12 5m) in respect of assets held under hire purchase contracts

Network Infrastructure comprises

	Freehold Premises	Short-term Leasehold Premises	Plant and Machinery	Total
	£m	£m	£m	£m
At 31 March 2010				
Cost	51 4	730 3	3,108 1	3,889 8
Accumulated depreciation	(2 0)	(252 3)	(1,991 1)	(2,245 4)
Net book value	49 4	478 0	1,117 0	1,644 4
At 31 March 2009				
Net book value	40 8	493 7	1,084 7	1,619 2

10 Assets held for re-sale

Assets held for re-sale of £nil (2009 £1 1m) were motor vehicles, which were sold in the year

11 Stocks

	2010 £m	2009 £m
Finished goods held for resale	61 2	50 4

There is no material difference between the balance sheet value of stocks and their replacement cost

12 Debtors: amounts falling due within one year

	2010 £m	2009 £m
Due within one year		
Trade debtors	299 1	367 9
Amounts owed by group undertakings	1,532 9	1,327 5
Amounts owed by associated undertakings of Vodafone Group Plc	0 7	0 5
Taxation recoverable	0 8	46 6
Group relief receivable	-	255 8
Other debtors	6 0	53 6
Prepayments and accrued income	667 4	402 3
	2,506 9	2,454 2
Debtors amounts falling due after more than one year		
Deferred tax (note 16)	434 4	287 0
	2,941 3	2,741 2

13 Creditors: amounts falling due within one year

	2010 £m	2009 £m
Bank overdraft	34 1	-
Trade creditors	199 1	115 8
Amounts owed to group undertakings	1,079 2	1,227 6
Amounts owed to associated undertakings of Vodafone Group Plc	0 6	4 5
Amounts payable to group undertakings under hire purchase contracts	3 8	5 1
Group relief payable	73 5	198 9
Other taxes and social security costs	68 4	55 5
Other creditors	7 6	7 4
Accruals and deferred income	794 8	633 4
	2,261 1	2,248 2

The Company participates in the Group's centralised banking arrangements The bank overdraft is an uncommitted facility

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

14 Creditors: amounts falling due after more than one year

	2010 £m	2009 £m
Amounts payable to group undertakings under hire purchase contracts	1 6	4 6
Other payables due after more than one year	5 9	6 3
Loan note	6,285 0	6,285 0
	6,292 5	6,295 9

	2010 £m	2009 £m
Hire purchase contracts are repayable as follows		
Repayable in more than one year but not more than two years	1 5	3 5
Repayable in more than two years but not more than five years	0 1	1 1
	1 6	4 6

The unsecured loan note matures on 31 December 2021 and bears interest at LIBOR plus 0 2% per annum Interest is payable on 30 November each year

15 Provisions for liabilities

	Reorganisation £m	Property £m	Asset restoration £m	Total Provisions £m
At 1 April 2009	26 3	35 8	27 3	89 4
Amount charged to profit and loss account	31 6	7 2	12 3	51 1
Released in the year	(4 4)	-	-	(4 4)
Utilised in the year	(21 6)	(9 9)	(0 9)	(32 4)
Transfer from creditors	-	2 4	-	2 4
As at 31 March 2010	31 9	35 5	38 7	106 1

Reorganisation provision includes all payroll and legal costs as a result of the rationalisation of the UK business Property provisions relate to onerous leases which are provided for over the life of the lease The asset restoration provision includes cell site decommissioning costs related to the restoration of cell sites required when the lease expires and is not renegotiated

16 Deferred taxation

	2010 £m	2009 £m
The elements of deferred taxation which have been recognised in the balance sheet are as follows		
Accelerated capital allowances	(415 7)	(269 9)
Other timing differences	(18 7)	(17 1)
	(434 4)	(287 0)

Deferred tax assets and liabilities have not been discounted

The movements in the deferred taxation balances were as follows

	2010 £m	2009 £m
Asset at beginning of year	(287 0)	(352 0)
Amount (credited)/charged to profit and loss account	(147 4)	65 0
Asset at end of year	(434 4)	(287 0)

The rate of 28% (2009 28%) has been used to calculate the above deferred tax asset

A deferred tax asset of £17 7m (2009 £17 7m) has not been recognised in respect of tax losses as it is not certain that sufficient and suitable taxable profits would be available against which these losses could be utilised

17 Called up share capital

	2010	2009
	£	£
Authorised		
1,000 ordinary shares of £1 each	-	1,000
99,999,990 9 25% cumulative non redeemable fixed rate preference shares of £100 each	-	9,999,999,000
	-	10,000,000,000
Allotted, issued and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

The concept of authorised share capital was repealed by the Companies Act 2006 with effect from the 1 October 2009 and on 23 November 2009 the Company passed a special resolution dis-applying the existing provisions of its Memorandum of Association from applying to its Articles of Association The effect of the special resolution was also to cancel the authorised but unissued 9 25% cumulative non redeemable fixed rate preference shares of £100 each

18 Share-based payment reserve

	£m
Balance at 1 April 2009	24 3
Charged in the year	14 1
Payments in the year in respect of vestings	(20 2)
Balance at 31 March 2010	18 2

19 Reserves

	£m
Balance at 1 April 2009	834 5
Loss for the financial year	(260 3)
Balance at 31 March 2010	574 2

20 Capital commitments

	2010 £m	2009 £m
Contracted for but not provided	97 4	108 7

21 Operating leases

Commitments to non-cancellable operating lease payments are as follows

	2010 Land and Buildings £m	2010 Other Assets £m	2009 Land and Buildings £m	2009 Other Assets £m
In respect of leases expiring				
Within one year	4 7	15 3	5 0	18 9
Between two to five years	30 9	4 7	36 5	0 6
After five years	62 3	-	58 6	-
	97 9	20 0	100 1	19 5

22 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

The Company has applied the exemption permitted by FRS 20 that allows the measurement of this expense to be calculated only on share awards and share options granted after 7 November 2002 FRS 20 requires that equity-settled share-based payments issued to the Company's employees are measured at fair value and that this value is expensed over the vesting period

Share options

Vodafone Group Sharesave schemes

The Vodafone Group 1998 Sharesave Scheme (the "Sharesave Scheme") enables UK staff to acquire shares of Vodafone Group Plc through monthly savings of up to £250 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 savings contract and usually at a discount of 20% to the then prevailing market price of Vodafone Group Plc's shares Invitations to participate in the scheme are usually made annually

Vodafone Group executive schemes

Vodafone Group Plc has a number of discretionary share option plans, under which awards are no longer made The current share option plans in place are the Vodafone Group 1998 Company Share Option Scheme and the Vodafone Group 1988 Executive Share Option Scheme (which are UK HM Revenue and Customs approved), the Vodafone Group 1998 Executive Share Option Scheme (which is unapproved)

The Vodafone Group 1999 Long Term Stock Incentive Plan and the Vodafone Global Incentive Plan are discretionary plans under which both share option grants and share awards may be made

22 Share-based payments (continued)

Share plans

Share Incentive Plan

The Share Incentive Plan enables 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 Vodafone Group Plc provides a free matching share

In addition to the above, all permanent employees at 1 April 2009 received a conditional award of 340 shares (1 April 2008 290) (known as "AllShares") in Vodafone Group Plc (on the 30 June 2009), under the Vodafone Group Plc global allshare plan The awards vest after two years and are not subject to performance conditions other than continued employment

Vodafone Group executive plans

Under the Vodafone global incentive plan awards of shares are granted to directors and certain employees The release of these shares is conditional upon continued employment and for some awards achievement of certain performance targets measured over a three year period

Under the Vodafone Group deferred share bonus plan, directors and certain employees were able to defer their 2007 annual bonuses into shares These shares were released in 2009 to employees together with additional shares based on the outcome of a two year performance condition

22 Share-based payments (continued)

Movements in ordinary share options

	2010		2009	
	Options millions	Weighted average exercise price £	Options millions	Weighted average exercise price £
1 April	51 6	1 60	61 7	1 57
Granted during the year	8 3	0 94	4 9	1 21
Forfeited during the year	(0 4)	1 21	(2 2)	1 66
Exercised during the year	(8 4)	0 99	(6 7)	1 11
Expired during the year	(9 4)	1 79	(6 1)	1 56
31 March	41 7	1 54	51 6	1 60

22 Share-based payments (continued)

Summary of options outstanding at 31 March

	2010		2009	
	Options millions	Weighted average remaining contractual life Months	Options millions	Weighted average remaining contractual life Months
Vodafone Group Savings Related and Sharesave Scheme				
£0 01 - £1 00	9 1	40	6 7	17
£1 01 - £2 00	5 2	24	9 2	37
	14 3		15 9	
Vodafone Group Executive Schemes				
£1 01 - £2 00	0 1	15	0 2	27
£2 01 - £3 00	9 8	3	13 3	14
	9 9		13 5	
Vodafone Group 1999 Long Term Stock Incentive Plan				
£0 01 - £1 00	4 0	27	5 4	39
£1 01 - £2 00	13 5	50	16 7	61
	17 5		22 1	
Other Share Option Plans				
£1 01 - £2 00	-	19	0 1	33
	-		0 1	
31 March	41 7		51 6	

22 Share-based payments (continued)

Of the total outstanding share options at year end of 41 7m (2009 51 6m), the total exercisable was 25 3m (2009 31 3m) at a weighted average exercise price of £1 81 (2009 £1 87)

The average share price in the year was £1 32 (2009 £1 36), and the weighted average grant-date fair value of options granted was £0 26 (2009 £0 39)

Fair value of ordinary share options granted in the year

	Other	
	2010	2009
Expected life of option (years)	3-5	3-5
Expected share price volatility	32 5-33 5%	30 9-31 0%
Dividend yield	6 62%	5 04%
Risk free rates	2 5-3 0%	4 9%
Exercise price	£0 94	£1 21

The fair value of the options is estimated at the date of grant using a lattice-based option valuation model (i e binomial model) that uses the assumptions noted in the above table Lattice-based option valuation models incorporate ranges of assumptions for inputs and those ranges are disclosed above The executive options have a market-based performance condition attached

Vodafone Group Plc uses historical data to estimate option exercise and employee termination within the valuation model The expected life of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding, the range given above results from certain groups of employees exhibiting different behaviour Expected volatilities are based on implied volatilities as determined by a simple average of no less than three international banks excluding the highest and lowest numbers The risk-free rates for periods within the contractual life of the option are based on the UK gilt yield in effect at the time of grant

The expense recognised in the period arising from transactions accounted for as equity-settled share-based payment transactions is £14 1m (2009 £18 5m) The total share-based payment reserve is £18 2m (2009 £24 3m)

23 Pensions

The majority of the employees of the Company are members of the Vodafone Group Pension Scheme (the "main scheme"), operated by Vodafone Group Plc, the ultimate parent company of Vodafone Limited 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 In addition, there is an internally funded unapproved defined benefit plan in place for a small number of senior executives 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 main scheme is subject to quarterly funding updates by independent actuaries and to formal actuarial valuations at least every three years The most recent formal triennial valuation of this scheme was carried out as at 31 March 2007 and valued scheme assets at £953m and scheme liabilities at £1,013m This represents a funding ratio of 86%

Since the formal valuation the UK companies agreed to make a special contributions to the Scheme of £60 7m in March 2010 and £6 2m in March 2009 and £27 9m in March 2008 This is in addition to the ongoing contributions from 1 April 2008 of 22 5% of pensionable earnings The funding position on an FRS 17 basis was calculated to be 88% at 31 March 2010 (2009 92%)

23 Pensions (continued)

The following disclosures are made in accordance with FRS 17

The Vodafone Group Pension Scheme covers a number of UK-based employers within the Vodafone Group Individual companies' contributions, including the impact of any surplus or deficit overall within the scheme, are set at a common level as a percentage of the pensionable payroll of each individual employer, and do not depend upon that employer's share of any such surplus or deficit As a result it is not possible for Vodafone Limited to identify its share of the underlying assets and liabilities on a consistent and reasonable basis Accordingly as permitted by FRS 17, the Company accounted for contributions to the scheme as if it were a defined contribution scheme

Vodafone Limited's share of normal contributions to the scheme for the period was £25 5m (2009 £31 4m) and the Company's share of the special contribution made to the scheme was £38 1m (2009 £4 1m)

The average contribution rate for the year ended 31 March 2010 (excluding special contributions) was 22% (2009 22%) Following completion of the 31 March 2007 valuation the contribution rate for Vodafone Limited was increased to 21 7% of pensionable earnings (effective from 1 April 2008)

Defined contribution pension costs charged to the profit and loss account were £12 2m (2009 £4 6m)

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

23 Pensions (continued)

The most recent full formal actuarial valuations for the defined benefit scheme have been updated by qualified independent actuaries for the financial year ended 31 March 2010 to derive the disclosures below

The major assumptions used are

	2010	2009	2008	
Rate of inflation	3 95%	3 00%	3 60%	per annum
Rate of increase in salaries	5 25%	4 30%	4 90%	per annum
Rate of increase in pensions in payment	3 95%	3 00%	3 60%	per annum
Rate of increase in deferred pensions	3 95%	3 00%	3 60%	per annum
Discount rate	5 85%	6 50%	6 20%	per annum

The expected rates of return at 31 March were

	2010	2009	2008	
Bonds	5 85%	6 5%	6 2%	per annum
Equities	8 6%	8 5%	8 3%	per annum
Other assets	2 00%	2 00%	5 25%	per annum

Mortality assumptions used are consistent with those recommended by the individual scheme actuaries and reflect the latest available tables, adjusted for the experience of the Group where appropriate The largest scheme in the Group is the UK scheme and the tables used for this scheme indicate a further life expectancy for a male/female pensioner currently aged 65 of 22 3/25 4 years (2009 22 0/24 8 years), and a further life expectancy for a male/female non-pensioner member currently aged 40 of 24 6/27 9 years (2009 23 2/26 0 years) from age 65

23 Pensions (continued)

Shown below are the charges that have been made to the profit and loss account and Statement of Total Recognised Gains and Losses in the financial statements of Vodafone Group Plc, on the basis of the assumptions stated above, and relate to the main scheme

	2010 £m	2009 £m
Profit and loss account		
Current service cost and charge to operating profit	20 0	30 0
Gain due to curtailments	(14 0)	(2 0)
Interest cost	54 0	58 0
Expected return on pension scheme assets	(59 0)	(72 0)
Total credit to finance income	(1 0)	(14 0)
Total charge to loss before taxation	5 0	14 0
Statement of Total Recognised Gains and Losses		
Actual return less expected return on pension scheme assets	(235 0)	296 0
Experience losses arising on the scheme liabilities	(2 0)	(1 0)
Changes in assumptions underlying the present value of the plan liabilities	425 0	(154 0)
Actuarial losses on assets and liabilities	188 0	141 0
Total losses recognised in statement of total recognised gains and losses	188 0	141 0

23 Pensions (continued)

History of amounts that have been recognised in the Statement of Total Recognised Gains and Losses in the financial statements of Vodafone Group Plc, relating to the main scheme

	31 March 2010 £m	%	31 March 2009 £m	%	31 March 2008 £m	%	31 March 2007 £m	%
Difference between the expected and actual return on assets (Note 1)	235 0	21	(296 0)	(39)	(136 0)	(15)	34 0	4
Experience losses arising on scheme liabilities (Note 2)	(2 0)	-	1 0	-	(5 0)	(1)	-	-
Actuarial gain/(loss)	(188 0)	(15)	(141 0)	(17)	(60 0)	(7)	64 0	7

Cumulative amount of actuarial (gains)/losses immediately recognised of £545m
Note 1 percentage stated is expressed as a percentage of scheme assets at 31 March
Note 2 percentage stated is expressed as a percentage of scheme liabilities at 31 March

Fair value of the assets and liabilities of the scheme in the financial statements of Vodafone Group Plc

	2010 £m	2009 £m	2008 £m	2007 £m
Bonds	375 0	264 0	183 0	186 0
Equities	733 0	483 0	716 0	765 0
Other assets	23 0	8 0	35 0	5 0
Total fair value of scheme assets - see below	1,131 0	755 0	934 0	956 0
Present value of scheme liabilities - see below	(1,286 0)	(824 0)	(902 0)	(901 0)
(Deficits)/assets	(155 0)	(69 0)	32 0	55 0
Related deferred tax assets/(liabilities)	43 4	19 3	(9 0)	(16 5)
Net (deficit)/surplus	(111 6)	(49 7)	23 0	38 5
Analysed as				
Assets	-	-	23 0	38 5
Liabilities	(111 6)	(49 7)	-	-

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

23 Pensions (continued)

Fair value of the assets and present value of the liabilities arising from the UK obligations in respect of its defined benefit schemes is as follows

Change in plan assets	2010	2009
	£m	£m
Fair value of plan assets at beginning of year	755 0	934 0
Expected return on plan assets	59 0	72 0
Actuarial losses on plan assets	235 0	(296 0)
Employer contributions	102 0	54 0
Members contributions	6 0	7 0
Benefits paid	(26 0)	(17 0)
Business divestitures	-	1 0
	1,131 0	755 0

Change in benefit obligation	2010	2009
	£m	£m
Benefit obligation at beginning of year	824 0	902 0
Current service cost	20 0	30 0
Interest cost	54 0	58 0
Plan participant's contributions	6 0	7 0
Actuarial gains	422 0	(154 0)
Benefits paid from plan	(26 0)	(17 0)
Plan curtailments	(14 0)	(2 0)
	1,286 0	824 0

23 Pensions (continued)

The funded status of the scheme ıs reported at the begınnıng of thıs note The fundıng polıcy ıs revıewed on a systematıc basıs ın consultatıon wıth the ındependent scheme actuary ın order to ensure that the fundıng contrıbutıons from sponsorıng employers are approprıate to meet the lıabılıtıes of the scheme over the long term

The contrıbutıons expected to be paıd to the Scheme durıng the fınancıal perıod begınnıng after the balance sheet date were £0 3m

Movement ın deficıt durıng the year

	2010 £m	2009 £m
(Deficıt)/Surplus ın scheme before deferred tax at 1 Aprıl	(69 0)	32 0
Pensıon expense recognısed ın profit and loss account	(1 0)	(14 0)
Amounts recognısed ın Statement of Recognısed Gaıns and Losses	(188 0)	(141 0)
Cash contrıbutıons	102 0	54 0
Busıness dıvestıtures	-	1 0
Balancıng ıtem adjustment	1 0	(1 0)
Deficıt ın scheme before deferred tax at 31 March	(155 0)	(69 0)

24 Acquisitions

During the year Vodafone Limited acquired the trade, assets and liabilities of several other group companies, for a total consideration of £23 8m in the form of intercompany debt The aggregate net assets acquired as a result of these transactions amounted to £1 8m resulting in goodwill of £22 0m No significant fair value adjustments were made to the net assets or liabilities acquired Acquisitions are accounted for under the acquisition method

On 29 September 2009 Vodafone Limited acquired the customer base and related assets and liabilities of Isis Telecommunications Management Limited ("Isis")

On 1 October 2009 Vodafone Limited acquired the telecommunications services and related assets and liabilities of Vodafone Specialist Communications Limited

On 31 March 2010 Vodafone Limited acquired the telecommunications services and related assets and liabilities of Vodafone-Central Limited

On 31 March 2010 Vodafone Limited acquired the telecommunications services and related assets and liabilities of CSP Solutions Limited

On 31 March 2010 Vodafone Limited acquired the telecommunications services and related assets and liabilities of How2 Telecom Limited

The net assets/(liabilities) acquired are summarised overleaf

24 Acquisitions (continued)

	Vodafone Specialist Communications Limited £m	Isis Telecommunications Management Limited £m	Vodafone-Central total £m	Total £m
Book value and fair value of assets and liabilities acquired				
Tangible assets	0 3	-	1 5	1 8
Stock	-	-	2 0	2 0
Debtors	-	-	17 9	17 9
Cash	-	-	1 7	1 7
Creditors and provisions	-	(0 1)	(21 5)	(21 6)
Net assets/(liabilities) acquired	0 3	(0 1)	1 6	1 8
Goodwill	-	6 5	15 5	22 0
Consideration	0 3	6 4	17 1	23 8
Consideration satisfied by				
Intercompany debt	0 3	6 4	17 1	23 8
	0 3	6 4	17 1	23 8

The balance sheet disclosure within Vodafone-Central total is split out into the relevant statutory entities in the following page

VODAFONE LIMITED

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

24 Acquisitions (continued)

	Vodafone-Central Limited £m	How2 Telecom Limited £m	CSP Solutions Limited £m	Vodafone-Central Total £m
Book value and fair value of assets and liabilities acquired				
Tangible assets	1 5	-	-	1 5
Stock	2 0	-	-	2 0
Debtors	17 7	0 1	0 1	17 9
Cash	1 5	-	0 2	1 7
Creditors and provisions	(21 1)	(0 2)	(0 2)	(21 5)
Net assets/(liabilities) acquired	1 6	(0 1)	0 1	1 6
Goodwill	15 5	-	-	15 5
Consideration	17 1	(0 1)	0 1	17 1
Consideration satisfied by				
Intercompany debt	17 1	(0 1)	0 1	17 1
	17 1	(0 1)	0 1	17 1

25 Financial risk management

The Company follows Group policy to manage its principal risks which include liquidity risk, market risk (interest rate management and foreign exchange management) and credit risk The Group's treasury function provides a centralised service to the Group, including the Company, and follows a framework of policies and guidelines authorised 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 can be found in the annual report and financial statements of Vodafone Group Plc

26 Related party disclosures

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

27 Ultimate parent company

The immediate parent company of Vodafone Limited is Vodafone Mobile Network Limited, a company registered in England and Wales The ultimate parent company and controlling entity of Vodafone 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 registered in England and Wales

A copy of the financial statements of Vodafone Group Plc for the period ended 31 March 2010 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

28 Subsequent events

Following the year end the Company announced plans to integrate the remaining trade and assets of Isis Telecommunications Management Limited The full integration of the Company will consolidate Vodafone Limited expertise in Business Solution offerings