Contents

Page

84 Directors' statement of responsibility

85 Audit report on internal control over financial reporting

86 Critical accounting estimates

88 Audit report on the consolidated financial statements

90 Consolidated financial statements and financial commentary†

90 Consolidated income statement
90 Consolidated statement of comprehensive income
92 Consolidated statement of financial position
94 Consolidated statement of changes in equity
96 Consolidated statement of cash flows

98 Notes to the consolidated financial statements:

98 1. Basis of preparation
98 2. Significant accounting policies
100 3. Operating profit
101 4. Directors and key management compensation
102 5. Employees
103 6. Investment income and financing costs
104 7. Taxation
107 8. Earnings per share
107 9. Equity dividends
108 10. Intangible assets
109 11. Acquisitions and disposals
111 12. Impairment review
115 13. Property, plant and equipment
116 14. Investments in joint ventures
117 15. Investments in associates
117 16. Other investments
118 17. Trade and other receivables
119 18. Trade and other payables
120 19. Provisions
121 20. Commitments
121 21. Contingent liabilities
123 22. Reconciliation of net cash flow from operating activities
123 23. Cash and cash equivalents
124 24. Borrowings
128 25. Called up share capital
128 26. Subsequent events

Page

129 Financial statement note appendices:

129 A1. Significant accounting policies
136 A2. Segment analysis
140 A3. Inventory
140 A4. Share-based payments
142 A5. Post employment benefits
144 A6. Capital and financial risk management
148 A7. Related party transactions
149 A8. Principal subsidiaries
150 A9. Subsidiaries exempt from audit

151 Other unaudited financial information:

151 Prior year operating results
155 Liquidity and capital resources

159 Audit report on the Company financial statements

160 Company financial statements of Vodafone Group Plc

161 Notes to the Company financial statements:

161 1. Basis of preparation
161 2. Significant accounting policies
163 3. Fixed assets
163 4. Debtors
163 5. Other investments
163 6. Creditors
164 7. Share capital
164 8. Share-based payments
164 9. Reserves and reconciliation of movements in equity shareholders' funds
165 10. Equity dividends
165 11. Contingent liabilities

Reporting our financial performance

This year we have changed the format of our consolidated financial statements, with the aim of making them clear and easier to follow.

On pages 90 to 97 we have created an integrated financial review, combining a commentary on items within the primary financial statements.

We have changed the order of the footnotes to help with the flow of information, focusing on areas that we feel are key to understanding our business. Additional information that we are required to disclose by accounting standard or regulation has been moved to appendices. In addition, each footnote now begins with a simple introduction outlining the purpose of the note.

We hope this format makes it easier for you to navigate to the information that is important to you.

† The financial commentary on pages 91, 93, 95 and 97 form part of the business review and are unaudited.

Directors' statement of responsibility

Financial statements and accounting records

Company law of England and Wales requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), in accordance with IFRS as adopted for use in the EU and Article 4 of the EU IAS Regulations;
- state for the Company financial statements whether applicable UK accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the EU IAS Regulation. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibility statement

The Board confirms to the best of its knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the directors' report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit and Risk Committee, the Board considers the report and accounts, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Neither the Company nor the directors accept any liability to any person in relation to the annual report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Disclosure of information to auditor

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

After reviewing the Group's and 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. Further detail is included within "Commentary on the consolidated statement of cash flows" on page 97, notes 24 and A6 to the consolidated financial statements, and "Liquidity and capital resources" on pages 155 to 158 which include disclosure in relation to the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Management's report on internal control over financial reporting

As required by section 404 of the Sarbanes-Oxley Act management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group. The Group's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with IFRS, as adopted by the EU and IFRS as issued by the IASB, and that receipts and expenditures are being made only in accordance with authorisation of management and the directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

Any internal control framework, no matter how well designed, has inherent limitations including the possibility of human error and the circumvention or overriding of the controls and procedures, and may not prevent or detect misstatements. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the internal control over financial reporting at 31 March 2013 based on the Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO'). Based on management's assessment management has concluded that the internal control over financial reporting was effective at 31 March 2013.

The assessment excluded the internal controls over financial reporting relating to Cable & Wireless Worldwide plc ('CWW') because it became a subsidiary during the year as described in note 11 to the consolidated financial statements. CWW will be included in the Group's assessment at 31 March 2014.

Key sub-totals that result from the consolidation of CWW, whose internal controls have not been assessed, are total assets of £2,877 million, net assets of £1,315 million, revenue of £1,234 million and loss for the financial year of £151 million.

Management has also excluded from its assessment the internal control over financial reporting of entities which are accounted for under the equity method, including Verizon Wireless ('VZW'), because the Group does not have the ability to dictate or modify the controls at these entities and does not have the ability to assess, in practice, the controls at these entities. Accordingly, the internal controls of these entities, which contributed a net profit of £6,477 million (2012: £4,963 million) to the profit for the financial year, have not been assessed, except relating to controls over the recording of amounts relating to the investments that are recorded in the Group's consolidated financial statements.

During the period covered by this document there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over financial reporting.

The Group's internal control over financial reporting at 31 March 2013 has been audited by Deloitte LLP, an independent registered public accounting firm who also audit the Group's consolidated financial statements. Their audit report on internal control over financial reporting is on page 85.

By Order of the Board

Rosemary Martin
Company Secretary
21 May 2013

Audit report on internal control over financial reporting

Report of independent registered public accounting firm to the members of Vodafone Group Plc

We have audited the internal control over financial reporting of Vodafone Group Plc and subsidiaries and applicable joint ventures (the "Group") as of 31 March 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in management's report on internal control over financial reporting, management excluded from its assessment the internal control over financial reporting at Cable & Wireless Worldwide plc, which became a subsidiary during the year and which accounted for £2,877 million of total assets, £1,315 million of net assets, £1,234 million of revenue and £151 million of loss for the financial year of the consolidated financial statements amounts as of and for the year ended 31 March 2013. Accordingly our audit did not include the internal control over financial reporting at Cable & Wireless Worldwide plc. Additionally management is not required to evaluate the internal control over financial reporting of those entities that are accounted for under the equity method, including Verizon Wireless, because the Group does not have the ability to dictate or modify controls at these entities and does not have the ability to assess, in practice, the controls at these entities. Accordingly, the internal control over financial reporting of these entities, which contributed a net profit of £6,477 million to the profit for the financial year has not been assessed, except relating to the Group's controls over the recording and related disclosures of amounts relating to investments that are recorded in the consolidated financial statements.

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of 31 March 2013, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Group as of and for the year ended 31 March 2013 prepared in conformity with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS as issued be the International Accounting Standards Board. Our report dated 21 May 2013 expressed an unqualified opinion on those financial statements.

Deloitte LLP
London
United Kingdom

21 May 2013

Please refer to our Form 20-F to be filed with the Securities and Exchange Commission in June 2013 for the audit opinion over the consolidated financial statements of the Group as of 31 March 2013 and 2012 and for each of the three years in the period ended 31 March 2013 issued in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Critical accounting estimates

The Group prepares its consolidated financial statements in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group; it may later be determined that a different choice would have been more appropriate.

Management considers that certain accounting estimates and assumptions relating to revenue, taxation, business combinations, intangible assets (goodwill and finite lived assets), property, plant and equipment, provisions and contingent liabilities, and impairment are its critical accounting estimates.

A discussion of these critical accounting estimates is provided below and should be read in conjunction with the disclosure of the Group's significant IFRS accounting policies provided in note A2 to the consolidated financial statements.

Management has discussed its critical accounting estimates and associated disclosures with the Company's Audit and Risk Committee.

Revenue recognition

Arrangements with multiple deliverables

In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each unit of accounting based on its relative fair value.

Determining the fair value of each deliverable can require complex estimates due to the nature of the goods and services provided. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis after considering volume discounts where appropriate.

Gross versus net presentation

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost.

Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis with revenue representing the margin earned.

Taxation

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the Group's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period are made by payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the consolidated income statement and tax payments.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

Significant items on which the Group has exercised accounting judgement include recognition of deferred tax assets in respect of losses in Germany and Luxembourg and the recognition of a deferred tax asset in respect of capital allowances in the United Kingdom. The amounts recognised in the consolidated financial statements in respect of each matter are derived from the Group's best estimation and judgement as described above. See note 7 to the consolidated financial statements.

Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets.

Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the income statement.

Goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

On transition to IFRS the Group elected not to apply IFRS 3, "Business combinations", retrospectively as the difficulty in applying these requirements to the large number of business combinations completed by the Group from incorporation through to 1 April 2004 exceeded any potential benefits. Goodwill arising before the date of transition to IFRS, after adjusting for items including the impact of proportionate consolidation of joint ventures, amounted to £78,753 million.

If the Group had elected to apply the accounting for business combinations retrospectively it may have led to an increase or decrease in goodwill and increase in licences, customer bases, brands and related deferred tax liabilities recognised on acquisition.

Finite lived intangible assets

Other intangible assets include the Group's aggregate amounts spent on the acquisition of licences and spectrum, computer software, customer bases, brands and development costs. These assets arise from both separate purchases and from acquisition as part of business combinations.

On the acquisition of mobile network operators the identifiable intangible assets may include licences, customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

The relative size of the Group's intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives critical to the Group's financial position and performance.

At 31 March 2013 intangible assets, excluding goodwill, amounted to £22,025 million (2012: £21,164 million) and represented 15.4% (2012: 15.2%) of the Group's total assets.

Estimation of useful life

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

Licences and spectrum fees

The estimated useful life is generally the term of the licence unless there is a presumption of renewal at negligible cost. Using the licence term reflects the period over which the Group will receive economic benefit. For technology-specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology. Historically any changes to economic lives have not been material following these reviews.

Customer bases

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge. Historically changes to the estimated useful lives have not had a significant impact on the Group's results and financial position.

Capitalised software

The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licences, the useful life represents management's view of the expected term over which the Group will receive benefits from the software, but not exceeding the licence term. For unique software products controlled by the Group, the life is based on historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives have not resulted in material changes to the Group's amortisation charge.

Property, plant and equipment

Property, plant and equipment also represent a significant proportion of the asset base of the Group being 14.2% (2012: 13.4%) of the Group's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

Estimation of useful life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated income statement.

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Furthermore, network infrastructure is only depreciated over a period that extends beyond the expiry of the associated licence under which the operator provides telecommunications services if there is a reasonable expectation of renewal or an alternative future use for the asset.

Historically changes in useful lives and residual values have not resulted in material changes to the Group's depreciation charge.

Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 21 to the consolidated financial statements). Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares and approves formal five year management plans for its operations, which are used in the value in use calculations. In certain developing markets the fifth year of the management plan may not be indicative of the long-term future performance as operations may not have reached maturity. For these operations, the Group extends the plan data for an additional five year period.

For businesses where the five year management plans are used for the Group's value in use calculations, a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP growth rates for the country of operation; and
- the long-term compound annual growth rate in EBITDA in years six to ten estimated by management.

For businesses where the plan data is extended for an additional five years for the Group's value in use calculations, a long-term growth rate into perpetuity has been determined as the lower of:

- the nominal GDP growth rates for the country of operation; and
- the compound annual growth rate in EBITDA in years nine to ten of the management plan.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in note 12 to the consolidated financial statements.

Audit report on the consolidated financial statements

Independent auditor's report to the members of Vodafone Group Plc

Opinion

In our opinion the consolidated financial statements of Vodafone Group Plc:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

The consolidated financial statements comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the related notes 1 to 26 and A1 to A9. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the consolidated financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the consolidated financial statements comply with IFRSs as issued by the IASB.

Basis for opinions

We have audited the consolidated financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described below under Respective Responsibilities of Directors and Auditor. In performing our audit, as required by those standards, we complied with the Financial Reporting Council's Ethical Standards for Auditors including those requiring us to be independent and objective.

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 84 that the business is a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRSs as adopted by the European Union; and
- we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements to be appropriate.

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.

Auditor commentary

Without modifying our opinion, we highlight the following matters that are, in our judgment, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures.

Our assessment of risks significant to our audit

We identified the following risks that we believe to have had the greatest impact on our audit strategy and scope:

- the assessment of the carrying value of goodwill and intangible assets;
- the accounting for the legal claim in respect of withholding tax on the acquisition of Hutchison Essar Limited;
- the recognition and measurement of deferred tax assets in Germany and Luxembourg;
- revenue recognition, including the timing of revenue recognition, the recognition of revenue on a gross or net basis, the treatment of discounts, incentives and commissions and the accounting for multiple element arrangements; and
- the risk of management override of internal control. International Standards on Auditing (UK and Ireland) state that this risk must always be treated as significant.

Our assessment of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined planning materiality for the Group to be £500 million, which is approximately 5% of adjusted pre-tax profit, and below 1% of equity. We use adjusted pre-tax profit to exclude the effect of volatility (for example, separately disclosed adjusting items) from our determination. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that overall performance materiality for the Group should be 70% of planning materiality, namely £350 million. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £500 million for the financial statements as whole.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £10 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

The scope of our audit

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 Group'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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our Group audit scope focused on seven operating locations, of which six were subsidiaries or joint ventures subject to a full scope audit for the year ended 31 March 2013. The remaining operating location was Verizon Wireless, a material associate which is not controlled by the Group, which was subject to a full scope audit for the year ended 31 December 2012 and review procedures for the quarters ended 31 March 2012 and 2013. Together with the Group Functions, which were also subject to a full scope audit for the year ended 31 March 2013, these locations represent the principal business units of the Group and account for 83% of the Group's total assets, 70% of the Group's revenue and 78% of the Group's operating profit. Audits of these locations are performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned. In addition, audits are performed for local statutory purposes at a further 18 locations, which represent a further 12% of the Group's total assets, 29% of the Group's revenue and 21% of the Group's operating profit. Audits of these locations are performed at a local materiality level calculated by reference to the scale of the business concerned.

The Group audit team follows a programme of planned site visits that is designed to ensure that the Senior Statutory Auditor or his designate visits each of the seven full scope locations at least once a year. This year, the Group audit team visited all seven of the full scope locations.

The way in which we scoped our response to the significant risks identified above was as follows:

- we challenged management's assumptions used in the impairment model for goodwill and intangible assets, described in note 12 to the financial statements, including specifically the cash flow projections, discount rates, perpetuity rates and sensitivities used, particularly in respect of the Group's interests in southern Europe;
- we considered the legal advice in connection with management's disclosure in note 21 of contingent liabilities, including the impact of the introduction by the Indian government of legislation which amends Indian tax law with retrospective effect to overturn a judgement in the Group's favour;
- we considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating suitable future taxable profits to support the recognition of deferred tax assets described in note 7, challenging those assumptions and considering supporting forecasts and estimates;
- we carried out testing relating to controls over revenue recognition, including the timing of revenue recognition, the recognition of revenue on a gross or net basis, the treatment of discounts, incentives and commissions and the accounting for multiple element arrangements, as well as substantive testing, analytical procedures and assessing whether the revenue recognition policies adopted complied with IFRS; and
- we carried out analytical procedures and journal entry testing in order to identify and test the risk of fraud arising from management override of control.

The Audit and Risk Committee's consideration of these judgements is set out on page 62.

Opinions on matters prescribed 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; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of explanations received

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. We have nothing to report in respect of this matter.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. Under the Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

We have been asked by the Board to report the results of our having read the entire annual report, for the purposes of identifying any material inconsistencies with the audited financial statements or information that is apparently incorrect based on, or materially inconsistent with, the knowledge of the Group we acquired in the course of performing the audit. Such inconsistencies would include any that we may have identified in relation to the directors' statement that the annual report is fair, balanced and understandable and provides the information necessary for users to assess the entity's performance, business model and strategy and any that we may have identified because the section of the annual report describing the work of the Audit and Risk Committee does not, in our judgment, appropriately disclose matters that we communicated to the Audit and Risk Committee.

We confirm that we have not identified information in the annual report that is materially inconsistent with the audited financial statements or that is apparently incorrect based on, or materially inconsistent with, the knowledge of the Group we acquired in the course of performing the audit. However, we have not audited this other information and accordingly do not express an audit opinion on it.

Respective responsibilities of directors and auditor

Responsibility of directors for the financial statements

As explained more fully in the Directors' statement of responsibility set out on page 84 the directors are responsible for the adequacy of the accounting records, the preparation of the financial statements from those records and for being satisfied that the financial statements give a true and fair view.

Auditor's responsibility

Our responsibility is to audit and express an opinion on the financial statements, and to provide other reports and communications arising from our audit, in accordance with applicable law and International Standards on Auditing (UK and Ireland).

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 either required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter 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.

Other matter

We have reported separately on the parent company financial statements of Vodafone Group Plc for the year ended 31 March 2013.

Panos Kakoullis FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

21 May 2013

Consolidated income statement
for the years ended 31 March

	Note	2013 £m	2012 £m	2011 £m
Revenue	A2	**44,445**	**46,417**	**45,884**
Cost of sales		(30,505)	(31,546)	(30,814)
Gross profit		**13,940**	**14,871**	**15,070**
Selling and distribution expenses		(3,258)	(3,227)	(3,067)
Administrative expenses		(5,199)	(5,075)	(5,300)
Share of result in associates	15	6,477	4,963	5,059
Impairment losses	12	(7,700)	(4,050)	(6,150)
Other income and expense	11	468	3,705	(16)
Operating profit	3	**4,728**	**11,187**	**5,596**
Non-operating income and expense	11	10	(162)	3,022
Investment income	6	305	456	1,309
Financing costs	6	(1,788)	(1,932)	(429)
Profit before taxation		**3,255**	**9,549**	**9,498**
Income tax expense	7	(2,582)	(2,546)	(1,628)
Profit for the financial year		**673**	**7,003**	**7,870**
Attributable to:				
– Equity shareholders		429	6,957	7,968
– Non-controlling interests		244	46	(98)
		673	**7,003**	**7,870**
Basic earnings per share	8	**0.87p**	**13.74p**	**15.20p**
Diluted earnings per share	8	**0.87p**	**13.65p**	**15.11p**

Consolidated statement of comprehensive income
for the years ended 31 March

	2013 £m	2012 £m	2011 £m
(Losses)/gains on revaluation of available-for-sale investments, net of tax	(73)	(17)	310
Foreign exchange translation differences, net of tax	362	(3,673)	(2,132)
Net actuarial (losses)/gains on defined benefit pension schemes, net of tax	(198)	(272)	136
Foreign exchange losses/(gains) transferred to the income statement	1	(681)	(630)
Fair value gains transferred to the income statement	(12)	–	(2,192)
Other, net of tax	(4)	(10)	19
Other comprehensive income/(loss)	**76**	**(4,653)**	**(4,489)**
Profit for the financial year	673	7,003	7,870
Total comprehensive income for the year	**749**	**2,350**	**3,381**
Attributable to:			
– Equity shareholders	604	2,383	3,567
– Non-controlling interests	145	(33)	(186)
	749	**2,350**	**3,381**

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

Commentary on the consolidated income statement and statement of comprehensive income

The consolidated income statement includes the majority of our income and expenses for the year with the remainder recorded in the statement of comprehensive income.

Further details on the major movements in the year are set out below:

Revenue

Revenue fell by 4.2% to £44.4 billion. The decrease was primarily due to the negative impact of adverse foreign exchange rate movements, as much of the Group's revenue is generated in currencies other than sterling, and the challenging economic conditions in southern Europe. Our operating results on pages 40 to 44 explain in more detail the geographical split of our revenue.

Share of result in associates

Share of results in associates increased 30.5% to £6.5 billion. This is primarily due to the strong performance of VZW, in which we have a 45% interest. For more information on what has driven the growth at VZW, see page 44.

Impairment losses

An impairment loss of £7.7 billion was recorded in relation to Italy and Spain, primarily driven by adverse performance against previous plans and adverse movements in discount rates. Note 12 provides more information on how we test for impairment.

Other income and expense

Other income and expense has decreased from a gain of £3.7 billion in the prior year to a gain of £0.5 billion this year. The decrease is primarily due to the £3.7 billion gain on disposal of the Group's 44% interest in SFR and 24.4% interest in Polkomtel recognised in the prior year, whereas in the current year we recognised a gain on acquisition of CWW of £0.5 billion. Note 11 provides more information on our acquisitions and disposals.

Income tax expense

Our income tax expense was stable at £2.6 billion. Our adjusted effective tax rate, a non-GAAP measure used by management to measure the rate of tax on our adjusted profit before tax, continued to be in the mid-twenties range and is calculated as set out below.

	2013 £m	2012 £m
Income tax expense	2,582	2,546
Tax on adjustments to derive adjusted profit before tax	12	(242)
Adjusted income tax expense	**2,594**	**2,304**
Share of associates' tax	11	302
Adjusted income tax expense for calculating adjusted tax rate	**2,605**	**2,606**
Profit before tax	3,255	9,549
Adjustments to derive adjusted profit before tax[1]	7,273	369
Adjusted profit before tax	**10,528**	**9,918**
Add: Share of associates' tax and non-controlling interest	105	382
Adjusted profit before tax for calculating adjusted effective tax rate	**10,633**	**10,300**
Adjusted effective tax rate	**24.5%**	**25.3%**

Note:
1 See "Earnings per share" opposite.

The Group's share of associates' tax has fallen as a result of a greater share of the VZW profits being taxed at the partnership level.

Earnings per share

Basic earnings per share was 0.87 pence, a reduction of 12.87 pence from the prior year. This was driven by higher impairment losses in the current year, whilst the prior year benefited from a gain on disposal of our 44% interest in SFR and 24.4% interest in Polkomtel.

Adjusted earnings per share, which is a non-GAAP measure used by management and which excludes the one-off items noted above together with items that we do not view as being reflective of our performance, was 15.65 pence, an increase of 5.0% compared to the prior year. The increase was primarily due to an increase in earnings on higher adjusted operating profit. Our calculation of the adjusted earnings on which we base our adjusted earnings per share calculation is set out below. Note 8 provides information on the number of shares.

	2013 £m	2012 £m
Profit attributable to equity shareholders	**429**	**6,957**
Pre-tax adjustments:		
Impairment loss	7,700	4,050
Other income and expense[1]	(468)	(3,705)
Non-operating income and expense	(10)	162
Investment income and financing costs	51	(138)
	7,273	**369**
Taxation[2]	(12)	242
Non-controlling interests	6	(18)
Adjusted profit attributable to equity shareholders	**7,696**	**7,550**

Notes:
1 Other income and expense for the year ended 31 March 2013 included a £473 million gain on acquisition of CWW. The year ended 31 March 2012 included a £3,419 million gain on disposal of the Group's 44% interest in SFR and a £296 million gain on disposal of the Group's 24.4% interest in Polkomtel.
2 Taxation for the year ended 31 March 2012 included a £206 million charge in respect of the disposal of the Group's 24.4% interest in Polkomtel. The gain arising on our acquisition of CWW in the year ended 31 March 2013 and the disposal of our 44% interest in SFR in the 2012 financial year did not give rise to a tax charge. The impairment charges of £7,700 million and £4,050 million in the years ended 31 March 2013 and 2012 respectively did not result in any tax consequences.

The consolidated statement of comprehensive income records all of the income and losses generated for the year. Total comprehensive income was over £0.7 billion, comprising a profit of £0.7 billion and other comprehensive income of £0.1 billion.

Further details on the major movements in the year are set out below:

Foreign exchange differences, net of tax

Foreign exchange translation differences arise when we translate the results and net assets of our operating companies and associates, which transact their operations in foreign currencies including the euro, South African rand and Indian rupee, as well as US dollars for VZW, into our presentation currency of sterling. The net movement in foreign exchange rates resulted in a gain of £0.4 billion for the year. In the prior year there was a loss of £3.7 billion.

Net actuarial (losses)/gains on defined benefit schemes

We incurred a loss of £0.2 billion from the revaluation of the Group's defined benefit pension schemes after comparing the outcomes to those anticipated by the Group's actuary. In the prior year there was a loss of £0.3 billion.

Foreign exchange losses/(gains) transferred to the income statement

The prior year gains were a result of the recycling of foreign exchange losses on the disposal of our investments in SFR and Polkomtel.

Profit for the financial year

The reasons underlying the £6.3 billion decrease in profit for the financial year are provided above.

Consolidated statement of financial position

at 31 March

	Note	2013 £m	2012 £m
Non-current assets			
Goodwill	10	30,372	38,350
Other intangible assets	10	22,025	21,164
Property, plant and equipment	13	20,331	18,655
Investments in associates	15	38,635	35,108
Other investments	16	774	791
Deferred tax assets	7	2,920	1,970
Post employment benefits	A5	52	31
Trade and other receivables	17	4,302	3,482
		119,411	**119,551**
Current assets			
Inventory	A3	450	486
Taxation recoverable		452	334
Trade and other receivables	17	9,412	10,744
Other investments	16	5,350	1,323
Cash and cash equivalents	23	7,623	7,138
		23,287	**20,025**
Total assets		**142,698**	**139,576**
Equity			
Called up share capital	25	3,866	3,866
Additional paid-in capital		154,279	154,123
Treasury shares		(9,029)	(7,841)
Retained losses		(88,785)	(84,184)
Accumulated other comprehensive income		11,146	10,971
Total equity shareholders' funds		**71,477**	**76,935**
Non-controlling interests		1,890	2,090
Put options over non-controlling interests		(879)	(823)
Total non-controlling interests		**1,011**	**1,267**
Total equity		**72,488**	**78,202**
Non-current liabilities			
Long-term borrowings	24	29,108	28,362
Taxation liabilities		150	250
Deferred tax liabilities	7	6,698	6,597
Post employment benefits	A5	629	337
Provisions	19	907	479
Trade and other payables	18	1,494	1,324
		38,986	**37,349**
Current liabilities			
Short-term borrowings	24	12,289	6,258
Taxation liabilities		1,919	1,898
Provisions	19	818	633
Trade and other payables	18	16,198	15,236
		31,224	**24,025**
Total equity and liabilities		**142,698**	**139,576**

The consolidated financial statements were approved by the Board of directors and authorised for issue on 21 May 2013 and were signed on its behalf by:

Vittorio Colao
Chief Executive

Andy Halford
Chief Financial Officer

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

Commentary on the consolidated statement of financial position

The consolidated statement of financial position shows all of our assets and liabilities at 31 March. Total assets increased by 2.2% to £142.7 billion driven by the increase in the carrying value of our 45% interest in VZW and higher cash and investment balances following our bond issues during the year, partially offset by the goodwill impairments recorded for Italy and Spain. Total liabilities increased by 14.4% to £70.2 billion driven by the £5.4 billion of long-term debt issued.

Further details on the major movements in the year are set out below:

Assets

Goodwill and other intangible assets

Our intangible assets decreased to £52.4 billion (2012: £59.5 billion) with goodwill comprising the largest element at £30.4 billion (2012: £38.4 billion). The decrease primarily resulted from impairment losses of £7.7 billion, amortisation of £3.4 billion and unfavourable foreign exchange rate movements of £0.4 billion, partially offset by £4.0 billion of additions and £0.5 billion arising on acquisitions. Further details of the impairment loss are provided in note 12.

Property, plant and equipment

Property, plant and equipment increased to £20.3 billion (2012: £18.7 billion) predominantly as a result of £4.7 billion of additions and £1.6 billion arising from the acquisition of businesses, partially offset by £4.3 billion of depreciation charges.

Investments in associates

Investments in associates increased to £38.6 billion (2012: £35.1 billion), with VZW being our largest investment. The increase was driven by our share of VZW's results of £6.4 billion and £1.9 billion of favourable exchange rate movements, partially offset by £4.8 billion of dividends received from associates (see page 97).

Other non-current assets

Other non-current assets increased to £8.0 billion (2012: £6.3 billion) mainly due to a £1.0 billion increase in our deferred tax asset and an increase of £0.8 billion in trade and other receivables, both driven by acquisitions during the year.

Current assets

Current assets increased to £23.3 billion (2012: £20.0 billion) primarily due to a £4.5 billion increase in cash and short-term investments driven by the £2.4 billion income dividend received from VZW in December 2012 and the £3.9 billion of bonds issued in February 2013.

Total equity and liabilities

Total equity

Total equity decreased to £72.5 billion (2012: £78.2 billion). The profit for the year of £0.7 billion was more than offset by dividends paid to equity shareholders and non-controlling interests of £5.2 billion and share buybacks of £1.5 billion.

Borrowings

Borrowings increased to £41.4 billion (2012: £34.6 billion) mainly as a result of issuing bonds, in September 2012 and February 2013, and commercial paper. This was partially offset by the repayment of certain borrowings which had reached maturity.

Taxation liabilities

Total tax liabilities were stable at £2.1 billion (2012: £2.1 billion).

Other current liabilities

Other current liabilities increased to £17.0 billion (2012: £15.9 billion). Trade payables at 31 March 2013 were equivalent to 37 days (2012: 43 days) outstanding, calculated by reference to the amount owed to suppliers as a proportion of the amounts invoiced by suppliers during the year. It is our policy to agree terms of transactions, including payment terms, with suppliers and it is our normal practice that payment is made accordingly.

Contractual obligations and contingencies

A summary of our principal contractual financial obligations is shown below and details of the Group's contingent liabilities are included in note 21.

	Payments due by period £m				
Contractual obligations[1]	Total	< 1 year	1–3 years	3–5 years	>5 years
Borrowings[2]	50,308	13,002	11,627	8,679	17,000
Operating lease commitments[3]	6,640	1,238	1,732	1,194	2,476
Capital commitments[3 4]	1,959	1,785	159	15	–
Purchase commitments	4,808	3,149	869	500	290
Total	**63,715**	**19,174**	**14,387**	**10,388**	**19,766**

Notes:
1 This table includes commitments in respect of options over interests in Group businesses held by non-controlling shareholders (see "Potential cash outflows from option agreements and similar arrangements" on page 158) and obligations to pay dividends to non-controlling shareholders (see "Dividends from associates and to non-controlling shareholders" on page 158). The table excludes current and deferred tax liabilities and obligations under post employment benefit schemes, details of which are provided in notes 7 and A5 respectively. The table also excludes the contractual obligations of associates.
2 See note 24.
3 See note 20.
4 Primarily related to network infrastructure.

Consolidated statement of changes in equity

for the years ended 31 March

					Other comprehensive income							
	Share capital £m	Additional paid-in capital[1] £m	Treasury shares £m	Retained losses £m	Currency reserve £m	Pensions reserve £m	Investment reserve £m	Revaluation surplus £m	Other £m	Equity share-holders' funds £m	Non-controlling interests £m	Total £m
1 April 2010	4,153	153,509	(7,810)	(79,655)	17,086	(363)	2,357	1,040	64	90,381	429	90,810
Issue or reissue of shares	–	–	232	(125)	–	–	–	–	–	107	–	107
Redemption or cancellation of shares	(71)	71	1,532	(1,532)	–	–	–	–	–	–	–	–
Purchase of own shares	–	–	(2,125)	–	–	–	–	–	–	(2,125)	–	(2,125)
Share-based payment	–	180[2]	–	–	–	–	–	–	–	180	–	180
Transactions with non-controlling interests in subsidiaries	–	–	–	(120)	–	–	–	–	–	(120)	35	(85)
Comprehensive income	–	–	–	7,968	(2,669)	136	(1,882)	–	14	3,567	(186)	3,381
Profit/(loss)	–	–	–	7,968	–	–	–	–	–	7,968	(98)	7,870
OCI – before tax	–	–	–	–	(2,053)	190	347	–	14	(1,502)	(88)	(1,590)
OCI – taxes	–	–	–	–	14	(54)	(37)	–	–	(77)	–	(77)
Transfer to the income statement	–	–	–	–	(630)	–	(2,192)[3]	–	–	(2,822)	–	(2,822)
Dividends	–	–	–	(4,468)	–	–	–	–	–	(4,468)	(328)	(4,796)
Other	–	–	–	271	–	–	(238)	–	–	33	56	89
31 March 2011	**4,082**	**153,760**	**(8,171)**	**(77,661)**	**14,417**	**(227)**	**237**	**1,040**	**78**	**87,555**	**6**	**87,561**
Issue or reissue of shares	–	2	277	(208)	–	–	–	–	–	71	–	71
Redemption or cancellation of shares	(216)	216	4,724	(4,724)	–	–	–	–	–	–	–	–
Purchase of own shares	–	–	(4,671)[4]	–	–	–	–	–	–	(4,671)	–	(4,671)
Share-based payment	–	145[2]	–	–	–	–	–	–	–	145	–	145
Transactions with non-controlling interests in subsidiaries	–	–	–	(1,908)	–	–	–	–	–	(1,908)	1,599	(309)
Comprehensive income	–	–	–	6,957	(4,279)	(272)	(17)	–	(6)	2,383	(33)	2,350
Profit	–	–	–	6,957	–	–	–	–	–	6,957	46	7,003
OCI – before tax	–	–	–	–	(3,629)	(365)	(17)	–	(14)	(4,025)	(71)	(4,096)
OCI – taxes	–	–	–	–	31	93	–	–	8	132	(8)	124
Transfer to the income statement	–	–	–	–	(681)	–	–	–	–	(681)	–	(681)
Dividends	–	–	–	(6,654)	–	–	–	–	–	(6,654)	(305)	(6,959)
Other	–	–	–	14	–	–	–	–	–	14	–	14
31 March 2012	**3,866**	**154,123**	**(7,841)**	**(84,184)**	**10,138**	**(499)**	**220**	**1,040**	**72**	**76,935**	**1,267**	**78,202**
Issue or reissue of shares	–	2	287	(237)	–	–	–	–	–	52	–	52
Purchase of own shares	–	–	(1,475)[4]	–	–	–	–	–	–	(1,475)	–	(1,475)
Share-based payment	–	152[2]	–	–	–	–	–	–	–	152	–	152
Transactions with non-controlling interests in subsidiaries	–	–	–	(7)	–	–	–	–	–	(7)	(17)	(24)
Comprehensive income	–	–	–	429	462	(198)	(85)	–	(4)	604	145	749
Profit	–	–	–	429	–	–	–	–	–	429	244	673
OCI – before tax	–	–	–	–	482	(259)	(73)	–	(6)	144	(95)	49
OCI – taxes	–	–	–	–	(21)	61	–	–	2	42	(4)	38
Transfer to the income statement	–	–	–	–	1	–	(12)	–	–	(11)	–	(11)
Dividends	–	–	–	(4,801)	–	–	–	–	–	(4,801)	(384)	(5,185)
Other	–	2	–	15	–	–	–	–	–	17	–	17
31 March 2013	**3,866**	**154,279**	**(9,029)**	**(88,785)**	**10,600**	**(697)**	**135**	**1,040**	**68**	**71,477**	**1,011**	**72,488**

Notes:
1 Includes share premium, capital redemption reserve and merger reserve. The merger reserve was derived from acquisitions made prior to 31 March 2004 and subsequently allocated to additional paid-in capital on adoption of IFRS.
2 Includes £18 million tax credit (2012: £2 million; 2011: £24 million).
3 Amounts for 2011 include a £208 million tax credit.
4 Amount for 2013 includes a commitment for the purchase of own shares of £1,026 million (2012: £1,091 million; 2011: £nil).

Commentary on the consolidated statement of changes in equity

The consolidated statement of changes in equity shows the movements in equity shareholders' funds and non-controlling interests. Equity shareholders funds decreased by -7.1% to £71.5 billion as the profit for the year was more than offset by the purchase of our own shares under the share buyback programmes and equity dividends paid.

Further details on the major movements in the year are set out below:

Acquisition of non-controlling interest

We did not acquire any significant non-controlling interests in the current year. In the year ended 31 March 2012 we acquired an additional stake in Vodafone India.

Purchase of own shares

We acquired 894 million of our own shares at a cost of £1.5 billion in the year. These arose from the two share buyback programmes that were in place.

- We initiated a £4.0 billion share buyback programme following the disposal of our entire 44% interest in SFR to Vivendi on 16 June 2011. Under this programme, which was completed in August 2012, we purchased a total of 2,330,039,575 shares at an average price per share, including transaction costs, of 171.67 pence.
- Following the receipt of a US$3.8 billion (£2.4 billion) income dividend from VZW in December 2012, we initiated a £1.5 billion share buyback programme. The Group placed irrevocable purchase instructions with a third party to enable shares to be repurchased on our behalf when we may otherwise have been prohibited from buying in the market.

The aggregate number of shares and the amount of consideration paid by the Company in relation to the £1.5 billion buyback programme at 20 May 2013 was 406 million and £0.7 billion respectively. The maximum value of shares that may yet be purchased under the programme at 20 May 2013 is £0.8 billion.

The movement in treasury shares during the year is shown below:

	Number Million	£m
1 April 2012	4,169	7,841
Reissue of shares	(161)	(287)
Purchase of shares	894	1,475
31 March 2013	**4,902**	**9,029**

The reissue of shares in the year was to satisfy obligations under employee share schemes.

Comprehensive income

The Group generated over £0.7 billion of comprehensive income in the year, primarily a result of the profit for the year attributable to equity shareholders of £0.4 billion. The reasons underlying the £0.1 billion increase (2012: £4.7 billion decrease) in comprehensive income are provided on page 91.

Dividends

We provide returns to shareholders through dividends and have historically generally paid dividends twice a year in February and August. The directors expect that we will continue to pay dividends semi-annually.

The £4.8 billion equity dividend reduction in the current year comprises £3.2 billion in relation to the final dividend for the year ended 31 March 2012 and £1.6 billion for the interim dividend for the year ended 31 March 2013. This is reduced from the total £6.7 billion charge in the prior year primarily due to the special dividend of £2.0 billion paid in relation to a VZW income dividend received in the prior year.

The interim dividend of 3.27 pence per share announced by the directors in November 2012 represented a 7.2% increase over last year's interim dividend. The directors are proposing a final dividend of 6.92 pence per share. Total dividends for the year, excluding the second interim dividend paid in the prior year, increased by 7.0% to 10.19 pence per share, in line with our dividend per share growth target of at least 7% per annum for each of the financial years in the period ending 31 March 2013, issued in May 2010.

Consolidated statement of cash flows

for the years ended 31 March

	Note	2013 £m	2012 £m	2011 £m
Net cash flow from operating activities	22	**10,694**	**12,755**	**11,995**
Cash flows from investing activities				
Purchase of interests in subsidiaries and joint ventures, net of cash acquired		(1,432)	(149)	(46)
Other investing activities in relation to purchase of subsidiaries		–	310	(356)
Purchase of interests in associates		(6)	(5)	–
Purchase of intangible assets		(4,036)	(3,090)	(4,290)
Purchase of property, plant and equipment		(4,666)	(4,762)	(4,350)
Purchase of investments		(4,249)	(417)	(318)
Disposal of interests in subsidiaries and joint ventures, net of cash disposed		27	832	–
Disposal of interests in associates		–	6,799	–
Disposal of property, plant and equipment		153	117	51
Disposal of investments		1,523	66	4,467
Dividends received from associates		4,827	4,023	1,424
Dividends received from investments		2	3	85
Interest received		459	322	1,659
Taxation on investing activities		–	(206)	(208)
Net cash flow from investing activities		**(7,398)**	**3,843**	**(1,882)**
Cash flows from financing activities				
Issue of ordinary share capital and reissue of treasury shares		52	71	107
Net movement in short-term borrowings		1,672	1,206	(573)
Proceeds from issue of long-term borrowings		5,422	1,642	4,861
Repayment of borrowings		(1,720)	(3,520)	(4,064)
Purchase of treasury shares		(1,568)	(3,583)	(2,087)
Equity dividends paid		(4,806)	(6,643)	(4,468)
Dividends paid to non-controlling shareholders in subsidiaries		(379)	(304)	(320)
Other transactions with non-controlling shareholders in subsidiaries		15	(2,605)	(137)
Interest paid		(1,644)	(1,633)	(1,578)
Net cash flow from financing activities		**(2,956)**	**(15,369)**	**(8,259)**
Net cash flow		340	1,229	1,854
Cash and cash equivalents at beginning of the financial year	23	7,088	6,205	4,363
Exchange (gain)/loss on cash and cash equivalents		170	(346)	(12)
Cash and cash equivalents at end of the financial year	23	**7,598**	**7,088**	**6,205**

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

Commentary on the consolidated statement of cash flows

The consolidated statement of cash flows shows the cash flows from operating, investing and financing activities for the year. Cash and cash equivalents at the end of the financial year increased 7.2% to £7.6 billion. We have maintained a robust liquidity position throughout the year enabling us to service shareholder returns, debt and expansion through capital investment. This position has been achieved through cash generated from operations, dividends from associates, and borrowings through short-term and long-term debt issued through the capital markets. We expect these to be our key sources of liquidity for the foreseeable future. We also have access to the committed facilities detailed on page 157.

Our liquidity and working capital may be affected by a material decrease in cash flow due to a number of factors as outlined in "Principal risk factors and uncertainties" on pages 46 to 49. We do not use non-consolidated special purpose entities as a source of liquidity or for other financing purposes.

Purchase of interest in subsidiaries and joint ventures, net of cash acquired

During the year we acquired CWW and TelstraClear for cash consideration of £1.1 billion and £0.4 billion respectively. Further details on the assets and liabilities acquired are outlined in note 11.

Purchase of intangible assets

The purchase of intangible assets was primarily in relation to spectrum. We acquired spectrum in the UK, the Netherlands, Romania, Egypt and India, totalling £2.5 billion during the year.

Disposal of interests in associates and joint ventures

In the prior year we disposed of our 44% interest in SFR and our 24.4% interest in Polkomtel for proceeds of £6.8 billion and £0.8 billion respectively. There were no significant disposals in the current year.

Disposal of investments

In April 2012 we received the remaining consideration of £1.5 billion from the disposal of our interests in SoftBank Mobile Corp.

Purchase of investments

The Group purchases short-term investments as part of its treasury strategy. See note 16.

Dividends received from associates

Dividends received from associates increased by 20.0% to £4.8 billion, primarily due to dividends received from VZW. The Group received an income dividend of £2.4 billion (2012: £2.9 billion) and also tax distributions totalling £2.4 billion (2012: £1.0 billion) during the year.

Proceeds from issues of long-term debt

The Group issued bonds, under its US shelf programme, in September 2012 and February 2013 of US$2.0 billion (£1.2 billion) and US$6.0 billion (£3.9 billion) respectively.

Purchase of treasury shares

During the year the Group completed the £4.0 billion share buyback programme announced in 2011 and also initiated a £1.5 billion programme on receipt of the income dividend from VZW in December 2012.

Equity dividends paid

Equity dividends paid during the year decreased by -27.7%, primarily due to the payment of a special dividend in the prior year. The special dividend was paid following the receipt of an income dividend from VZW.

Other transactions with non-controlling shareholders in subsidiaries

In the year ended 31 March 2012 we acquired an additional stake in Vodafone India.

Cash flow reconciliation

A reconciliation of cash generated by operations to free cash flow and net debt, two non-GAAP measures used by management, is shown below. Cash generated by operations decreased by -7.4% to £13.7 billion, primarily driven by lower EBITDA (see page 40). Free cash flow decreased by -8.1% to £5.6 billion primarily due to lower EBITDA and higher payments for taxation, partially offset by lower cash capital expenditure, working capital movements and higher dividends received from associates and investments.

	2013 £m	2012 £m	%
EBITDA	13,275	14,475	(8.3)
Working capital	318	206	
Other	134	143	
Cash generated by operations	**13,727**	**14,824**	**(7.4)**
Cash capital expenditure[1]	(6,195)	(6,423)	
Capital expenditure	(6,266)	(6,365)	
Working capital movement in respect of capital expenditure	71	(58)	
Disposal of property, plant and equipment	153	117	
Operating free cash flow	**7,685**	**8,518**	**(9.8)**
Taxation	(2,933)	(1,969)	
Dividends received from associates and investments[2]	2,420	1,171	
Dividends paid to non-controlling shareholders in subsidiaries	(379)	(304)	
Interest received and paid	(1,185)	(1,311)	
Free cash flow	**5,608**	**6,105**	**(8.1)**
Tax settlement[3]	(100)	(100)	
Licence and spectrum payments	(2,507)	(1,429)	
Acquisitions and disposals[4]	(1,723)	4,872	
Equity dividends paid	(4,806)	(6,643)	
Purchase of treasury shares	(1,568)	(3,583)	
Foreign exchange	(828)	1,283	
Income dividend from VZW	2,409	2,855	
Other[5]	982	2,073	
Net debt (increase)/decrease	**(2,533)**	**5,433**	
Opening net debt	(24,425)	(29,858)	
Closing net debt	**(26,958)**	**(24,425)**	**10.4**

Notes:
1 Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments, during the year.
2 Dividends received from associates and investments for the year ended 31 March 2013 includes a £2,389 million (2012: £965 million) tax distribution from our 45% interest in VZW. In the year ended 31 March 2012 a final dividend of £178 million was received from SFR prior to completion of the disposal of the Group's 44% interest. It does not include the £2,409 million income dividend from VZW received in December 2012 and the £2,855 million income dividend received from VZW in January 2012.
3 Related to a tax settlement in the year ended 31 March 2011.
4 Acquisitions and disposals for the year ended 31 March 2013 primarily includes the £1,050 million payment in relation to the acquisition of the entire share capital of CWW and £243 million in respect of convertible bonds acquired as part of the CWW acquisition, and £440 million in relation to the acquisition of TelstraClear. The year ended 31 March 2012 primarily included £6,805 million proceeds from the sale of the Group's 44% interest in SFR, £784 million proceeds from the sale of the Group's 24.4% interest in Polkomtel and £2,592 million payment in relation to the purchase of non-controlling interests in Vodafone India Limited.
5 Other for the year ended 31 March 2013 primarily includes the remaining £1,499 million consideration for the disposal of SoftBank Mobile Corp. interests in November 2010, received in April 2012, partially offset by £322 million in relation to fair value and interest accrual movements on financial instruments. The year ended 31 March 2012 primarily included £2,301 million movement in the written put options in relation to India and the return of a court deposit made in respect of the India tax case (£310 million).

Net debt

Net debt increased by £2.5 billion to £27.0 billion primarily due to the purchase of CWW and TelstraClear, share buybacks, payments to acquire spectrum, foreign exchange movements and dividend payments to equity holders, partially offset by cash generated by operations, the remaining consideration from the Group's disposal of SoftBank Mobile Corp. and the £2.4 billion income dividend from VZW.

Notes to the consolidated financial statements

1. Basis of preparation

The consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board and are also prepared in accordance with IFRS adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations. The consolidated financial statements are prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. For a discussion on the Group's critical accounting estimates see "Critical accounting estimates" on pages 86 and 87. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Amounts in the consolidated financial statements are stated in pounds sterling.

Vodafone Group Plc is registered in England (No. 1833679).

2. Significant accounting policies

Detailed below are new accounting pronouncements that we will adopt in future years and our current view of the impacts they will have on our financial reporting. There have been no significant changes to the significant accounting policies that we applied in the year; for full details refer to note A1. This note should be read in conjunction with "Critical accounting estimates" on pages 86 and 87.

New accounting pronouncements to be adopted on 1 April 2013

The following pronouncements have been issued by the IASB or the IFRIC, are effective for annual periods beginning on or after 1 January 2013 and have been endorsed for use in the EU unless otherwise stated:

- Amendments to IAS 1, "Presentation of items of other comprehensive income", effective for annual periods beginning on or after 1 July 2012.
- Amendments to IAS 19, "Employee benefits", requires revised accounting and disclosures for defined benefit pension schemes, including a different measurement basis for asset returns, replacing the expected return on plan assets and interest cost currently recorded in the consolidated income statement with net interest. This results in a revised allocation of costs between the income statement and other comprehensive income. The "corridor approach" method of spreading the recognition of actuarial gains and losses, which is not used by the Group, is prohibited. The amendments also include a revised definition of short- and long-term benefits to employees and revised criteria for the recognition of termination benefits.
- Amendment to IFRS 1, "Government loans", effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 7, "Disclosures – offsetting financial assets and financial liabilities", effective for annual periods beginning on or after 1 January 2013.
- IFRS 10, "Consolidated Financial Statements", which replaces parts of IAS 27, "Consolidated and Separate Financial Statements" and all of SIC-12, "Consolidation – Special Purpose Entities", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The Group's principal subsidiaries (see note A8) will continue to be consolidated upon adoption of IFRS 10.
- IAS 27, "Separate Financial Statements", now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Group's consolidated financial statements.
- IFRS 11,"Joint Arrangements", which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers", requires a single method, known as the equity method, to account for interests in jointly controlled entities which is consistent with the accounting treatment currently applied to investments in associates. Under IFRS 11, the Group's principal joint ventures, excluding Cornerstone Telecommunications Infrastructure Limited (see note 14), will be incorporated into the consolidated financial statements using the equity method of accounting.
- IAS 28, "Investments in Associates and Joint Ventures", was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.
- IFRS 12, "Disclosure of Interest in Other Entities", is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities within the scope of IFRS 10 and IFRS 11.
- Amendments to IFRS 10, IFRS 11 and IFRS 12, "Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"; clarifies the disclosures required on adoption of these standards.
- "Investment Entities", amendments to IFRS 10, IFRS 12 and IAS 27, effective for annual periods beginning on or after 1 January 2014, but will be early-adopted by the Group on 1 January 2013. This standard has not yet been endorsed for use in the EU.
- IFRS 13, "Fair Value Measurement", effective for annual periods beginning on or after 1 January 2013.
- "Improvements to IFRS 2009–2011 Cycle", effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, "Stripping costs in the production phase of a surface mine", effective for annual periods beginning on or after 1 January 2013.

For periods commencing on or after 1 April 2013, the Group's financial reporting will be presented in accordance with the new standards above. Except for IFRS 11 and the amendments to IAS 19, these pronouncements are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group. The impact of restating key financial information for the impact of IFRS 11 and the amendments to IAS 19 for the year to 31 March 2013 is described below:

Consolidated income statement and statement of comprehensive income for the years ended:

	2013			2012		
	As reported £m	Adjustments £m	New basis £m	As reported £m	Adjustments £m	New basis £m
Revenue	44,445	(6,404)	38,041	46,417	(7,596)	38,821
Gross profit	13,940	(2,466)	11,474	14,871	(3,251)	11,620
Share of results of equity accounted associates and joint ventures	6,477	520	6,997	4,963	1,033	5,996
Operating profit	4,728	(508)	4,220	11,187	(702)	10,485
Profit before tax	3,255	(372)	2,883	9,549	(561)	8,988
Profit for the financial year	673	(16)	657	7,003	(9)	6,994
Other comprehensive income	76	16	92	(4,653)	9	(4,644)
Total comprehensive income	749	–	749	2,350	–	2,350

Consolidated statement of financial position at:

	2013			2012		
	As reported £m	Adjustments £m	New basis £m	As reported £m	Adjustments £m	New basis £m
Non-current assets	119,411	(2,736)	116,675	119,551	(3,132)	116,419
Current assets	23,287	(1,672)	21,615	20,025	(994)	19,031
Total assets	**142,698**	**(4,408)**	**138,290**	**139,576**	**(4,126)**	**135,450**
Total equity	72,488	–	72,488	78,202	–	78,202
Non-current liabilities	38,986	(1,519)	37,467	37,349	(1,724)	35,625
Current liabilities	31,224	(2,889)	28,335	24,025	(2,402)	21,623
Total equity and liabilities	**142,698**	**(4,408)**	**138,290**	**139,576**	**(4,126)**	**135,450**

Consolidated statement of cash flows for the year ended:

	2013			2012		
	As reported £m	Adjustments £m	New basis £m	As reported £m	Adjustments £m	New basis £m
Net cash flow from operating activities	10,694	(1,870)	8,824	12,755	(2,458)	10,297
Net cash flow from investing activities	(7,398)	1,652	(5,746)	3,843	2,738	6,581
Net cash flow from financing activities	(2,956)	213	(2,743)	(15,369)	(300)	(15,669)
Net cash flow	**340**	**(5)**	**335**	**1,229**	**(20)**	**1,209**

New accounting pronouncements to be adopted on or after 1 April 2014

The Group will adopt Amendments to IAS 32, "Offsetting financial assets and financial liabilities", which is effective for annual periods beginning on or after 1 January 2014 and has been endorsed for use in the EU, on 1 April 2014. In addition, the Group will adopt IFRIC 21, "Levies", which is effective for annual periods beginning on or after 1 January 2014 and has not been endorsed for use by the EU, on 1 April 2014.

Phase I of IFRS 9 "Financial Instruments" was issued in November 2009 and has subsequently been updated and amended. The standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed for use in the EU. The standard introduces changes to the classification and measurement of financial assets, removes the restriction on electing to measure certain financial liabilities at fair value through the income statement from initial recognition and requires changes to the presentation of gains and losses relating to fair value changes.

The Group is currently assessing the impact of the above new pronouncements on its results, financial position and cash flows.

Notes to the consolidated financial statements (continued)

3. Operating profit

Detailed below are the key items charged/(credited) in arriving at our operating profit.

	2013 £m	2012 £m	2011 £m
Net foreign exchange losses	22	34	14
Depreciation of property, plant and equipment (note 13):			
Owned assets	4,209	4,284	4,318
Leased assets	44	79	54
Amortisation of intangible assets (note 10)	3,447	3,496	3,504
Impairment of goodwill in subsidiaries, joint ventures and associates (note 12)	7,700	3,848	6,150
Impairment of licences and spectrum (note 12)	–	121	–
Impairment of property, plant and equipment (note 12)	–	81	–
Negative goodwill (note 11)	(473)	–	–
Research and development expenditure	307	304	287
Staff costs (note 5)	4,051	3,843	3,642
Operating lease rentals payable:			
Plant and machinery	159	173	127
Other assets including fixed line rentals	1,661	1,672	1,761
Loss on disposal of property, plant and equipment	92	47	91
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(418)	(374)	(331)

The total remuneration of the Group's auditor, Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited for services provided to the Group is analysed below:

	2013 £m	2012 £m	2011 £m
Audit fees:			
Parent company	1	1	1
Subsidiaries	7	6	7
	8	**7**	**8**
Audit-related assurance services[1]	1	1	1
Audit and audit-related fees:	**9**	**8**	**9**
Taxation advisory services[2]	–	–	1
Other non-audit services[2]	–	1	–
Total fees	**9**	**9**	**10**

Notes:
1 Relates to fees for statutory and regulatory filings.
2 Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited were engaged during the year to provide a number of taxation advisory and other non-audit services. In aggregate, fees for these services amounted to £0.4 million.

In addition to the above, the Group's joint ventures and associates paid fees totalling £1 million (2012: £2 million; 2011: £1 million) and £4 million (2012: £5 million; 2011: £5 million) respectively to Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited during the year.

Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited have also received fees in each of the last three years in respect of audits of charitable foundations associated to the Group.

A description of the work performed by the Audit and Risk Committee in order to safeguard auditor independence when non-audit services are provided is set out in "Corporate governance" on page 62 and 63.

4. Directors and key management compensation

This note details the total amounts earned by the Company's directors and members of the Executive Committee. Further details can be found in "Directors' remuneration" on pages 79 to 82.

Directors

Aggregate emoluments of the directors of the Company were as follows:

	2013 £m	2012 £m	2011 £m
Salaries and fees	5	5	5
Incentive schemes[1]	7	4	3
Other benefits[2]	1	1	1
	13	**10**	**9**

Notes:
1 Includes the value of the cash in lieu of global long-term incentive plan dividends.
2 Includes the value of the cash allowance taken by some individuals in lieu of pension contributions.

The aggregate gross pre-tax gain made on the exercise of share options in the year ended 31 March 2013 by directors who served during the year was £2 million (2012: £nil; 2011: £nil).

Key management compensation

Aggregate compensation for key management, being the directors and members of the Executive Committee, was as follows:

	2013 £m	2012 £m	2011 £m
Short-term employee benefits	25	17	18
Post employment benefits – defined contribution schemes	–	–	1
Share-based payments	23	26	22
	48	**43**	**41**

Notes to the consolidated financial statements (continued)

5. Employees

This note shows the average number of people employed by the Group during the year, in which areas of our business our employees work and where they are based. It also shows total employment costs.

During the year the Group changed its organisation structure. The information on employees by segment is presented on the revised basis, with prior years amended to conform to the current year presentation.

	2013 Employees	2012 Employees	2011 Employees
By activity:			
Operations	15,422	14,522	14,171
Selling and distribution	32,162	30,286	28,311
Customer care and administration	43,688	41,565	41,380
	91,272	**86,373**	**83,862**
By segment:			
Germany	11,088	12,115	12,594
UK	7,850	8,151	8,174
Other Northern and Central Europe	19,679	15,500	14,215
Northern and Central Europe	**38,617**	**35,766**	**34,983**
Italy	5,750	5,838	6,121
Spain	4,223	4,379	4,389
Other Southern Europe	4,219	4,480	4,738
Southern Europe	**14,192**	**14,697**	**15,248**
India	11,996	11,234	10,743
Vodacom	7,311	7,437	7,320
Other Africa, Middle East and Asia Pacific	11,500	10,886	10,896
Africa, Middle East and Asia Pacific	**30,807**	**29,557**	**28,959**
Non-Controlled Interests and Common Functions	7,656	6,353	4,672
Total	**91,272**	**86,373**	**83,862**

The cost incurred in respect of these employees (including directors) was:

	2013 £m	2012 £m	2011 £m
Wages and salaries	3,331	3,158	2,960
Social security costs	419	399	392
Share-based payments (note A4)	134	143	156
Other pension costs (note A5)	167	143	134
	4,051	**3,843**	**3,642**

6. Investment income and financing costs

Investment income is mainly comprised of interest received from short-term investments in money market funds, external bank deposits and government bonds and gains from foreign exchange contracts used to mitigate the impact of exchange rate movements on our net debt. Financing costs mainly arise from interest due on bonds and commercial paper issued, external bank loans and the results of hedging transactions used to manage the impact on the Group of foreign exchange and interest rate movements.

	2013 £m	2012 £m	2011 £m
Investment income:			
Available-for-sale investments:			
Dividends received	2	2	83
Loans and receivables at amortised cost	124	168	339
Gain on settlement of loans and receivables[1]	–	–	472
Fair value through the income statement (held for trading):			
Derivatives – foreign exchange contracts	115	121	38
Other[2]	64	165	263
Equity put rights and similar arrangements[3]	–	–	114
	305	**456**	**1,309**
Financing costs:			
Items in hedge relationships:			
Other loans	228	211	746
Interest rate swaps	(184)	(178)	(338)
Dividends on redeemable preference shares	57	56	58
Fair value hedging instrument	(81)	(539)	(47)
Fair value of hedged item	112	511	40
Cash flow hedges transferred from equity	–	–	17
Other financial liabilities held at amortised cost:			
Bank loans and overdrafts[4]	720	769	629
Other loans[2]	736	785	121
Interest credit on settlement of tax issues[5]	(92)	(9)	(826)
Equity put rights and similar arrangements[3]	136	81	19
Finance leases	–	1	9
Fair value through the income statement (held for trading):			
Derivatives – forward starting swaps and futures	105	244	1
Other[2]	51	–	–
	1,788	**1,932**	**429**
Net financing costs/(investment income)	**1,483**	**1,476**	**(880)**

Notes:
1 Gain on settlement of loans and receivables issued by SoftBank Mobile Corp.
2 Amounts for 2013 include net foreign exchange losses of £91 million (2012: £55 million gain; 2011 £405 million gain) arising from net foreign exchange movements on certain intercompany balances. Amounts for 2012 and 2011 include foreign exchange gains arising on investments held following the disposal of Vodafone Japan to SoftBank Corp.
3 Includes amounts in relation to the Group's arrangements with its non-controlling interest partners in India.
4 The Group capitalised £8 million of interest expense in the year (2012: £25 million; 2011: £38 million). The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 5.6%.
5 Amounts for 2013, 2012 and 2011 include a reduction of the provision for potential interest on tax issues.

Notes to the consolidated financial statements (continued)

7. Taxation

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether or not we expect to be able to make use of these in the future.

Income tax expense

	2013 £m	2012 £m	2011 £m
United Kingdom corporation tax expense/(income):			
Current year	–	–	141
Adjustments in respect of prior years	24	(4)	(5)
	24	**(4)**	**136**
Overseas current tax expense/(income):			
Current year	3,070	2,440	2,152
Adjustments in respect of prior years	(297)	(231)	(477)
	2,773	**2,209**	**1,675**
Total current tax expense	**2,797**	**2,205**	**1,811**
Deferred tax on origination and reversal of temporary differences:			
United Kingdom deferred tax	(52)	(8)	(275)
Overseas deferred tax	(163)	349	92
Total deferred tax (income)/expense	**(215)**	**341**	**(183)**
Total income tax expense	**2,582**	**2,546**	**1,628**

UK operating profits are more than offset by statutory allowances for capital investment in the UK network and systems plus ongoing interest costs including those arising from the £6 billion of spectrum payments to the UK government in 2000.

Tax credited directly to other comprehensive income

	2013 £m	2012 £m	2011 £m
Current tax charge/(credit)	2	(5)	(14)
Deferred tax credit	(40)	(119)	(117)
Total tax credited directly to other comprehensive income	**(38)**	**(124)**	**(131)**

Tax credited directly to equity

	2013 £m	2012 £m	2011 £m
Current tax credit	(17)	(1)	(5)
Deferred tax credit	(1)	(1)	(19)
Total tax credited directly to equity	**(18)**	**(2)**	**(24)**

Factors affecting tax expense for the year

The table below explains the differences between the expected tax expense, at the UK statutory tax rate of 24% (2012: 26%; 2011: 28%), and the Group's total tax expense for each year. Further discussion of the current year tax expense can be found in the section titled "Commentary on the consolidated income statement and statement of comprehensive income" on page 91.

	2013 £m	2012 £m[1]	2011 £m[1]
Profit before tax as shown in the consolidated income statement	**3,255**	**9,549**	**9,498**
Expected income tax expense at UK statutory tax rate	781	2,483	2,659
Effect of different statutory tax rates of overseas jurisdictions	210	616	231
Impairment losses with no tax effect	2,664	1,372	1,993
Disposal of Group investments[2]	(10)	(998)	(917)
Effect of taxation of associates, reported within operating profit	4	102	168
Deferred tax impact of previously unrecognised temporary differences including losses[3]	(625)	(634)	(1,247)
Current tax impact of previously unrecognised temporary differences including losses	(74)	–	(734)
Effect of unrecognised temporary differences	(184)	(285)	366
Adjustments in respect of prior years	(273)	(210)	(1,088)
Gain on acquisition of CWW with no tax effect	(164)	–	–
Effect of secondary and irrecoverable taxes	117	159	91
Deferred tax on overseas earnings	(75)	15	143
Effect of current year changes in statutory tax rates	(2)	(3)	29
Assets revalued for tax purposes	–	–	121
Expenses not deductible for tax purposes and other items	224	231	332
Exclude taxation of associates	(11)	(302)	(519)
Income tax expense	**2,582**	**2,546**	**1,628**

Notes:
1 Comparatives have been restated to align with the current year presentation.
2 2012 relates to the disposal of SFR and Polkomtel. 2011 relates to the disposal of China Mobile Limited and SoftBank.
3 See commentary regarding deferred tax asset recognition on page 106.

Deferred tax

Analysis of movements in the net deferred tax liability during the year:

	£m
1 April 2012	(4,627)
Exchange movements	(184)
Credited to the income statement	215
Credited directly to other comprehensive income	40
Credited directly to equity	1
Reclassifications	1
Arising on acquisition and disposals	776
31 March 2013	**(3,778)**

Deferred tax assets and liabilities, before offset of balances within countries, are as follows:

	Amount (charged)/ credited in income statement £m	Gross deferred tax asset £m	Gross deferred tax liability £m	Less amounts unrecognised £m	Net recognised deferred tax (liability)/ asset £m
Accelerated tax depreciation	(197)	1,097	(5,097)	–	(4,000)
Intangible assets	85	238	(1,455)	(80)	(1,297)
Tax losses	164	28,248	–	(26,148)	2,100
Deferred tax on overseas earnings	75	–	(1,812)	–	(1,812)
Other temporary differences	88	3,058	(194)	(1,633)	1,231
31 March 2013	**215**	**32,641**	**(8,558)**	**(27,861)**	**(3,778)**

Notes to the consolidated financial statements (continued)

7. Taxation (continued)

Deferred tax assets and liabilities are analysed in the statement of financial position, after offset of balances within countries, as:

	£m
Deferred tax asset	2,920
Deferred tax liability	(6,698)
31 March 2013	**(3,778)**

At 31 March 2012 deferred tax assets and liabilities, before offset of balances within countries, were as follows:

	Amount (charged)/ credited in income statement £m	Gross deferred tax asset £m	Gross deferred tax liability £m	Less amounts unrecognised £m	Net recognised deferred tax (liability)/ asset £m
Accelerated tax depreciation	(792)	198	(4,595)	–	(4,397)
Intangible assets	178	620	(2,061)	(275)	(1,716)
Tax losses	254	24,742	–	(22,515)	2,227
Deferred tax on overseas earnings	(13)	–	(1,796)	–	(1,796)
Other temporary differences	32	3,254	(877)	(1,322)	1,055
31 March 2012	**(341)**	**28,814**	**(9,329)**	**(24,112)**	**(4,627)**

At 31 March 2012 deferred tax assets and liabilities were analysed in the statement of financial position, after offset of balances within countries, as:

	£m
Deferred tax asset	1,970
Deferred tax liability	(6,597)
31 March 2012	**(4,627)**

Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the impact of corporate restructurings, the resolution of open issues, future planning, corporate acquisitions and disposals, the use of brought forward tax losses and changes in tax legislation and tax rates.

The Group is routinely subject to audit by tax authorities in the territories in which it operates, and specifically, in India these are usually resolved through the Indian legal system. The Group considers each issue on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise. However, the amount ultimately paid may differ materially from the amount accrued and could therefore affect the Group's overall profitability and cash flows in future periods.

At 31 March 2013 the gross amount and expiry dates of losses available for carry forward are as follows:

	Expiring within 5 years £m	Expiring within 6–10 years £m	Unlimited £m	Total £m
Losses for which a deferred tax asset is recognised	343	–	8,423	8,766
Losses for which no deferred tax is recognised	1,845	691	94,705	97,241
	2,188	**691**	**103,128**	**106,007**

At 31 March 2012 the gross amount and expiry dates of losses available for carry forward are as follows:

	Expiring within 5 years £m	Expiring within 6–10 years £m	Unlimited £m	Total £m
Losses for which a deferred tax asset is recognised	68	31	8,317	8,416
Losses for which no deferred tax is recognised	1,838	670	82,912	85,420
	1,906	**701**	**91,229**	**93,836**

The losses arising on the write down of investments in Germany are available to use against both German federal and trade tax liabilities. Losses of £3,236 million (2012: £3,804 million) are included in the above table on which a deferred tax asset has been recognised. The Group has not recognised a deferred tax asset on £12,346 million (2012: £11,547 million) of the losses as it is uncertain that these losses will be utilised.

Included above are losses amounting to £7,104 million (2012: £1,907 million) in respect of UK subsidiaries which are only available for offset against future capital gains and since it is uncertain whether these losses will be utilised, no deferred tax asset has been recognised. The losses have increased since the prior year, following the acquisition of CWW.

The losses above also include £70,644 million (2012: £72,696 million) that have arisen in overseas holding companies as a result of revaluations of those companies' investments for local GAAP purposes. No deferred tax asset is recognised in respect of £66,110 million of these losses as it is uncertain whether these losses will be utilised. A deferred tax asset of £1,325 million (2012: £1,164 million) has been recognised for the remainder of these losses which relate to a fiscal unity in Luxembourg as we expect the members of this fiscal unity to generate taxable profits against which these losses will be used.

In addition to the above, we have an acquired £7,642 million of losses in overseas holding companies following our purchase of CWW, for which no deferred tax asset has been recognised.

The remaining losses relate to a number of other jurisdictions across the Group. There are also £5,918 million (2012: £7,283 million) of unrecognised other temporary differences.

The Group holds provisions of £1,812 million (2012: £1,796 million) in respect of deferred taxation that would arise if temporary differences on investments in subsidiaries, associates and interests in joint ventures were to be realised after the end of the reporting period (see table above). No deferred tax liability has been recognised in respect of a further £47,978 million (2012: £51,267 million) of unremitted earnings of subsidiaries, associates and joint ventures because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these unremitted earnings.

8. Earnings per share

Basic earnings per share is the amount of profit generated for the financial year divided by the number of shares in issue. The calculation is based on the weighted average number of shares in issue during the year. The total number of shares used to calculate diluted earnings per share includes the impact of restricted shares and share options, if dilutive, as if these were also issued.

	2013 Millions	2012 Millions	2011 Millions
Weighted average number of shares for basic earnings per share	49,190	50,644	52,408
Effect of dilutive potential shares: restricted shares and share options	244	314	340
Weighted average number of shares for diluted earnings per share	**49,434**	**50,958**	**52,748**

	£m	£m	£m
Earnings for basic and diluted earnings per share	**429**	**6,957**	**7,968**

9. Equity dividends

Dividends are one type of shareholder return, historically paid to our shareholders twice a year in February and August. For information on shareholder returns in the form of share buybacks, refer to "Purchase of own shares" on page 95.

	2013 £m	2012 £m	2011 £m
Declared during the financial year:			
Final dividend for the year ended 31 March 2012: 6.47 pence per share (2011: 6.05 pence per share, 2010: 5.65 pence per share)	3,193	3,102	2,976
Interim dividend for the year ended 31 March 2013: 3.27 pence per share (2012: 3.05 pence per share, 2011: 2.85 pence per share)	1,608	1,536	1,492
Second interim dividend share for the year ended 31 March 2013: nil (2012: 4.00 pence per share, 2011: nil)	–	2,016	–
	4,801	**6,654**	**4,468**
Proposed after the end of the reporting period and not recognised as a liability:			
Final dividend for the year ended 31 March 2013: 6.92 pence per share (2012: 6.47 pence per share, 2011: 6.05 pence per share)	3,377	3,195	3,106

Notes to the consolidated financial statements (continued)

10. Intangible assets

Our statement of financial position contains significant intangible assets, mainly in relation to goodwill. Goodwill arises when we acquire a business and pay a higher amount than the fair value of the net assets of that business primarily due to the synergies we expect to gain from the acquisition. Goodwill is not amortised but is subject to annual impairment reviews. We also spend a significant amount on licences and spectrum which is usually amortised over the life of the licence. Refer to "Critical accounting estimates" on pages 86 and 87 for further information on how we calculate the carrying value of our goodwill and intangible assets and our processes for impairment testing.

	Goodwill £m	Licences and spectrum £m	Computer software £m	Other £m	Total £m
Cost:					
1 April 2011	103,900	30,159	9,949	3,269	147,277
Exchange movements	(6,398)	(1,804)	(539)	(306)	(9,047)
Arising on acquisition	87	–	19	33	139
Additions	–	1,263	1,653	10	2,926
Disposals	–	–	(653)	(18)	(671)
Disposals of subsidiaries and joint ventures	(358)	(139)	(52)	(24)	(573)
Other	–	–	81	32	113
31 March 2012	**97,231**	**29,479**	**10,458**	**2,996**	**140,164**
Exchange movements	712	(15)	100	(207)	590
Arising on acquisition	59	28	63	335	485
Additions	–	2,440	1,578	–	4,018
Disposals	–	(9)	(603)	–	(612)
Disposals of subsidiaries and joint ventures	–	–	(4)	–	(4)
Other	(25)	(5)	–	(11)	(41)
31 March 2013	**97,977**	**31,918**	**11,592**	**3,113**	**144,600**
Accumulated impairment losses and amortisation:					
1 April 2011	58,664	10,623	7,135	2,297	78,719
Exchange movements	(3,601)	(645)	(371)	(220)	(4,837)
Amortisation charge for the year	–	1,891	1,298	307	3,496
Impairment losses	3,818	121	–	–	3,939
Disposals	–	–	(634)	(16)	(650)
Disposals of subsidiaries and joint ventures	–	(34)	(23)	(20)	(77)
Other	–	–	55	5	60
31 March 2012	**58,881**	**11,956**	**7,460**	**2,353**	**80,650**
Exchange movements	1,024	53	81	(145)	1,013
Amortisation charge for the year	–	1,782	1,399	266	3,447
Impairment losses	7,700	–	–	–	7,700
Disposals	–	(5)	(589)	–	(594)
Disposals of subsidiaries and joint ventures	–	–	(3)	–	(3)
Other	–	–	–	(10)	(10)
31 March 2013	**67,605**	**13,786**	**8,348**	**2,464**	**92,203**
Net book value:					
31 March 2012	**38,350**	**17,523**	**2,998**	**643**	**59,514**
31 March 2013	**30,372**	**18,132**	**3,244**	**649**	**52,397**

For licences and spectrum and other intangible assets, amortisation is included within the cost of sales line within the consolidated income statement. Licences and spectrum with a net book value of £2,702 million (2012: £2,991 million) have been pledged as security against borrowings.

The net book value and expiry dates of the most significant licences are as follows:

	Expiry date	**2013 £m**	2012 £m
Germany	December 2020/2025	4,329	4,778
UK	December 2021/March 2033	3,782	3,250
India	December 2026/September 2030	1,493	1,455
Qatar	June 2028	1,111	1,125
Italy	December 2021/2029	1,717	1,771
Netherlands	December 2016/February 2030/May 2030	1,329	234

The remaining amortisation period for each of the licences in the table above corresponds to the expiry date of the respective licence. A summary of the Group's most significant mobile licences can be found on page 178.

11. Acquisitions and disposals

We made a number of business acquisitions during the year, the two largest being Cable & Wireless Worldwide plc and TelstraClear Limited. See below for further details of the net assets acquired and the goodwill arising. The note also provides details of our disposals of our interests in SFR and Polkomtel in the prior year.

The aggregate cash consideration in respect of purchases of interests in subsidiaries and joint ventures, net of cash acquired, is as follows:

	£m
Cash consideration paid:	
Cable & Wireless Worldwide plc	1,050
TelstraClear Limited	440
Other acquisitions completed during the year	25
	1,515
Net overdrafts acquired	(83)
	1,432

Total goodwill acquired was £59 million and included £44 million in relation to TelstraClear and £15 million in relation to other acquisitions completed during the year.

Cable & Wireless Worldwide plc ('CWW')

On 27 July 2012 the Group acquired the entire share capital of CWW for cash consideration of approximately £1,050 million before tax and transaction costs. CWW de-listed from the London Stock Exchange on 30 July 2012. CWW provides a wide range of managed voice, data, hosting and IP-based services and applications. The primary reasons for acquiring the business were to strengthen the enterprise business of Vodafone Group in the UK and internationally, and the attractive network and other cost saving opportunities for the Vodafone Group.

The results of the acquired entity have been consolidated in the Group's income statement from 27 July 2012 and contributed £1,234 million of revenue and a loss of £151 million to the profit attributable to equity shareholders of the Group during the year.

The purchase price allocation is set out in the table below:

	Fair value £m
Net assets acquired:	
Identifiable intangible assets[1]	325
Property, plant and equipment	1,207
Inventory	34
Trade and other receivables	452
Cash and cash equivalents	78
Current and deferred taxation	788
Short and long-term borrowings	(306)
Trade and other payables	(754)
Provisions	(249)
Post employment benefits	(47)
Net identifiable assets acquired	**1,528**
Non-controlling interests	(5)
Negative goodwill[2]	(473)
Total consideration	**1,050**

Notes:
1 Identifiable intangible assets of £325 million consisted of customer relationships of £225 million, CWW brand of £54 million and software of £46 million and are amortised in line with Group accounting policies.
2 Transaction costs of £11 million were charged in the Group's consolidated income statement in the year ended 31 March 2013.

The negative goodwill primarily arose from an upward fair value adjustment in relation to acquired property, plant and equipment, the recognition of acquired identifiable intangible assets not previously recognised by CWW together with the recognition of a deferred tax asset resulting from previously unclaimed UK capital allowances. The change in the purchase price allocation from that previously disclosed relates to further deferred tax asset recognition following the completion of new long-term business plans. No deferred tax assets have been recognised in respect of the losses of CWW (see "Factors affecting the tax charge in future years" on page 106). The income statement credit in respect of the negative goodwill is reported within "Other income and expense" on the face of the consolidated income statement.

On 27 July 2012 the Group acquired convertible bonds issued by CWW amounting to £245 million which resulted in £6 million of interest being charged to the Group's consolidated income statement in the year ended 31 March 2013.

Notes to the consolidated financial statements (continued)

11. Acquisitions and disposals (continued)

TelstraClear Limited ('TelstraClear')

On 31 October 2012 the Group acquired the entire share capital of TelstraClear for cash consideration of NZ$863 million (£440 million). The primary reasons for acquiring the business were to strengthen Vodafone New Zealand's portfolio of fixed communications solutions and to create a leading total communications company in New Zealand.

The results of the acquired entity which have been consolidated in the income statement from 31 October 2012 contributed £136 million of revenues and a loss of £23 million to the profit attributable to equity shareholders of the Group during the period.

The provisional purchase price allocation is set out in the table below:

	Fair value £m
Net assets acquired:	
Identifiable intangible assets[1]	84
Property, plant and equipment	345
Trade and other receivables	55
Cash and cash equivalents	5
Current and deferred taxation liabilities	(19)
Trade and other payables	(59)
Provisions	(15)
Net identifiable assets acquired	**396**
Goodwill[2]	44
Total consideration	**440**

Notes:
1 Identifiable intangible assets of £84 million consist of licences and spectrum fees of £27 million , TelstraClear brand of £3 million and customer relationships of £54 million.
2 The goodwill is attributable to the expected profitability of the acquired business and the synergies expected to arise after the Group's acquisition of TelstraClear. None of the goodwill is expected to be deductible for tax purposes.

Pro-forma full year information

The following unaudited pro-forma summary presents the Group as if the acquisitions of CWW and TelstraClear had been completed on 1 April 2012. The pro-forma amounts include the results of CWW and TelstraClear, amortisation of the acquired intangible assets recognised on acquisition and interest expense on the increase in net debt as a result of the acquisitions. The pro-forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

	2013 £m
Revenue	45,289
Profit for the financial year	601
Profit attributable to equity shareholders	355

	Pence
Basic earnings per share	0.72
Diluted earnings per share	0.72

Other acquisitions

During the 2013 financial year the Group completed a number of other acquisitions for an aggregate net cash consideration of £25 million, all of which was paid during the year. The aggregate fair values of goodwill, identifiable assets, and liabilities of the acquired operations were £15 million, £16 million and £6 million, respectively. In addition, the Group completed the acquisition of certain non-controlling interests for a net cash consideration of £7 million.

Disposals

France – Société Française du Radiotéléphone S.A. ('SFR')

On 16 June 2011 the Group sold its entire 44% shareholding in SFR to Vivendi for a cash consideration of €7,750 million (£6,805 million) before tax and transaction costs and also received a final dividend of €200 million (£178 million) on completion of the transaction. The Group recognised a net gain on disposal of £3,419 million, reported in other income and expense.

	SFR £m
Net assets disposed	(3,953)
Total cash consideration	6,805
Other effects[1]	567
Net gain on disposal[2]	**3,419**

Notes:
1 Other effects include foreign exchange gains and losses transferred to the income statement and professional fees related to the disposal.
2 Reported in other income and expense in the consolidated income statement.

Poland – Polkomtel S.A.

On 9 November 2011 the Group sold its entire 24.4% interest in Polkomtel S.A. to Spartan Capital Holdings SP. z o.o for a cash consideration of €918 million (£784 million) before tax and transaction costs. The Group recognised a net gain on disposal of £296 million, reported in other income and expense.

	Polkomtel £m
Net assets disposed	(579)
Total cash consideration	784
Other effects[1]	91
Net gain on disposal[2]	**296**

Notes:
1 Other effects include foreign exchange gains and losses transferred to the income statement and professional fees related to the disposal.
2 Reported in other income and expense in the consolidated income statement.

China – China Mobile Limited

In the year ended 31 March 2011 the Group sold its 3.2% interest in China Mobile for £4,264 million generating a £3,019 million income statement gain, including income statement recognition of foreign exchange rate gains previously recognised in equity.

12. Impairment review

Impairment occurs when the carrying value of an asset or group of assets is greater than the present value of the cash they are expected to generate. We review the carrying value of the assets in each country in which we operate at least annually. For further details on our impairment review process see "Critical accounting estimates" on page 87 and "Impairment of assets" under our significant accounting policies on page 131.

Impairment losses

Following our annual impairment review, the net impairment losses recognised in the consolidated income statement, as a separate line item within operating profit, in respect of goodwill, licences and spectrum fees, and property, plant and equipment are as below. The impairment losses were based on value in use calculations.

Cash generating unit	Reportable segment	**2013 £m**	2012 £m	2011[1] £m
Italy	Italy	4,500	2,450	1,050
Spain	Spain	3,200	900	2,950
Greece	Other Southern Europe[1]	–	450	800
Portugal	Other Southern Europe[1]	–	250	350
Ireland	Other Northern and Central Europe[1]	–	–	1,000
		7,700	**4,050**	**6,150**

Note:
1 Total impairment losses in the Other Southern Europe segment were £nil in the year ended 31 March 2013 (2012: £700 million; 2011: £1,150 million).

Goodwill

The remaining carrying value of goodwill at 31 March was as follows:

	2013 £m	2012 £m
Germany	11,703	11,566
Italy	5,867	10,400
Spain	2,515	5,833
	20,085	**27,799**
Other	10,287	10,551
	30,372	**38,350**

Notes to the consolidated financial statements (continued)

12. Impairment review (continued)

Key assumptions used in the value in use calculations

The key assumptions used in determining the value in use are:

Assumption	How determined
Budgeted EBITDA	Budgeted EBITDA has been based on past experience adjusted for the following:
	→ voice and messaging revenue is expected to benefit from increased usage from new customers, especially in emerging markets, the introduction of new services and traffic moving from fixed networks to mobile networks, though these factors will be offset by increased competitor activity, which may result in price declines, and the trend of falling termination and other regulated rates;
	→ non-messaging data revenue is expected to continue to grow as the penetration of 3G (plus 4G where available) enabled devices and smartphones rise along with higher data bundle attachment rates, and new products and services are introduced; and
	→ margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and the expectation of further termination rate cuts by regulators and by positive factors such as the efficiencies expected from the implementation of Group initiatives.
Budgeted capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to roll out networks in emerging markets, to provide enhanced voice and data products and services and to meet the population coverage requirements of certain of the Group's licences. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.
Long-term growth rate	For businesses where the five year management plans are used for the Group's value in use calculations, a long-term growth rate into perpetuity has been determined as the lower of:
	→ the nominal GDP rates for the country of operation; and
	→ the long-term compound annual growth rate in EBITDA in years six to ten estimated by management.
Pre-tax risk adjusted discount rate	The discount rate applied to the cash flows of each of the Group's operations is generally based on the risk free rate for ten year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high quality local corporate bond rates may be used.
	These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.
	In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's operations determined using an average of the betas of comparable listed mobile telecommunications companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the average equity market risk premium over the past ten years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

Year ended 31 March 2013

During the year ended 31 March 2013 impairment charges of £4,500 million and £3,200 million were recorded in respect of the Group's investments in Italy and Spain respectively. The impairment charges relate solely to goodwill.

The impairment charges were driven by a combination of lower projected cash flows within business plans, resulting from our reassessment of expected future business performance in light of current trading and economic conditions and adverse movements in discount rates driven by the credit rating and yields on ten year government bonds.

The table below shows the key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation					
	Italy %	Spain %	Germany %	Greece %	Portugal %	Romania %
Pre-tax risk adjusted discount rate	11.3	12.2	9.6	23.9	11.2	11.2
Long-term growth rate	0.5	1.9	1.4	1.0	0.4	3.0
Budgeted EBITDA[1]	(0.2)	1.7	2.5	0.4	(1.5)	0.8
Budgeted capital expenditure[2]	9.9–15.2	11.2–15.2	11.3–12.6	7.8–11.0	10.0–18.9	10.1–15.5

Notes:
1 Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue in the initial five years for all cash generating units of the plans used for impairment testing.

Sensitivity analysis

Other than as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

The carrying values of the Group's operations in Italy, Spain, Portugal and Greece are equal to, or not materially greater than, their estimated recoverable amounts; consequently, any adverse change in key assumptions would, in isolation, cause a further impairment loss to be recognised. The estimated recoverable amounts of the Group's operations in Germany and Romania exceeded their carrying values by approximately £1,034 million and £184 million respectively.

	Change required for carrying value to equal the recoverable amount	
	Germany pps	Romania pps
Pre-tax risk adjusted discount rate	0.4	1.0
Long-term growth rate	(0.5)	(1.2)
Budgeted EBITDA[1]	(0.7)	(1.7)
Budgeted capital expenditure[2]	1.1	2.8

Notes:
1 Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue in the initial five years for all the cash generating units of the plans used for impairment testing.

The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an (increase)/decrease to the aggregate impairment loss recognised in the year ended 31 March 2013:

	Italy		Spain		Portugal	
	Increase by 2pps £bn	Decrease by 2pps £bn	Increase by 2pps £bn	Decrease by 2pps £bn	Increase by 2pps £bn	Decrease by 2pps £bn
Pre-tax risk adjusted discount rate	(1.4)	1.8	(0.7)	–	(0.3)	–
Long-term growth rate	1.8	(1.3)	–	(0.7)	–	(0.3)
Budgeted EBITDA[1]	0.5	(0.5)	–	(0.1)	–	(0.1)
Budgeted capital expenditure[2]	(0.9)	0.9	(0.6)	–	(0.2)	–

Notes:
1 Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Budgeted capital expenditure is expressed as a percentage of revenue in the initial five years for all the cash generating units of the plans used for impairment testing.

Year ended 31 March 2012

During the year ended 31 March 2012 impairment charges of £2,450 million, £900 million, £450 million and £250 million were recorded in respect of the Group's investments in Italy, Spain, Greece and Portugal, respectively. Of the total charge, £3,848 million related to goodwill and £202 million was allocated to licence intangible assets and property, plant and equipment in Greece.

The impairment charges were primarily driven by increased discount rates as a result of increases in bond rates, with the exception of Spain where rates reduced marginally compared to 31 March 2011. In addition, business valuations were negatively impacted by lower cash flows within business plans reflecting challenging economic and competitive conditions, and faster than expected regulatory rate cuts, particularly in Italy.

The table below shows the key assumptions used in the value in use calculations.

	Assumptions used in value in use calculation						
	Germany %	Italy %	Spain %	Greece %	Portugal %	India %	Romania %
Pre-tax risk adjusted discount rate	8.5	12.1	10.6	22.8	16.9	15.1	11.5
Long-term growth rate	1.5	1.2	1.6	1.0	2.3	6.8	3.0
Budgeted EBITDA[1]	2.3	(1.2)	3.9	(6.1)	0.2	15.0	0.8
Budgeted capital expenditure[2]	8.5–11.8	10.1–12.3	10.3–11.7	9.3–12.7	12.5–14.0	11.4–14.4	12.0–14.3

Notes:
1 Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue in the initial five years for all cash generating units of the plans used for impairment testing.

Notes to the consolidated financial statements (continued)

12. Impairment review (continued)

Sensitivity analysis

The table below shows, for India and Romania, the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value.

	Change required for carrying value to equal the recoverable amount	
	India pps	Romania pps
Pre-tax risk adjusted discount rate	1.1	0.3
Long-term growth rate	(1.6)	(0.4)
Budgeted EBITDA[1]	(3.3)	(0.6)
Budgeted capital expenditure[2]	3.6	1.0

Notes:
1 Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Budgeted capital expenditure is expressed as a percentage of revenue in the initial five years for all the cash generating units of the plans used for impairment testing.

Year ended 31 March 2011

During the year ended 31 March 2011 impairment charges of £1,050 million, £2,950 million, £800 million, £1,000 million and £350 million were recorded in respect of the Group's investments in Italy, Spain, Greece, Ireland and Portugal, respectively. The impairment charges related solely to goodwill.

The impairment charges were primarily driven by increased discount rates as a result of increases in government bond rates. In addition, business valuations were negatively impacted by lower cash flows within business plans, reflecting weaker country-level macroeconomic environments.

The table below shows the pre-tax adjusted discount rates used in the value in use calculations.

	Assumptions used in value in use calculation				
	Italy %	Spain %	Greece %	Ireland %	Portugal %
Pre-tax risk adjusted discount rate	11.9	11.5	14.0	14.5	14.0

13. Property, plant and equipment

We make significant investments in network equipment and infrastructure – the base stations and technology required to operate our networks – that form the majority of our tangible assets. All assets are depreciated over their useful economic lives. For further details on the estimation of useful economic lives, also see "Critical accounting estimates" on page 87 and "Property, plant and equipment" under significant accounting policies on page 131.

	Land and buildings £m	Equipment, fixtures and fittings £m	Total £m
Cost:			
1 April 2011	1,731	47,038	48,769
Exchange movements	(89)	(2,933)	(3,022)
Arising on acquisition	2	5	7
Additions	140	4,562	4,702
Disposals	(29)	(1,458)	(1,487)
Disposals of subsidiaries and joint ventures	–	(604)	(604)
Other	(53)	(45)	(98)
31 March 2012	**1,702**	**46,565**	**48,267**
Exchange movements	(16)	96	80
Arising on acquisition	52	1,503	1,555
Additions	143	4,545	4,688
Disposals	(30)	(2,577)	(2,607)
Disposals of subsidiaries and joint ventures	(1)	(28)	(29)
Other	37	(143)	(106)
31 March 2013	**1,887**	**49,961**	**51,848**
Accumulated depreciation and impairment:			
1 April 2011	709	27,879	28,588
Exchange movements	(33)	(1,652)	(1,685)
Charge for the year	98	4,265	4,363
Impairment losses	–	81	81
Disposals	(23)	(1,252)	(1,275)
Disposals of subsidiaries and joint ventures	–	(400)	(400)
Other	–	(60)	(60)
31 March 2012	**751**	**28,861**	**29,612**
Exchange movements	4	197	201
Charge for the year	122	4,131	4,253
Disposals	(24)	(2,391)	(2,415)
Disposals of subsidiaries and joint ventures	(1)	(14)	(15)
Other	31	(150)	(119)
31 March 2013	**883**	**30,634**	**31,517**
Net book value:			
31 March 2012	**951**	**17,704**	**18,655**
31 March 2013	**1,004**	**19,327**	**20,331**

The net book value of land and buildings and equipment, fixtures and fittings includes £62 million and £385 million respectively (2012: £58 million and £233 million) in relation to assets held under finance leases. Included in the net book value of land and buildings and equipment, fixtures and fittings are assets in the course of construction, which are not depreciated, with a cost of £18 million and £2,377 million respectively (2012: £28 million and £2,037 million). Property, plant and equipment with a net book value of £913 million (2012: £893 million) has been pledged as security against borrowings.

Notes to the consolidated financial statements (continued)

14. Investments in joint ventures

We hold interests in several joint ventures that are companies where we share control with one or more third parties, with our business in Italy being the most significant. The principal joint ventures at 31 March 2013, as well as their impact on the Group's consolidated financial statements, are shown below. We record our share of results, assets, liabilities and cash flows on a line by line basis in Group's financial statements.

Unless otherwise stated the Company's principal joint ventures all have share capital consisting solely of ordinary shares, which are indirectly held, and the country of incorporation or registration is also their principal place of operation.

Name	Principal activity	Country of incorporation or registration	Percentage[1] shareholdings
Indus Towers Limited	Network infrastructure	India	35.5[2]
Vodafone Hutchison Australia Pty Limited[3]	Network operator	Australia	50.0
Vodafone Fiji Limited	Network operator	Fiji	49.0[4]
Cornerstone Telecommunications Infrastructure Limited	Network infrastructure	UK	50.0
Vodafone Omnitel N.V.[5]	Network operator	Netherlands	76.9[6]

Notes:
1 Effective ownership percentages of Vodafone Group Plc at 31 March 2013, rounded to the nearest tenth of one percent.
2 42% of Indus Towers Limited is held by Vodafone India Limited ('VIL') in which, as discussed in note A8, footnote 5, the Group had a 64.4% interest through wholly-owned subsidiaries and a further 20.1% indirectly through less than 50% owned entities.
3 Vodafone Hutchison Australia Pty Limited has a year end of 31 December.
4 The Group holds substantive participating rights which provide it with a veto over the significant financial and operating policies of Vodafone Fiji Limited and which ensure it is able to exercise joint control over Vodafone Fiji Limited with the majority shareholder.
5 The principal place of operation of Vodafone Omnitel N.V. is Italy.
6 The Group considered the existence of substantive participating rights held by the non-controlling shareholder provide that shareholder with a veto right over the significant financial and operating policies of Vodafone Omnitel N.V., and determined that, as a result of these rights, the Group does not have control over the financial and operating policies of Vodafone Omnitel N.V., despite the Group's 76.9% ownership interest.

Effect of proportionate consolidation of joint ventures

The following table presents, on a condensed basis, the effect on the consolidated financial statements of including joint ventures using proportionate consolidation. The results of Polkomtel are included until its disposal on 9 November 2011.

	2013 £m	2012 £m	2011 £m
Revenue	**6,431**	**7,436**	**7,849**
Cost of sales	(3,976)	(4,483)	(4,200)
Gross profit	**2,455**	**2,953**	**3,649**
Selling, distribution and administrative expenses	(1,459)	(1,231)	(1,624)
Impairment losses	(4,500)	(2,450)	(1,050)
Other income and expense	(3)	296	–
Operating (loss)/profit	**(3,507)**	**(432)**	**975**
Net financing costs	(137)	(141)	(146)
(Loss)/profit before tax	**(3,644)**	**(573)**	**829**
Income tax expense	(374)	(552)	(608)
(Loss)/profit for the financial year	**(4,018)**	**(1,125)**	**221**

	2013 £m	2012 £m
Non-current assets	11,041	15,707
Current assets	1,733	911
Total assets	**12,774**	**16,618**
Total shareholders' funds and total equity	8,246	12,574
Non-current liabilities	1,595	1,721
Current liabilities	2,933	2,323
Total liabilities	**4,528**	**4,044**
Total equity and liabilities	**12,774**	**16,618**

15. Investments in associates

We hold investments in several associates, the main one being Verizon Wireless, which are businesses that we have significant influence over but do not control. Our share of associates' profit and net assets is recorded as a single line item in the consolidated income statement and the consolidated statement of financial position, respectively. The principal investments in associates at 31 March 2013 are shown below together with further financial information.

The Company's principal associates all have share capital consisting solely of ordinary shares, unless otherwise stated, and are all indirectly held. The country of incorporation or registration of all associates is also their principal place of operation.

Name	Principal activity	Country of incorporation or registration	Percentage[1] shareholdings
Cellco Partnership[2]	Network operator	US	45.0
Safaricom Limited[3 4]	Network operator	Kenya	40.0

Notes:
1 Effective ownership percentages of Vodafone Group Plc at 31 March 2013, rounded to the nearest tenth of one percent.
2 Cellco Partnership trades under the name Verizon Wireless.
3 The Group also holds two non-voting shares.
4 At 31 March 2013 the fair value of Safaricom Limited was KES 96 billion (£739 million) based on the closing quoted share price on the Nairobi Stock Exchange.

The Group's share of the aggregated financial information of equity accounted associates is set out below.

	2013 £m	2012 £m	2011 £m
Share of revenue in associates	22,453	20,601	24,213
Share of result in associates	6,477	4,963	5,059
Share of discontinued operations in associates	–	–	18

	2013 £m	2012 £m
Non-current assets	41,943	38,788
Current assets	4,483	3,764
Share of total assets	**46,426**	**42,552**
Non-current liabilities	2,893	3,990
Current liabilities	4,283	2,888
Non-controlling interests	615	566
Share of total liabilities and non-controlling interests	**7,791**	**7,444**
Share of equity shareholders' funds in associates	**38,635**	**35,108**

16. Other investments

We hold a number of other listed and unlisted investments, the main one being an indirect holding in Bharti Airtel Limited, a telecommunications company headquartered in India.

	2013 £m	2012 £m
Included within non-current assets:		
Listed securities:		
Equity securities	3	1
Unlisted securities:		
Equity securities	571	671
Public debt and bonds	134	54
Other debt and bonds	66	65
	774	**791**

The listed and unlisted securities are classified as available-for-sale. Public debt and bonds are classified as held for trading, and other debt and bonds are classified as loans and receivables.

Unlisted equity securities include a 26% interest in Bharti Infotel Private Limited through which the Group has a 4.4% economic interest in Bharti Airtel Limited. Unlisted equity investments are recorded at fair value where appropriate, or at cost if their fair value cannot be reliably measured as there is no active market from which their fair values can be derived.

For public debt and bonds, other debt and bonds and cash held in restricted deposits, the carrying amount approximates fair value.

Current other investments comprise the following, of which public debt and bonds are classified as held for trading.

Notes to the consolidated financial statements (continued)

16. Other investments (continued)

	2013 £m	2012 £m
Included within current assets:		
Public debt and bonds	1,130	900
Other debt and bonds	3,816	90
Cash held in restricted deposits	404	333
	5,350	**1,323**

Other debt and bonds includes £3,812 million of assets held for trading which include £3,000 million (2012: £nil) of assets held in managed investment funds with liquidity of up to 90 days, £643 million (2012: £nil) of short-term securitised investments with original maturities of up to eight months, and collateral paid on derivative financial instruments of £169 million (2012: £87 million).

Current public debt and bonds include government bonds of £1,076 million (2012: £900 million) which consist of highly liquid index linked gilts with less than six years to maturity held on an effective floating rate basis.

For public debt and bonds, other debt and bonds and cash held in restricted deposits, the carrying amount approximates fair value.

17. Trade and other receivables

Our trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Trade receivables are shown net of an allowance for bad or doubtful debts. Derivative financial instruments with a positive market value are reported within this note.

	2013 £m	2012 £m
Included within non-current assets:		
Trade receivables	181	120
Other receivables	675	235
Prepayments and accrued income	502	326
Derivative financial instruments	2,944	2,801
	4,302	**3,482**
Included within current assets:		
Trade receivables	3,995	3,885
Amounts owed by associates	21	15
Other receivables	1,202	2,984
Prepayments and accrued income	4,106	3,702
Derivative financial instruments	88	158
	9,412	**10,744**

The Group's trade receivables are stated after allowances for bad and doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:

	2013 £m	2012 £m	2011 £m
1 April	1,014	1,006	929
Exchange movements	(3)	(64)	(30)
Amounts charged to administrative expenses	458	458	460
Trade receivables written off	(504)	(386)	(353)
31 March	**965**	**1,014**	**1,006**

The carrying amounts of trade and other receivables approximate their fair value. Trade and other receivables are predominantly non-interest bearing.

	2013 £m	2012 £m
Included within "Derivative financial instruments":		
Fair value through the income statement (held for trading):		
Interest rate swaps	1,508	1,196
Cross currency interest rate swaps	319	318
Foreign exchange swaps	88	128
	1,915	**1,642**
Fair value hedges:		
Interest rate swaps	1,117	1,317
	3,032	**2,959**

The fair values of these financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at 31 March.

18. Trade and other payables

Our trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to our role as an employer. Derivative financial instruments with a negative market value are reported within this note.

	2013 £m	2012 £m
Included within non-current liabilities:		
Other payables	191	193
Accruals and deferred income	321	357
Derivative financial instruments	982	774
	1,494	**1,324**
Included within current liabilities:		
Trade payables	4,328	4,526
Amounts owed to associates	19	18
Other taxes and social security payable	1,284	1,075
Other payables	512	541
Accruals and deferred income	9,933	8,961
Derivative financial instruments	122	115
	16,198	**15,236**

The carrying amounts of trade and other payables approximate their fair value. The fair values of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at 31 March.

	2013 £m	2012 £m
Included within "Derivative financial instruments":		
Fair value through the income statement (held for trading):		
Interest rate swaps	1,016	800
Foreign exchange swaps	44	89
	1,060	**889**
Fair value hedges:		
Interest rate swaps	44	–
	1,104	**889**

Notes to the consolidated financial statements (continued)

19. Provisions

A provision is a liability recorded in the statement of financial position, where there is uncertainty over the timing or amount that will be paid. The amount provided is therefore often estimated. The main provisions we hold are in relation to asset retirement obligations and claims for legal and regulatory matters. Asset retirement obligations include the cost of returning network infrastructure sites to their original condition at the end of the lease.

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
1 April 2011	315	270	456	1,041
Exchange movements	(19)	(12)	(26)	(57)
Amounts capitalised in the year	37	–	–	37
Amounts charged to the income statement	–	50	209	259
Utilised in the year – payments	(4)	(25)	(164)	(193)
Amounts released to the income statement	–	(6)	(47)	(53)
Other	(10)	33	55	78
31 March 2012	**319**	**310**	**483**	**1,112**
Exchange movements	(2)	5	(5)	(2)
Arising on acquisition	147	8	109	264
Amounts capitalised in the year	68	–	–	68
Amounts charged to the income statement	–	59	308	367
Utilised in the year – payments	(7)	(42)	(174)	(223)
Amounts released to the income statement	–	(17)	(23)	(40)
Other	(3)	180	2	179
31 March 2013	**522**	**503**	**700**	**1,725**

Provisions have been analysed between current and non-current as follows:

31 March 2013

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
Current liabilities	20	262	536	818
Non-current liabilities	502	241	164	907
	522	**503**	**700**	**1,725**

31 March 2012

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
Current liabilities	15	225	393	633
Non-current liabilities	304	85	90	479
	319	**310**	**483**	**1,112**

Asset retirement obligations

In the course of the Group's activities a number of sites and other assets are utilised which are expected to have costs associated with exiting and ceasing their use. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long-term in nature, primarily in periods up to 25 years from when the asset is brought into use.

Legal and regulatory

The Group is involved in a number of legal and other disputes, including notifications of possible claims. The directors of the Company, after taking legal advice, have established provisions after taking into account the facts of each case. The timing of cash outflows associated with the majority of legal claims are typically less than one year, however, for some legal claims the timing of cash flows may be long-term in nature. For a discussion of certain legal issues potentially affecting the Group refer to note 21.

Other provisions

Other provisions comprises various provisions including those for restructuring costs and property. The associated cash outflows for restructuring costs are primarily less than one year. The timing of the cash flows associated with property is dependent upon the remaining term of the associated lease.

20. Commitments

A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. We have a number of commitments, mainly in relation to leases and agreements to buy fixed assets such as network infrastructure and IT systems. The amounts below are the minimum amounts that we are committed to pay.

Operating lease commitments

The Group has entered into commercial leases on certain properties, network infrastructure, motor vehicles and items of equipment. The leases have various terms, escalation clauses, purchase options and renewal rights, none of which are individually significant to the Group.

Future minimum lease payments under non-cancellable operating leases comprise:

	2013 £m	2012 £m
Within one year	1,238	1,110
In more than one year but less than two years	968	893
In more than two years but less than three years	764	740
In more than three years but less than four years	647	624
In more than four years but less than five years	547	528
In more than five years	2,476	2,246
	6,640	**6,141**

The total of future minimum sublease payments expected to be received under non-cancellable subleases is £324 million (2012: £252 million).

Capital commitments

	Company and subsidiaries		Share of joint ventures		Group	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Contracts placed for future capital expenditure not provided in the financial statements[1]	1,715	1,735	244	283	1,959	2,018

Note:
1 Commitment includes contracts placed for property, plant and equipment and intangible assets.

The commitments of Cellco Partnership ('Cellco'), which trades under the name of Verizon Wireless, are disclosed within the consolidated financial statements of Cellco for the year ended 31 December 2012, which are included as an exhibit to our 2013 annual report on Form 20-F filed with the SEC.

21. Contingent liabilities

Contingent liabilities are potential future cash outflows where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

	2013 £m	2012 £m
Performance bonds[1]	266	270
Other guarantees and contingent liabilities	675	628

Note:
1 Performance bonds require the Group to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts or commercial arrangements.

Notes to the consolidated financial statements (continued)

21. Contingent liabilities (continued)

UK pension schemes

The Company has covenanted to provide security in favour of the Trustee of the Vodafone Group UK Pension Scheme whilst there is a deficit in the scheme. The deficit is measured on a prescribed basis agreed between the Company and Trustee. In 2010 the Company and Trustee agreed security of a charge over UK index linked gilts ('ILG') held by the Company. An initial charge in favour of the Trustee was agreed over ILG 2016 with a notional value of £100 million and ILG 2013 with a notional value of £48.9 million to secure the deficit at that time of approximately £450 million. In December 2011, the security was increased by an additional charge over ILG 2017 with a notional value of £177.7 million due to an increase in the deficit. The security may be substituted either on a voluntary or mandatory basis. As and when alternative security is provided, the Company has agreed that the security cover should include additional headroom of 33%, although if cash is used as the security asset the ratio will revert to 100% of the relevant liabilities or where the proposed replacement security asset is listed on an internationally recognised stock exchange in certain core jurisdictions, the Trustee may decide to agree a lower ratio than 133%. The Company has also provided two guarantees to the scheme for a combined value up to £1.5 billion to provide security over the deficit under certain defined circumstances, including insolvency of the employers.

The Company has also agreed similar guarantees for the Trustees of the Cable & Wireless Worldwide Retirement Plan and THUS Plc Group Scheme up to £1.25 billion and £110 million respectively, following the acquisition of Cable & Wireless Worldwide plc.

Legal proceedings

The Company and its subsidiaries are currently, and may be from time to time, involved in a number of legal proceedings including inquiries from, or discussions with, governmental authorities that are incidental to their operations. However, save as disclosed below, the Company and its subsidiaries are not currently involved in any legal or arbitration proceedings (including any governmental proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of the Company and its subsidiaries. Due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings outlined below can be made.

Telecom Egypt arbitration

In October 2009 Telecom Egypt commenced arbitration against Vodafone Egypt in Cairo alleging breach of non-discrimination provisions in an interconnection agreement as a result of allegedly lower interconnection rates paid to Vodafone Egypt by Mobinil. Telecom Egypt has also sought to join Vodafone International Holdings BV ('VIHBV'), Vodafone Europe BV ('VEBV') and Vodafone Group Plc (which Telecom Egypt alleges should be held jointly liable with Vodafone Egypt) to the arbitration. VIHBV, VEBV and Vodafone Group Plc deny that they were subject to the interconnection agreement or any arbitration agreement with Telecom Egypt. Telecom Egypt initially quantified its claim at approximately €190 million in 2009. This was subsequently amended and increased to €551 million in January 2011 and further increased to its current value of just over €1.2 billion in November 2011. The Company disputes Telecom Egypt's claim (and assertion of jurisdiction over VIHBV, VEBV and Vodafone Group Plc) and will continue to defend the Vodafone companies' position vigorously. Final submissions were submitted on 5 February 2013. The arbitration hearing, previously scheduled to last 15 days, commencing 7 May 2013, has been postponed. No new date for the hearing has yet been set.

Indian tax case

In August 2007 and September 2007, Vodafone India Limited ('VIL') and VIHBV respectively received notices from the Indian tax authority alleging potential liability in connection with an alleged failure by VIHBV to deduct withholding tax from consideration paid to the Hutchison Telecommunications International Limited group ('HTIL') in respect of HTIL's gain on its disposal to VIHBV of its interests in a wholly-owned subsidiary that indirectly holds interests in VIL. In January 2012 the Indian Supreme Court handed down its judgment, holding that VIHBV's interpretation of the Income Tax Act 1961 was correct, that the HTIL transaction in 2007 was not taxable in India, and that, consequently, VIHBV had no obligation to withhold tax from consideration paid to HTIL in respect of the transaction. The Indian Supreme Court quashed the relevant notices and demands issued to VIHBV in respect of withholding tax and interest. On 20 March 2012 the Indian government returned VIHBV's deposit of INR 25 billion (£310 million) and released the guarantee for INR 85 billion (£1.2 billion), which was based on the demand for payment issued by the Indian tax authority in October 2010 for tax of INR 79 billion (£0.9 billion) plus interest.

On 16 March 2012 the Indian government introduced proposed legislation (the 'Finance Bill 2012') purporting to overturn the Indian Supreme Court judgment with retrospective effect back to 1962. On 17 April 2012 Vodafone International Holdings BV ('VIHBV') filed a trigger notice under the Dutch-India Bilateral Investment Treaty ('BIT') signalling its intent to invoke arbitration under the BIT should the new laws be enacted. The Finance Bill 2012 received Presidential assent and became law on 28 May 2012 (the 'Finance Act 2012'). The Finance Act 2012 is intended to tax any gain on transfer of shares in a non-Indian company, which derives substantial value from underlying Indian assets, such as VIHBV's transaction with HTIL in 2007. Further it seeks to subject a purchaser, such as VIHBV, to a retrospective obligation to withhold tax.

The Indian Government commissioned a committee of experts (the 'Shome committee') consisting of academics, and current and former Indian government officials, to examine, and make recommendations in respect of, aspects of the Finance Act 2012 including the retrospective taxation of transactions such as VIHBV's transaction with HTIL referred to above. On 10 October 2012 the Shome committee published its draft report for comment. The draft report concluded that tax legislation in the Finance Act 2012 should only be applied prospectively or, if applied retrospectively, that only a seller who made a gain should be liable and, in that case, without any liability for interest or penalties. The Shome committee's final report was submitted to the Indian Government on 31 October 2012, but no final report has been published, and it remains unclear what the Indian Government intends to do with the Shome committee's final report or its recommendations.

VIHBV has not received any formal demand for taxation following the Finance Act 2012, but it did receive a letter on 3 January 2013 reminding it of the tax demand raised prior to the Indian Supreme Court judgment and purporting to update the interest element of that demand in a total amount of INR 142 billion (£1.6 billion). The separate proceedings taken against VIHBV to seek to treat it as an agent of HTIL in respect of its alleged tax on the same transaction, as well as penalties of up to 100% of the assessed withholding tax for the alleged failure to have withheld such taxes, remain pending despite the issue having been ruled upon by the Indian Supreme Court. Should a further demand for taxation be received by VIHBV or any member of the Group as a result of the new retrospective legislation, the Group believes it is probable that it will be able to make a successful claim under the BIT. Although this would not result in any outflow of economic benefit from the Group, it could take several years for VIHBV to recover any deposit required by an Indian Court as a condition for any stay of enforcement of a tax demand pending the outcome of VIHBV's BIT claim. However, VIHBV expects that it would be able to recover any such deposit. VIHBV is exploring with the Indian Government whether a mechanism exists under Indian law which would allow the parties to explore the possibility of a negotiated resolution of this dispute, but there is no certainty that such a mechanism exists or that a resolution acceptable to both VIHBV and the Indian Government could be reached.

The Group did not carry a provision for this litigation or in respect of the retrospective legislation at 31 March 2013 or at previous reporting dates.

Indian regulatory cases
Litigation remains pending in the Telecommunications Dispute Settlement Appellate Tribunal ('TDSAT'), High Courts and the Supreme Court in relation to a number of significant regulatory issues including mobile termination rates ('MTRs'), spectrum and licence fees, licence extension and 3G intra-circle roaming ('ICR').

22. Reconciliation of net cash flow from operating activities

The table below shows how our profit for the year translates into cash flows generated from our operating activities.

	2013 £m	2012 £m	2011 £m
Profit for the financial year	673	7,003	7,870
Adjustments for:			
Share-based payments	134	143	156
Depreciation and amortisation	7,700	7,859	7,876
Loss on disposal of property, plant and equipment	92	47	91
Share of result in associates	(6,477)	(4,963)	(5,059)
Impairment losses	7,700	4,050	6,150
Other income and expense	(468)	(3,705)	16
Non-operating income and expense	(10)	162	(3,022)
Investment income	(305)	(456)	(1,309)
Financing costs	1,788	1,932	429
Income tax expense	2,582	2,546	1,628
Decrease/(increase) in inventory	72	24	(107)
Increase in trade and other receivables	(184)	(689)	(387)
Increase in trade and other payables	430	871	1,060
Cash generated by operations	**13,727**	**14,824**	**15,392**
Tax paid	(3,033)	(2,069)	(3,397)
Net cash flow from operating activities	**10,694**	**12,755**	**11,995**

23. Cash and cash equivalents

The majority of the Group's cash is held in bank deposits or in money market funds which have a maturity of three months or less to enable us to meet our short-term liquidity requirements.

	2013 £m	2012 £m
Cash at bank and in hand	1,396	2,762
Money market funds	3,494	3,190
Repurchase agreements	2,550	600
Short-term securitised investments	183	586
Cash and cash equivalents as presented in the statement of financial position	**7,623**	**7,138**
Bank overdrafts	(25)	(50)
Cash and cash equivalents as presented in the statement of cash flows	**7,598**	**7,088**

Cash and cash equivalents are held by the Group on a short-term basis with all having an original maturity of three months or less. The carrying amount approximates their fair value.

Notes to the consolidated financial statements (continued)

24. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of committed bank facilities and through short-term and long-term issuances in the capital markets. Our key borrowings at 31 March 2013 consist of bond and commercial paper issues and bank loans. Details of our committed facilities can be found on page 157. We manage the basis on which we incur interest on debt between fixed interest rates and floating interest rates depending on market conditions using interest rate derivatives. Fair value hedges are designated for some of the Group's bonds where interest rate swaps have been entered to convert the basis of future cash flows to floating interest rates. The Group enters into foreign exchange contracts to mitigate the impact of exchange rate movements on certain monetary items.

Carrying value and fair value information

			2013			2012
	Short-term borrowings £m	Long-term borrowings £m	Total £m	Short-term borrowings £m	Long-term borrowings £m	Total £m
Financial liabilities measured at amortised cost:						
Bank loans	2,929	4,281	7,210	1,635	5,624	7,259
Bank overdrafts	25	–	25	50	–	50
Redeemable preference shares	–	1,355	1,355	–	1,281	1,281
Commercial paper	4,054	–	4,054	2,272	–	2,272
Bonds	2,133	15,698	17,831	1,289	14,463	15,752
Other liabilities[1 2]	3,148	753	3,901	1,012	2,417	3,429
Bonds in fair value hedge relationships	–	7,021	7,021	–	4,577	4,577
	12,289	**29,108**	**41,397**	**6,258**	**28,362**	**34,620**

Notes:
1 At 31 March 2013 amount includes £1,151 million (2012: £980 million) in relation to collateral support agreements.
2 Amount at 31 March 2013 includes £1,014 million (2012: £840 million) in relation to the options disclosed in note A8, footnote 5. The amount for 2013 includes £899 million (2012: £771 million) in relation to the Piramal Healthcare option detailed on page 158.

Bank loans include INR 249 billion of loans held by Vodafone India Limited ('VIL') and its subsidiaries (the 'VIL Group'). The VIL Group has a number of security arrangements supporting certain licences secured under the terms of tri-party agreements between the relevant borrower, the department of telecommunications, Government of India and the agent representing the secured lenders and certain share pledges of the shares under VIL. The terms and conditions of the security arrangements mean that should members of the VIL Group not meet all of their loan payment and performance obligations, the lenders may sell the pledged shares and enforce rights over the certain licences under the terms of the tri-party agreements to recover their losses, with any remaining sales proceeds being returned to the VIL Group. Each of the eight legal entities within the VIL Group provide cross guarantees to the lenders in respect to debt contracted by the other seven.

The fair value and carrying value of the Group's short-term borrowings is as follows:

		Sterling equivalent nominal value		Fair value		Carrying value
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Financial liabilities measured at amortised cost	9,869	4,915	10,279	4,977	10,156	4,969
Bonds:	2,094	1,267	2,150	1,288	2,133	1,289
1.15% US dollar 100 million bond due August 2012	–	63	–	63	–	63
3.625% euro 1,250 million bond due November 2012	–	1,032	–	1,051	–	1,050
6.75% Australian dollar 265 million bond due January 2013	–	172	–	174	–	176
Czech koruna floating rate note due June 2013	18	–	18	–	18	–
Euro floating rate note due September 2013	646	–	647	–	645	–
5.0% US dollar 1,000 million bond due December 2013	658	–	679	–	678	–
6.875% euro 1,000 million bond due December 2013	772	–	806	–	792	–
Short-term borrowings	**11,963**	**6,182**	**12,429**	**6,265**	**12,289**	**6,258**

The fair value and carrying value of the Group's long-term borrowings is as follows:

	Sterling equivalent nominal value		Fair value		Carrying value	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Financial liabilities measured at amortised cost:						
Bank loans	4,200	5,336	4,326	5,625	4,281	5,624
Redeemable preference shares	1,086	1,032	1,020	1,199	1,355	1,281
Other liabilities	731	2,325	821	2,472	753	2,417
Bonds:	14,456	13,184	15,986	14,746	15,698	14,463
Czech koruna floating rate note due June 2013	–	18	–	18	–	18
Euro floating rate note due September 2013	–	638	–	641	–	638
5.0% US dollar 1,000 million bond due December 2013	–	625	–	669	–	657
6.875% euro 1,000 million bond due December 2013	–	763	–	834	–	786
Euro floating rate note due June 2014	949	938	952	939	951	938
4.15% US dollar 1,250 million bond due June 2014	795	755	828	808	810	773
4.625% sterling 350 million bond due September 2014	304	304	319	325	320	326
4.625% sterling 525 million bond due September 2014	525	525	552	562	541	541
5.125% euro 500 million bond due April 2015	422	417	461	463	446	442
5.0% US dollar 750 million bond due September 2015	494	469	543	528	521	505
3.375% US dollar 500 million bond due November 2015	329	313	349	335	331	314
6.25% euro 1,250 million bond due January 2016	949	938	1,091	1,094	964	953
0.9% US dollar 900 million bond due February 2016	592	–	592	–	592	–
US dollar floating rate note due February 2016	461	–	460	–	461	–
2.875% US dollar 600 million bond due March 2016	395	375	416	393	394	374
5.75% US dollar 750 million bond due March 2016	494	469	561	543	536	522
4.75% euro 500 million bond due June 2016	422	417	474	469	455	455
5.625% US dollar 1,300 million bond due February 2017	856	813	995	954	937	908
1.625% US dollar 1,000 million bond due March 2017	658	625	665	624	655	621
1.25% US dollar 1,000 million bond due September 2017	658	–	654	–	655	–
5.375% sterling 600 million bond due December 2017	552	552	646	632	571	573
1.5% US dollar 1,400 million bond due February 2018	921	–	922	–	917	
5% euro 750 million bond due June 2018	633	625	750	726	658	650
4.625% US dollar 500 million bond due July 2018	329	–	376	–	387	–
8.125% sterling 450 million bond due November 2018	450	450	598	589	483	485
4.375% US dollar 500 million bond due March 2021	329	313	371	348	327	310
7.875% US dollar 750 million bond due February 2030	494	469	699	648	778	751
6.25% US dollar 495 million bond due November 2032	326	310	399	377	442	424
6.15% US dollar 1,700 million bond due February 2037	1,119	1,063	1,313	1,227	1,566	1,499
Bonds in fair value hedge relationships:	6,287	3,882	6,969	4,541	7,021	4,577
2.15% Japanese yen 3,000 million bond due April 2015	21	23	22	24	21	23
5.375% US dollar 900 million bond due January 2015	592	563	641	628	633	621
4.625% US dollar 500 million bond due July 2018	–	313	–	354	–	367
5.45% US dollar 1,250 million bond due June 2019	823	782	980	920	957	898
4.65% euro 1,250 million bond due January 2022	1,055	1,042	1,270	1,203	1,236	1,172
5.375% euro 500 million bond due June 2022	422	417	530	501	558	532
2.5% US dollar 1,000 million bond due September 2022	658	–	633	–	643	–
2.95% US dollar 1,600 million bond due February 2023	1,053	–	1,050	–	1,054	–
5.625% sterling 250 million bond due December 2025	250	250	308	294	338	324
6.6324% euro 50 million bond due December 2028	42	42	94	86	77	67
5.9% sterling 450 million bond due November 2032	450	450	560	531	598	573
4.375% US dollar 1,400 million bond due February 2043	921	–	881	–	906	–
Long-term borrowings	**26,760**	**25,759**	**29,122**	**28,583**	**29,108**	**28,362**

Fair values are calculated using quoted market prices or discounted cash flows with a discount rate based upon forward interest rates available to the Group at the reporting date.

Notes to the consolidated financial statements (continued)

24. Borrowings (continued)

Maturity of borrowings

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

	Bank loans £m	Redeemable preference shares £m	Commercial paper £m	Bonds £m	Other liabilities £m	Loans in fair value hedge relationships £m	Total £m
Within one year	3,390	56	4,070	2,946	2,263	277	13,002
In one to two years	590	56	–	3,313	138	870	4,967
In two to three years	484	56	–	4,753	1,101	266	6,660
In three to four years	1,534	56	–	1,636	599	245	4,070
In four to five years	1,080	56	–	3,156	72	245	4,609
In more than five years	1,946	1,212	–	5,877	52	7,913	17,000
	9,024	**1,492**	**4,070**	**21,681**	**4,225**	**9,816**	**50,308**
Effect of discount/financing rates	(1,814)	(137)	(16)	(3,850)	(299)	(2,795)	(8,911)
31 March 2013	**7,210**	**1,355**	**4,054**	**17,831**	**3,926**	**7,021**	**41,397**
Within one year	684	56	2,283	2,000	1,044	199	6,266
In one to two years	2,983	56	–	2,828	771	199	6,837
In two to three years	567	56	–	3,197	–	762	4,582
In three to four years	1,316	56	–	3,536	1,235	191	6,334
In four to five years	1,574	56	–	1,541	726	169	4,066
In more than five years	1,466	1,214	–	6,780	69	4,465	13,994
	8,590	**1,494**	**2,283**	**19,882**	**3,845**	**5,985**	**42,079**
Effect of discount/financing rates	(1,331)	(213)	(11)	(4,130)	(366)	(1,408)	(7,459)
31 March 2012	**7,259**	**1,281**	**2,272**	**15,752**	**3,479**	**4,577**	**34,620**

The maturity profile of the Group's financial derivatives (which include interest rate and foreign exchange swaps), using undiscounted cash flows, is as follows:

	2013		2012	
	Payable £m	**Receivable £m**	Payable £m	Receivable £m
Within one year	10,671	11,020	14,357	14,498
In one to two years	1,014	1,214	675	786
In two to three years	1,308	1,495	561	678
In three to four years	2,803	3,087	540	641
In four to five years	581	780	402	520
In more than five years	3,579	4,454	2,533	3,566
	19,956	**22,050**	**19,068**	**20,689**

The currency split of the Group's foreign exchange derivatives is as follows:

	2013		2012	
	Payable £m	**Receivable £m**	Payable £m	Receivable £m
Sterling	2,365	4,477	1,287	7,070
Euro	6,583	602	4,793	2,613
US dollar	348	6,130	4,415	2,445
Japanese yen	669	1,296	2,207	23
Other	3,945	1,768	962	1,552
	13,910	**14,273**	**13,664**	**13,703**

Payables and receivables are stated separately in the table above as settlement is on a gross basis. The £363 million net receivable (2012: £39 million net receivable) in relation to foreign exchange financial instruments in the table above is split £44 million (2012: £89 million) within trade and other payables and £407 million (2012: £128 million) within trade and other receivables.

The present value of minimum lease payments under finance lease arrangements under which the Group has leased certain of its equipment is analysed as follows:

	2013 £m	2012 £m
Within one year	37	18
In two to five years	42	34
In more than five years	53	34

Interest rate and currency of borrowings

Currency	Total borrowings £m	Floating rate borrowings £m	Fixed rate borrowings[1] £m	Other borrowings[2] £m
Sterling	2,915	955	1,951	9
Euro	10,810	5,271	5,539	–
US dollar	20,991	8,019	12,866	106
Japanese yen	56	56	–	–
Other	6,625	3,835	1,891	899
31 March 2013	**41,397**	**18,136**	**22,247**	**1,014**
Sterling	2,838	912	1,926	–
Euro	10,696	4,408	6,288	–
US dollar	14,085	4,521	9,495	69
Japanese yen	23	23	–	–
Other	6,978	3,489	2,718	771
31 March 2012	**34,620**	**13,353**	**20,427**	**840**

Notes:
1 The weighted average interest rate for the Group's sterling denominated fixed rate borrowings is 5.7% (2012: 5.7%). The weighted average time for which these rates are fixed is 3.5 years (2012: 4.5 years). The weighted average interest rate for the Group's euro denominated fixed rate borrowings is 4.3% (2012: 4.2%). The weighted average time for which the rates are fixed is 2.4 years (2012: 2.8 years). The weighted average interest rate for the Group's US dollar denominated fixed rate borrowings is 4.3% (2012: 5.1%). The weighted average time for which the rates are fixed is 6.3 years (2012: 10.0 years). The weighted average interest rate for the Group's other currency fixed rate borrowings is 9.6% (2012: 10.1%). The weighted average time for which the rates are fixed is 1.5 years (2012: 2.7 years).
2 Other borrowings of £1,014 million (2012: £840 million) include liabilities arising under options over direct and indirect interests in Vodafone India.

The figures shown in the tables above take into account interest rate swaps used to manage the interest rate profile of financial liabilities. Interest on floating rate borrowings is generally based on national LIBOR equivalents or government bond rates in the relevant currencies.

Additional protection from euro and US dollar interest rate movements is provided by fixing interest rates or reduced by floating interest rates using interest rate swaps or interest rate futures[1].

	2013		2012		**2013**		2012	
	US$ fixing/(floating)[2]		US$ fixing/(floating)[2]		**EUR fixing/(floating)[2]**		EUR fixing/(floating)[2]	
	Interest rate futures £m	**Interest rate swaps £m**	Interest rate futures £m	Interest rate swaps £m	**Interest rate futures £m**	**Interest rate swaps £m**	Interest rate futures £m	Interest rate swaps £m
Within one year	(4,722)	2,073	(4,153)	1,584	1,677	696	2,660	514
In one to two years	(823)	1,703	(2,727)	1,894	3,164	696	1,858	685
In two to three years	(1,940)	1,621	163	1,894	5,525	696	3,011	685
In three to four years	2,222	148	(865)	1,568	4,254	422	2,584	685
In four to five years	2,632	(247)	2,205	(17)	6,123	105	920	171
In more than five years	–	(329)	–	(327)	–	–	–	–

Notes:
1 At 31 March 2012 sterling denominated interest rate instruments reduced fixed debt in the periods March 2012 to June 2012, December 2013 to March 2014, December 2016 to December 2017, and December 2017 to December 2018 by amounts of £7,289 million, £667 million, £1,050 million and £450 million respectively. At 31 March 2013 there were no equivalent instruments held.
2 Figures shown as "in more than five years" relate to the periods from March 2018 to December 2021 and March 2017 to December 2019, at March 2013 and March 2012 respectively.

Notes to the consolidated financial statements (continued)

24. Borrowings (continued)

Borrowing facilities

Committed facilities expiry

	2013		2012	
	Drawn £m	**Undrawn £m**	Drawn £m	Undrawn £m
Within one year	2,518	837	2,130	451
In one to two years	1,546	50	3,294	592
In two to three years	1,288	3,569	1,746	–
In three to four years	1,142	2,794	904	3,527
In four to five years	–	–	571	23
In more than five years	1,188	422	794	3,272
31 March	**7,682**	**7,672**	**9,439**	**7,865**

At 31 March the Group's most significant committed facilities comprised two revolving credit facilities which remain undrawn throughout the period of €4,230 million (£3,569 million) and US$4,245 million (£2,794 million) maturing in three and five years respectively. Under the terms of these bank facilities, lenders have the right, but not the obligation, to cancel their commitment 30 days from the date of notification of a change of control of the Company and have outstanding advances repaid on the last day of the current interest period. The facility agreements provide for certain structural changes that do not affect the obligations of the Company to be specifically excluded from the definition of a change of control. This is in addition to the rights of lenders to cancel their commitment if the Company has committed an event of default.

The terms and conditions of the drawn facilities in the Group's Turkish and Italian operating companies of €400 million and €350 million respectively and in the Group's German, Turkish and Romanian fixed line operations of €410 million, €150 million and €150 million respectively in addition to the undrawn facilities in the Group's fixed line operations in Italy and Turkey of €400 million and €100 million respectively, are similar to those of the US dollar and euro revolving credit facilities. In addition, should the Group's Turkish operating company spend less than the equivalent of US$800 million on capital expenditure the Group will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure and should the Group's Italian operating company spend less than the equivalent of €1,500 million on capital expenditure, the Group will be required to repay the drawn amount of the facility that exceeds 18% of the capital expenditure. Similarly should the Group's German, Italian or Romanian fixed line operations spend less that the equivalent of €824 million, €1,252 million and €1,246 million on capital expenditure respectively, the Group will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure.

25. Called up share capital

Called up share capital is the number of shares in issue at their par value of $11^3/_7$ US cents each. A number of shares were allotted during the year in relation to employee share option schemes.

	2013		2012	
	Number	**£m**	Number	£m
Ordinary shares of $11^3/_7$ US cents each allotted, issued and fully paid:[1]				
1 April	53,815,007,289	3,866	56,811,123,429	4,082
Allotted during the year	5,379,020	–	3,883,860	–
Cancelled during the year	–	–	(3,000,000,000)	(216)
31 March	**53,820,386,309**	**3,866**	**53,815,007,289**	**3,866**

Note:
1 At 31 March 2013 the Group held 4,901,767,844 (2012: 4,169,067,107) treasury shares with a nominal value of £352 million (2012: £299 million). The market value of shares held was £9,147 million (2012: £7,179 million). During the year 161,289,620 (2012: 166,003,556) treasury shares were reissued under Group share option schemes.

Allotted during the year

	Number	Nominal value £m	Net proceeds £m
UK share awards and option scheme awards	9,210	–	–
US share awards and option scheme awards	5,369,810	–	8
Total for share awards and option scheme awards	**5,379,020**	**–**	**8**

26. Subsequent events

Detailed below are the significant events that happened after our year end date of 31 March 2013 and before the signing of this annual report on 21 May 2013.

On 13 May 2013 VZW declared a dividend of US$7.0 billion (£4.6 billion). As a 45% shareholder in VZW, Vodafone's share of the dividend is US$3.2 billion (£2.1 billion). The dividend will be received by the end of June 2013.

A1. Significant accounting policies

Below we detail our significant accounting policies applied in the current reporting period. These should be read in conjunction with "Critical accounting estimates" on page 86 and 87.

Significant accounting policies applied in the current reporting period

Accounting convention

The consolidated financial statements are prepared on a historical cost basis except for certain financial and equity instruments that have been measured at fair value.

New accounting pronouncements adopted

On 1 April 2012 the Group adopted new accounting policies to comply with amendments to:

- IAS 12 "Income taxes".
- IFRS 7 "Financial instruments: disclosures".

These changes have no material impact on the consolidated results, financial position or cash flows of the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled, both unilaterally and jointly, by the Company.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Acquisition-related costs are recognised in the income statement as incurred. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net amounts of identifiable assets acquired and liabilities assumed at the acquisition date.

The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Acquisition of interests from non-controlling shareholders

In transactions with non-controlling parties that do not result in a change in control, the difference between the fair value of the consideration paid or received and the amount by which the non-controlling interest is adjusted is recognised in equity.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items in the financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Notes to the consolidated financial statements (continued)

A1. Significant accounting policies (continued)

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate in excess of the Group's interest in that associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The licences of the Group's associate in the US, Verizon Wireless, are indefinite lived assets as they are subject to perfunctory renewal. Accordingly, they are not subject to amortisation but are tested annually for impairment, or when indicators exist that the carrying value is not recoverable.

Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Goodwill arising before the date of transition to IFRS, on 1 April 2004, has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Finite lived intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Licence and spectrum fees

Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the commencement of related network services.

Computer software

Computer software comprises computer software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits are recognised as intangible assets. Direct costs include software development employee costs and directly attributable overheads.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.

Internally developed software is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life from the date the software is available for use.

Other intangible assets

Other intangible assets, including brands and customer bases, are recorded at fair value at the date of acquisition. Amortisation is charged to the income statement, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis, with the exception of customer relationships which are amortised on a sum of digits basis. The amortisation basis adopted for each class of intangible asset reflects the Group's consumption of the economic benefit from that asset.

Estimated useful lives

The estimated useful lives of finite lived intangible assets are as follows:

→ Licence and spectrum fees	3–25 years
→ Computer software	3–5 years
→ Brands	1–10 years
→ Customer bases	2–7 years

Property, plant and equipment

Land and buildings held for use are stated in the statement of financial position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Amounts for equipment, fixtures and fittings, which includes network infrastructure assets and which together comprise an all but insignificant amount of the Group's property, plant and equipment, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

→ Freehold buildings	25–50 years
→ Leasehold premises	the term of the lease

Equipment, fixtures and fittings:

→ Network infrastructure	3–25 years
→ Other	3–10 years

Depreciation is not provided on freehold land.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between any sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of assets

Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group prepares and approves formal five year management plans for its operations, which are used in the value in use calculations. In certain developing markets the fifth year of the management plan is not indicative of the long-term future performance as operations may not have reached maturity. For these operations, the Group extends the plan data for an additional five year period.

Property, plant and equipment and finite lived intangible assets

At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Notes to the consolidated financial statements (continued)

A1. Significant accounting policies (continued)

Revenue

Revenue is recognised to the extent the Group has delivered goods or 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 Group. Revenue is measured at the fair value of the consideration received, exclusive of sales taxes and discounts.

The Group principally obtains revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data services and information provision, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised at the time the services are performed.

Revenue from data services and information provision is recognised when the Group 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 Group as commission for facilitating the service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised together with related equipment revenue is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue for device sales is recognised when the device is delivered to the end customer and the sale is considered complete. For device sales made to intermediaries, revenue is recognised if the significant risks associated with the device 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 device to an end customer by the intermediary or the expiry of the right of return.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

Commissions

Intermediaries are given cash incentives by the Group to connect new customers and upgrade existing customers.

For intermediaries who do not purchase products and services from the Group, such cash incentives are accounted for as an expense. Such cash incentives to other intermediaries are also accounted for as an expense if:

- the Group receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- the Group can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The consolidated financial statements are presented in sterling, which is the parent company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognised in the income statement and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as available-for-sale are reported as part of the fair value gain or loss and are included in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than sterling are expressed in sterling using exchange rates prevailing at the reporting period date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised directly in equity. On disposal of a foreign entity, the cumulative amount previously recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

In respect of all foreign operations, any exchange differences that have arisen before 1 April 2004, the date of transition to IFRS, are deemed to be nil and will be excluded from the determination of any subsequent profit or loss on disposal.

The net foreign exchange loss recognised in the consolidated income statement for the year ended 31 March 2013 is £118 million (2012: £702 million gain; 2011: £1,022 million gain). The net loss and net gains are recorded within operating profit (2013: £22 million charge; 2012: £34 million charge; 2011: £14 million charge), other income and expense and non-operating income and expense (2013: £1 million charge; 2012: £681 million credit; 2011: £630 million credit), investment and financing income (2013: £91 million charge; 2012: £55 million credit; 2011: £405 million credit) and income tax expense (2013: £4 million charge; 2012: £nil; 2011: £1 million credit). The foreign exchange gains and losses included within other income and expense and non-operating income and expense arise on the disposal of interests in joint ventures, associates and investments from the recycling of foreign exchange gains previously recorded in the consolidated statement of comprehensive income.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Post employment benefits

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability on the statement of financial position. Scheme liabilities are assessed using the projected unit funding method and applying the principal actuarial assumptions at the reporting period date. Assets are valued at market value.

Actuarial gains and losses are taken to the statement of comprehensive income as incurred. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and the effect of any curtailment or settlements. The interest cost less the expected return on assets is also charged to the income statement. The amount charged to the income statement in respect of these plans is included within operating costs or in the Group's share of the results of equity accounted operations as appropriate.

The Group's contributions to defined contribution pension plans are charged to the income statement as they fall due.

Cumulative actuarial gains and losses at 1 April 2004, the date of transition to IFRS, have been recognised in the statement of financial position.

Notes to the consolidated financial statements (continued)

A1. Significant accounting policies (continued)

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using UK and foreign tax rates and laws that have been enacted or substantively enacted by the reporting period date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that temporary differences or taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of non-tax deductible goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting period date.

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

Other investments

Other investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Other investments classified as held for trading and available-for-sale are stated at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity, determined using the weighted average cost method, is included in the net profit or loss for the period.

Other investments classified as loans and receivables are stated at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Capital market and bank borrowings
Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method, except where they are identified as a hedged item in a fair value hedge. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issuance costs.

Derivative financial instruments and hedge accounting
The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates which it manages using derivative financial instruments.

The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Changes in values of all derivatives of a financing nature are included within investment income and financing costs in the income statement. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The Group designates certain derivatives as:

- hedges of the change of fair value of recognised assets and liabilities ("fair value hedges");
- hedges of highly probable forecast transactions or hedges of foreign currencies risk of firm commitments ("cash flow hedges"); or
- hedges of net investments in foreign operations.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting, or if the Company chooses to end the hedging relationship.

Fair value hedges
The Group's policy is to use derivative instruments (primarily interest rate swaps) to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk arising, principally, from capital market borrowings. The Group designates these as fair value hedges of interest rate risk with changes in fair value of the hedging instrument recognised in the income statement for the period together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge is effective. Gains or losses relating to any ineffective portion are recognised immediately in the income statement.

Cash flow hedges
Cash flow hedging is used by the Group to hedge certain exposures to variability in future cash flows. The portion of gains or losses relating to changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges is recognised in other comprehensive income; gains or losses relating to any ineffective portion are recognised immediately in the income statement.

When the hedged item is recognised in the income statement amounts previously recognised in other comprehensive income and accumulated in equity for the hedging instrument are reclassified to the income statement. However, when the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

When hedge accounting is discontinued any gain or loss recognised in other comprehensive income at that time remains in equity and is recognised in the income statement when the hedged transaction is ultimately recognised in the income statement. If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

Notes to the consolidated financial statements (continued)

A1. Significant accounting policies (continued)

Net investment hedges

Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in equity. Gains and losses on those hedging instruments (which include bonds, commercial paper and foreign exchange contracts) designated as hedges of the net investments in foreign operations are recognised in equity to the extent that the hedging relationship is effective; these amounts are included in exchange differences on translation of foreign operations as stated in the statement of comprehensive income. Gains and losses relating to hedge ineffectiveness are recognised immediately in the income statement for the period. Gains and losses accumulated in the translation reserve are included in the income statement when the foreign operation is disposed of.

Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

The amount that may become payable under the option on exercise is initially recognised at present value within borrowings with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries. The Group recognises the cost of writing such put options, determined as the excess of the present value of the option over any consideration received, as a financing cost.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable; the charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by deducting the present value of expected dividend cash flows over the life of the awards from the share price as at the grant date.

Some share awards have an attached market condition, based on total shareholder return ('TSR'), which is taken into account when calculating the fair value of the share awards. The valuation for the TSR is based on Vodafone's ranking within the same group of companies, where possible, over the past five years.

The fair value of awards of non-vested shares is equal to the closing price of the Group's shares on the date of grant, adjusted for the present value of future dividend entitlements where appropriate.

A2. Segment analysis

The Group's businesses are primarily managed on a geographical basis. Selected financial data is presented on this basis below.

The Group has a single group of related services and products being the supply of communications services and products. Revenue is attributed to a country or region based on the location of the Group company reporting the revenue. Inter-segment sales are charged at arm's length prices.

During the year ended 31 March 2013 the Group changed its organisation structure. The Northern and Central Europe region comprises Germany, the UK, the Netherlands, Turkey, the Czech Republic, Hungary, Ireland and Romania. The Southern Europe region comprises Italy, Spain, Greece, Portugal, Albania and Malta. The tables below present segment information on the revised basis, with prior years amended to conform to the current year presentation.

	Segment revenue £m	Intra-region revenue £m	Regional revenue £m	Inter-region revenue £m	Group revenue £m	EBITDA[1] £m
31 March 2013						
Germany	7,857	(16)	7,841	(17)	7,824	2,735
UK	5,150	(24)	5,126	(10)	5,116	1,209
Other Northern and Central Europe	7,181	(49)	7,132	(10)	7,122	1,769
Northern and Central Europe	**20,188**	**(89)**	**20,099**	**(37)**	**20,062**	**5,713**
Italy	4,755	(5)	4,750	(17)	4,733	1,908
Spain	3,904	(9)	3,895	(33)	3,862	942
Other Southern Europe	1,883	(6)	1,877	(13)	1,864	633
Southern Europe	**10,542**	**(20)**	**10,522**	**(63)**	**10,459**	**3,483**
India	4,324	–	4,324	(4)	4,320	1,240
Vodacom	5,206	–	5,206	–	5,206	1,891
Other Africa, Middle East and Asia Pacific	3,937	(1)	3,936	(19)	3,917	1,047
Africa, Middle East and Asia Pacific	**13,467**	**(1)**	**13,466**	**(23)**	**13,443**	**4,178**
Non-Controlled Interests and Common Functions	481	–	481	–	481	(99)
Group	**44,678**	**(110)**	**44,568**	**(123)**	**44,445**	**13,275**
Verizon Wireless[2]	*21,972*					*8,831*
31 March 2012						
Germany	8,233	(35)	8,198	(10)	8,188	2,965
UK	5,397	(29)	5,368	(14)	5,354	1,294
Other Northern and Central Europe	6,042	(33)	6,009	(15)	5,994	1,675
Northern and Central Europe	**19,672**	**(97)**	**19,575**	**(39)**	**19,536**	**5,934**
Italy	5,658	(7)	5,651	(22)	5,629	2,514
Spain	4,763	(13)	4,750	(43)	4,707	1,193
Other Southern Europe	2,128	(7)	2,121	(19)	2,102	731
Southern Europe	**12,549**	**(27)**	**12,522**	**(84)**	**12,438**	**4,438**
India	4,265	–	4,265	(6)	4,259	1,122
Vodacom	5,638	–	5,638	(8)	5,630	1,930
Other Africa, Middle East and Asia Pacific	3,965	–	3,965	(23)	3,942	1,063
Africa, Middle East and Asia Pacific	**13,868**	**–**	**13,868**	**(37)**	**13,831**	**4,115**
Non-Controlled Interests and Common Functions	614	–	614	(2)	612	(12)
Group	**46,703**	**(124)**	**46,579**	**(162)**	**46,417**	**14,475**
Verizon Wireless[2]	*20,187*					*7,689*
31 March 2011						
Germany	7,900	(39)	7,861	(13)	7,848	2,952
UK	5,271	(39)	5,232	(17)	5,215	1,233
Other Northern and Central Europe	5,846	(39)	5,807	(16)	5,791	1,594
Northern and Central Europe	**19,017**	**(117)**	**18,900**	**(46)**	**18,854**	**5,779**
Italy	5,722	(6)	5,716	(27)	5,689	2,643
Spain	5,133	(14)	5,119	(50)	5,069	1,562
Other Southern Europe	2,208	(10)	2,198	(19)	2,179	783
Southern Europe	**13,063**	**(30)**	**13,033**	**(96)**	**12,937**	**4,988**
India	3,855	(1)	3,854	(11)	3,843	985
Vodacom	5,479	–	5,479	(8)	5,471	1,844
Other Africa, Middle East and Asia Pacific	3,971	–	3,971	(27)	3,944	1,170
Africa, Middle East and Asia Pacific	**13,305**	**(1)**	**13,304**	**(46)**	**13,258**	**3,999**
Non-Controlled Interests and Common Functions	867	–	867	(32)	835	(96)
Group	**46,252**	**(148)**	**46,104**	**(220)**	**45,884**	**14,670**
Verizon Wireless[2]	*18,711*					*7,313*

Notes:
1 The Group's measure of segment profit, EBITDA, excludes the Group's share of results in associates. The Group's share of results in associates, by segment, for the year ended 31 March 2013 is Other Northern and Central Europe £1 million (2012: £3 million; 2011 £3 million), Other Southern Europe £1 million (2012: £nil; 2011 £(3) million), Other Africa, Middle East and Asia Pacific £52 million (2012: £36 million; 2011: £51 million) and Non-Controlled Interests and Common Functions £6,423 million (2012: £4,924 million; 2011: £5,008 million).
2 Values shown for Verizon Wireless, which is an associate, are not included in the calculation of Group revenue or EBITDA.

Notes to the consolidated financial statements (continued)

A2. Segment analysis (continued)

A reconciliation of EBITDA to operating profit is shown below. For a reconciliation of operating profit to profit before taxation, see the consolidated income statement on page 90.

	2013 £m	2012 £m	2011 £m
EBITDA	**13,275**	**14,475**	**14,670**
Depreciation, amortisation and loss on disposal of fixed assets	(7,792)	(7,906)	(7,967)
Share of results in associates	6,477	4,963	5,059
Impairment losses	(7,700)	(4,050)	(6,150)
Other income and expense	468	3,705	(16)
Operating profit	**4,728**	**11,187**	**5,596**

	Non-current assets[1] £m	Capital expenditure[2] £m	Other expenditure on intangible assets £m	Depreciation and amortisation £m	Impairment loss £m
31 March 2013					
Germany	19,109	1,073	2	1,423	–
UK	7,063	601	863	888	–
Other Northern and Central Europe	10,211	1,015	1,335	1,268	–
Northern and Central Europe	**36,383**	**2,689**	**2,200**	**3,579**	**–**
Italy	9,369	567	10	744	4,500
Spain	4,599	377	–	590	3,200
Other Southern Europe	2,668	225	–	328	–
Southern Europe	**16,636**	**1,169**	**10**	**1,662**	**7,700**
India	7,946	554	130	1,021	–
Vodacom	5,668	703	10	696	–
Other Africa, Middle East and Asia Pacific	5,242	720	90	819	–
Africa, Middle East and Asia Pacific	**18,856**	**1,977**	**230**	**2,536**	**–**
Non-Controlled Interests and Common Functions	853	431	–	(77)	–
Group	**72,728**	**6,266**	**2,440**	**7,700**	**7,700**
31 March 2012					
Germany	19,151	880	4	1,469	–
UK	6,430	575	–	880	–
Other Northern and Central Europe	7,418	830	52	1,026	–
Northern and Central Europe	**32,999**	**2,285**	**56**	**3,375**	**–**
Italy	13,978	621	875	783	2,450
Spain	8,069	429	71	626	900
Other Southern Europe	2,723	260	261	361	700
Southern Europe	**24,770**	**1,310**	**1,207**	**1,770**	**4,050**
India	8,431	805	–	1,066	–
Vodacom	6,469	723	–	840	–
Other Africa, Middle East and Asia Pacific	4,735	793	–	771	–
Africa, Middle East and Asia Pacific	**19,635**	**2,321**	**–**	**2,677**	**–**
Non-Controlled Interests and Common Functions	765	449	–	37	–
Group	**78,169**	**6,365**	**1,263**	**7,859**	**4,050**
31 March 2011					
Germany	20,764	824	1,214	1,361	–
UK	6,665	516	–	874	–
Other Northern and Central Europe	8,037	940	32	1,007	1,000
Northern and Central Europe	**35,466**	**2,280**	**1,246**	**3,242**	**1,000**
Italy	16,645	590	12	732	1,050
Spain	9,596	517	–	641	2,950
Other Southern Europe	3,401	290	27	399	1,150
Southern Europe	**29,642**	**1,397**	**39**	**1,772**	**5,150**
India	9,882	870	1,851	973	–
Vodacom	7,382	572	19	1,013	–
Other Africa, Middle East and Asia Pacific	4,797	754	2	793	–
Africa, Middle East and Asia Pacific	**22,061**	**2,196**	**1,872**	**2,779**	**–**
Non-Controlled Interests and Common Functions	1,570	346	9	83	–
Group	**88,739**	**6,219**	**3,166**	**7,876**	**6,150**

Notes:
1 Comprises goodwill, other intangible assets and property, plant and equipment.
2 Includes additions to property, plant and equipment and computer software, reported within intangible assets.

Notes to the consolidated financial statements (continued)

A3. Inventory

Our inventory primarily consists of mobile handsets and is presented net of an allowance for obsolete products.

	2013 £m	2012 £m
Goods held for resale	450	486

Inventory is reported net of allowances for obsolescence, an analysis of which is as follows:

	2013 £m	2012 £m	2011 £m
1 April	109	117	120
Exchange movements	7	(8)	(1)
Amounts credited to the income statement	–	–	(2)
31 March	**116**	**109**	**117**

Cost of sales includes amounts related to inventory amounting to £5,967 million (2012: £6,327 million; 2011: £5,878 million).

A4. Share-based payments

We have a number of share plans used to award options and shares to directors and employees as part of their remuneration package. A charge is recognised in the consolidated income statement to record the cost of these, based on the fair value of the award on the grant date. For further information on how this is calculated refer to "Share-based payments" under significant accounting policies on page 136. Additional information on options and shares granted to directors can be found in "Directors remuneration" on pages 80 and 81.

The maximum aggregate number of ordinary shares which may be issued in respect of share options or share plans will not (without shareholder approval) exceed:

- 10% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans; and
- 5% of the ordinary share capital of the Company in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten year period under all plans, other than any plans which are operated on an all-employee basis.

Share options

Vodafone Group executive plans

No share options have been granted to any directors or employees under the Company's discretionary share option plans in the year ended 31 March 2013.

There are options outstanding under the Vodafone Group 1999 Long-Term Stock Incentive Plan and the Vodafone Global Incentive Plan. These options are normally exercisable between three and ten years from the date of grant. The vesting of some of these options is subject to satisfaction of performance conditions. Grants made to US employees are made in respect of ADSs.

Vodafone Group Sharesave Plan

The Vodafone Group 2008 Sharesave Plan enables UK staff to acquire shares in the Company through monthly savings of up to £250 over a three and/or five year period, at the end of which they may also receive a tax free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of the Company's shares.

Share plans

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.

Vodafone Share Incentive Plan

The Vodafone Share Incentive Plan enables UK staff to acquire shares in the Company 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.

Movements in outstanding ordinary share and ADS options

	ADS options			Ordinary share options		
	2013 Millions	2012 Millions	2011 Millions	**2013 Millions**	2012 Millions	2011 Millions
1 April	1	1	1	84	171	266
Granted during the year	–	–	–	7	5	4
Forfeited during the year	–	–	–	(1)	(1)	(1)
Exercised during the year	(1)	–	–	(41)	(55)	(72)
Expired during the year	–	–	–	(9)	(36)	(26)
31 March	**–**	**1**	**1**	**40**	**84**	**171**
Weighted average exercise price:						
1 April	US$15.20	US$14.82	US$15.07	£1.18	£1.32	£1.41
Granted during the year	–	–	–	£1.45	£1.31	£1.14
Forfeited during the year	–	–	–	£1.64	£1.07	£1.10
Exercised during the year	US$13.88	–	–	£1.05	£1.37	£1.33
Expired during the year	–	–	–	£0.98	£1.56	£2.25
31 March	**US$22.16**	**US$15.20**	**US$14.82**	**£1.41**	**£1.18**	**£1.32**

Summary of options outstanding and exercisable at 31 March 2013

	Outstanding			Exercisable		
	Outstanding shares Millions	Weighted average exercise price	Weighted average remaining contractual life Months	Exercisable shares Millions	Weighted average exercise price	Weighted average remaining contractual life Months
Vodafone Group savings related and Sharesave Plan:						
£0.01 – £1.00	3	£0.94	23	–	–	–
£1.01 – £2.00	14	£1.33	33	–	–	–
	17	**£1.27**	**31**	**–**	**–**	**–**
Vodafone Group 1999 Long-Term Stock Incentive Plan:						
£1.01 – £2.00	23	£1.51	40	23	£1.51	40
Vodafone Group 1999 Long-Term Stock Incentive Plan:						
US$10.01 – US$30.00	–	US$22.16	10	–	US$22.16	10

Share awards

Movements in non-vested shares are as follows:

	2013		2012		2011	
	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date	Millions	Weighted average fair value at grant date
1 April	352	£1.08	387	£1.00	374	£1.06
Granted	91	£1.49	120	£1.29	126	£1.07
Vested	(118)	£0.91	(116)	£1.12	(81)	£1.38
Forfeited	(31)	£1.19	(39)	£0.81	(32)	£0.97
31 March	**294**	**£1.27**	**352**	**£1.08**	**387**	**£1.00**

Other information

The total fair value of shares vested during the year ended 31 March 2013 was £107 million (2012: £130 million; 2011: £113 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was £134 million (2012: £143 million; 2011: £156 million) which is comprised entirely of equity-settled transactions.

The average share price for the year ended 31 March 2013 was 173.0 pence (2012: 169.9 pence; 2011: 159.5 pence).

Notes to the consolidated financial statements (continued)

A5. Post employment benefits

We operate a number of defined benefit and defined contribution pension plans for our employees. The Group's largest defined benefit schemes are in the UK.

Background

At 31 March 2013 the Group operated a number of pension plans for the benefit of its employees throughout the world, with varying rights and obligations depending on the conditions and practices in the countries concerned. The Group's pension plans are provided through both defined benefit and defined contribution arrangements. Defined benefit schemes provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution schemes offer employees individual funds that are converted into benefits at the time of retirement.

The Group operates defined benefit schemes in Germany, Ghana, Ireland, Italy, India, the UK and the US. Defined contribution pension schemes are currently provided in Australia, Egypt, Germany, Greece, Hungary, Ireland, Italy, Malta, the Netherlands, New Zealand, Portugal, South Africa, Spain, the UK and the US. The Group's principal defined benefit pension schemes in the UK, being the Vodafone Group Plc Pension Scheme ('Vodafone UK plan') and the Cable & Wireless Worldwide Retirement Plan ('CWWRP'), are closed to new entrants and additionally the Vodafone UK plan has been closed to future accrual for existing members since 31 March 2010.

Income statement expense

	2013 £m	2012 £m	2011 £m
Defined contribution schemes	147	145	130
Defined benefit schemes	20	(2)	4
Total amount charged to the income statement (note 5)	**167**	**143**	**134**

Defined benefit schemes

The principal actuarial assumptions used for estimating the Group's benefit obligations are set out below:

	2013[1] %	2012[1] %	2011[1] %
Weighted average actuarial assumptions used at 31 March:			
Rate of inflation	3.3	3.0	3.1
Rate of increase in salaries	3.8	2.9	2.9
Rate of increase in pensions in payment and deferred pensions	3.3	3.0	3.1
Discount rate	4.3	4.7	5.6
Expected rates of return:			
Equities	–[3]	7.4	8.2
Bonds[2]	–[3]	4.2	5.1

Notes:
1 Figures shown represent a weighted average assumption of the individual schemes.
2 For the year ended 31 March 2012 the expected rate of return for bonds consisted of a 4.6% rate of return for corporate bonds (2011: 5.3%) and a 2.6% rate of return for government bonds (2011: 3.6%).
3 Under amendments to IAS 19, "Employee Benefits", that will be adopted by the Group from 1 April 2013, the expected rate of return of pension plan assets will no longer be utilised in determining the pension plan costs recorded in the consolidated income statement.

The expected return on assets assumptions are derived by considering the expected long-term rates of return on plan investments. The overall rate of return is a weighted average of the expected returns of the individual investments made in the Group plans. The long-term rates of return on equities are derived from considering current risk free rates of return with the addition of an appropriate future risk premium from an analysis of historic returns in various countries. The long-term rates of return on bonds are set in line with market yields currently available at the statement of financial position date.

Mortality assumptions used are based on recommendations from the individual scheme actuaries which include adjustments for the experience of the Group where appropriate. The largest schemes in the Group are the UK schemes. Further life expectancies assumed for the UK schemes (Vodafone UK plan only in 2012 and 2011) are 23.6/25.3 years (2012: 23.6/24.4 years; 2011: 23.5/24.3 years) for a male/female pensioner currently aged 65 and 26.8/27.9 years (2012: 27.2/26.7 years; 2011: 27.0/26.6 years) from age 65 for a male/female non-pensioner member currently aged 40.

Measurement of the Group's defined benefit retirement obligations is particularly sensitive to changes in certain key assumptions including the discount rate. An increase or decrease in the discount rate of 0.5% would result in a £409 million decrease or a £467 million increase in the defined benefit obligation respectively.

Charges made to the consolidated income statement and consolidated statement of comprehensive income ('SOCI') on the basis of the assumptions stated above are:

	2013 £m	2012 £m	2011 £m
Current service cost	28	11	12
Interest cost	139	85	95
Expected return on pension assets	(146)	(99)	(103)
Curtailment/settlement	(1)	1	–
Total included within staff costs	**20**	**(2)**	**4**
Actuarial losses/(gains) recognised in the SOCI	259	365	(190)
Cumulative actuarial losses recognised in the SOCI	930	671	306

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

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

	2013 £m	2012 £m	2011 £m
Movement in pension assets:			
1 April	1,604	1,558	1,487
Exchange rate movements	6	(22)	(2)
Expected return on pension assets	146	99	103
Actuarial gains/(losses)	189	(30)	(6)
Employer cash contributions	103	34	24
Member cash contributions	8	6	5
Benefits paid	(63)	(42)	(51)
Other movements[1]	1,730	1	(2)
31 March	**3,723**	**1,604**	**1,558**
Movement in pension liabilities:			
1 April	1,910	1,548	1,690
Exchange rate movements	9	(33)	(4)
Current service cost	28	11	12
Interest cost	139	85	95
Member cash contributions	8	6	5
Actuarial losses/(gains)	448	335	(196)
Benefits paid	(63)	(42)	(51)
Other movements[1]	1,821	–	(3)
31 March	**4,300**	**1,910**	**1,548**

Note:
1 Other movements mainly comprise the addition of the CWWRP as a result of the acquisition of CWW (see note 11).

An analysis of net (deficit)/assets is provided below for the Group's two largest defined benefit pension scheme in the UK and for the Group as a whole.

	CWWRP	Vodafone UK plan					Group				
	2013 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Analysis of net (deficit)/assets:											
Total fair value of scheme assets	1,827	1,328	1,218	1,180	1,131	755	3,723	1,604	1,558	1,487	1,100
Present value of funded scheme liabilities	(1,874)	(1,647)	(1,444)	(1,127)	(1,276)	(815)	(4,238)	(1,852)	(1,488)	(1,625)	(1,196)
Net (deficit)/assets for funded schemes	**(47)**	**(319)**	**(226)**	**53**	**(145)**	**(60)**	**(515)**	**(248)**	**70**	**(138)**	**(96)**
Present value of unfunded scheme liabilities	–	–	–	–	–	(8)	(62)	(58)	(60)	(65)	(136)
Net (deficit)/assets	**(47)**	**(319)**	**(226)**	**53**	**(145)**	**(68)**	**(577)**	**(306)**	**10**	**(203)**	**(232)**
Net (deficit)/assets are analysed as:											
Assets	–	–	–	53	–	–	52	31	97	34	8
Liabilities	(47)	(319)	(226)	–	(145)	(68)	(629)	(337)	(87)	(237)	(240)

It is expected that contributions of £62 million will be paid into the Group's defined benefit retirement schemes during the year ending 31 March 2014. The assets of the schemes are held in external trustee administered funds.

Notes to the consolidated financial statements (continued)

A5. Post employment benefits (continued)

Actual return on pension assets

	2013 £m	2012 £m	2011 £m
Actual return on pension assets	335	69	97
Analysis of pension assets at 31 March is as follows:	%	%	%
Equities	43.0	60.1	61.6
Bonds	33.8	37.1	36.5
Property	1.0	0.3	0.3
Annuity policies	13.9	–	–
Other	8.3	2.5	1.6
	100.0	**100.0**	**100.0**

The schemes have no direct investments in the Group's equity securities or in property currently used by the Group.

History of experience adjustments

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Experience adjustments on pension liabilities:					
Amount	(7)	(21)	23	8	6
Percentage of pension liabilities	–	(1%)	1%	–	–
Experience adjustments on pension assets:					
Amount	189	(30)	(6)	286	(381)
Percentage of pension assets	5%	(2%)	–	19%	(35%)

A6. Capital and financial risk management

This note details our treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Capital management

The following table summarises the capital of the Group:

	2013 £m	2012 £m
Financial assets:		
Cash and cash equivalents	(7,623)	(7,138)
Fair value through the income statement (held for trading)	(6,803)	(2,629)
Derivative instruments in designated hedge relationships	(1,117)	(1,317)
Financial liabilities:		
Fair value through the income statements (held for trading)	1,060	889
Derivative instruments in designated hedge relationships	44	–
Financial liabilities held at amortised cost	41,397	34,620
Net debt	**26,958**	**24,425**
Equity	72,488	78,202
Capital	**99,446**	**102,627**

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The Board has approved three internal debt protection ratios being: net interest to operating cash flow (plus dividends from associates); retained cash flow (operating cash flow plus dividends from associates less interest, tax, dividends to non-controlling shareholders and equity dividends) to net debt; and operating cash flow (plus dividends from associates) to net debt. These internal ratios establish levels of debt that the Group should not exceed other than for relatively short periods of time and are shared with the Group's debt rating agencies being Moody's, Fitch Ratings and Standard & Poor's. The Group complied with these ratios throughout the financial year.

Financial risk management

The Group's treasury function provides a centralised service to the Group for funding, foreign exchange, interest rate management and counterparty risk management.

Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Board, most recently on 27 March 2012. A treasury risk committee comprising of the Group's Chief Financial Officer, Group General Counsel and Company Secretary, Group Treasury Director and Director of Financial Reporting meets three times a year to review treasury activities and its members receive management information relating to treasury activities on a quarterly basis. The Group's accounting function, which does not report to the Group Treasury Director, provides regular update reports of treasury activity to the Board. The Group's internal auditor reviews the internal control environment regularly.

The Group uses a number of derivative instruments for currency and interest rate risk management purposes only that are transacted by specialist treasury personnel. The Group mitigates banking sector credit risk by the use of collateral support agreements.

Credit risk

The Group considers its exposure to credit risk at 31 March to be as follows:

	2013 £m	2012 £m
Bank deposits	1,396	2,762
Repurchase agreements	2,550	600
Cash held in restricted deposits	404	333
UK government bonds	1,076	900
Money market fund investments	3,494	3,190
Derivative financial instruments	3,032	2,959
Other investments – debt and bonds	3,427	160
Trade receivables	4,176	4,005
Other receivables	1,877	3,219
Short term securitised investments	826	586
	22,258	**18,714**

The Group invested in UK index linked government bonds on the basis that they generated a floating rate return in excess of £ LIBOR and are amongst the most creditworthy of investments available.

The Group has a managed investment fund. This fund holds fixed income sterling securities and the average credit quality is high double A.

Money market investments are in accordance with established internal treasury policies which dictate that an investment's long-term credit rating is no lower than mid BBB. Additionally, the Group invests in AAA unsecured money market mutual funds where the investment is limited to 7.5% of each fund.

The Group has investments in repurchase agreements which are fully collateralised investments. The collateral is sovereign and supranational debt of major EU countries with at least one AAA rating denominated in euros, sterling and US dollars and can be readily converted to cash. In the event of any default, ownership of the collateral would revert to the Group. Detailed below is the value of the collateral held by the Group at 31 March 2013.

	2013 £m	2012 £m
Sovereign	2,081	575
Supranational	469	25
	2,550	**600**

In respect of financial instruments used by the Group's treasury function, the aggregate credit risk the Group may have with one counterparty is limited by (i) reference to the long-term credit ratings assigned for that counterparty by Moody's, Fitch Ratings and Standard & Poor's, (ii) that counterparty's five year credit default swap ('CDS') spread, and (iii) the sovereign credit rating of that counterparty's principal operating jurisdiction. Furthermore, collateral support agreements were introduced from the fourth quarter of 2008. Under collateral support agreements the Group's exposure to a counterparty with whom a collateral support agreement is in place is reduced to the extent that the counterparty must post cash collateral when there is value due to the Group under outstanding derivative contracts that exceeds a contractually agreed threshold amount. When value is due to the counterparty the Group is required to post collateral on identical terms. Such cash collateral is adjusted daily as necessary.

In the event of any default ownership of the cash collateral would revert to the respective holder at that point. Detailed below is the value of the cash collateral, which is reported within short-term borrowings, held by the Group at 31 March 2013:

	2013 £m	2012 £m
Cash collateral	1,151	980

Notes to the consolidated financial statements (continued)

A6. Capital and financial risk management (continued)

The majority of the Group's trade receivables are due for maturity within 90 days and largely comprise amounts receivable from consumers and business customers. At 31 March 2013 £2,200 million (2012: £1,806 million) of trade receivables were not yet due for payment. Total trade receivables consisted of £1,547 million (2012: £1,288 million) relating to the Northern and Central Europe region, £1,415 million (2012: £1,384 million) relating to the Southern Europe region and £1,214 million (2012: £1,333 million) relating to the Africa, Middle East and Asia Pacific region. Accounts are monitored by management and provisions for bad and doubtful debts raised where it is deemed appropriate.

The following table presents ageing of receivables that are past due and provisions for doubtful receivables that have been established.

	2013			2012		
	Gross receivables £m	**Less provisions £m**	**Net receivables £m**	Gross receivables £m	Less provisions £m	Net receivables £m
30 days or less	1,821	(404)	1,417	1,914	(390)	1,524
Between 31–60 days	185	(21)	164	192	(21)	171
Between 61–180 days	235	(53)	182	435	(96)	339
Greater than 180 days	636	(423)	213	598	(433)	165
	2,877	**(901)**	**1,976**	**3,139**	**(940)**	**2,199**

Concentrations of credit risk with respect to trade receivables are limited given that the Group's customer base is large and unrelated. Due to this management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables. Amounts charged to administrative expenses during the year ended 31 March 2013 were £458 million (2012: £458 million; 2011: £460 million) (see note 17).

The Group's investments in preferred equity and a subordinated loan received as part of the disposal of Vodafone Japan to SoftBank in the 2007 financial year were disposed of in the year ended 31 March 2011. On 2 April 2012 the Group received £1,499 million in relation to the second tranche of consideration receivable in relation to the disposal.

As discussed in note 21 the Group has covenanted to provide security in favour of the Trustee of the Vodafone Group UK Pension Scheme in respect of the funding deficit in the scheme. The security takes the form of an English law pledge over UK index linked government bonds.

Liquidity risk

At 31 March 2013 the Group had €4.2 billion and US$4.2 billion syndicated committed undrawn bank facilities and US$15 billion and £5 billion commercial paper programmes, supported by the €4.2 billion and US$4.2 billion syndicated committed bank facilities, available to manage its liquidity. The Group uses commercial paper and bank facilities to manage short-term liquidity and manages long-term liquidity by raising funds in the capital markets.

€4.2 billion of the syndicated committed facility has a maturity date of 1 July 2015. US$4.1 billion has a maturity of 9 March 2017; the remaining US$0.1 billion has a maturity of 9 March 2016. Both facilities have remained undrawn throughout the financial year and since year end and provide liquidity support.

The Group manages liquidity risk on long-term borrowings by maintaining a varied maturity profile with a cap on the level of debt maturing in any one calendar year, therefore minimising refinancing risk. Long-term borrowings mature between one and 30 years.

Liquidity is reviewed daily on at least a 12 month rolling basis and stress tested on the assumption that all commercial paper outstanding matures and is not reissued. The Group maintains substantial cash and cash equivalents which at 31 March 2013 amounted to £7,623 million (2012: £7,138 million).

Market risk

Interest rate management

Under the Group's interest rate management policy, interest rates on monetary assets and liabilities denominated in euros, US dollars and sterling are maintained on a floating rate basis except for periods up to six years where interest rate fixing has to be undertaken in accordance with treasury policy. Where assets and liabilities are denominated in other currencies interest rates may also be fixed. In addition, fixing is undertaken for longer periods when interest rates are statistically low.

For each one hundred basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at 31 March 2013 there would be a reduction or increase in profit before tax by approximately £144 million (2012: increase or reduce by £33 million) including mark-to-market revaluations of interest rate and other derivatives and the potential interest on outstanding tax issues. There would be no material impact on equity.

Foreign exchange management

As Vodafone's primary listing is on the London Stock Exchange its share price is quoted in sterling. Since the sterling share price represents the value of its future multi-currency cash flows, principally in euro, US dollars, South African rand, Indian rupee and sterling, the Group maintains the currency of debt and interest charges in proportion to its expected future principal multi-currency cash flows and has a policy to hedge external foreign exchange risks on transactions denominated in other currencies above certain de minimis levels. As the Group's future cash flows are increasingly likely to be derived from emerging markets it is likely that more debt in emerging market currencies will be drawn.

As such, at 31 March 2013 135% of net debt was denominated in currencies other than sterling (56% euro, 55% US dollar and 24% other) while 35% of net debt had been purchased forward in sterling in anticipation of sterling denominated shareholder returns via dividends and share buybacks. This allows euro, US dollar and other debt to be serviced in proportion to expected future cash flows and therefore provides a partial hedge against income statement translation exposure, as interest costs will be denominated in foreign currencies.

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

The Group recognises foreign exchange movements in equity for the translation of net investment hedging instruments and balances treated as investments in foreign operations. However, there is no net impact on equity for exchange rate movements as there would be an offset in the currency translation of the foreign operation.

The following table details the Group's sensitivity of the Group's operating profit to a strengthening of the Group's major currencies in which it transacts. The percentage movement applied to each currency is based on the average movements in the previous three annual reporting periods. Amounts are calculated by retranslating the operating profit of each entity whose functional currency is either euro or US dollar.

	2013 £m
Euro 3% change – Operating profit[1]	106
US dollar 4% change – Operating profit[1]	257

Note:
1 Operating profit before impairment losses and other income and expense.

At 31 March 2012 sensitivity of the Group's operating profit was analysed for a strengthening of the euro by 3% and the US dollar by 4%, which represented movements of £140 million and £195 million respectively.

Equity risk

The Group has equity investments, primarily in Bharti Infotel Private Limited, which is subject to equity risk. See note 16 for further details on the carrying value of this investment.

Fair value of financial instruments

The table below sets out the valuation basis of financial instruments held at fair value by the Group at 31 March 2013.

	Level 1[1]		Level 2[2]		Total	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Financial assets:						
Fair value through the income statement (held for trading)	–	–	4,836	949	4,836	949
Derivative financial instruments:						
Interest rate swaps	–	–	2,625	2,513	2,625	2,513
Cross currency interest rate swaps	–	–	319	318	319	318
Foreign exchange contracts	–	–	88	128	88	128
Interest rate futures	–	–	52	38	52	38
	–	**–**	**7,920**	**3,946**	**7,920**	**3,946**
Financial investments available-for-sale:						
Listed equity securities[3]	3	1	–	–	3	1
Unlisted equity securities[3]	–	–	498	591	498	591
	3	**1**	**498**	**591**	**501**	**592**
	3	**1**	**8,418**	**4,537**	**8,421**	**4,538**
Financial liabilities:						
Derivative financial instruments:						
Interest rate swaps	–	–	1,060	800	1,060	800
Foreign exchange contracts	–	–	44	89	44	89
	–	**–**	**1,104**	**889**	**1,104**	**889**

Notes:
1 Level 1 classification comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities.
2 Level 2 classification comprises where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Fair values for unlisted equity securities are derived from observable quoted market prices for similar items. Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market sourced data.
3 Details of listed and unlisted equity securities are included in note 16 "Other Investments".

Notes to the consolidated financial statements (continued)

A7. Related party transactions

The Group has a number of related parties including joint ventures (refer to note 14), associates (refer to note 15), pension schemes (refer to note A5 for the Group's contributions), directors and Executive Committee members (refer to note 4 for amounts paid to them).

Transactions with joint ventures and associates

Related party transactions with the Group's joint ventures and associates primarily comprise fees for the use of products and services including network airtime and access charges, and cash pooling arrangements.

No related party transactions have been entered into during the year which might reasonably affect any decisions made by the users of these consolidated financial statements except as disclosed below. Transactions between the Company and its joint ventures are not material to the extent that they have not been eliminated through proportionate consolidation or disclosed below.

	2013 £m	2012 £m	2011 £m
Sales of goods and services to associates	241	195	327
Purchase of goods and services from associates	105	107	171
Purchase of goods and services from joint ventures	329	207	206
Net interest receivable from joint ventures[1]	(14)	(7)	(14)
Trade balances owed:			
by associates	21	15	52
to associates	19	18	23
by joint ventures	119	9	27
to joint ventures	27	89	67
Other balances owed by joint ventures[1]	337	365	176

Note:
1 Amounts arise primarily through Vodafone Italy, Vodafone Hutchison Australia, Indus Towers and Cornerstone, and represent amounts not eliminated on consolidation. Interest is paid in line with market rates.

Amounts owed by and owed to associates are disclosed within notes 17 and 18. Dividends received from associates are disclosed in the consolidated statement of cash flows.

Transactions with directors other than compensation

During the three years ended 31 March 2013, and as of 20 May 2013, neither any director nor any other executive officer, nor any associate of any director or any other executive officer, was indebted to the Company.

During the three years ended 31 March 2013, and as of 20 May 2013, the Company has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel (including directors, any other executive officer, senior manager, any spouse or relative of any of the foregoing or any relative of such spouse) had or was to have a direct or indirect material interest.

A8. Principal subsidiaries

Our subsidiaries are located around the world and each contributes to the profits, assets and cash flow of the Group. We have a large number of subsidiaries and so, for practical reasons, only the principal subsidiaries at 31 March 2013 are detailed below.

A full list of subsidiaries, joint ventures, associated undertakings and any significant holdings (as defined in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008) as at 15 August 2013 will be annexed to the Company's next annual return filed with the Registrar of Companies. No subsidiaries are excluded from the Group consolidation. Unless otherwise stated the Company's principal subsidiaries all have share capital consisting solely of ordinary shares and are indirectly held. The country of incorporation or registration of all subsidiaries is also their principal place of operation.

Name	Principal activity	Country of incorporation or registration	Percentage shareholdings[1]
Vodafone GmbH[2]	Network operator	Germany	100.0
Vodafone Limited	Network operator	England	100.0
Cable & Wireless Worldwide plc.	Fixed network operator	England	100.0
Vodafone Czech Republic a.s.	Network operator	Czech Republic	100.0
Vodafone Magyarorszag Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag[3]	Network operator	Hungary	100.0
Vodafone Ireland Limited	Network operator	Ireland	100.0
Vodafone Libertel B.V.	Network operator	Netherlands	100.0
Vodafone Romania S.A.	Network operator	Romania	100.0
Vodafone Telekomunikasyon A.S.	Network operator	Turkey	100.0
Vodafone España S.A.U.	Network operator	Spain	100.0
Vodafone Albania Sh.A.	Network operator	Albania	99.9
Vodafone-Panafon Hellenic Telecommunications Company S.A.	Network operator	Greece	99.9
Vodafone Malta Limited	Network operator	Malta	100.0
Vodafone Portugal-Comunicações Pessoais, S.A.[4]	Network operator	Portugal	100.0
Vodafone India Limited[5]	Network operator	India	84.5
Vodacom Group Limited	Network operator	South Africa	65.0
Vodacom Congo (RDC) s.p.r.l.[6 7 8]	Network operator	The Democratic Republic of Congo	33.2
Vodacom Tanzania Limited[6 8]	Network operator	Tanzania	42.3
VM, S.A.[6 9]	Network operator	Mozambique	55.3
Vodacom Lesotho (Pty) Limited[6]	Network operator	Lesotho	52.0
Vodacom Business Africa Group (PTY) Limited[6]	Holding company	South Africa	65.0
Vodafone Egypt Telecommunications S.A.E.	Network operator	Egypt	54.9
Ghana Telecommunications Company Limited	Network operator	Ghana	70.0
Vodafone New Zealand Limited	Network operator	New Zealand	100.0
Vodafone Qatar Q.S.C.[8]	Network operator	Qatar	23.0
Vodafone Group Services Limited[10]	Global products and services provider	England	100.0
Vodafone Sales & Services Limited[11]	Group services provider	England	100.0
Vodafone Holding GmbH	Holding company	Germany	100.0
Vodafone Holdings Europe S.L.U.	Holding company	Spain	100.0
Vodafone Europe B.V.	Holding company	Netherlands	100.0
Vodafone International Holdings B.V.	Holding company	Netherlands	100.0
Vodafone Investments Luxembourg S.a.r.l.	Holding company	Luxembourg	100.0
Vodafone Procurement Company S.a.r.l.	Group services provider	Luxembourg	100.0
Vodafone Roaming Services S.a.r.l.	Group services provider	Luxembourg	100.0
Vodafone Americas Inc.[12]	Holding company	US	100.0

Notes:
1 Effective ownership percentages of Vodafone Group Plc at 31 March 2013, rounded to nearest tenth of one percent.
2 Vodafone GmbH changed its name from Vodafone D2 GmbH on 1 February 2013.
3 Trades as Vodafone Hungary Mobile Telecommunications Company Limited.
4 38.6% of the issued share capital of Vodafone Portugal-Comunicações Pessoais, S.A. is directly held by Vodafone Group Plc.
5 At 31 March 2013 the Group had a 64.4% interest in Vodafone India Limited ('VIL') through wholly owned subsidiaries and a further 20.1% indirectly through less than 50% owned entities giving an aggregate 84.5% interest. The Group has call options to acquire shareholdings in companies which indirectly own a further 4.5% interest in VIL. The shareholders of these companies also have put options which, if exercised, would require Vodafone to purchase the remaining shares in the respective company. If these options were exercised, which can only be done in accordance with the Indian law prevailing at the time of exercise, the Group would have a direct and indirect interest of 89.0% of VIL.
6 Shareholding is indirect through Vodacom Group Limited. The indirect shareholding is calculated using the 65.0% ownership interest in Vodacom.
7 The share capital of Vodacom Congo (RDC) s.p.r.l. consists of 1,000,000 ordinary shares and 75,470,588 preference shares.
8 The Group has rights that enable it to control the strategic and operating decisions of Vodafone Qatar Q.S.C., Vodacom Congo (RDC) s.p.r.l. and Vodacom Tanzania Limited.
9 The share capital of VM, S.A. consists of 60,000,000 ordinary shares and 548,350,646 preference shares.
10 Share capital consists of 790 ordinary shares and one deferred share, of which 100% of the shares are indirectly held by Vodafone Group Plc.
11 Vodafone Sales & Services Limited is directly held by Vodafone Group Plc.
12 Share capital consists of 395,834,251 ordinary shares and 1.65 million class D and E redeemable preference shares, of which 100% of the ordinary shares are indirectly held by Vodafone Group Plc.

Notes to the consolidated financial statements (continued)

A9. Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the newly available audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 March 2013.

Name	Registration number
Vodafone 2.	4083193
Vodafone 4 UK	6357658
Vodafone 5 Limited	6688527
Vodafone 5 UK	2960479
Vodafone Americas 4	6389457
Vodafone Benelux Limited	4200960
Vodafone Cellular Limited	896318
Vodafone Consolidated Holdings Limited	5754561
Vodafone Euro Hedging Limited	3954207
Vodafone Euro Hedging Two	4055111
Vodafone European Investments	3961908
Vodafone European Portal Limited	3973442
Vodafone Europe UK	5798451
Vodafone Finance Luxembourg Limited	5754479
Vodafone Finance Sweden	2139168
Vodafone Finance UK Limited	3922620
Vodafone Financial Operations	4016558
Vodafone Global Content Services Limited	4064873
Vodafone Holdings Luxembourg Limited	4200970
Vodafone Intermediate Enterprises Limited	3869137
Vodafone International Holdings Limited	2797426
Vodafone International Operations Limited	2797438
Vodafone Investments Australia Limited	2011978
Vodafone Investments Limited	1530514
Vodafone Investment UK	5798385
Vodafone Leasing Limited	4201716
Vodafone Marketing UK	6858585
Vodafone Mobile Communications Limited	3942221
Vodafone Mobile Enterprises Limited	3961390
Vodafone Mobile Network Limited	3961482
Vodafone (New Zealand) Hedging Limited	4158469
Vodafone Nominees Limited	1172051
Vodafone Oceania Limited	3973427
Vodafone Overseas Finance Limited	4171115
Vodafone Overseas Holdings Limited	2809758
Vodafone Panafon UK	6326918
Vodafone Property Investments Limited	3903420
Vodafone UK Investments Limited	874784
Vodafone UK Limited	2227940
Vodafone Worldwide Holdings Limited	3294074
Vodafone Yen Finance Limited	4373166
Voda Limited	1847509
Vodaphone Limited	2373469
Vodata Limited	2502373

Other unaudited financial information

Prior year operating results

This section presents our operating performance for the 2012 financial year compared to the 2011 financial year, providing commentary on the revenue and EBITDA performance of the Group and its operating segments within Northern and Central Europe, Southern Europe, Africa, Middle East and Asia Pacific, and Non-Controlled Interests and Common Functions.

Group[1] [2]

	Northern and Central Europe £m	Southern Europe £m	AMAP £m	Non-Controlled Interests and Common Functions[3] £m	Eliminations £m	2012 £m	2011 £m	% change £	% change Organic
Revenue	19,575	12,522	13,868	614	(162)	46,417	45,884	1.2	2.2
Service revenue	18,265	11,565	12,751	463	(159)	42,885	42,738	0.3	1.5
EBITDA	5,934	4,438	4,115	(12)	–	14,475	14,670	(1.3)	(0.6)
Adjusted operating profit	2,530	2,660	1,472	4,870	–	11,532	11,818	(2.4)	2.5
Adjustments for:									
Impairment loss						(4,050)	(6,150)		
Other income/(expense)[4]						3,705	(72)		
Operating profit						**11,187**	**5,596**		

Notes:
1 Amounts are presented on the Group's revised segment basis (see note A2 for further information).
2 2012 results reflect average foreign exchange rates of £1:€1.16 and £1:US$1.60.
3 Common Functions primarily represent the results of the partner markets and the net result of unallocated central Group costs.
4 Other income/(expense) for the year ended 31 March 2012 includes a £3,419 million gain on disposal of the Group's 44% interest in SFR and a £296 million gain on disposal of the Group's 24.4% interest in Polkomtel. The year ended 31 March 2011 included £56 million representing the net loss on disposal of certain Alltel investments by VZW. This is included within the line item "Share of results in associates" in the consolidated income statement.

Revenue

Group revenue was up 1.2% to £46.4 billion, with service revenue of £42.9 billion, an increase of 1.5%* on an organic basis. Our overall performance reflects continued strong demand for data services and further voice penetration growth in emerging markets, offset by regulatory changes, ongoing competitive pressures and challenging macroeconomic conditions in a number of our mature markets. As a result of the leap year, service revenue growth of 2.3%* in Q4 benefited from the additional day by around 1 percentage point.

AMAP service revenue was up by 8.0%*, with a strong performance in India, Qatar, Ghana and Vodacom and a return to growth in Egypt offset by a decline in Australia.

In Northern and Central Europe, service revenue was up by 2.5%* reflecting growth in Germany, the UK, the Netherlands and Turkey.

In Southern Europe, service revenue was down by -6.2%* reflecting challenging macroeconomic conditions.

EBITDA and profit

Group EBITDA was down 1.3% to £14.5 billion, as revenue growth was offset by higher customer investment due to increased smartphone penetration.

Adjusted operating profit was down 2.4% to £11.5 billion, driven by a reduction in our share of profits from associates following the disposal of our 44% interest in SFR in June 2011. Our share of profits of VZW grew by 9.3%* to £4.9 billion.

Operating profit increased by 100% to £11.2 billion, primarily due to the gain on disposal of the Group's 44% interest in SFR and 24.4% interest in Polkomtel, and lower impairment losses compared to the prior year.

An impairment loss of £4.0 billion was recorded in relation to Italy, Spain, Portugal and Greece, primarily driven by lower projected cash flows within business plans and an increase in discount rates, resulting from adverse changes in the economic environment.

Other unaudited financial information (continued)

Prior year operating results (continued)

Northern and Central Europe

	Germany £m	UK £m	Other Northern and Central Europe £m	Eliminations £m	Northern and Central Europe £m	% change £m	% change Organic
Year ended 31 March 2012							
Revenue	8,233	5,397	6,042	(97)	19,575	3.6	3.7
Service revenue	7,669	4,996	5,695	(95)	18,265	2.2	2.5
EBITDA	2,965	1,294	1,675	–	5,934	2.7	2.1
Adjusted operating profit	1,491	402	637	–	2,530	2.2	0.8
EBITDA margin	36.0%	24.0%	27.7%		30.3%		
Year ended 31 March 2011							
Revenue	7,900	5,271	5,846	(117)	18,900		
Service revenue	7,471	4,931	5,589	(115)	17,876		
EBITDA	2,952	1,233	1,594	–	5,779		
Adjusted operating profit	1,548	348	580	–	2,476		
EBITDA margin	37.4%	23.4%	27.3%		30.6%		

Revenue increased by 3.6% including a -0.2 percentage point impact from unfavourable foreign exchange rate movements. On an organic basis service revenue increased by 2.5%* primarily due growth in data revenue, partially offset by the impact of MTR cuts and competitive pricing pressures. Growth was seen in the UK, Germany, the Netherlands and Turkey.

EBITDA increased by 2.7% including a 0.7 percentage point favourable impact from foreign exchange rate movements. On an organic basis EBITDA increased by 2.1%*, resulting from higher service revenue and direct cost efficiencies, partially offset by higher customer investment due to the increased penetration of smartphones.

	Organic change %	Other activity[1] pps	Foreign exchange pps	Reported change %
Revenue – Northern and Central Europe	**3.7**	**0.1**	**(0.2)**	**3.6**
Service revenue				
Germany	1.2	(0.1)	1.6	2.7
UK	1.6	(0.3)	–	1.3
Other Northern and Central Europe	5.1	(0.3)	(2.9)	1.9
Northern and Central Europe	**2.5**	**(0.1)**	**(0.2)**	**2.2**
EBITDA				
Germany	(1.1)	–	1.5	0.4
UK	5.0	(0.1)	–	4.9
Other Northern and Central Europe	6.0	(0.7)	(0.2)	5.1
Northern and Central Europe	**2.1**	**(0.1)**	**0.7**	**2.7**
Adjusted operating profit				
Germany	(5.3)	0.1	1.5	(3.7)
UK	15.7	(0.2)	–	15.5
Other Northern and Central Europe	7.9	(2.2)	4.1	9.8
Northern and Central Europe	**0.8**	**(0.5)**	**1.9**	**2.2**

Note:
1 "Other activity" includes the impact of M&A activity and the revision to intra-group roaming charges from 1 October 2011. Refer to "Organic growth" on page 188 for further detail.

Germany

Service revenue increased by 1.2%* as strong growth in data and enterprise revenue more than offset the impact of an MTR cut effective from 1 December 2010 and increasing competitive pressures. Data revenue grew by 21.3%* driven by a higher penetration of smartphones, an increase in those sold with a data bundle and the launch of prepaid integrated tariffs. Enterprise revenue grew by 5.6%* driven by significant customer wins and the success of converged service offerings. A number of innovative products were launched during the second half of the 2012 financial year, including OfficeNet, a cloud based solution.

The roll out of LTE has continued, following the launch of services in the 2011 financial year. Nearly 2,700 base stations had been upgraded to LTE at 31 March 2012, providing approximately 35% household coverage.

EBITDA declined by -1.1%* as the higher revenue was offset by restructuring costs and regulation changes.

UK

Service revenue increased by 1.6%* driven by an increase in data and consumer contract revenue supported by the success of integrated offerings. This was partially offset by the impact of an MTR cut effective from 1 April 2011 and lower consumer confidence leading to reduced out-of-bundle usage. Data revenue grew by 14.5%* due to higher penetration of smartphones and an increase in those sold with a data bundle.

EBITDA increased by 5.0%* and EBITDA margin improved by 0.6* percentage points, due to a number of cost saving initiatives, including acquisition and retention efficiencies.

Other Northern and Central Europe

Service revenue increased by 5.1%* as growth in the Netherlands and Turkey more than offset a decline in the rest of the region, particularly in Ireland, which continued to be impacted by the challenging macroeconomic environment and competitive factors. Service revenue in Turkey grew by 25.1%* driven by strong growth in consumer contract and data revenue resulting from an expanding contract customer base and the launch of innovative propositions. In the Netherlands service revenue increased by 2.1%*, driven by an increase in the customer base, partially offset by MTR cuts, price competition and customers optimising tariffs.

EBITDA grew by 6.0%*, with strong growth in Turkey, driven by a combination of service revenue growth and cost efficiencies, partially offset by declines in the majority of the other markets.

Southern Europe

	Italy £m	Spain £m	Other Southern Europe £m	Eliminations £m	Southern Europe £m	% change £m	% change Organic
Year ended 31 March 2012							
Revenue	5,658	4,763	2,128	(27)	12,522	(3.9)	(5.4)
Service revenue	5,329	4,357	1,904	(25)	11,565	(4.7)	(6.2)
EBITDA	2,514	1,193	731	–	4,438	(11.0)	(12.5)
Adjusted operating profit	1,735	566	359	–	2,660	(16.8)	(18.2)
EBITDA margin	44.4%	25.0%	34.4%		35.4%		
Year ended 31 March 2011							
Revenue	5,722	5,133	2,208	(30)	13,033		
Service revenue	5,432	4,735	1,999	(28)	12,138		
EBITDA	2,643	1,562	783	–	4,988		
Adjusted operating profit	1,903	915	379	–	3,197		
EBITDA margin	46.2%	30.4%	35.5%		38.3%		

Revenue declined by -3.9% including a 1.5 percentage point impact from favourable foreign exchange rate movements. On an organic basis service revenue declined by -6.2%* primarily due to the impact of MTR cuts, competitive pricing pressures and continued economic weakness, partially offset by growth in data revenue. Service revenue declined in most other markets, in particular, Italy, Spain and Greece.

EBITDA declined by -11.0% including a 1.5 percentage point favourable impact from foreign exchange rate movements. On an organic basis EBITDA decreased by -12.5%*, resulting from higher customer investment due to the increased penetration of smartphones, and a reduction in service revenue in most markets, partially offset by direct cost efficiencies.

	Organic change %	Other activity[1] pps	Foreign exchange pps	Reported change %
Revenue – Southern Europe	**(5.4)**	**–**	**1.5**	**(3.9)**
Service revenue				
Italy	(3.4)	–	1.5	(1.9)
Spain	(9.4)	(0.1)	1.5	(8.0)
Other Southern Europe	(6.1)	(0.1)	1.4	(4.8)
Southern Europe	**(6.2)**	**–**	**1.5**	**(4.7)**
EBITDA				
Italy	(6.4)	–	1.5	(4.9)
Spain	(24.9)	(0.2)	1.5	(23.6)
Other Southern Europe	(8.1)	–	1.5	(6.6)
Southern Europe	**(12.5)**	**–**	**1.5**	**(11.0)**
Adjusted operating profit				
Italy	(10.4)	–	1.6	(8.8)
Spain	(39.2)	(0.3)	1.4	(38.1)
Other Southern Europe	(6.7)	–	1.4	(5.3)
Southern Europe	**(18.2)**	**(0.1)**	**1.5**	**(16.8)**

Note:
1 "Other activity" includes the impact of M&A activity and the revision to intra-group roaming charges from 1 October 2011. Refer to "Organic growth" on page 188 for further detail.

Italy
Service revenue declined by -3.4%* as a result of weak economic conditions, intense competition and the impact of an MTR cut effective from 1 July 2011. Strong data revenue growth of 16.8%* was driven by mobile internet which benefited from a higher penetration of smartphones and an increase in those sold with a data bundle. From Q3 of the 2012 financial year, all new consumer contract customers were on an integrated tariff. Enterprise revenue grew by 5.1%* with a strong contribution from Vodafone One Net, a converged fixed and mobile solution, and growth in the customer base. Fixed line growth benefited from strong customer additions although slowed in Q4 due to intense competition.

EBITDA decreased by -6.4%*, and EBITDA margin fell by -1.9* percentage points resulting from the decline in service revenue partially offset by operating cost efficiencies such as site sharing agreements and outsourcing of network maintenance to Ericsson.

Spain
Service revenue declined by -9.4%* impacted by intense competition, continuing economic weakness and high unemployment during the year, which have driven customers to reduce or optimise their spend on tariffs. Data revenue increased by 18.4%* benefiting from the penetration of integrated voice, SMS and data tariffs initially launched in October 2010. Improvements were seen in fixed line revenue which increased by 7.3%* resulting from a competitive proposition leading to good customer additions. Mobile customer net additions were strong as a result of our more competitive tariffs and a focus on improving the retention of higher-value customers.

EBITDA declined by -24.9%*, with a -5.5* percentage point fall in EBITDA margin, primarily due to lower revenue with sustained investment in acquisition and retention costs. This was partially offset by operating cost efficiencies.

Other Southern Europe
Service revenue declined by -6.1%* as growth in Albania and Malta was more than offset by a decline in Greece and Portugal, which continued to be impacted by the challenging macroeconomic environment and competitive factors. EBITDA declined by -8.1%*, driven by service revenue declines in Greece and Portugal.

Other unaudited financial information (continued)

Prior year operating results (continued)

Africa, Middle East and Asia Pacific

	India £m	Vodacom £m	Other AMAP £m	Eliminations £m	AMAP £m	% change £m	% change Organic
Year ended 31 March 2012							
Revenue	4,265	5,638	3,965	–	13,868	4.2	8.4
Service revenue	4,215	4,908	3,628	–	12,751	3.7	8.0
EBITDA	1,122	1,930	1,063	–	4,115	2.9	7.8
Adjusted operating profit	60	1,084	328	–	1,472	15.7	22.4
EBITDA margin	26.3%	34.2%	26.8%		29.7%		
Year ended 31 March 2011							
Revenue	3,855	5,479	3,971	(1)	13,304	20.0	9.5
Service revenue	3,804	4,839	3,650	(1)	12,292	20.0	9.5
EBITDA	985	1,844	1,170	–	3,999	20.7	7.5
Adjusted operating profit	15	827	430	–	1,272	55.5	8.6
EBITDA margin	25.6%	33.7%	29.5%		30.1%		

Revenue grew by 4.2% after a 4.2 percentage point adverse impact from foreign exchange rate movements. On an organic basis service revenue grew by 8.0%* driven by customer and data growth, partially offset by the impact of MTR reductions. Growth was driven by strong performances in India, Vodacom, Ghana and Qatar and a return to growth in Egypt, offset by service revenue declines in Australia and New Zealand.

EBITDA grew by 2.9% after a 4.8 percentage point adverse impact from foreign exchange rate movements. On an organic basis, EBITDA grew by 7.8%* driven primarily by strong growth in India and Vodacom and improved contributions from Ghana and Qatar, offset in part by declines in Egypt and Australia.

	Organic change %	Other activity[1] pps	Foreign exchange pps	Reported change %
Revenue – AMAP	**8.4**	**–**	**(4.2)**	**4.2**
Service revenue				
India	19.5	(0.1)	(8.6)	10.8
Vodacom	7.1	–	(5.7)	1.4
Other AMAP	(1.8)	(0.1)	1.3	(0.6)
AMAP	**8.0**	**–**	**(4.3)**	**3.7**
EBITDA				
India	22.9	(0.2)	(8.8)	13.9
Vodacom	11.3	–	(6.6)	4.7
Other AMAP	(9.1)	(0.1)	0.1	(9.1)
AMAP	**7.8**	**(0.1)**	**(4.8)**	**2.9**
Adjusted operating profit				
India	389.3	(40.6)	(48.7)	300.0
Vodacom	41.1	–	(10.0)	31.1
Other AMAP	(22.4)	(0.2)	(1.1)	(23.7)
AMAP	**22.4**	**(0.3)**	**(6.4)**	**15.7**

Notes:
1 "Other activity" includes the impact of M&A activity and the revision to intra-group roaming charges from 1 October 2011. Refer to "Organic growth" on page 188 for further detail.
2 Excludes Gateway and Vodacom Business Africa.

India

Service revenue grew by 19.5%,* driven by an 11.8% increase in the customer base, strong growth in incoming and outgoing voice minutes and 51.3%* growth in data revenue. 3G services were available to Vodafone customers in 860 towns and cities across 20 circles at 31 March 2012. Growth also benefited from mobile operators starting to charge for SMS termination during the second quarter of the 2012 financial year. At 31 March 2012 the customer base had increased to 150.5 million, with data customers totalling 35.4 million, a year-on-year increase of 81.5%. This was driven by an increase in data enabled handsets and the impact of successful marketing campaigns. Whilst the market remained highly competitive, the effective rate per minute remained broadly stable during the 2012 financial year, with promotional offers offsetting headline price increases.

EBITDA grew by 22.9%* driven by the increase in revenue and economies of scale, partially offset by higher customer acquisition costs and increased interconnection costs. Full year EBITDA margin increased 0.8* percentage points to 26.3%, driven by cost efficiencies and scale benefits.

Vodacom

Service revenue grew by 7.1%,* driven by service revenue growth in South Africa of 4.4%*, where strong net customer additions and growth in data revenue was partially offset by the impact of MTR cuts (effective 1 March 2011 and 1 March 2012). Despite competitive pricing pressures, data revenue in South Africa grew by 24.3%,* driven by higher smartphone penetration and data bundles leading to a 35.4% increase in active data customers to 12.2 million at 31 March 2012.

Vodacom's mobile operations outside South Africa delivered strong service revenue growth of 31.9%*[2], driven by customer net additions and the simplification of tariff structures in Mozambique and Tanzania. M-Pesa, our mobile phone based money transfer service, continued to perform well in Tanzania with over 3.1 million active users at 31 March 2012.

EBITDA increased by 11.3%* driven by robust service revenue growth and continued focus on operating cost efficiencies.

Other AMAP

Organic service revenue, which included Australia, declined by -1.8%* with both New Zealand and Australia being impacted by MTR cuts effective from 6 May 2011 and 1 January 2012, respectively. In Australia, despite improvements in network and customer operations performance, service revenue declined by -8.8%* driven by the competitive market and weakness in brand perception following the network and customer service issues experienced from late 2010 to early 2011 and further accelerated by MTR cuts. On 22 March 2012, Vodafone Hutchison Australia appointed Bill Morrow as its new CEO. In Egypt service revenue was suppressed by the challenging economic and political environment, however, organic growth of 1.4%* was achieved as a result of an increased customer base and strong data usage. In Qatar an increase in the customer base delivered service revenue growth of 27.1%*, despite a competitive pricing environment. Service revenue in Ghana grew by 29.2%* through strong gains in customer market share.

EBITDA margin declined -2.2* percentage points, driven by the service revenue decline in Australia and the challenging economic and competitive environment in Egypt, partially offset by growth in Qatar and Ghana.

Safaricom, Vodafone's associate in Kenya, grew service revenue by 13.6%*, driven by increases in customer base, voice usage and M-Pesa activity. EBITDA margin improved in the second half of the 2012 financial year through a tariff increase in October 2011, operating cost efficiencies and a strengthening of the local currency to take the margin for the 2012 financial year to 35.0%.

Non-Controlled Interests

Verizon Wireless[1,2,3]

	2012 £m	2011 £m	% change £	% change Organic
Service revenue	18,039	17,238	4.6	7.3
Revenue	20,187	18,711	7.9	10.6
EBITDA	7,689	7,313	5.1	7.9
Interest	(212)	(261)	(18.8)	
Tax[2]	(287)	(235)	22.1	
Group's share of result in VZW	4,867	4,569	6.5	9.3

In the US VZW reported 4.6 million net mobile customer additions bringing its closing mobile customer base to 93.0 million, up 5.2%.

Service revenue growth of 7.3%* continued to be driven by the expanding customer base and robust growth in data ARPU driven by increased penetration of smartphones.

EBITDA margin remained strong despite the competitive challenges and macroeconomic environment. Efficiencies in operating expenses and customer acquisition costs resulting from lower volumes were partly offset by a higher level of customer retention costs reflecting the increased demand for smartphones.

VZW's net debt at 31 March 2012 totalled US$6.4 billion[4] (31 March 2011: net debt US$9.8 billion[4]), after paying a dividend to its shareholders of US$10 billion on 31 January 2012.

Notes:
1 All amounts represent the Group's share based on its 45% equity interest, unless otherwise stated.
2 The Group's share of the tax attributable to VZW relates only to the corporate entities held by the VZW partnership and certain state taxes which are levied on the partnership. The tax attributable to the Group's share of the partnership's pre-tax profit is included within the Group tax charge.
3 Organic growth rates include the impact of a non-cash revenue adjustment which was recorded to defer previously recognised data revenue that will be earned and recognised in future periods. Excluding this the equivalent organic growth rates for service revenue, revenue, EBITDA and the Group's share of result in VZW would have been 6.8%*, 10.1%*, 6.7%* and 7.5%* respectively.
4 Net debt excludes pending credit card receipts. Comparatives are presented on a comparable basis.

Liquidity and capital resources

This section includes an analysis of net debt and other disclosures in relation to liquidity and capital resources.

Net debt

Net debt increased by £2.5 billion to £27.0 billion primarily due to the purchase of CWW and TelstraClear, share buybacks, payments to acquire spectrum, foreign exchange movements and dividend payments to equity holders, partially offset by cash generated by operations, the remaining consideration from the Group's disposal of SoftBank Mobile Corp. and the £2.4 billion income dividend from VZW.

Net debt represented 29.5% of our market capitalisation at 31 March 2013 compared to 28.6% at 31 March 2012. Average net debt at month end accounting dates over the 12 month period ended 31 March 2013 was £24.6 billion and ranged between £22.5 billion and £27.7 billion during the year.

Our consolidated net debt position at 31 March was as follows:

	2013 £m	2012 £m
Cash and cash equivalents	**7,623**	**7,138**
Short-term borrowings		
Bonds	(2,133)	(1,289)
Commercial paper[1]	(4,054)	(2,272)
Put options over non-controlling interests	(938)	–
Bank loans	(2,929)	(1,635)
Other short-term borrowings[2]	(2,235)	(1,062)
	(12,289)	**(6,258)**
Long-term borrowings		
Put options over non-controlling interests	(77)	(840)
Bonds, loans and other long-term borrowings	(29,031)	(27,522)
	(29,108)	**(28,362)**
Other financial instruments[3]	6,816	3,057
Net debt	**(26,958)**	**(24,425)**

Notes:
1 At 31 March 2013 US$3,484 million was drawn under the US commercial paper programme, and €2,006 million, US$35 million, £10 million and JPY 5 billion were drawn under the euro commercial paper programme.
2 At 31 March 2013 the amount includes £1,151 million (2012: £980 million) in relation to cash received under collateral support agreements.
3 Comprises i) mark-to-market adjustments on derivative financial instruments which are included as a component of trade and other receivables (2013: £3,032 million; 2012: £2,959 million) and trade and other payables (2013: £1,104 million; 2012: £889 million) and ii) short-term investments primarily in index linked government bonds and managed investment funds included as a component of other investments (2013: £4,888 million; 2012: £987 million).

Other unaudited financial information (continued)

Liquidity and capital resources (continued)

At 31 March 2013 we had £7,623 million of cash and cash equivalents which are held in accordance with the counterparty and settlement risk limits of the Board approved treasury policy. The main forms of liquid investment at 31 March 2013 were managed investment funds, money market funds, UK index linked government bonds, tri-party repurchase agreements and bank deposits.

The cash received from collateral support agreements mainly reflects the value of our interest rate swap portfolio which is substantially net present value positive. See note A6 for further details on these agreements.

Commercial paper programmes

We currently have US and euro commercial paper programmes of US$15 billion and £5 billion respectively which are available to be used to meet short-term liquidity requirements. At 31 March 2013 amounts external to the Group of €2,006 million (£1,693 million), US$35 million (£23 million), £10 million and JPY 5 billion (£35 million) were drawn under the euro commercial paper programme and US$3,484 million (£2,293 million) was drawn down under the US commercial paper programme, with such funds being provided by counterparties external to the Group. At 31 March 2012 €1,226 million (£1,022 million) and US$309 million (£193 million) was drawn under the euro commercial paper programme and US$1,689 million (£1,056 million) was drawn under the US commercial paper programme. The commercial paper facilities were supported by US$4.2 billion (£2.8 billion) and €4.2 billion (£3.6 billion) of syndicated committed bank facilities (see "Committed facilities" opposite). No amounts had been drawn under either bank facility.

Bonds

We have a €30 billion euro medium-term note programme and a US shelf programme which are used to meet medium- to long-term funding requirements. At 31 March 2013 the total amounts in issue under these programmes split by currency were US$21.2 billion, £2.6 billion, €8.0 billion and £0.1 billion sterling equivalent of other currencies.

In the year ended 31 March 2013 bonds with a nominal value equivalent of £5.3 billion at the relevant 31 March 2013 foreign exchange rates were issued under the US shelf. The bonds issued during the year were:

Date of bond issue	Maturity of bond	Nominal amount Million	Sterling equivalent Million
26 September 2012	26 September 2017	US$1,000	658
26 September 2012	26 September 2022	US$1,000	658
19 February 2013	19 February 2016	US$1,600	1,053
19 February 2013	19 February 2018	US$1,400	921
19 February 2013	19 February 2023	US$1,600	1,053
19 February 2013	19 February 2043	US$1,400	921

At 31 March 2013 we had bonds outstanding with a nominal value of £22,837 million (2012: £18,333 million).

Share buyback programmes

Following the disposal of the Group's entire 44% interest in SFR to Vivendi on 16 June 2011, the Group initiated a £4.0 billion share buyback programme which was completed on 6 August 2012. Under this programme the Group purchased a total of 2,330,039,575 shares at an average price per share, including transaction costs, of 171.67 pence.

On 12 November 2012 VZW declared a dividend of US$8.5 billion (£5.3 billion), of which Vodafone's share was US$3.8 billion (£2.4 billion). The Board of Vodafone therefore announced a £1.5 billion share buyback programme which commenced on receipt of the dividend in December 2012 and was initiated under the authority granted by the shareholders at the 2012 annual general meeting.

Details of the shares purchased to date, including those purchased under irrevocable instructions, are shown below:

Date of share purchase	Number of shares purchased[1] '000	Average price paid per share inclusive of transaction costs Pence	Total number of shares purchased under publicly announced share buyback programme[2] '000	Maximum value of shares that may yet be purchased under the programme[3] £m
December 2012	90,755	158.85	90,755	1,356
January 2013	118,500	164.48	209,255	1,161
February 2013	44,396	172.55	253,651	1,084
March 2013	18,000	183.98	271,651	1,051
April 2013	43,000	192.54	314,651	968
May 2013	91,750	196.05	406,401	789
Total	**406,401**	**175.06**	**406,401[4]**	**789**

Notes:
1 The nominal value of shares purchased is $11^{3}/_{7}$ US cents each.
2 No shares were purchased outside the publicly announced share buyback programme.
3 In accordance with authorities granted by shareholders in general meeting.
4 The total number of shares purchased represents 0.83% of our issued share capital, excluding treasury shares, at 20 May 2013.

Committed facilities

In aggregate we have committed facilities of approximately £15,354 million, of which £7,672 million was undrawn and £7,682 million was drawn at 31 March 2013. The following table summarises the committed bank facilities available to us at 31 March 2013.

Committed bank facilities	Amounts drawn	Terms and conditions
1 July 2010		
€4.2 billion syndicated revolving credit facility, maturing 1 July 2015	No drawings have been made against this facility. The facility supports our commercial paper programmes and may be used for general corporate purposes including acquisitions.	Lenders have the right, but not the obligation, to cancel their commitments and have outstanding advances repaid no sooner than 30 days after notification of a change of control. This is in addition to the rights of lenders to cancel their commitment if we commit an event of default; however, it should be noted that a material adverse change clause does not apply. The facility agreements provide for certain structural changes that do no affect the obligations to be specifically excluded from the definition of a change of control.
9 March 2011		
US$4.2 billion syndicated revolving credit facility, with US$0.1 billion maturing 9 March 2016 and US$4.1 billion maturing 9 March 2017	No drawings have been made against this facility. The facility supports our commercial paper programmes and may be used for general corporate purposes including acquisitions.	
16 November 2006		
€0.4 billion loan facility, maturing 14 February 2014	This facility was drawn down in full on 14 February 2007.	As the syndicated revolving credit facilities with the addition that, should our Turkish operating company spend less than the equivalent of €0.8 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 18% of the capital expenditure.
28 July 2008		
€0.4 billion loan facility, maturing 12 August 2015	This facility was drawn down in full on 12 August 2008.	As the syndicated revolving credit facilities with the addition that, should our Italian operating company spend less than the equivalent of €1.5 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 18% of the capital expenditure.
15 September 2009		
€0.4 billion loan facility, maturing 30 July 2017, for the German virtual digital subscriber line ('VDSL') project	This facility was drawn down in full on 30 July 2010.	As the syndicated revolving credit facilities with the addition that, should our German operating company spend less than the equivalent of €0.8 billion on VDSL related capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 50% of the VDSL capital expenditure.
29 September 2009		
US$0.7 billion export credit agency loan facility, final maturity date 19 September 2018	This facility is fully drawn down and is amortising.	As the syndicated revolving credit facilities with the addition that the Company was permitted to draw down under the facility based upon the eligible spend with Ericsson up until the final draw down date of 30 June 2011. Quarterly repayments of the drawn balance commenced on 30 June 2012 with a final maturity date of 19 September 2018.
8 December 2011		
€0.4 billion loan facility, maturing on the seven year anniversary of the first drawing	This facility is undrawn and has an availability period of 18 months. The facility is available for financing a project to increase the service availability of the UMTS (3G) mobile network in Italy.	As the syndicated revolving credit facilities with the addition that, should our Italian operating company spend less than the equivalent of €1.3 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure.
20 December 2011		
€0.3 billion loan facility, maturing on the seven year anniversary of the first drawing	This facility was drawn down in full on 18 September 2012.	As the syndicated revolving credit facilities with the addition that, should our Turkish and Romanian operating companies spend less than the equivalent of €1.3 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure.
4 March 2013		
€0.1 billion loan facility, maturing on the seven year anniversary of the first drawing	This facility is undrawn and has an availability period of nine months. The facility is available for financing a project to upgrade and expand the mobile telecommunications network in Turkey.	

Other unaudited financial information (continued)

Liquidity and capital resources (continued)

Furthermore, certain of our subsidiaries are funded by external facilities which are non-recourse to any member of the Group other than the borrower. These facilities may only be used to fund their operations. At 31 March 2013 Vodafone India had facilities of INR 215 billion (£2.6 billion) of which INR 207 billion (£2.5 billion) is drawn. Vodafone Egypt has partly drawn EGP 1.1 billion (£104 million) from a syndicated bank facility of EGP 3.67 billion (£355 million) that matures in March 2014. Vodacom had fully drawn facilities of ZAR 5.2 billion (£370 million), US$60 million (£40 million) and TZS 29 billion (£12 million). Vodafone Americas has a US$1.4 billion (£921 million) US private placement with a maturity of 17 August 2015 as well as a US$850 million (£559 million) US private placement with a maturity of 11 July 2016. Ghana had a facility of US$240 million (£158 million) which was fully drawn.

We believe that we have sufficient funding for our expected working capital requirements for at least the next 12 months. Further details regarding the maturity, currency and interest rates of the Group's gross borrowings at 31 March 2013 are included in note 24.

Dividends from associates and to non-controlling shareholders

Dividends from our associates are generally paid at the discretion of the Board of directors or shareholders of the individual operating and holding companies and we have no rights to receive dividends except where specified within certain of the Group's shareholders' agreements. Similarly, we do not have existing obligations under shareholders' agreements to pay dividends to non-controlling interest partners of our subsidiaries or joint ventures, except as specified below.

During the year we received distributions totalling £4.8 billion (2012: £3.8 billion) from VZW, which included a one-off US$3.8 billion (£2.4 billion) (2012: US$4.5 billion, £2.9 billion) income dividend received in December 2012 and tax distributions of £2.4 billion (2012: £965 million) which is included in dividends received from associates and investments in the cash flows reconciliation as shown on page 97. Until April 2005 VZW's distributions were determined by the terms of the partnership agreement distribution policy and comprised income distributions and tax distributions. Since April 2005 only tax distributions have been issued, with the exception of the one-off income dividends received in January and December 2012. Following the announcement of VZW's acquisition of Alltel, certain additional tax distributions were agreed in addition to the tax distributions required by the partnership agreement. These additional distributions will continue until December 2014. Current projections forecast that tax distributions will cover the US tax liabilities arising from our partnership interest in VZW.

Under the terms of the partnership agreement the VZW board has no obligation to effect additional distributions above the level of the tax distributions. However, the VZW board has agreed that it will review distributions from VZW on a regular basis. When considering whether distributions will be made each year, the VZW board will take into account its debt position, the relationship between debt levels and maturities, and overall market conditions in the context of the five year business plan.

Verizon Communications Inc. has an indirect 23.1% shareholding in Vodafone Italy and under the shareholders' agreement the shareholders have agreed to take steps to cause Vodafone Italy to pay dividends at least annually, provided that such dividends will not impair the financial condition or prospects of Vodafone Italy including, without limitation, its credit standing. During the 2013 financial year Vodafone Italy paid dividends net of withholding tax totalling €245 million (2012: €289 million) to Verizon Communications Inc.

Potential cash outflows from option agreements and similar arrangements

In respect of our interest in the VZW partnership, an option granted to Price Communications, Inc. by Verizon Communications Inc. was exercised on 15 August 2006. Under the option agreement Price Communications, Inc. exchanged its preferred limited partnership interest in VZW of the East LP for 29.5 million shares of common stock in Verizon Communications Inc. Verizon Communications Inc. has the right, but not the obligation, to contribute the preferred interest to the VZW partnership diluting our interest. However, we also have the right to contribute further capital to the VZW partnership in order to maintain our percentage partnership interest. Such amount, if contributed, would be US$0.8 billion.

In respect of our interest in Vodafone India Limited ('VIL'), Piramal Healthcare ('Piramal') acquired approximately 11% shareholding in VIL from Essar during the 2012 financial year. The agreements contemplate various exit mechanisms for Piramal including participating in an initial public offering by VIL or, if such initial public offering has not completed by 18 August 2013 or 8 February 2014 respectively or Piramal chooses not to participate in such initial public offering, Piramal selling its shareholding to the Vodafone Group in two tranches of 5.485% for an aggregate price of approximately INR 83 billion (£1.0 billion).

Off-balance sheet arrangements

We do not have any material off-balance sheet arrangements as defined in item 5.E.2. of the SEC's Form 20-F. Please refer to notes 20 and 21 for a discussion of our commitments and contingent liabilities.

Audit report on the Company financial statements

Independent auditor's report to the members of Vodafone Group Plc

We have audited the parent company financial statements of Vodafone Group Plc for the year ended 31 March 2013 which comprise the balance sheet and the related notes 1 to 11. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' statement of responsibility, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company 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 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 parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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.

Other matter

We have reported separately on the group financial statements of Vodafone Group Plc for the year ended 31 March 2013.

Panos Kakoullis FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

21 May 2013

Company balance sheet of Vodafone Group Plc

at 31 March

	Note	2013 £m	2012 £m
Fixed assets			
Shares in Group undertakings	3	65,085	65,036
Current assets			
Debtors: amounts falling due after more than one year	4	2,694	2,443
Debtors: amounts falling due within one year	4	163,548	145,584
Other investments	5	117	49
Cash at bank and in hand		83	72
		166,442	**148,148**
Creditors: amounts falling due within one year	6	(113,630)	(100,271)
Net current assets		**52,812**	**47,877**
Total assets less current liabilities		**117,897**	**112,913**
Creditors: amounts falling due after more than one year	6	(25,506)	(21,584)
		92,391	**91,329**
Capital and reserves			
Called up share capital	7	3,866	3,866
Share premium account	9	43,087	43,051
Capital redemption reserve	9	10,388	10,388
Capital reserve	9	88	88
Other reserves	9	834	946
Own shares held	9	(9,103)	(7,889)
Profit and loss account	9	43,231	40,879
Equity shareholders' funds		**92,391**	**91,329**

The Company financial statements were approved by the Board of directors on 21 May 2013 and were signed on its behalf by:

Vittorio Colao
Chief Executive

Andy Halford
Chief Financial Officer

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

Notes to the Company financial statements

1. Basis of preparation

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and UK GAAP.

The preparation of Company financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company is not presented in this annual report. These separate financial statements are not intended to give a true and fair view of the profit or loss or cash flows of the Company. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows.

The Company has taken advantage of the exemption contained in FRS 8 "Related Party Disclosures" and has not reported transactions with fellow Group undertakings.

The Company has taken advantage of the exemption contained in FRS 29 "Financial Instruments: Disclosures" and has not produced any disclosures required by that standard, as disclosures that comply with FRS 29 are available in the Vodafone Group Plc annual report for the year ended 31 March 2013.

2. Significant accounting policies

The Company's significant accounting policies are described below.

Accounting convention

The Company financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards of the UK Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Investments

Shares in Group undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity, determined using the weighted average cost method, is included in the net profit or loss for the period.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit and loss account for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss account for the period.

Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

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 by the balance sheet date.

Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that are 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 in which they are included in the Company 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.

Notes to the Company financial statements (continued)

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Company balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Capital market and bank borrowings

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception) and are subsequently measured at amortised cost using the effective interest rate method, except where they are identified as a hedged item in a fair value hedge. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowing.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

Derivative financial instruments and hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The Company designates certain derivatives as hedges of the change of fair value of recognised assets and liabilities ("fair value hedges"). Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Fair value hedges

The Company's policy is to use derivative instruments (primarily interest rate swaps) to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk arising, principally, from capital market borrowings.

The Company designates these as fair value hedges of interest rate risk with changes in fair value of the hedging instrument recognised in the profit and loss account for the period together with the changes in the fair value of the hedged item due to the hedged risk, to the extent the hedge is effective. The ineffective portion is recognised immediately in the profit and loss account.

Share-based payments

The Group operates a number of equity-settled share-based compensation plans for the employees of subsidiaries using the Company's equity instruments. The fair value of the compensation given in respect of these share-based compensation plans is recognised as a capital contribution to the Company's subsidiaries over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these share-based payments.

Dividends paid and received

Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

Pensions

The Company is the sponsoring employer of the Vodafone Group pension scheme, a defined benefit pension scheme. The Company is unable to identify its share of the underlying assets and liabilities of the Vodafone Group pension scheme on a consistent and reasonable basis. Therefore, the Company has applied the guidance within FRS 17 to account for defined benefit schemes as if they were defined contribution schemes and recognise only the contribution payable each year. The Company had no contributions payable for the years ended 31 March 2013 and 31 March 2012.

3. Fixed assets

Shares in Group undertakings

	£m
Cost:	
1 April 2012	70,667
Additions	161
Capital contributions arising from share-based payments	134
Contributions received in relation to share-based payments	(246)
31 March 2013	**70,716**
Amounts provided for:	
1 April 2012 and 31 March 2013	**5,631**
Net book value:	
31 March 2012	**65,036**
31 March 2013	**65,085**

At 31 March 2013 the Company had the following principal subsidiary:

Name	Principal activity	Country of incorporation	Percentage shareholding
Vodafone European Investments	Holding company	England	100

4. Debtors

	2013 £m	2012 £m
Amounts falling due within one year:		
Amounts owed by subsidiaries	163,238	145,200
Taxation recoverable	126	207
Other debtors	184	177
	163,548	**145,584**
Amounts falling due after more than one year:		
Deferred taxation	1	2
Other debtors	2,693	2,441
	2,694	**2,443**

5. Other investments

	2013 £m	2012 £m
Investments	117	49

6. Creditors

	2013 £m	2012 £m
Amounts falling due within one year:		
Bank loans and other loans	7,474	4,576
Amounts owed to subsidiaries	104,872	94,432
Other creditors	242	127
Accruals and deferred income	1,042	1,136
	113,630	**100,271**
Amounts falling due after more than one year:		
Other loans	24,594	20,821
Other creditors	912	763
	25,506	**21,584**

Included in amounts falling due after more than one year are other loans of £11,008 million, which are due in more than five years from 1 April 2013 and are payable otherwise than by instalments. Interest payable on these loans ranges from 2.5% to 8.125%.

Notes to the Company financial statements (continued)

7. Share capital

	2013 Number	2013 £m	2012 Number	2012 £m
Ordinary shares of 11 3/7 US cents each allotted, issued and fully paid:[1,2]				
1 April	53,815,007,289	3,866	56,811,123,429	4,082
Allotted during the year	5,379,020	–	3,883,860	–
Cancelled during the year	–	–	(3,000,000,000)	(216)
31 March	**53,820,386,309**	**3,866**	**53,815,007,289**	**3,866**

Notes:
1 50,000 (2012: 50,000) 7% cumulative fixed rate shares of £1 each were allotted, issued and fully paid by the Company.
2 At 31 March 2013 the Company held 4,901,767,844 (2012: 4,169,067,107) treasury shares with a nominal value of £352 million (2012: £299 million).

Allotted during the year

	Number	Nominal value £m	Net proceeds £m
UK share awards and option scheme awards	9,210	–	–
US share awards and option scheme awards	5,369,810	–	8
Total for share awards and option scheme awards	**5,379,020**	**–**	**8**

8. Share-based payments

The Company currently uses a number of equity settled share plans to grant options and shares to the directors and employees of its subsidiaries.

At 31 March 2013 the Company had 40 million ordinary share options outstanding (2012: 84 million) and no ADS options outstanding (2012: 1 million).

The Company has made a capital contribution to its subsidiaries in relation to share-based payments. At 31 March 2013 the cumulative capital contribution net of payments received from subsidiaries was £205 million (2012: £317 million). During the year ended 31 March 2013 the capital contribution arising from share-based payments was £134 million (2012: £143 million), with payments of £246 million (2012: £212 million) received from subsidiaries.

Full details of share-based payments, share option schemes and share plans are disclosed in note A4 to the consolidated financial statements.

9. Reserves and reconciliation of movements in equity shareholders' funds

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve £m	Other reserves £m	Own shares held £m	Profit and loss account £m	Total equity shareholders' funds £m
1 April 2012	3,866	43,051	10,388	88	946	(7,889)	40,879	91,329
Allotment of shares	–	8	–	–	–	–	–	8
Own shares released on vesting of share awards	–	–	–	–	–	287	–	287
Profit for the financial year	–	–	–	–	–	–	7,153	7,153
Dividends	–	–	–	–	–	–	(4,801)	(4,801)
Capital contribution given relating to share-based payments	–	–	–	–	134	–	–	134
Contribution received relating to share-based payments	–	–	–	–	(246)	–	–	(246)
Purchase of own shares	–	–	–	–	–	(449)	–	(449)
Commitment to purchase own shares	–	–	–	–	–	(1,026)	–	(1,026)
Other movements	–	28	–	–	–	(26)	–	2
31 March 2013	**3,866**	**43,087**	**10,388**	**88**	**834**	**(9,103)**	**43,231**	**92,391**

The profit for the financial year dealt with in the accounts of the Company is £7,153 million (2012: £16,441 million). Under English law, the amount available for distribution to shareholders is based upon the profit and loss reserve of the Company and is reduced by the amount of own shares held and is limited by statutory or other restrictions.

The auditor's remuneration for the current year in respect of audit and audit related services was £0.6 million (2012: £0.5 million) and for non-audit services was £0.1 million (2012: £0.3 million).

The directors are remunerated by the Company for their services to the Group as a whole. No remuneration was paid to them specifically in respect of their services to Vodafone Group Plc for either year. Full details of the directors' remuneration are disclosed in "Directors' remuneration" on pages 67 to 82.

There were no employees other than directors of the Company throughout the current or the preceding year.

10. Equity dividends

	2013 £m	2012 £m
Declared during the financial year:		
Final dividend for the year ended 31 March 2012: 6.47 pence per share (2012: 6.05 pence per share)	3,193	3,102
Interim dividend for the year ended 31 March 2013: 3.27 pence per share (2012: 3.05 pence per share)	1,608	1,536
Second interim dividend for the year ended 31 March 2013: £nil (2012: 4.00 pence per share)	–	2,016
	4,801	**6,654**
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the year ended 31 March 2013: 6.92 pence per share (2012: 6.47 pence per share)	3,377	3,195

11. Contingent liabilities

	2013 £m	2012 £m
Performance bonds[1]	174	165
Other guarantees and contingent liabilities	1,856	1,655

Note:
1 Performance bonds require the Company to make payments to third parties in the event that the Company or its subsidiaries do not perform what is expected of them under the terms of any related contracts.

Other guarantees and contingent liabilities

Other guarantees principally comprise the Company's guarantee of the Group's 50% share of a AUD 1.7 billion loan facility of its joint venture, Vodafone Hutchison Australia Pty Limited, and the counter indemnification by the Company of guarantees provided by an indirect subsidiary of the Company to Piramal Healthcare Limited ('Piramal') for INR 89.2 billion (£1,080 million; 2012: £1,096 million). The guarantees to Piramal were made in respect to its acquisition of approximately 11% shareholding in Vodafone India Limited ('VIL') during the 2012 financial year. The acquisition agreements dated 10 August 2011 and 28 December 2011 contemplate various exit mechanisms for Piramal including participating in an initial public offering by VIL or, if such initial public offering has not completed by 18 August 2013 or 8 February 2014 respectively or Piramal chooses not to participate in such initial public offering, Piramal selling its shareholding to the Vodafone Group in two tranches of 5.485% for an aggregate price of approximately INR 83 billion (£1.0 billion).

The Company will guarantee the debts and liabilities of certain of its UK subsidiaries at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under these guarantees as remote.

As discussed in note 21 to the consolidated financial statements the Company has covenanted to provide security in favour of the trustee of the Vodafone Group UK Pension Scheme and the Trustees of the Cable & Wireless Worldwide Retirement Plan and THUS Plc Group Scheme.

Legal proceedings

Details regarding certain legal actions which involve the Company are set out in note 21 to the consolidated financial statements.