

Financials



Reporting our financial performance

We continue to review the format of our consolidated financial statements with the aim of making them clear and easier to follow. This year, we have simplified the consolidated financial statements by moving the commentary on the primary financial statements to the strategic report at the front of the Annual Report to help with the flow of information and keep all commentary on the Group's operational performance together. We hope this format makes it easier for you to navigate to the information that is important to you.

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Directors' statement of responsibility

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations and keeping proper accounting records. Detailed below are statements made by the Directors in relation to their responsibilities, disclosure of information to the Company's auditors, going concern and management's report on internal control over financial reporting.

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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the EU and Article 4 of the EU IAS Regulations. The Directors also ensure that the consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ('IASB');
- 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 for the consolidated financial statements, 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.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the Directors, whose names and functions are listed on pages 52 and 53 confirm that, to the best of their 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 of the Group;
- the parent company financial statements, prepared in accordance with United Kingdom generally accepted accounting practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the strategic 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 the 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

The Group's business activities, performance, position and principal risks and uncertainties and how these are managed or mitigated are set out in the strategic report on pages 1 to 48.

In addition, the financial position of the Group is included within liquidity and capital resources on pages 148 to 150, "Borrowings", "Liquidity and capital resources" and "Capital and financial risk management" in notes 21, 22 and 23 respectively to the consolidated financial statements, 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.

The Group believes it adequately manages or mitigates its solvency and liquidity risks through two primary processes, described below.

Business planning process and performance management

The Group's forecasting and planning cycle consists of three in-year forecasts, a budget and a long-range plan. These generate income statement, cash flow and net debt projections for assessment by Group management and the Board.

Each forecast is compared with prior forecasts and actual results so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action where appropriate. Additional analysis is undertaken to review and sense check the key assumptions underpinning the forecasts.

Cash flow and liquidity reviews

The business planning process provides outputs for detailed cash flow and liquidity reviews, to ensure that the Group maintains adequate liquidity throughout the forecast periods. The prime output is a two year liquidity forecast which is prepared and updated on a daily basis which highlights the extent of the Group's liquidity based on controlled cash flows and the headroom under the Group's undrawn revolving credit facility ('RCF').

The key inputs into this forecast are:

- free cash flow forecasts, with the first three months inputs being sourced directly from the operating companies (analysed on a daily basis), with information beyond this taken from the latest forecast/budget cycle;
- bond and other debt maturities; and
- expectations for shareholder returns, spectrum auctions and M&A activity.

The liquidity forecast shows two scenarios assuming either maturing commercial paper is refinanced or no new commercial paper issuance. The liquidity forecast is reviewed by the Group Chief Financial Officer and included in each of his reports to the Board.

In addition, the Group continues to manage its foreign exchange and interest rate risks within the framework of policies and guidelines authorised and reviewed by the Board, with oversight provided by the Treasury Risk Committee.

Conclusion

The Group has considerable financial resources, and the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and accounts.

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 2015 based on the updated Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in 2013. Based on management's assessment, management has concluded that internal control over financial reporting was effective at 31 March 2015.

The updated Internal Control – Integrated Framework superseded the original framework from 15 December 2014. Accordingly, the new framework has been implemented during the year ended 31 March 2015. The Group's existing controls have been mapped to the five components and 17 principles in the updated Internal Control – Integrated Framework. All gaps were evaluated and, where required, additional controls identified, or existing controls enhanced.

The assessment excluded the internal controls over financial reporting relating to Grupo Corporativo Ono, S.A. ('Ono') because it became a subsidiary during the year, as described in note 28 "Acquisitions and disposals". Ono will be included in the Group's assessment at 31 March 2016. Key amounts consolidated for Ono at 31 March 2015 are total assets of £5,473 million, net assets of £2,410 million, £691 million of revenue and a loss of £313 million to the profit attributable to the owners of the parent.

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 2015 has been audited by PricewaterhouseCoopers 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 96.

By Order of the Board



Rosemary Martin
Company Secretary
19 May 2015

Report of independent registered public accounting firm

To the Board of directors and shareholders of Vodafone Group Plc

In our opinion, the accompanying consolidated statement of financial position and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows present fairly, in all material respects, the financial position of Vodafone Group Plc and its subsidiaries at 31 March 2015, and the results of their operations and their cash flows for the period ended 31 March 2015 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 31 March 2015, based on criteria established in Internal Control – Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO').

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in management's report on internal control over financial reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 authorizations of management and Directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting 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 that the degree of compliance with the policies or procedures may deteriorate.

As described in "Management's report on internal control over financial reporting", management has excluded Grupo Corporativo Ono, S.A. ('Ono') from its assessment of internal control over financial reporting as of 31 March 2015 as the combination with Ono occurred during 2015. We have also excluded Ono from our audit of internal control over financial reporting. As of 31 March 2015, the Company owned 100% of Ono's outstanding shares; Ono's total segment assets and total revenues represent 4.5% and 1.6%, respectively, of the related consolidated total assets and consolidated revenues as of and for the year ended 31 March 2015.

We also have audited the adjustments to the 2014 and 2013 financial statements to retrospectively reflect the change in presentation of the segment information, as described in note 2. Our audit procedures that were applied to the restated disclosures for comparative 2014 and 2013 reportable segments included: (i) agreeing the adjusted amounts of each segment to the underlying records obtained from management, and (ii) determining the mathematical accuracy of the reconciliations of segment amounts to the consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 and 2013 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 and 2013 financial statements taken as a whole.



PricewaterhouseCoopers LLP
London, United Kingdom

19 May 2015

Audit report on the consolidated and parent company financial statements

Independent auditors' report to the members of Vodafone Group Plc

Report on the financial statements

Our opinion

In our opinion:

- Vodafone Group Plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2015 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the 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 Group financial statements comply with IFRSs as issued by the IASB.

What we have audited

Vodafone Group Plc's financial statements comprise:

- the consolidated statement of financial position as at 31 March 2015;
- the Company balance sheet of Vodafone Group Plc as at 31 March 2015;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the reserves and reconciliation of movements in equity shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the 2015 Annual Report ('Annual Report'), rather than in the notes to the financial statements. These are cross referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRS as adopted by the European Union.

The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Overview

Strategy review

Performance

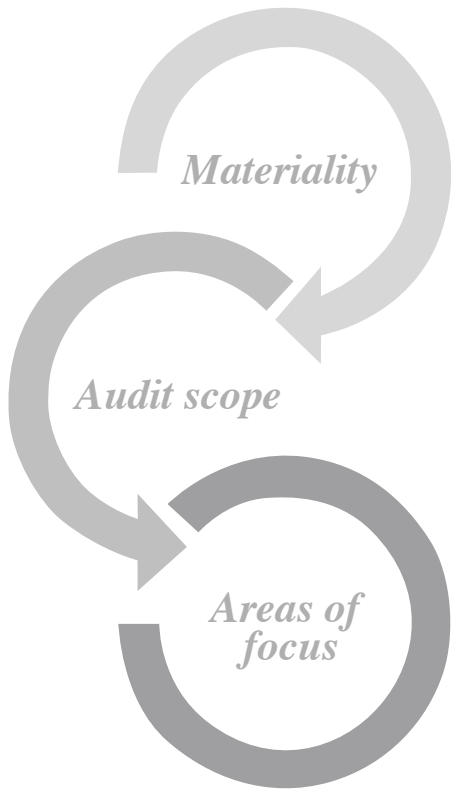
Governance

Financials

Additional information

Vodafone Group Plc
Annual Report 2015

Our audit approach
Overview



Overall Group materiality: £220 million which represents 5% of a three year average of adjusted operating profit ('AOP'). We used a three year average given the impact of Project Spring investment (refer to pages 6 to 7 in the Annual Report) in the current year to ensure that the measure is more durable over a period of time.

We identified eight local operations which, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics including UK, Spain, Italy, India, Germany and Vodacom Group Limited. The scope of work in Spain and Germany included an audit of the complete financial information of Ono and Kabel Deutschland, which were acquired in the current and prior year respectively.

Further specific audit procedures over central functions and areas of significant judgement, including taxation, goodwill, treasury and material provisions and contingent liabilities, were performed at the Group's Head Office.

- Taxation matters including a provisioning claim for withholding tax in India and the recognition and recoverability of deferred tax assets in Luxembourg and Germany.
- Carrying value of goodwill.
- Provisions and contingent liabilities.
- Revenue recognition – accuracy of revenue recorded given the complexity of systems.
- Significant one-off transactions.
- Capitalisation and asset lives.
- IT systems and controls.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<p>Taxation matters</p> <p>The Group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing, indirect taxes and transaction-related tax matters. As at 31 March 2015, the Group has current taxes payable of £599 million.</p> <p>We have focused on two matters relating to the legal claim in respect of withholding tax on the acquisition of Hutchison Essar Limited and the recognition and recoverability of deferred tax assets in Luxembourg and Germany.</p> <p>Provisioning claim for withholding tax – there continues to be uncertainty regarding the resolution of the legal claim from the Indian authorities in respect of withholding tax on the acquisition of Hutchison Essar Limited.</p> <p>Recognition and recoverability of deferred tax assets in Luxembourg and Germany – significant judgement is required in relation to the recognition and recoverability of deferred tax assets, particularly in respect of losses in Luxembourg and Germany.</p> <p>Refer to the Audit and Risk Committee Report, note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty), note 6 – Taxation and note 30 – Contingent liabilities.</p>	<p>We satisfied ourselves with the design and implementation of controls in respect of provisioning for withholding tax and the recognition and recoverability of deferred tax assets.</p> <p>We used our specialist tax knowledge to gain an understanding of the current status of the Indian tax investigation and monitored changes in the disputes by reading external advice received by the Group, where relevant, to establish that the tax provisions had been appropriately adjusted to reflect the latest external developments.</p> <p>In respect of the deferred tax assets, we assessed the recoverability of losses from a tax perspective through performing the following:</p> <ul style="list-style-type: none"> → understanding how losses arose and where they are located, including to which subgroups they are attributed; → considering whether the losses can be reversed; → assessing any restrictions on future use; and → determining whether any of the losses will expire. <p>In addition we assessed the application of International Accounting Standard 12 – Income Taxes including:</p> <ul style="list-style-type: none"> → understanding the triggers for recognition of deferred tax assets; → considering effects of tax planning strategies; and → assessing recoverability of assets against forecast income streams, including reliability of future income projections. <p>We determined that the recognition of deferred tax assets during the period was appropriate, and that the recoverability of the deferred tax assets in Luxembourg and Germany is supported by forecast future taxable profits.</p> <p>We validated the appropriateness of the related disclosures in note 6 and note 30 to the financial statements, including the enhanced disclosures made in respect of the utilisation period of deferred tax assets.</p>
<p>Carrying value of goodwill</p> <p>Vodafone Group Plc has goodwill of £22,537 million contained within 22 cash-generating units ('CGUs').</p> <p>Impairment charges to goodwill have been recognised in prior periods. With challenging trading conditions continuing in certain territories, particularly in Europe, the Group's performance and prospects could be impacted increasing the risk that goodwill is impaired.</p> <p>For the CGUs which contain goodwill, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on management's view of variables such as future average revenue per user ('ARPU'), average customer numbers and customer churn, timing and approval of future capital, spectrum and operating expenditure and the most appropriate discount rate.</p> <p>Refer to the Audit and Risk Committee Report, note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty), note 4 – Impairment losses and note 10 – Intangible assets.</p>	<p>We evaluated the appropriateness of management's identification of the Group's CGUs and tested the operating effectiveness of controls over the impairment assessment process, including indicators of impairment, noting no significant exceptions.</p> <p>Our procedures included challenging management on the suitability of the impairment model and reasonableness of the assumptions, with particular attention paid to the European businesses, through performing the following:</p> <ul style="list-style-type: none"> → benchmarking Vodafone's key market-related assumptions in management's valuation models with industry comparators and with assumptions made in the prior years including revenue and margin trends, capital expenditure on network assets and spectrum, market share and customer churn, foreign exchange rates and discount rates, against external data where available, using our valuation expertise; → testing the mathematical accuracy of the cash flow models and agreeing relevant data to Board-approved Long-Range Plans; and → assessing the reliability of management's forecast through a review of actual performance against previous forecasts. <p>We validated the appropriateness of the related disclosures in note 4 and note 10 to the financial statements, including the sensitivities provided with respect to Germany, Spain and Italy.</p> <p>Based on our procedures, we noted no exceptions and consider management's key assumptions to be within a reasonable range.</p>

Audit report on the consolidated and parent company financial statements (continued)

Area of focus	How our audit addressed the area of focus
<p>Provisions and contingent liabilities</p> <p>There are a number of threatened and actual legal, regulatory and tax cases against the Group. There is a high level of judgement required in estimating the level of provisioning required.</p> <p>Refer to the Audit and Risk Committee Report, note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty), note 17 – Provisions and note 30 – Contingent liabilities.</p>	<p>In responding to this area of focus, our procedures included the following:</p> <ul style="list-style-type: none"> → testing key controls surrounding litigation, regulatory and tax procedures; → where available, reading external legal opinions obtained by management; → meeting with regional and local management and reading of subsequent Group correspondence; → discussing open matters with the Group litigation, regulatory, general counsel and tax teams; → assessing and challenging management's conclusions through understanding precedents set in similar cases; and → circularising where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. <p>Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning at 31 March 2015 to be appropriate and at a level consistent with previous periods.</p> <p>We validated the completeness and appropriateness of the related disclosures through assessing that the disclosure of the uncertainties in note 17 and note 30 to the financial statements was sufficient.</p>
<p>Revenue recognition – accuracy of revenue recorded given the complexity of systems</p> <p>There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.).</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates.</p> <p>Refer to the Audit and Risk Committee Report and note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty).</p>	<p>In responding to this area of focus we instructed the eight local operations in Group audit scope to undertake consistent audit procedures. Our audit approach included controls testing and substantive procedures covering, in particular:</p> <ul style="list-style-type: none"> → testing the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams; → testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing included validating material journals processed between the billing system and general ledger; → performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to enterprise customer bills; and → testing cash receipts for a sample of customers back to the customer invoice. <p>We also considered the application of the Group's accounting policies to amounts billed and the accounting implications of new business models to check that Group accounting policies were appropriate for these models and were followed.</p> <p>Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.</p>
<p>Significant one-off transactions</p> <p>Accounting for acquisitions and other forms of collaboration, such as network shares, requires the exercise of judgements over the accounting and disclosure for the transactions.</p> <p>The accounting for the acquisition of Ono required a significant amount of management estimation and audit effort. Key judgements relate to the purchase price allocation to the assets and liabilities acquired and fair value and accounting policy adjustments.</p> <p>Refer to the Audit and Risk Committee Report, note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty) and note 28 – Acquisitions and disposals.</p>	<p>In responding to this area of focus, our procedures included the following:</p> <ul style="list-style-type: none"> → evaluating management's accounting papers on how IFRSs have been applied to the acquisition accounting for Ono; → evaluating the work performed by management's valuation experts including the recognition of £777 million of identified intangible assets; and → challenging management on the identification and valuation of tangible and intangible assets. <p>Based on our procedures, we noted no significant issues and are satisfied with the associated acquisition accounting.</p> <p>We validated the appropriateness of the related disclosures in note 28 to the financial statements.</p>

Area of focus	How our audit addressed the area of focus
<p>Capitalisation and asset lives</p> <p>There are a number of areas where management judgement impacts the carrying value of property, plant and equipment, software intangible assets and their respective depreciation profiles. These include:</p> <ul style="list-style-type: none"> → the decision to capitalise or expense costs; → the annual asset life review including the impact of changes in the Group's strategy; and → the timeliness of the transfer from assets in the course of construction. <p>Refer to the Audit and Risk Committee Report, note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty), note 10 – Intangible assets and note 11 – Property, plant and equipment.</p>	<p>We tested controls in place over the fixed asset cycle, evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the timeliness of the transfer of assets in the course of construction. There were no exceptions noted from our testing.</p> <p>Our detailed testing on the application of the asset life review identified no issues. In performing these procedures, we challenged the judgements made by management including:</p> <ul style="list-style-type: none"> → the nature of underlying costs capitalised as part of the cost of the network roll-out; → the appropriateness of asset lives applied in the calculation of depreciation; and → in assessing the need for accelerated depreciation given the network modernisation programme in place across Europe under Project Spring. <p>No significant issues were noted from our testing.</p>
<p>IT systems and controls</p> <p>As our audit sought to place a high level of reliance on the Group's IT systems and key internal controls upon which management rely, during our first year as the Group's auditors a high proportion of the overall audit effort was in this area. A large proportion of this work was conducted at the Group's Shared Service Centres where finance transactions are processed.</p> <p>Our work focused on key changes to systems during the year including the ongoing consolidation of the key financial ledgers onto a common ERP system and replacements to underlying billing systems in several local markets.</p> <p>In the prior year, weaknesses in certain privileged user access controls at the IT infrastructure level and balance sheet controls had been identified; our work included an evaluation of enhancements made by management in these areas.</p> <p>Our work also focused on other control enhancements undertaken by management during the current year:</p> <ul style="list-style-type: none"> → General ledger accounts – enhancements were made to controls over general ledger accounts including central reconciliation tracking, quality control measures and refined policies and procedures. → Controls over user access – a detailed review of access rights to the Group's common ERP system was conducted by management during the year, with enhancements being made to both ongoing controls and certain compliance focused tools being utilised. <p>Refer to the Audit and Risk Committee Report.</p>	<p>We conducted detailed end-to-end walkthroughs of the finance processes, identifying applicable finance systems and assessing the design effectiveness of the key internal controls. As part of this, we evaluated the consistency of the key internal controls across in-scope local operations. We then conducted testing of the operating effectiveness of these controls to obtain evidence that they operated throughout the full year.</p> <p>Where systems changed during the year, we tested IT general controls in both the legacy and new applications and the completeness and accuracy of any data migration.</p> <p>In response to both the prior year issues, and control enhancements made during the year, we performed the following:</p> <ul style="list-style-type: none"> → General ledger accounts <ul style="list-style-type: none"> → evaluated the enhancements to policies and procedures; → tested the operating effectiveness of balance sheet review controls; → performed substantive testing of key balance sheet reconciliations; and → utilised our data technology to extract and analyse the population of journals across the Group, and tested manual journals as part of our work on possible management override of controls. → Controls over user access <ul style="list-style-type: none"> → evaluated user access controls; → tested segregation of duties including assessment of alternative controls and substantive procedures; and → tested user access rights in relation to the Group's common finance ledger application ERP solution and at the infrastructure level. <p>While we identified a number of areas for improvement in controls which we discussed with the Audit and Risk Committee, we did not regard any of these as significant in the context of the Group financial statements. No control matters identified represented a material weakness in internal control.</p> <p>As a result of our work on controls we updated our planned audit approach as follows:</p> <ul style="list-style-type: none"> → we extended our controls testing to provide assurance over alternative controls and the completeness and accuracy of management information used in other key controls; and → where the enhanced controls did not operate effectively for the whole year, we updated our planned year end audit approach to include a greater level of detailed testing of transactions, particularly in relation to balance sheet reconciliations.

Audit report on the consolidated and parent company financial statements (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls including those performed at the Group's shared service centres, and the industry in which the Group operates. Our planning procedures included a review of the predecessor auditor's working papers at the Group level and at locations in scope for full Group reporting to obtain an understanding of the audit work performed on comparative balances. We also determined the type of work that needed to be performed on the individual financial statement line items, depending on risk assessment and materiality.

The Group operates in 26 countries across two divisions: "Europe" and "AMAP". In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the local operations by us, as the Group engagement team, or component auditors within PwC UK and from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those local operations to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The Group's local operations vary in size with the eight operations in Group scope (UK, Spain, Italy, India, Germany, Vodacom Group Limited, Ono and Kabel Deutschland) representing 75% and 78% of the Group's revenue and AOP respectively. We identified these eight local operations as those that, in our view, required an audit of their complete financial information, due to their size or risk characteristics. The materiality applied by the component auditors in the context of the Group audit ranged from £12 million to £100 million. These local operations are also subject to audits for local statutory purposes where their local statutory materiality ranges from £2 million to £83 million.

Specific audit procedures over certain balances and transactions were performed to give appropriate coverage of all material balances at both geographical division and Group levels. The Group engagement team visited all eight operations in scope for Group reporting during the audit cycle and the lead audit partner attended all eight audit clearance meetings (seven in person, one via conference call).

Further specific audit procedures over central functions and areas of significant judgement, including taxation, goodwill, treasury and material provisions and contingent liabilities, were performed at the Group's Head Office.

In addition, audits for local statutory purposes are performed at a further 15 locations. Where possible, the timing of local statutory audits was accelerated to align to the Group audit timetable, with significant findings reported to the Group engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£220 million (Previous auditor in 2014: £250 million).
How we determined it	5% of AOP before tax averaged over three years.
Rationale for benchmark applied	We consider this adjusted measure to be a key driver of business value and a focus for shareholders, and used a three year average given the impact of Project Spring investment (refer to pages 6 to 7 in the Annual Report) in the current year to ensure that the measure is more durable over a period of time.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £10 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 94 in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 72 to 73 with respect to internal control and risk management system and about share capital structures is consistent with the financial statements.

ISAs (UK and Ireland) reporting

Under ISAs (UK and Ireland) we are required to report to you if, in our opinion:

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <ul style="list-style-type: none"> → information in the Annual Report is: <ul style="list-style-type: none"> → materially inconsistent with the information in the audited financial statements; or → apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or → otherwise misleading. | We have no exceptions to report arising from this responsibility. |
| <ul style="list-style-type: none"> → the statement given by the Directors on page 94, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; and | We have no exceptions to report arising from this responsibility. |
| <ul style="list-style-type: none"> → the section of the Annual Report on page 63, as required by provision C.3.8 of the Code, describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee. | We have no exceptions to report arising from this responsibility. |

Adequacy of accounting records and information and 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; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' statement of responsibility set out on page 94, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

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 and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Andrew Kemp (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

19 May 2015

Notes:

- 1 The maintenance and integrity of the Vodafone Group Plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- 2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
- 3 Note that the report set out above is included for the purposes of Vodafone Group Plc's Annual Report for 2015 only and does not form part of Vodafone Group Plc's Annual Report on Form 20-F for 2015.

Consolidated income statement

for the years ended 31 March

	Note	2015 £m	2014 £m	2013 £m
Revenue	2	42,227	38,346	38,041
Cost of sales		(30,882)	(27,942)	(26,567)
Gross profit		11,345	10,404	11,474
Selling and distribution expenses		(3,455)	(3,033)	(2,860)
Administrative expenses		(5,746)	(4,245)	(4,159)
Share of results of equity accounted associates and joint ventures		(63)	278	575
Impairment losses	4	—	(6,600)	(7,700)
Other income and expense		(114)	(717)	468
Operating profit/(loss)	3	1,967	(3,913)	(2,202)
Non-operating income and expense		(19)	(149)	10
Investment income	5	883	346	305
Financing costs	5	(1,736)	(1,554)	(1,596)
Profit/(loss) before taxation		1,095	(5,270)	(3,483)
Income tax credit/(expense)	6	4,765	16,582	(476)
Profit/(loss) for the financial year from continuing operations		5,860	11,312	(3,959)
Profit for the financial year from discontinued operations	7	57	48,108	4,616
Profit for the financial year		5,917	59,420	657
Attributable to:				
— Owners of the parent		5,761	59,254	413
— Non-controlling interests ¹		156	166	244
Profit for the financial year		5,917	59,420	657
Earnings/(loss) per share				
From continuing operations:				
— Basic		21.53p	42.10p	(15.66p)
— Diluted		21.42p	41.77p	(15.66p)
Total Group:				
— Basic	8	21.75p	223.84p	1.54p
— Diluted	8	21.63p	222.07p	1.54p

Note:

1 Profit attributable to non-controlling interests solely derives from continuing operations.

Consolidated statement of comprehensive income

for the years ended 31 March

	Note	2015 £m	2014 £m	2013 £m
Profit for the financial year		5,917	59,420	657
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss in subsequent years:</i>				
Gains/(losses) on revaluation of available-for-sale investments, net of tax		4	(119)	(73)
Foreign exchange translation differences, net of tax		(6,516)	(4,104)	362
Foreign exchange (gains)/losses transferred to the income statement		(1)	1,493	1
Fair value gains transferred to the income statement		(9)	(25)	(12)
Other, net of tax		7	—	(4)
Total items that may be reclassified to profit or loss in subsequent years		(6,515)	(2,755)	274
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>				
Net actuarial (losses)/gains on defined benefit pension schemes, net of tax	6, 26	(212)	37	(182)
Total items that will not be reclassified to profit or loss in subsequent years		(212)	37	(182)
Other comprehensive (expense)/income		(6,727)	(2,718)	92
Total comprehensive (expense)/income for the year		(810)	56,702	749
Attributable to:				
— Owners of the parent		(1,076)	56,711	604
— Non-controlling interests		266	(9)	145
		(810)	56,702	749

Further details on items in the consolidated statement of comprehensive income can be found in the consolidated statement of changes in equity on page 107.

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Consolidated statement of financial position

at 31 March

	Note	31 March 2015 €m	31 March 2014 €m
Non-current assets			
Goodwill	10	22,537	23,315
Other intangible assets	10	20,953	23,373
Property, plant and equipment	11	26,603	22,851
Investments in associates and joint ventures	12	(3)	114
Other investments	13	3,757	3,553
Deferred tax assets	6	23,845	20,607
Post employment benefits	26	169	35
Trade and other receivables	15	4,865	3,270
		102,726	97,118
Current assets			
Inventory	14	482	441
Taxation recoverable		575	808
Trade and other receivables	15	8,053	8,886
Other investments	13	3,855	4,419
Cash and cash equivalents	20	6,882	10,134
Assets held for sale		–	34
		19,847	24,722
Total assets		122,573	121,840
Equity			
Called up share capital	18	3,792	3,792
Additional paid-in capital		117,054	116,973
Treasury shares		(7,045)	(7,187)
Accumulated losses		(49,471)	(51,428)
Accumulated other comprehensive income		1,815	8,652
Total attributable to owners of the parent		66,145	70,802
Non-controlling interests		1,595	1,733
Put options over non-controlling interests		(7)	(754)
Total non-controlling interests		1,588	979
Total equity		67,733	71,781
Non-current liabilities			
Long-term borrowings	21	22,435	21,454
Taxation liabilities		–	50
Deferred tax liabilities	6	595	747
Post employment benefits	26	567	584
Provisions	17	1,082	846
Trade and other payables	16	1,264	1,339
		25,943	25,020
Current liabilities			
Short-term borrowings	21	12,623	7,747
Taxation liabilities		599	873
Provisions	17	767	963
Trade and other payables	16	14,908	15,456
		28,897	25,039
Total equity and liabilities		122,573	121,840

The consolidated financial statements on pages 105 to 174 were approved by the Board of Directors and authorised for issue on 19 May 2015 and were signed on its behalf by:



Vittorio Colao
Chief Executive



Nick Read
Chief Financial Officer

Consolidated statement of changes in equity

for the years ended 31 March

	Share capital ¹ £m	Additional paid-in capital ² £m	Treasury shares £m	Retained losses £m	Currency reserve ³ £m	Pensions reserve £m	Investment reserve ⁴ £m	Revaluation surplus ⁵ £m	Other comprehensive income Other ⁶ £m	Equity share-holders' funds £m	Non-controlling interests £m	Total £m
1 April 2012	3,866	154,123	(7,841)	(84,217)	10,138	(466)	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) ⁷	—	—	—	—	—	—	(1,475)	—	(1,475)
Share-based payments	—	152 ⁸	—	—	—	—	—	—	—	152	—	152
Transactions with non-controlling interests in subsidiaries	—	—	—	(7)	—	—	—	—	—	(7)	(17)	(24)
Comprehensive income	—	—	—	413	462	(182)	(85)	—	(4)	604	145	749
Profit	—	—	—	413	—	—	—	—	—	413	244	657
OCI – before tax	—	—	—	—	482	(238)	(73)	—	(6)	165	(95)	70
OCI – taxes	—	—	—	—	(21)	56	—	—	2	37	(4)	33
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)	(88,834)	10,600	(648)	135	1,040	68	71,477	1,011	72,488
Issue or reissue of shares	—	2	194	(173)	—	—	—	—	—	23	—	23
Redemption or cancellation of shares	(74)	74	1,648	(1,648)	—	—	—	—	—	—	—	—
Capital reduction and creation of B and C shares	16,613	(37,470)	—	20,857	—	—	—	—	—	—	—	—
Cancellation of B shares	(16,613)	—	—	1,115	—	—	—	—	—	(15,498)	—	(15,498)
Share-based payments	—	88 ⁸	—	—	—	—	—	—	—	88	—	88
Transactions with non-controlling interests in subsidiaries	—	—	—	(1,451)	—	—	—	—	—	(1,451)	260	(1,191)
Comprehensive income	—	—	—	59,254	(2,436)	37	(119)	—	(25)	56,711	(9)	56,702
Profit	—	—	—	59,254	—	—	—	—	—	59,254	166	59,420
OCI – before tax	—	—	—	—	(3,932)	57	(119)	—	3	(3,991)	(172)	(4,163)
OCI – taxes	—	—	—	—	3	(20)	—	—	(3)	(20)	(3)	(23)
Transfer to the income statement	—	—	—	—	1,493	—	—	—	(25)	1,468	—	1,468
Dividends	—	—	—	(40,566)	—	—	—	—	—	(40,566)	(284)	(40,850)
Other	—	—	—	18	—	—	—	—	—	18	1	19
31 March 2014	3,792	116,973	(7,187)	(51,428)	8,164	(611)	16	1,040	43	70,802	979	71,781
Issue or reissue of shares	—	2	142	(126)	—	—	—	—	—	18	—	18
Share-based payments	—	95 ⁸	—	—	—	—	—	—	—	95	—	95
Transactions with non-controlling interests in subsidiaries	—	—	—	(756)	—	—	—	—	—	(756)	605	(151)
Comprehensive income	—	—	—	5,761	(6,627)	(212)	(5)	—	7	(1,076)	266	(810)
Profit	—	—	—	5,761	—	—	—	—	—	5,761	156	5,917
OCI – before tax	—	—	—	—	(6,842)	(269)	4	—	12	(7,095)	113	(6,982)
OCI – taxes	—	—	—	—	216	57	—	—	(5)	268	(3)	265
Transfer to the income statement	—	—	—	—	(1)	—	(9)	—	—	(10)	—	(10)
Dividends	—	—	—	(2,930)	—	—	—	—	—	(2,930)	(262)	(3,192)
Other	—	(16)	—	8	—	—	—	—	—	(8)	—	(8)
31 March 2015	3,792	117,054	(7,045)	(49,471)	1,537	(823)	11	1,040	50	66,145	1,588	67,733

Notes:

1 See note 18 "Called up share capital".

2 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.

3 The currency reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

4 The investment reserve is used to record the cumulative fair value gains and losses on available-for-sale financial assets. The cumulative gains and losses are recycled to the income statement on disposal of the assets.

5 The revaluation surplus derives from acquisitions of subsidiaries made before the Group's adoption of IFRS 3 (Revised) on 1 April 2010 and comprises the amounts arising from recognising the Group's pre-existing equity interest in the acquired subsidiary at fair value.

6 Includes the impact of the Group's cash flow hedges with £607 million net gain deferred to other comprehensive income during the year (2014: £129 million net loss) and £649 million net gain (2014: £171 million net loss) recycled to the income statement.

7 Amount for 2013 includes a commitment for the purchase of own shares of £1,026 million.

8 Includes £7 million tax credit (2014: £12 million charge; 2013: £18 million credit).

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Consolidated statement of cash flows

for the years ended 31 March

	Note	2015 £m	2014 £m	2013 £m
Net cash flow from operating activities	19	9,715	6,227	8,824
Cash flows from investing activities				
Purchase of interests in subsidiaries, net of cash acquired	28	(3,093)	(4,279)	(1,432)
Purchase of interests in associates and joint ventures		(85)	(11)	(6)
Purchase of intangible assets	10	(2,315)	(2,327)	(3,758)
Purchase of property, plant and equipment	11	(6,568)	(4,396)	(3,958)
Purchase of investments	13	(207)	(214)	(4,249)
Disposal of interests in subsidiaries, net of cash disposed		—	—	27
Disposal of interests in associates and joint ventures	12	27	34,919	—
Disposal of property, plant and equipment	11	178	79	105
Disposal of investments	13	899	1,483	1,523
Dividends received from associates and joint ventures		583	4,897	5,539
Dividends received from investments		—	10	2
Interest received		254	582	461
Net cash flow from investing activities		(10,327)	30,743	(5,746)
Cash flows from financing activities				
Issue of ordinary share capital and reissue of treasury shares	18	18	38	69
Net movement in short-term borrowings		4,722	(2,887)	1,581
Proceeds from issue of long-term borrowings		2,432	1,060	5,422
Repayment of borrowings		(4,070)	(9,788)	(1,720)
Purchase of treasury shares		—	(1,033)	(1,568)
B and C share payments		—	(14,291)	—
Equity dividends paid	9	(2,927)	(5,076)	(4,806)
Dividends paid to non-controlling shareholders in subsidiaries		(247)	(264)	(379)
Other transactions with non-controlling shareholders in subsidiaries		(718)	(111)	15
Other movements in loans with associates and joint ventures		(52)	—	168
Interest paid		(1,576)	(1,897)	(1,525)
Net cash flow used in financing activities		(2,418)	(34,249)	(2,743)
Net cash flow		(3,030)	2,721	335
Cash and cash equivalents at beginning of the financial year	20	10,112	7,506	7,001
Exchange (loss)/gain on cash and cash equivalents		(221)	(115)	170
Cash and cash equivalents at end of the financial year	20	6,861	10,112	7,506

During the year ended 31 March 2014 there were a number of material non-cash investing and financing activities that arose in relation to the disposal of our interest in Verizon Wireless, the acquisition of the remaining 23% of Vodafone Italy and the return of value to shareholders. Full details of these material non-cash transactions are included in note 28 to the consolidated financial statements.

Notes to the consolidated financial statements

1. Basis of preparation

This section describes the critical accounting judgements that management has identified as having a potentially material impact on the Group's consolidated financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the accounts, the policy is described within that note. We have also detailed below the new accounting pronouncements that we will adopt in future years and our current view of the impact they will have on our financial reporting.

The consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board ('IASB') 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. A discussion on the Group's critical accounting judgements and key sources of estimation uncertainty is detailed below. 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; they are recognised 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 incorporated and domiciled in England and Wales (registration number 1833679).

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. In determining and applying accounting policies, Directors and management are required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows; it may later be determined that a different choice may have been more appropriate.

Management has identified accounting estimates and assumptions relating to revenue recognition, taxation, business combinations and goodwill, joint arrangements, finite lived intangible assets, property, plant and equipment, post employment benefits, provisions and contingent liabilities and impairment that it considers to be critical due to their impact on the Group's financial statements. These critical accounting judgements, assumptions and related disclosures have been discussed with the Company's Audit and Risk Committee (see page 64).

Critical accounting judgements and key sources of estimation uncertainty

Revenue recognition

Arrangements with multiple deliverables

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using relative fair value principles. The fair values determined for deliverables may impact the timing of the recognition of revenue. Determining the fair value of each deliverable can require complex estimates. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering volume discounts where appropriate.

Gross versus net presentation

When the Group sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

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 involves estimation and judgement in respect of certain matters where the tax impact is uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

Resolving tax issues can take many years as it is not always within the control of the Group and often depends on the efficiency of legal processes in the relevant tax jurisdiction.

Recognition of deferred tax assets

Significant items on which the Group has exercised accounting estimation and judgement include the recognition of deferred tax assets in respect of losses in Luxembourg, Germany, Spain, India and Turkey and capital allowances in the United Kingdom.

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future.

Judgement is required when determining probable future taxable profits. The Group assesses the availability of future taxable profits using the same undiscounted five year forecasts for the Group's operations as are used in the Group's value in use calculations (see "Impairment reviews" below). Where tax losses are forecast to be recovered beyond the five year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

1. Basis of preparation (continued)

The cash flows inherent in these forecasts include the unsystematic risks of operating in the telecommunications business including the potential impacts of changes in the market structure, trends in customer pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes, such as our ability to acquire and/or renew spectrum licences.

Changes in the assumptions which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits. See note 6 "Taxation" to the consolidated financial statements.

Business combinations and goodwill

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then the difference is recorded as a gain in the income statement.

Allocation of the purchase price between finite lived assets (discussed below) and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

On transition to IFRS the Group elected not to apply IFRS 3 "Business combinations" retrospectively as the difficulty in applying these requirements to business combinations completed by the Group between incorporation and 1 April 2004 exceeded any potential benefits. Goodwill recorded before the date of transition to IFRS amounted to £78,753 million. If the Group had elected to apply IFRS 3 retrospectively it may have led to an increase or decrease in goodwill, licences, customer bases, brands and related deferred tax liabilities recognised on acquisition.

See note 28 "Acquisitions and disposals" to the consolidated financial statements for further details.

Joint arrangements

The Group participates in a number of joint arrangements where control of the arrangement is shared with one or more other parties. A joint arrangement is classified as a joint operation or as a joint venture, depending on management's assessment of the legal form and substance of the arrangement.

The classification can have a material impact on the consolidated financial statements. The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis, whereas the Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively. See note 12 "Investments in associates and joint arrangements" to the consolidated financial statements.

Finite lived intangible assets

Other intangible assets include amounts spent by the Group acquiring licences and spectrum, customer bases and brands and the costs of purchasing and developing computer software.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

Estimation of useful life

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Reducing the useful life will increase the amortisation charge in the consolidated income statement. Useful lives are periodically reviewed to ensure that they remain appropriate. The basis for determining the useful life for the most significant categories of intangible assets is discussed below.

Licence and spectrum fees

The estimated useful life is generally the term of the licence unless there is a presumption of renewal at negligible cost; this is adjusted if necessary, for example taking into account the impact of any expected changes in technology.

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.

Capitalised software

For computer software, the useful life is based on management's view, considering historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. The useful life will not exceed the duration of a licence.

Property, plant and equipment

Property, plant and equipment represents 21.7% (2014: 18.8%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the consolidated financial statements for further details.

Estimation of useful life

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated income statement.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of network infrastructure is assumed not to exceed the duration of related operating licences unless there is a reasonable expectation of renewal or an alternative future use for the asset.

Post employment benefits

Management judgement is exercised when determining the Group's liabilities and expenses arising for defined benefit pension schemes. Management is required to make assumptions regarding future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded. Further details, including a sensitivity analysis, are included in note 26 "Post employment benefits" to the consolidated financial statements.

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 30 "Contingent liabilities" to the consolidated financial statements). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

Impairment reviews

IFRS requires management to perform impairment tests annually for indefinite lived assets and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires assumptions 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 amount of future capital expenditure;
- long-term growth rates; and
- appropriate discount rates to reflect the risks involved.

Management prepares formal five year forecasts for the Group's operations, which are used to estimate their value in use. In certain developing markets ten year forecasts are used if it is considered that the fifth year of a forecast is not indicative of expected long-term future performance as operations may not have reached maturity.

For operations where five year forecasts 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 operations where ten year forecasts 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 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 reported assets and profits or losses. Further details, including a sensitivity analysis, are included in note 4 "Impairment losses" to the consolidated financial statements.

Significant accounting policies applied in the current reporting period that relate to the financial statements as a whole

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, subsidiaries controlled by the Company (see note 32 "Principal subsidiaries" to the consolidated financial statements) and joint operations that are subject to joint control (see note 12 "Investments in associates and joint arrangements" to the consolidated financial statements).

Foreign currencies

The consolidated financial statements are presented in sterling, which is the parent company's functional currency and the presentation currency of the Group. 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.

1. Basis of preparation (continued)

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 gain recognised in the consolidated income statement for the year ended 31 March 2015 is £273 million (31 March 2014: £1,688 million loss; 2013: £117 million loss). The net gains and net losses are recorded within operating profit (2015: £8 million charge; 2014: £16 million charge; 2013: £21 million charge), other income and expense and non-operating income and expense (2015: £1 million credit; 2014: £1,493 million charge; 2013: £1 million charge), investment and financing income (2015: £276 million credit; 2014: £180 million charge; 2013: £91 million charge) and income tax expense (2015: £4 million credit; 2014: £1 million credit; 2013: £4 million charge). 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.

New accounting pronouncements adopted on 1 April 2014

On 1 April 2014 the Group adopted the following new accounting policies to comply with amendments to IFRS. The accounting pronouncements, none of which are considered by the Group as significant on adoption, are:

- Amendments to IAS 32 “Offsetting financial assets and financial liabilities”;
- Amendments to IAS 39 “Novation of derivatives and continuation of hedge accounting”;
- “Improvements to IFRS 2010–2012 cycle”. All the amendments were early adopted by the Group except an amendment to IFRS 8 “Operating Segments”, which will be adopted on 1 April 2015; and
- IFRIC 21 “Leases”.

New accounting pronouncements to be adopted on 1 April 2015

The following pronouncements which are potentially relevant to the Group have been issued by the IASB are effective for annual periods beginning on or after 1 July 2014 and have been endorsed for use in the EU:

- Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”;
- “Improvements to IFRS 2010–2012 cycle” amendment to IFRS 8 “Operating Segments”; and
- “Improvements to IFRS 2011–2013 cycle”.

The Group’s financial reporting will be presented in accordance with the new standards above, which are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group, from 1 April 2015.

New accounting pronouncements to be adopted on or after 1 April 2016

On 1 April 2016 the Group will adopt “Accounting for Acquisitions of Interests in Joint Operations, Amendments to IFRS 11”, “Clarification of Acceptable Methods of Depreciation and Amortisation, Amendments to IAS 16 and IAS 38”, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, Amendments to IAS 10 and IAS 28”, “Improvements to IFRS 2012–2014 Cycle” and “Disclosure Initiative, Amendments to IAS 1” which are effective for accounting periods on or after 1 January 2016 and which have not yet been endorsed by the EU.

The Group is currently confirming the impacts of the above new pronouncements on its results, financial position and cash flows, which are not expected to be material.

IFRS 15 “Revenue from Contracts with Customers” was issued in May 2015; although it is effective for accounting periods beginning on or before 1 January 2017, the IASB has proposed to defer the mandatory adoption date by one year. IFRS 15 has not yet been adopted by the EU. IFRS 15 will have a material impact on the Group’s reporting of revenue and costs as follows:

- IFRS 15 will require the Group to identify deliverables in contracts with customers that qualify as “performance obligations”. The transaction price receivable from customers must be allocated between the Group’s performance obligations under the contracts on a relative stand-alone selling price basis. Currently revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services; this restriction will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when the Group sells subsidised devices together with airtime service agreements to customers, revenue allocated to equipment and recognised when control of the device passes to the customer will increase and revenue recognised as services are delivered will reduce.
- Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the balance sheet and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees.
- Certain costs incurred in fulfilling customer contracts will be deferred on the balance sheet under IFRS 15 and recognised as related revenue is recognised under the contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognised; currently such costs are generally expensed as incurred.

The Group is currently assessing the impact of these and other accounting changes that will arise under IFRS 15; however, the changes highlighted above are expected to have a material impact on the consolidated income statement and consolidated statement of financial position. It is expected that the Group will adopt IFRS 15 on 1 April 2018.

IFRS 9 “Financial Instruments” was issued in July 2014 to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The standard is effective for accounting periods beginning on or after 1 January 2018 with early adoption permitted but has not yet been endorsed for use in the EU. The standard will impact the classification and measurement of the Group’s financial instruments and will require certain additional disclosures. The changes to recognition and measurement of financial instruments and changes to hedge accounting rules are not currently considered likely to have any major impact on the Group’s current accounting treatment or hedging activities. The Group will not consider early adoption of IFRS 9 until the standard has been endorsed by the EU which is currently expected in the second half of 2015.

2. Segmental analysis

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

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. 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. Transactions between operating segments are charged at arm's-length prices.

In the Annual Report for the year ended 31 March 2014, the discussion of our revenues and EBITDA by segment was performed under the "management basis", which included the results of our joint ventures on proportionate basis, as this was assessed as being the most insightful presentation and was how the Group's operating performance was reviewed internally by management. For the year ended 31 March 2015 the discussion of our revenues and EBITDA by segment is performed on an IFRS basis. Following the disposal of our US Group whose principal asset was its 45% interest in Verizon Wireless and the acquisition of a 100% interest in Vodafone Italy on 21 February 2014, this is now assessed as being the most insightful presentation and reflects how the Group's operating performance was reviewed internally by management in the year ended 31 March 2015. Segmental information for the years ended 31 March 2014 and 31 March 2013 below has been restated accordingly.

Segment information is provided on the basis of geographic areas, being the basis on which the Group manages its worldwide interests, with each country in which the Group operates treated as an operating segment. The aggregation of operating segments into the Europe and AMAP regions reflects, in the opinion of management, the similar economic characteristics within each of those regions as well the similar products and services offered and supplied, classes of customers and the regulatory environment. In the case of the Europe region this largely reflects membership of the European Union, while for the AMAP region this largely includes emerging and developing economies that are in the process of rapid growth and industrialisation.

Certain financial information is provided separately within the Europe region for Germany, Italy, the UK and Spain and within the AMAP region for India and Vodacom, as these operating segments are individually material for the Group.

Accounting policies

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 receivable, 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 significant risks and rewards of ownership have transferred. 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 to return the device to receive a refund. 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 any 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: (i) the deliverable has value to the customer on a stand-alone basis and (ii) 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. Revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services. This restriction typically applies to revenue recognised for devices provided to customers, including handsets.

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.

Segmental revenue and profit

	Segment revenue £m	Intra-region revenue £m	Regional revenue £m	Inter-region revenue £m	Group revenue £m	EBITDA £m
31 March 2015						
Germany	8,467	(19)	8,448	(22)	8,426	2,670
Italy	4,641	(13)	4,628	(1)	4,627	1,537
UK	6,414	(38)	6,376	(20)	6,356	1,360
Spain	3,664	(23)	3,641	(2)	3,639	783
Other Europe	5,007	(29)	4,978	(2)	4,976	1,574
Europe	28,193	(122)	28,071	(47)	28,024	7,924
India	4,324	(11)	4,313	(15)	4,298	1,281
Vodacom	4,341	—	4,341	—	4,341	1,527
Other AMAP	4,828	—	4,828	(10)	4,818	1,289
AMAP	13,493	(11)	13,482	(25)	13,457	4,097
Common Functions	754	—	754	(8)	746	(106)
Group	42,440	(133)	42,307	(80)	42,227	11,915
31 March 2014						
Germany	8,272	(9)	8,263	(11)	8,252	2,698
Italy	522	(1)	521	—	521	182
UK	6,427	(9)	6,418	(3)	6,415	1,418
Spain	3,518	(14)	3,504	(2)	3,502	787
Other Europe	5,525	(9)	5,516	(4)	5,512	1,736
Europe	24,264	(42)	24,222	(20)	24,202	6,821
India	3,945	—	3,945	(3)	3,942	1,135
Vodacom	4,718	—	4,718	—	4,718	1,716
Other AMAP	4,810	—	4,810	(10)	4,800	1,294
AMAP	13,473	—	13,473	(13)	13,460	4,145
Common Functions	686	—	686	(2)	684	118
Group	38,423	(42)	38,381	(35)	38,346	11,084
Discontinued operations						
Verizon Wireless ¹	9,955					4,274
31 March 2013						
Germany	7,857	(25)	7,832	(6)	7,826	2,831
Italy	—	—	—	—	—	—
UK	5,150	(27)	5,123	(4)	5,119	1,210
Spain	3,904	(35)	3,869	(2)	3,867	1,021
Other Europe	7,115	(55)	7,060	(6)	7,054	2,120
Europe	24,026	(142)	23,884	(18)	23,866	7,182
India	3,907	—	3,907	(4)	3,903	1,055
Vodacom	5,206	—	5,206	—	5,206	1,891
Other AMAP	4,605	(1)	4,604	(19)	4,585	1,250
AMAP	13,718	(1)	13,717	(23)	13,694	4,196
Common Functions	481	—	481	—	481	88
Group	38,225	(143)	38,082	(41)	38,041	11,466
Discontinued operations						
Verizon Wireless ¹	21,972					8,831

Note:

1 Discontinued operations comprise our US group whose principal asset was a 45% interest in Verizon Wireless, which was sold on 21 February 2014. Refer to note 7 "Discontinued operations" to the consolidated financial statements for further details.

Total revenue recorded in respect of the sale of goods for the year ended 31 March 2015 was £3,211 million (2014: £2,660 million, 2013: £2,633 million).

The Group's measure of segment profit, EBITDA, excludes depreciation, amortisation, impairment loss, restructuring costs, loss on disposal of fixed assets, the Group's share of results in associates and joint ventures and other income and expense. A reconciliation of EBITDA to operating profit/(loss) is shown overleaf. For a reconciliation of operating profit/(loss) to profit for the financial year, see the consolidated income statement on page 105.

2. Segmental analysis (continued)

	2015 £m	2014 £m	2013 £m
EBITDA	11,915	11,084	11,466
Depreciation, amortisation and loss on disposal of fixed assets	(8,345)	(7,098)	(6,502)
Share of results in associates and joint ventures	(63)	324	626
Adjusted operating profit	3,507	4,310	5,590
Impairment loss	—	(6,600)	(7,700)
Restructuring costs	(157)	(355)	(311)
Amortisation of acquired customer based and brand intangible assets	(1,269)	(551)	(249)
Other income and expense	(114)	(717)	468
Operating profit/(loss)	1,967	(3,913)	(2,202)

Segmental assets and cash flow

	Non-current assets ¹ £m	Capital expenditure ² £m	Other expenditure on intangible assets £m	Depreciation and amortisation £m	Impairment loss £m	Operating free cash flow ³ £m
31 March 2015						
Germany	19,521	2,003	3	2,574	—	1,002
Italy	6,938	1,105	95	1,334	—	544
UK	7,759	980	15	1,363	—	200
Spain	8,154	858	—	954	—	(29)
Other Europe	8,189	1,083	193	1,017	—	543
Europe	50,561	6,029	306	7,242	—	2,260
India	8,599	882	140	863	—	332
Vodacom	4,712	745	2	566	—	762
Other AMAP	4,915	919	35	900	—	409
AMAP	18,226	2,546	177	2,329	—	1,503
Common Functions	1,306	622	1	(6)	—	(900)
Group	70,093	9,197	484	9,565	—	2,863
31 March 2014						
Germany	22,780	1,312	3	2,036	4,900	1,706
Italy	7,984	180	—	164	—	251
UK	8,031	932	—	1,290	—	621
Spain	3,653	511	—	587	800	255
Other Europe	8,736	800	273	1,047	900	980
Europe	51,184	3,735	276	5,124	6,600	3,813
India	7,824	633	1,938	828	—	812
Vodacom	4,560	663	3	593	—	1,174
Other AMAP	4,850	711	11	932	—	619
AMAP	17,234	2,007	1,952	2,353	—	2,605
Common Functions	1,121	571	—	83	—	161
Group	69,539	6,313	2,228	7,560	6,600	6,579
31 March 2013						
Germany	19,109	1,073	2	1,423	—	1,795
Italy	—	—	—	—	4,500	—
UK	8,365	601	863	888	—	788
Spain	4,599	377	—	590	3,200	505
Other Europe	9,786	993	1,335	1,291	—	1,148
Europe	41,859	3,044	2,200	4,192	7,700	4,236
India	7,388	462	130	914	—	591
Vodacom	5,668	703	10	696	—	1,345
Other AMAP	5,826	678	90	894	—	619
AMAP	18,882	1,843	230	2,504	—	2,555
Common Functions	982	405	—	(35)	—	(244)
Group	61,723	5,292	2,430	6,661	7,700	6,547

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 intangibles. Excludes licences and spectrum additions.

3 The Group's measure of segment cash flow, which primarily excludes capital expenditure, is reconciled to the closest equivalent GAAP measure cash generated by operations, on page 203.

3. Operating profit/(loss)

Detailed below are the key amounts recognised in arriving at our operating profit/(loss)

	2015 £m	2014 £m	2013 £m
Net foreign exchange losses	8	16	21
Depreciation of property, plant and equipment (note 11):			
Owned assets	5,002	3,990	3,600
Leased assets	44	48	37
Amortisation of intangible assets (note 10)	4,519	3,522	3,024
Impairment of goodwill in subsidiaries, associates and joint arrangements (note 4)	—	6,600	7,700
Negative goodwill ¹	—	—	(473)
Research and development expenditure	140	214	307
Staff costs (note 25)	4,194	3,875	3,620
Operating lease rentals payable:			
Plant and machinery	774	651	506
Other assets including fixed line rentals	1,529	1,502	1,297
Loss on disposal of property, plant and equipment	49	85	77
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(547)	(455)	(356)

Note:

1 Negative goodwill arising on the acquisition of Cable & Wireless Worldwide Plc on 27 July 2012.

The total remuneration of the Group's auditor, PricewaterhouseCoopers LLP and other member firms of PricewaterhouseCoopers International Limited, for services provided to the Group during the year ended 31 March 2015 is analysed below.

PricewaterhouseCoopers LLP was appointed as the Group's auditor for the year ended 31 March 2015. Accordingly, comparative figures in the table below for the years ended 31 March 2014 and 31 March 2013 are in respect of remuneration paid to the Group's previous auditor, Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited.

	2015 £m	2014 £m	2013 £m
Parent company	2	1	1
Subsidiaries	10	8	7
Audit fees:	12	9	8
Audit-related fees ¹	1	1	1
Other assurance services ^{2,3}	1	3	—
Tax fees ³	2	—	—
Non-audit fees:	4	4	1
Total fees	16	13	9

Notes:

1 Relates to fees for statutory and regulatory filings.

2 Amount for 2014 primarily arose from regulatory filings and shareholder documentation requirements in respect of the disposal of Verizon Wireless and the acquisition of the outstanding minority stake in Vodafone Italy.

3 At the time of the Board decision to recommend PricewaterhouseCoopers LLP as the statutory auditor for the year ended 31 March 2015 in February 2014, PricewaterhouseCoopers LLP were providing a range of services to the Group. All services that were prohibited by the Securities and Exchange Commission ('SEC') for a statutory auditor to provide, ceased by 31 March 2014. All engagements that are not prohibited by the SEC, but would not have met the Group's own internal approval policy for non-audit services, ceased by 30 June 2014 to enable a transition to alternative suppliers, where required. These services had a value of approximately £3 million through to completion and are included in the table above.

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 67.

4. Impairment losses

Impairment occurs when the carrying value of assets is greater than the present value of the net cash flows they are expected to generate. We review the carrying value of assets for each country in which we operate at least annually. For further details on our impairment review process see “Critical accounting judgements and key sources of estimation uncertainty” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

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 may not be indicative of the long-term future performance as operations may not have reached maturity. For these operations, the Group may extend 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 and 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 and an impairment loss reversal is recognised immediately in the income statement.

Impairment losses

Following our annual impairment review no impairment charges were recorded in respect of the Group's goodwill balances during the year ended 31 March 2015. The impairment losses recognised in the consolidated income statement within operating profit in respect of goodwill in the years ended 31 March 2014 and 31 March 2013 are stated below. The impairment losses were based on value in use calculations.

Cash-generating unit	Reportable segment	2015 €m	2014 €m	2013 €m
Germany	Germany	—	4,900	—
Italy	Italy	—	—	4,500
Spain	Spain	—	800	3,200
Portugal	Other Europe	—	500	—
Czech Republic	Other Europe	—	200	—
Romania	Other Europe	—	200	—
		—	6,600	7,700

Goodwill

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

	2015 €m	2014 €m
Germany	9,019	10,306
Italy	2,641	3,017
Spain	2,755	1,662
	14,415	14,985
Other	8,122	8,330
	22,537	23,315

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	<p>Budgeted EBITDA has been based on past experience adjusted for the following:</p> <ul style="list-style-type: none"> → 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 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	<p>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:</p> <ul style="list-style-type: none"> → 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	<p>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.</p> <p>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.</p>

Year ended 31 March 2015

During the year ended 31 March 2015, no impairment charges were recorded in respect of the Group's goodwill balances.

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

	Assumptions used in value in use calculation		
	Germany %	Italy %	Spain %
Pre-tax risk adjusted discount rate	8.2	10.5	9.8
Long-term growth rate	0.5	1.0	1.5
Budgeted EBITDA ¹	3.2	0.8	11.0
Budgeted capital expenditure ²	11.6–21.7	12.5–25.6	11.5–23.3

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, which excludes licences and spectrum, 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.

4. Impairment losses (continued)

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 materially exceed its recoverable amount.

The estimated recoverable amounts of the Group's operations in Germany, Italy and Spain exceed their carrying values by £2.2 billion, £1.3 billion and £0.3 billion respectively.

	Change required for carrying value to equal the recoverable amount		
	Germany pps	Italy pps	Spain pps
Pre-tax risk adjusted discount rate	0.8	1.6	0.3
Long-term growth rate	(0.9)	(1.8)	(0.3)
Budgeted EBITDA ¹	(7.3)	(7.5)	(2.6)
Budgeted capital expenditure ²	2.1	2.9	0.7

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, which excludes licences and spectrum, is expressed as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Year ended 31 March 2014

During the year ended 31 March 2014 impairment charges of £4,900 million, £800 million, £500 million, £200 million and £200 million were recorded in respect of the Group's investments in Germany, Spain, Portugal, Czech Republic and Romania respectively. The impairment charges relate solely to goodwill. The recoverable amounts of Germany, Spain, Portugal, Czech Republic and Romania were £23.0 billion, £3.3 billion, £1.3 billion, £0.6 billion and £1.2 billion respectively.

The impairment charges were driven by lower projected cash flows within the business plans resulting in our reassessment of expected future business performance in the light of current trading and economic conditions.

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

	Assumptions used in value in use calculation						
	Germany %	Italy %	Spain %	Portugal %	Czech Republic %	Romania %	Greece %
Pre-tax risk adjusted discount rate	7.7	10.5	9.9	11.1	8.0	11.0	24.3
Long-term growth rate	0.5	1.0	1.9	1.5	0.8	1.0	1.0
Budgeted EBITDA ¹	2.8	(2.2)	(0.7)	(0.8)	(0.6)	1.7	4.7
Budgeted capital expenditure ²	12.5–21.7	11.1–25.5	9.0–23.5	11.0–28.3	15.9–21.2	10.5–17.3	7.6–12.2

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, which excludes licences and spectrum, 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 believed 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 estimated recoverable amounts of the Group's operations in Germany, Italy, Spain, Portugal, Czech Republic, Romania and Greece were equal to, or not materially greater than, their carrying values; consequently, any adverse change in key assumptions would, in isolation, have caused a further impairment loss to be recognised.

The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an (increase)/decrease to the aggregate impairment loss recognised in the year ended 31 March 2014.

	Germany		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	(7.1)	4.9	(0.9)	0.8	(0.3)	0.4
Long-term growth rate	4.9	(5.2)	0.8	(0.8)	0.4	(0.2)
Budgeted EBITDA ¹	0.8	(0.8)	0.2	(0.2)	0.1	(0.1)
Budgeted capital expenditure ²	(2.4)	2.4	(0.8)	0.8	(0.2)	0.2

	Czech Republic		Romania	
	Increase by 2pps £bn	Decrease by 2pps £bn	Increase by 2pps £bn	Decrease by 2pps £bn
Pre-tax risk adjusted discount rate	(0.2)	0.2	(0.2)	0.2
Long-term growth rate	0.2	(0.2)	0.2	(0.2)
Budgeted EBITDA ¹	—	—	0.1	(0.1)
Budgeted capital expenditure 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 cash-generating units of the plans used for impairment testing.

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 recoverable amounts of Italy and Spain were £8.9 billion and £4.2 billion respectively. 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 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, which excludes licences and spectrum, 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.

The pre-tax risk adjusted discount rate used for Czech Republic was 5.6%.

4. Impairment losses (continued)

Sensitivity analysis

Other than as disclosed below, management believed 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 estimated recoverable amounts of the Group's operations in Italy, Spain, Portugal and Greece were equal to, or not materially greater than, their carrying values; consequently, any adverse change in key assumptions would, in isolation, have caused 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 cash-generating units of the plans used for impairment testing.

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

	Italy		Spain		Portugal	
	Increase by 2pps Ebn	Decrease by 2pps Ebn	Increase by 2pps Ebn	Decrease by 2pps Ebn	Increase by 2pps Ebn	Decrease by 2pps Ebn
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 cash-generating units of the plans used for impairment testing.

5. Investment income and financing costs

Investment income comprises interest received from short-term investments, bank deposits, government bonds and gains from foreign exchange contracts which are used to hedge net debt. Financing costs mainly arise from interest due on bonds and commercial paper issued, bank loans and the results of hedging transactions used to manage foreign exchange and interest rate movements.

	2015 £m	2014 £m	2013 £m
Investment income:			
Available-for-sale investments:			
Dividends received	—	10	2
Loans and receivables at amortised cost	324	184	124
Fair value through the income statement (held for trading):			
Derivatives – foreign exchange contracts	—	82	115
Other ¹	559	70	64
	883	346	305
Financing costs:			
Items in hedge relationships:			
Other loans	245	265	228
Interest rate and cross currency interest rate swaps	(123)	(196)	(184)
Fair value hedging instrument	(461)	386	(81)
Fair value of hedged item	418	(363)	112
Other financial liabilities held at amortised cost:			
Bank loans and overdrafts ²	842	557	584
Other loans ³	677	770	736
Interest credit on settlement of tax issues ⁴	(4)	(15)	(91)
Equity put rights and similar arrangements ⁵	11	143	136
Fair value through the income statement (held for trading):			
Derivatives – forward starting swaps and futures	131	1	105
Other ¹	—	6	51
	1,736	1,554	1,596
Net financing costs	853	1,208	1,291

Notes:

- 1 Amounts for 2015 include net foreign exchange gains of £526 million (2014: £21 million gain; 2013: £91 million loss) arising from net foreign exchange movements on certain intercompany balances.
- 2 The Group capitalised £142 million of interest expense in the year (2014: £3 million; 2013: £8 million).
- 3 Amounts for 2015 include net foreign exchange losses of £250 million (2014: £201 million; 2013: £nil).
- 4 Amounts for 2015, 2014 and 2013 include a reduction of the provision for potential interest on tax issues.
- 5 Includes amounts in relation to the Group's arrangements with its non-controlling interests.

6. 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.

Accounting policies

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 arrangements, 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 the Group's assessment 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.

Income tax expense

	2015 £m	2014 £m	2013 £m
United Kingdom corporation tax expense:			
Current year	—	—	—
Adjustments in respect of prior years	11	17	24
	11	17	24
Overseas current tax expense:			
Current year	846	3,114	1,062
Adjustments in respect of prior years	(149)	(25)	(249)
	697	3,089	813
Total current tax expense	708	3,106	837
Deferred tax on origination and reversal of temporary differences:			
United Kingdom deferred tax	(39)	57	(52)
Overseas deferred tax	(5,434)	(19,745)	(309)
Total deferred tax income	(5,473)	(19,688)	(361)
Total income tax (income)/expense	(4,765)	(16,582)	476

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 £6.8 billion of spectrum payments to the UK government in 2000 and 2013.

Tax on discontinued operations

	2015 £m	2014 £m	2013 £m
Tax (credit)/charge on profit from ordinary activities of discontinued operations	(57)	1,709	1,750
Tax charge relating to the gain or loss of discontinued operations	—	—	—
Total tax (credited)/charge on discontinued operations	(57)	1,709	1,750

Tax (credited)/charged directly to other comprehensive income

	2015 £m	2014 £m	2013 £m
Current tax charge	2	—	4
Deferred tax (credit)/charge	(267)	23	(37)
Total tax (credited)/charged directly to other comprehensive income	(265)	23	(33)

Tax (credited)/charged directly to equity

	2015 £m	2014 £m	2013 £m
Current tax (credit)/charge	(4)	12	(17)
Deferred tax credit	(3)	—	(1)
Total tax (credited)/charged directly to equity	(7)	12	(18)

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expense at the UK statutory tax rate of 21% (2014: 23% and 2013: 24%), and the Group's total tax expense for each year.

	2015 £m	2014 £m	2013 £m
Continuing profit/(loss) before tax as shown in the consolidated income statement	1,095	(5,270)	(3,483)
Expected income tax expense/(income) at UK statutory tax rate	230	(1,212)	(836)
Effect of different statutory tax rates of overseas jurisdictions	138	(328)	(9)
Impairment losses with no tax effect	—	1,958	2,664
Disposal of Group investments	—	211	(10)
Effect of taxation of associates and joint ventures, reported within operating profit	25	61	129
Recognition of deferred tax assets in Luxembourg and Germany ¹	(5,468)	(19,318)	—
Tax charge on rationalisation and re-organisation of non-US assets prior to VZW disposal ²	—	1,365	—
Deferred tax impact of previously unrecognised temporary differences including losses	(40)	(164)	(625)
Current tax impact of previously unrecognised temporary differences including losses	—	—	(74)
Effect of unrecognised temporary differences	342	215	(184)
Adjustments in respect of prior years	(245)	(43)	(234)
Gain on acquisition of CWW with no tax effect	—	—	(164)
Effect of secondary and irrecoverable taxes	66	37	94
Deferred tax on overseas earnings	38	4	(4)
Effect of current year changes in statutory tax rates	118	158	(2)
Expenses not deductible for tax purposes and other items	148	210	104
Tax on income derived from discontinued operations	—	418	—
Exclude taxation of associates	(117)	(154)	(373)
Income tax (income)/expense	(4,765)	(16,582)	476

Notes:

1 See commentary regarding deferred tax asset recognition on page 127.

2 Includes the US tax charge of £2,210 million on the rationalisation and reorganisation of non-US assets prior to the disposal of our interest in Verizon Wireless.

6. Taxation (continued)**Deferred tax**

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

	£m
1 April 2014	19,860
Exchange movements	(2,977)
Credited to the income statement (continuing operations)	5,473
Charged to the income statement (discontinued operations)	—
Credited directly to other comprehensive income	267
Credited directly to equity	3
Reclassifications	(12)
Arising on acquisition and disposals	636
31 March 2015	23,250

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	382	1,183	(1,355)	(61)	(233)
Intangible assets	195	107	(1,704)	13	(1,584)
Tax losses	4,866	28,080	—	(4,430)	23,650
Deferred tax on overseas earnings	(38)	—	(40)	—	(40)
Other temporary differences	68	1,695	(94)	(144)	1,457
31 March 2015	5,473	31,065	(3,193)	(4,622)	23,250

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

	£m
Deferred tax asset	23,845
Deferred tax liability	(595)
31 March 2015	23,250

At 31 March 2014, 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	(123)	993	(1,597)	(40)	(644)
Intangible assets	255	72	(1,409)	1	(1,336)
Tax losses	19,433	28,569	—	(7,418)	21,151
Deferred tax on overseas earnings	(2)	—	—	—	—
Other temporary differences	125	1,186	(343)	(154)	689
31 March 2014	19,688	30,820	(3,349)	(7,611)	19,860

At 31 March 2014 deferred tax assets and liabilities were analysed in the statement of financial position, after offset of balances within countries, as follows:

	£m
Deferred tax asset	20,607
Deferred tax liability	(747)
31 March 2014	19,860

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. We consider each issue on its merits and, where appropriate, hold 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. See note 30 "Contingent liabilities" to the consolidated financial statements.

At 31 March 2015, 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	104	64	87,246	87,414
Losses for which no deferred tax is recognised	1,124	543	16,084	17,751
	1,228	607	103,330	105,165

At 31 March 2014, 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	274	461	79,115	79,850
Losses for which no deferred tax is recognised	1,281	519	26,318	28,118
	1,555	980	105,433	107,968

Deferred tax assets on losses in Luxembourg

Included in the table above are losses of £70,576 million (2014: £73,734 million) that have arisen in Luxembourg companies, principally as a result of revaluations of those companies' investments for local GAAP purposes. These losses do not expire.

A deferred tax asset of £20,755 million (2014: £18,150 million) has been recognised in respect of these losses as we conclude it is probable that the Luxembourg entities will continue to generate taxable profits in the future against which we can utilise these losses. The Luxembourg companies income is derived from the Group's internal financing and procurement and roaming activities. We have reviewed the latest forecasts for the Luxembourg companies, including their ability to continue to generate income beyond the forecast period under the tax laws substantively enacted at the balance sheet date. The assessment also considered whether the structure of the Group would continue to allow the generation of taxable income. Based on this, we conclude that it is probable that the Luxembourg companies will continue to generate taxable income in the future.

Based on the current forecasts the losses will be fully utilised over the next 55 to 65 years. A 5%–10% change in the forecast income in Luxembourg would change the period over which the losses will be fully utilised by between two and four years. Any future changes in tax law or the structure of the Group could have a significant effect on the use of losses, including the period over which the losses are utilised.

During the current year we recognised an additional deferred tax asset of £3,341 million relating to the historic tax losses in Luxembourg as a consequence of the financing arrangements for the acquisition of Grupo Corporativo Ono, S.A. We also recognised an additional deferred tax asset of £2,127 million arising from the revaluation of investments based upon the local GAAP financial statements.

We also have £7,642 million (2014: £7,642 million) of Luxembourg losses in a former Cable & Wireless Worldwide Group company, for which no deferred tax asset has been recognised as it is uncertain whether these losses will be utilised.

Deferred tax assets on losses in Germany

The Group has tax losses of £13,600 million (2014: £15,290 million) in Germany arising on the write down of investments in Germany in 2000. The losses are available to use against both German federal and trade tax liabilities and they do not expire.

A deferred tax asset of £2,086 million (2014: £2,344 million) has been recognised in respect of these losses as we conclude it is probable that the German business will continue to generate taxable profits in the future against which we can utilise these losses. We have reviewed the latest forecasts for the German business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 32 to 37). In the period beyond the five year forecast, we have reviewed the profits inherent in the value in use calculations and based on these and our expectations for the German business, we believe it is probable the German losses will be fully utilised. Based on the current forecasts the losses will be fully utilised over the next 10 to 15 years. A 5%–10% change in the profits of the German business would change the period over which the losses will be fully utilised by up to one year.

The recognition of the additional deferred tax assets in Luxembourg and Germany in the year ended 31 March 2014 was triggered by the agreement to dispose of the US group whose principal asset was its 45% interest in Verizon Wireless, which removed significant uncertainty over the future structure of the Group including the continuation of future income streams in Luxembourg and the availability of the losses in Germany.

Other tax losses

During the year, the Group acquired Grupo Corporativo Ono, S.A. and which had tax losses of £2,375 million in Spain and which are available to offset against the future profits of the Spanish business. The losses do not expire.

A deferred tax asset of £603 million (2014: £nil) has been recognised in respect of these losses as we conclude it is probable that the Spanish business will continue to generate taxable profits in the future against which we can utilise these losses. We have reviewed the latest forecasts for the Spanish business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 32 to 37). In the period beyond the five year forecast, we have reviewed the profits inherent in the value in use calculations and based on these and our expectations for the Spanish business, we believe it is probable the losses will be fully utilised. Based on the current forecasts the losses will be fully utilised over the next eight to ten years. A 5%–10% change in the profits of the Spanish business would not significantly alter the utilisation period.

We have losses amounting to £6,735 million (2014: £6,651 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. We recognised a deferred tax asset (2014: £442 million) of these losses in the prior year.

The remaining losses relate to a number of other jurisdictions across the Group. There are also £310 million (2014: £339 million) of unrecognised other temporary differences.

6. Taxation (continued)

We hold a deferred tax liability of £40 million (2014: £nil) 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 balance sheet date (see table above). No deferred tax liability has been recognised in respect of a further £14,925 million (2014: £22,985 million) of unremitted earnings of subsidiaries, associates and joint ventures because we are 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.

7. Discontinued operations

On 21 February 2014 we completed the sale of our US group whose principal asset was its 45% interest in Verizon Wireless. The results of these discontinued operations are detailed below.

Income statement and segment analysis of discontinued operations

	2015 £m	2014 £m	2013 £m
Share of result in associates	—	3,191	6,422
Net financing income/(costs)	—	27	(56)
Profit before taxation	—	3,218	6,366
Taxation relating to performance of discontinued operations	57	(1,709)	(1,750)
Post-tax profit from discontinued operations	57	1,509	4,616

Gain on disposal of discontinued operations

	2015 £m	2014 £m	2013 £m
Gain on disposal of discontinued operations before taxation (see note 28)	—	44,996	—
Other items arising from the disposal ¹	—	1,603	—
Net gain on disposal of discontinued operations	—	46,599	—

Note:

1 Includes dividends received from Verizon Wireless after the date of the announcement of the disposal.

Profit for the financial year from discontinued operations

	2015 £m	2014 £m	2013 £m
Profit for the financial year from discontinued operations	57	1,509	4,616
Net gain on disposal of discontinued operations	—	46,599	—
Profit for the financial year from discontinued operations	57	48,108	4,616

Earnings per share from discontinued operations

	2015 Pence per share	2014 Pence per share	2013 Pence per share
— Basic	0.22p	181.74p	17.20p
— Diluted	0.21p	180.30p	17.20p

Total comprehensive income for the financial year from discontinued operations

	2015 £m	2014 £m	2013 £m
Attributable to owners of the parent	57	48,108	4,616

Cash flows from discontinued operations¹

	2015 £m	2014 £m	2013 £m
Net cash flows from operating activities	—	(2,617)	(1,464)
Net cash flows from investing activities	—	4,830	4,798
Net cash flows from financing activities	—	(2,225)	(5,164)
Net (decrease)/increase in cash and cash equivalents	—	(12)	(1,830)
Cash and cash equivalents at the beginning of the financial year	—	—	1,721
Exchange gain/(loss) on cash and cash equivalents	—	12	109
Cash and cash equivalents at the end of the financial year	—	—	—

Note:

1 During the year ended 31 March 2015, the Group received a final tax distribution from Verizon Wireless of £359 million and a taxation refund of £84 million in relation to our disposed US Group.

8. Earnings per share

Basic earnings per share is the amount of profit generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

	2015 Millions	2014 Millions	2013 Millions
Weighted average number of shares for basic earnings per share	26,489	26,472	26,831
Effect of dilutive potential shares: restricted shares and share options	140	210	—
Weighted average number of shares for diluted earnings per share	26,629	26,682	26,831

	2015 £m	2014 £m	2013 £m
Earnings for basic and diluted earnings per share	5,761	59,254	413
Basic earnings per share	21.75p	223.84p	1.54p
Diluted earnings per share	21.63p	222.07p	1.54p

On 19 February 2014, we announced a “6 for 11” share consolidation effective 24 February 2014. This had the effect of reducing the number of shares in issue from 52,821,751,216 ordinary shares (including 4,351,833,492 ordinary shares held in Treasury) as at the close of business on 18 February 2014 to 28,811,864,298 new ordinary shares in issue immediately after the share consolidation on 24 February 2014.

9. Equity dividends

Dividends are one type of shareholder return, historically paid to our shareholders in February and August.

	2015 £m	2014 £m	2013 £m
Declared during the financial year:			
Final dividend for the year ended 31 March 2014: 7.47 pence per share (2013: 6.92 pence per share, 2012: 6.47 pence per share)	1,975	3,365	3,193
Interim dividend for the year ended 31 March 2015: 3.60 pence per share (2014: 3.53 pence per share, 2013: 3.27 pence per share)	955	1,711	1,608
Special dividend for the year ended 31 March 2015: nil (2014: 172.94 US cents per share – see below, 2013: nil)	—	35,490	—
	2,930	40,566	4,801
Proposed after the end of the reporting period and not recognised as a liability:			
Final dividend for the year ended 31 March 2015: 7.62 pence per share (2014: 7.47 pence per share, 2013: 6.92 pence per share)	2,020	1,975	3,377

On 2 September 2013 Vodafone announced that it had reached agreement to dispose of its US group whose principal asset was its 45% interest in Verizon Wireless (‘VZW’) to Verizon Communications Inc. (‘Verizon’), for a total consideration of US\$130 billion (£79 billion).

At a General Meeting of the Company on 28 January 2014, shareholders approved the transactions and following completion on 21 February 2014, Vodafone shareholders received all of the Verizon shares and US\$23.9 billion (£14.3 billion) of cash (the ‘Return of Value’) totalling US\$85.2 billion (£51.0 billion).

The Return of Value was carried out in the form of a B share scheme pursuant to a Court-approved scheme of arrangement and associated reduction of capital (the ‘Scheme’). The Scheme provided shareholders (other than shareholders in the United States and certain other jurisdictions) with the flexibility to receive their proceeds as either an income or capital return. Under the Scheme, Vodafone shareholders were issued unlisted, non-voting bonus shares, which were shortly thereafter either cancelled in consideration of the relevant amount of Verizon shares and cash or the holders received the relevant amount of Verizon shares and cash in satisfaction of a special distribution on the bonus shares, depending on shareholder elections and subject to applicable securities laws.

10. Intangible assets

Our statement of financial position contains significant intangible assets, mainly in relation to goodwill and licences and spectrum. Goodwill, which arises when we acquire a business and pay a higher amount than the fair value of its net assets primarily due to the synergies we expect to create, is not amortised but is subject to annual impairment reviews. Licences and spectrum are amortised over the life of the licence. For further details see “Critical accounting judgements” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

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 not subject to amortisation but is tested for impairment or whenever there is evidence that it may be required. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

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

	Goodwill £m	Licences and spectrum £m	Computer software £m	Other £m	Total £m
Cost:					
1 April 2013	73,316	28,871	8,879	2,905	113,971
Exchange movements	(3,054)	(1,757)	(375)	(434)	(5,620)
Arising on acquisition	6,859	1,319	464	2,861	11,503
Additions	–	2,228	1,437	–	3,665
Disposals	–	(74)	(296)	–	(370)
Other	–	5	103	–	108
31 March 2014	77,121	30,592	10,212	5,332	123,257
Exchange movements	(8,756)	(1,235)	(1,036)	(542)	(11,569)
Arising on acquisition	1,634	–	48	905	2,587
Additions	–	467	1,844	17	2,328
Disposals	–	–	(464)	(12)	(476)
Other	–	(20)	11	–	(9)
31 March 2015	69,999	29,804	10,615	5,700	116,118
Accumulated impairment losses and amortisation:					
1 April 2013	48,926	12,534	6,112	2,260	69,832
Exchange movements	(1,720)	(732)	(261)	(338)	(3,051)
Amortisation charge for the year	–	1,683	1,282	557	3,522
Impairment losses	6,600	–	–	–	6,600
Disposals	–	(65)	(278)	–	(343)
Other	–	–	9	–	9
31 March 2014	53,806	13,420	6,864	2,479	76,569
Exchange movements	(6,344)	(717)	(707)	(234)	(8,002)
Amortisation charge for the year	–	1,751	1,491	1,277	4,519
Disposals	–	–	(454)	(12)	(466)
Other	–	–	8	–	8
31 March 2015	47,462	14,454	7,202	3,510	72,628
Net book value:					
31 March 2014	23,315	17,172	3,348	2,853	46,688
31 March 2015	22,537	15,350	3,413	2,190	43,490

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 £2,059 million (2014: £3,885 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	2015 £m	2014 £m
Germany	2016/2020/2025	2,843	3,743
Italy	2018/2021/2029	1,094	1,301
UK	2033	3,050	3,425
India	2015–2034	3,994	3,885
Qatar	2028/2029	987	945
Netherlands	2016/2029/2030	940	1,188

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 spectrum licences can be found on page 200.

11. 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, see “Critical accounting judgements” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

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:

Land and buildings

→ 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.

	Land and buildings £m	Equipment, fixtures and fittings £m	Total £m
Cost:			
1 April 2013	1,598	42,448	44,046
Exchange movements	(99)	(2,900)	(2,999)
Arising on acquisition	113	6,286	6,399
Additions	127	4,743	4,870
Disposals of subsidiaries	—	(15)	(15)
Disposals	(93)	(1,224)	(1,317)
Transfer of assets to joint operations	—	(672)	(672)
Other	—	(103)	(103)
31 March 2014	1,646	48,563	50,209
Exchange movements	(117)	(4,107)	(4,224)
Arising on acquisition	7	3,443	3,450
Additions	172	7,181	7,353
Disposals	(52)	(1,664)	(1,716)
Other	13	14	27
31 March 2015	1,669	53,430	55,099
Accumulated depreciation and impairment:			
1 April 2013	699	25,763	26,462
Exchange movements	(20)	(1,477)	(1,497)
Charge for the year	99	3,939	4,038
Disposals of subsidiaries	—	(15)	(15)
Disposals	(46)	(1,099)	(1,145)
Transfer of assets to joint operations	—	(476)	(476)
Other	—	(9)	(9)
31 March 2014	732	26,626	27,358
Exchange movements	(62)	(2,296)	(2,358)
Charge for the year	118	4,928	5,046
Disposals	(24)	(1,550)	(1,574)
Other	(10)	34	24
31 March 2015	754	27,742	28,496
Net book value:			
31 March 2014	914	21,937	22,851
31 March 2015	915	25,688	26,603

The net book value of land and buildings and equipment, fixtures and fittings includes £24 million and £468 million respectively (2014: £48 million and £413 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 £85 million and £1,705 million respectively (2014: £70 million and £1,617 million). Property, plant and equipment with a net book value of £nil (2014: £1 million) has been pledged as security against borrowings.

12. Investments in associates and joint arrangements

We hold interests in several associates where we have significant influence, with the most significant being Safaricom Limited following the disposal of Verizon Wireless on 21 February 2014, as well as interests in a number of joint arrangements where we share control with one or more third parties. For further details see “Critical accounting judgements” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are either joint operations or joint ventures.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the rights to the assets, and obligations for the liabilities, relating to the arrangement or that other facts and circumstances indicate that this is the case. The Group's share of assets, liabilities, revenue, expenses and cash flows 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.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

At the date of acquisition, 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 joint venture is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures 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 joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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 do not have control or joint control over those policies.

At the date of acquisition, 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 is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

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. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Joint operations

The Company's principal joint operation has share capital consisting solely of ordinary shares and is indirectly held, and principally operates in the UK. The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for all but an insignificant amount of the output to be consumed by the shareholders.

Name of joint operation	Principal activity	Country of incorporation or registration	Percentage ¹ shareholdings
Cornerstone Telecommunications Infrastructure Limited	Network infrastructure	UK	50.0

Note:

1 Effective ownership percentages of Vodafone Group Plc at 31 March 2015, rounded to the nearest tenth of one percent.

Joint ventures and associates

	2015 £m	2014 £m
Investment in joint ventures	(331)	(158)
Investment in associates	328	272
31 March	(3)	114

Joint ventures

The financial and operating activities of the Group's joint ventures are jointly controlled by the participating shareholders. The participating shareholders have rights to the net assets of the joint ventures through their equity shareholdings. Unless otherwise stated, the Company's principal joint ventures all have share capital consisting solely of ordinary shares and are all indirectly held. The country of incorporation or registration of all joint ventures is also their principal place of operation.

Name of joint venture	Principal activity	Country of incorporation or registration	Percentage ¹ shareholdings
Indus Towers Limited ²	Network infrastructure	India	42.0
Vodafone Hutchison Australia Pty Limited ³	Network operator	Australia	50.0

Notes:

1 Effective ownership percentages of Vodafone Group Plc at 31 March 2015 rounded to the nearest tenth of one percent.

2 42% of Indus Towers Limited is held by Vodafone India Limited ('VIL').

3 Vodafone Hutchison Australia Pty Limited has a year end of 31 December.

Joint ventures included the results of the Vodafone Omnitel B.V. until 21 February 2014. On 21 February 2014, the Group acquired the remaining 23.1% interest upon which date the results of the wholly-acquired entity were consolidated in the Group's financial statements.

The following table provides aggregated financial information for the Group's joint ventures as it relates to the amounts recognised in the income statement, statement of comprehensive income and statement of financial position.

	Investment in joint ventures			(Loss)/profit from continuing operations			Other comprehensive income			Total comprehensive (expense)/income		
	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m
Vodafone Omnitel B.V. ¹	—	—	8,441	—	261	731	—	—	(5)	—	261	726
Indus Towers Limited	247	373	(26)	18	21	15	—	—	—	18	21	15
Vodafone Hutchison Australia Pty Limited	(667)	(559)	(609)	(160)	(66)	(223)	1	—	3	(159)	(66)	(220)
Other	89	28	6	(9)	5	(3)	—	—	2	(9)	5	(1)
Total	(331)	(158)	7,812	(151)	221	520	1	—	—	(150)	221	520

Note:

1 Prior to 21 February 2014, the other participating shareholder held substantive veto rights such that the Group did not unilaterally control the financial and operating policies of Vodafone Omnitel B.V.

The summarised financial information for each of the Group's material equity accounted joint ventures on a 100% ownership basis is set out below.

	Vodafone Omnitel B.V. ¹			Indus Towers Limited			Vodafone Hutchison Australia Pty Limited		
	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m
Income statement and statement of comprehensive income									
Revenue	—	4,931	6,186	1,580	1,547	1,489	1,838	2,032	2,497
Depreciation and amortisation	—	(937)	(999)	(407)	(507)	(256)	(415)	(423)	(454)
Interest income	—	1	2	29	20	8	2	10	6
Interest expense	—	(15)	(6)	(75)	(124)	(103)	(228)	(212)	(191)
Income tax (expense)/income	—	(174)	(430)	(182)	39	(53)	—	1	3
Profit or loss from continuing operations	—	339	951	44	51	34	(320)	(132)	(446)
Other comprehensive (expense)/income	—	—	(6)	—	—	—	2	—	6
Total comprehensive income/(expense)	—	339	945	44	51	34	(318)	(132)	(440)
Statement of financial position									
Non-current assets	—	—	—	1,482	1,798	—	2,285	1,916	—
Current assets	—	—	—	278	423	—	424	590	—
Non-current liabilities	—	—	—	(686)	(801)	—	(3,473)	(3,150)	—
Current liabilities	—	—	—	(487)	(532)	—	(743)	(661)	—
Equity shareholders' funds	—	—	—	(587)	(888)	—	1,507	1,305	—
Cash and cash equivalents within current assets	—	—	—	6	143	—	90	60	—
Non-current liabilities excluding trade and other payables and provisions	—	—	—	(481)	(701)	—	(3,325)	(3,060)	—
Current liabilities excluding trade and other payables and provisions	—	—	—	(188)	(258)	—	(90)	(97)	—

Note:

1 Prior to 21 February 2014, the other participating shareholder held substantive veto rights such that the Group did not unilaterally control the financial and operating policies of Vodafone Omnitel B.V.

The Group received a dividend of £166 million in the year to 31 March 2015 (2014: £26 million; 2013: £46 million) from Indus Towers Limited.

Notes to the consolidated financial statements (continued)

12. Investments in associates and joint arrangements (continued)

Associates

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

Name of associate	Principal activity	Country of incorporation or registration	Percentage ¹ shareholdings
Safaricom Limited ^{2,3}	Network operator	Kenya	40.0

Notes:

1 Effective ownership percentages of Vodafone Group Plc at 31 March 2015, rounded to the nearest tenth of one percent.

2 The Group also holds two non-voting shares.

3 At 31 March 2015 the fair value of Safaricom Limited was KES 273 billion (£1,989 million) based on the closing quoted share price on the Nairobi Stock Exchange.

On 21 February 2014, the Group disposed of its 45% interest in Cellco Partnership which traded under the name Verizon Wireless. Results from discontinued operations are disclosed in note 7 "Discontinued operations" to the consolidated financial statements. The Group received £4,828 million of dividends in the year to 31 March 2014 (2013: £4,798 million) from Cellco Partnership.

The following table provides aggregated financial information for the Group's associates as it relates to the amounts recognised in the income statement, statement of comprehensive income and consolidated statement of financial position.

	Investment in associates			Profit/(loss) from continuing operations			Other comprehensive (expense)/income			Total comprehensive income/(expense)		
	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m
Cellco Partnership	—	—	38,373	—	—	—	—	(1)	—	—	3,190	6,422
Other	328	272	262	88	57	55	—	—	—	88	57	55
Total	328	272	38,635	88	57	55	—	(1)	—	88	3,247	6,477

The summarised financial information for each of the Group's material equity accounted associates on a 100% ownership basis is set out below.

	Cellco Partnership		
	2015 £m	2014 £m	2013 £m
Income statement and statement of comprehensive income			
Revenue	—	22,122	48,827
Depreciation and amortisation	—	(2,186)	(5,145)
Interest income	—	1	3
Interest expense	—	(38)	(60)
Income tax (expense)/income	—	(111)	29
Post-tax profit from discontinued operations	—	7,092	14,272
Other comprehensive expense	—	(2)	—
Total comprehensive income	—	7,090	14,272
Statement of financial position			
Non-current assets	—	—	—
Current assets	—	—	—
Non-current liabilities	—	—	—
Current liabilities	—	—	—
Equity shareholders' funds	—	—	—
Cash and cash equivalents within current assets	—	—	—
Non-current liabilities excluding trade and other payables and provisions	—	—	—
Current liabilities excluding trade and other payables and provisions	—	—	—

13. Other investments

We hold a number of other listed and unlisted investments, mainly comprising US\$5.25 billion of loan notes from Verizon Communications.

Accounting policies

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 fair value, 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.

	2015 £m	2014 £m
Included within non-current assets:		
Equity securities:		
Listed	4	13
Unlisted	222	228
Debt securities:		
Public debt and bonds	148	141
Other debt and bonds	3,383	3,171
	3,757	3,553

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 which are not quoted in an active market, are classified as loans and receivables.

Unlisted equity investments are recorded at fair value where appropriate.

Other debt and bonds includes loan notes of US\$5.25 billion (£3,547 million) issued by Verizon Communications Inc. as part of the Group's disposal of its interest in Verizon Wireless, of which US\$250 million (£168 million) is recorded within current assets. The carrying amount of these loan notes approximates fair value.

Current other investments comprise the following:

	2015 £m	2014 £m
Included within current assets:		
Debt securities:		
Public debt and bonds	982	938
Other debt and bonds	2,223	2,957
Cash and other investments held in restricted deposits	650	524
	3,855	4,419

Public debt and bonds are classified as held for trading. Cash held in restricted deposits are classified as loans and receivables and include amounts held in qualifying assets by Group insurance companies to meet regulatory requirements.

Other debt and bonds includes £2,016 million (2014: £2,809 million) of assets held for trading which include £2,016 million (2014: £1,979 million) of assets held in managed investment funds with liquidity of up to 90 days and £nil (2014: £830 million) of short-term securitised investments with original maturities of up to six months, and £38 million (2014: £144 million) of assets classified as loans and receivables comprising collateral paid on derivative financial instruments.

Current public debt and bonds include government bonds of £830 million (2014: £852 million) which consist of highly liquid index linked gilts with less than four 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.

14. Inventory

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

Accounting policies

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.

	2015 £m	2014 £m
Goods held for resale	482	441

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

	2015 £m	2014 £m	2013 £m
1 April	(88)	(89)	(92)
Exchange movements	8	6	(6)
Amounts credited/(debited) to the income statement	6	(5)	9
31 March	(74)	(88)	(89)

Cost of sales includes amounts related to inventory amounting to £5,701 million (2014: £5,340 million; 2013: £5,107 million).

15. 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.

Accounting policies

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.

	2015 £m	2014 £m
Included within non-current assets:		
Trade receivables	288	232
Amounts owed by associates and joint ventures	85	51
Other receivables	190	150
Prepayments and accrued income ¹	566	592
Derivative financial instruments	3,736	2,245
	4,865	3,270
Included within current assets:		
Trade receivables	3,944	3,627
Amounts owed by associates and joint ventures	133	68
Other receivables	930	1,233
Prepayments and accrued income ²	2,777	3,760
Derivative financial instruments	269	198
	8,053	8,886

Notes:

1 31 March 2015 amount includes prepayments of £566 million and accrued income of £nil.

2 31 March 2015 amount includes prepayments of £938 million and accrued income of £1,839 million.

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:

	2015 £m	2014 £m	2013 £m
1 April	589	770	799
Exchange movements	(60)	(67)	(10)
Amounts charged to administrative expenses	541	347	360
Trade receivables written off	(268)	(461)	(379)
31 March	802	589	770

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

	2015 £m	2014 £m
Included within "Derivative financial instruments":		
Fair value through the income statement (held for trading):		
Interest rate swaps	2,378	1,262
Cross currency interest rate swaps	218	158
Foreign exchange contracts	33	68
	2,629	1,488
Designated hedge relationships:		
Interest rate swaps	88	609
Cross currency interest rate swaps	1,288	346
	4,005	2,443

16. 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.

Accounting policies

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

	2015 £m	2014 £m
Included within non-current liabilities:		
Other payables	86	72
Accruals and deferred income ¹	284	456
Derivative financial instruments	894	811
	1,264	1,339
Included within current liabilities:		
Trade payables	5,054	4,710
Amounts owed to associates and joint ventures	44	51
Other taxes and social security payable	1,028	1,047
Other payables	621	678
Accruals and deferred income ²	8,071	8,900
Derivative financial instruments	90	70
	14,908	15,456

Notes:

1 31 March 2015 amount includes accruals of £161 million and deferred income of £123 million.

2 31 March 2015 amount includes accruals of £6,408 million and deferred income of £1,663 million.

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.

	2015 £m	2014 £m
Included within "Derivative financial instruments":		
Fair value through the income statement (held for trading):		
Interest rate swaps	672	430
Cross currency interest rate swaps	229	12
Options	11	—
Foreign exchange contracts	46	29
	958	471
Designated hedge relationships		
Interest rate swaps	10	205
Cross currency interest rate swaps	16	205
	984	881

17. 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, and is therefore often estimated. The main provisions we hold are in relation to asset retirement obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease, and claims for legal and regulatory matters. For further details see “Critical accounting judgements” in note 1 “Basis of preparation” to the consolidated financial statements.

Accounting policies

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.

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 de-commissioning. 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 see note 30 “Contingent liabilities” to the consolidated financial statements.

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.

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
1 April 2013	467	450	653	1,570
Exchange movements	(14)	(33)	(27)	(74)
Arising on acquisition	62	92	5	159
Amounts capitalised in the year	14	—	—	14
Amounts charged to the income statement	—	140	374	514
Utilised in the year – payments	(26)	(35)	(186)	(247)
Amounts released to the income statement	—	(32)	(61)	(93)
Other	(18)	(25)	9	(34)
31 March 2014	485	557	767	1,809
Exchange movements	(34)	(18)	(47)	(99)
Arising on acquisition	—	26	59	85
Amounts capitalised in the year	58	—	—	58
Amounts charged to the income statement	—	277	270	547
Utilised in the year – payments	(13)	(51)	(385)	(449)
Amounts released to the income statement	(30)	(100)	(96)	(226)
Other	—	143	(19)	124
31 March 2015	466	834	549	1,849

17. Provisions (continued)

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

31 March 2015

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
Current liabilities	14	311	442	767
Non-current liabilities	452	523	107	1,082
	466	834	549	1,849

31 March 2014

	Asset retirement obligations £m	Legal and regulatory £m	Other £m	Total £m
Current liabilities	14	271	678	963
Non-current liabilities	471	286	89	846
	485	557	767	1,809

18. Called up share capital

Called up share capital is the number of shares in issue at their par value. A number of shares were allotted during the year in relation to employee share schemes.

Accounting policies

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

	2015		2014	
	Number	£m	Number	£m
Ordinary shares of 20²⁰/21 US cents each allotted, issued and fully paid:¹				
1 April	28,811,923,128	3,792	53,820,386,309	3,866
Allotted during the year	863,970	—	1,423,737	—
Consolidated during the year ²	—	—	(24,009,886,918)	—
Cancelled during the year	—	—	(1,000,000,000)	(74)
31 March	28,812,787,098	3,792	28,811,923,128	3,792

Notes:

- At 31 March 2015, the Group held 2,300,749,013 (2014: 2,371,962,907) treasury shares with a nominal value of £303 million (2014: £312 million). The market value of shares held was £5,072 million (2014: £5,225 million). During the year, 71,213,894 (2014: 103,748,921) treasury shares were reissued under Group share option schemes.
- On 19 February 2014, we announced a "6 for 11" share consolidation effective 24 February 2014. This had the effect of reducing the number of shares in issue from 52,821,751,216 ordinary shares (including 4,351,833,492 ordinary shares held in Treasury) as at the close of business on 18 February 2014 to 28,811,864,298 new ordinary shares in issue immediately after the share consolidation on 24 February 2014.

During the year to 31 March 2014, we issued 14,732,741,283 B shares of US\$1.88477 per share and 33,737,176,433 C shares of US\$0.00001 per share as part of the Return of Value following the disposal of our US Group, whose principal asset was its 45% stake in Verizon Wireless. The B shares were cancelled as part of the Return of Value. The C shares were reclassified as deferred shares with no substantive rights as part of the Return of Value and transferred to LDC (Shares) Limited ('LDC'). On 8 May 2015, we repurchased and then subsequently cancelled all deferred shares.

Allotted during the year

	Number	Nominal value £m	Net proceeds £m
UK share awards	863,970	—	2
US share awards	—	—	—
Total share awards	863,970	—	2

19. Reconciliation of net cash flow from operating activities

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

	Notes	2015 £m	2014 £m	2013 £m
Profit for the financial year		5,917	59,420	657
Profit for the financial year from discontinued operations	7	(57)	(48,108)	(4,616)
Profit/(loss) for the financial year from continuing operations		5,860	11,312	(3,959)
Non-operating income and expense		19	149	(10)
Investment income		(883)	(346)	(305)
Financing costs		1,736	1,554	1,596
Income tax (credit)/expense	6	(4,765)	(16,582)	476
Operating profit/(loss)		1,967	(3,913)	(2,202)
Adjustments for:				
Share-based payments	27	88	92	124
Depreciation and amortisation	10, 11	9,565	7,560	6,661
Loss on disposal of property, plant and equipment	3	49	85	77
Share of result of equity accounted associates and joint ventures	12	63	(278)	(575)
Impairment losses	4	—	6,600	7,700
Other income and expense		114	620	(468)
(Increase)/decrease in inventory	14	(73)	4	56
(Increase)/decrease in trade and other receivables	15	(230)	526	(199)
(Decrease)/increase in trade and other payables	16	(1,146)	851	320
Cash generated by operations		10,397	12,147	11,494
Net tax paid		(682)	(5,920)	(2,670)
Net cash flow from operating activities		9,715	6,227	8,824

20. Cash and cash equivalents

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

Accounting policies

Cash and cash equivalents comprise cash in 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.

	2015 £m	2014 £m
Cash at bank and in hand	2,379	1,498
Money market funds	2,402	3,648
Repurchase agreements	2,000	4,799
Commercial paper	101	—
Short-term securitised investments	—	189
Cash and cash equivalents as presented in the statement of financial position	6,882	10,134
Bank overdrafts	(21)	(22)
Cash and cash equivalents as presented in the statement of cash flows	6,861	10,112

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.

Cash and cash equivalents of £1,722 million (2014: £777 million) are held in countries with restrictions on remittances but where the balances could be used to repay subsidiaries' third party liabilities. Of this balance, INR 57,863 million (£623 million) was used to settle India spectrum licence obligations on 8 April 2015.

21. 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 including bond and commercial paper issues and bank loans. 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. The Group enters into foreign exchange contracts to mitigate the impact of exchange rate movements on certain monetary items.

Accounting policies

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 designated hedge relationship. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

Carrying value and fair value information

	2015			2014		
	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	1,876	5,128	7,004	1,263	4,647	5,910
Bank overdrafts	21	—	21	22	—	22
Commercial paper	5,077	—	5,077	950	—	950
Bonds	1,297	6,684	7,981	1,783	4,465	6,248
Other liabilities ^{1,2,3}	3,863	133	3,996	3,729	110	3,839
Bonds in designated hedge relationships	489	10,490	10,979	—	12,232	12,232
	12,623	22,435	35,058	7,747	21,454	29,201

Notes:

1 At 31 March 2015, amount includes £2,542 million (2014: £1,185 million) in relation to collateral support agreements.

2 Includes a £1.3 billion (2014: £1.4 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.

3 At 31 March 2014, amount includes £882 million in relation to the Piramal Healthcare option.

Bank loans include INR 457 billion (£4.9 billion) (2014: INR 425 billion (£4.3 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 agreements between the Group, the Department of Telecommunications and the Government of India including certain share pledges of the shares within the VIL Group. 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 of debt contracted by the other entities.

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

	Sterling equivalent nominal value		Fair value		Carrying value	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Financial liabilities measured at amortised cost	10,689	5,655	10,843	5,964	10,837	5,964
Bonds:	1,265	1,756	1,309	1,771	1,297	1,783
Euro floating rate note due June 2014	—	929	—	930	—	930
4.625% sterling 350 million bond due September 2014	—	302	—	307	—	315
4.625% sterling 525 million bond due September 2014	—	525	—	534	—	538
5.125% euro 500 million bond due April 2015	361	—	362	—	379	—
6.25% euro 1,250 million bond due January 2016	904	—	947	—	918	—
Bonds in designated hedge relationships:	489	—	489	—	489	—
2.15% Japanese yen 3,000 million bond due April 2015	17	—	17	—	17	—
US dollar 700 million floating rate note due February 2016	472	—	472	—	472	—
Short-term borrowings	12,443	7,411	12,641	7,735	12,623	7,747

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

	Sterling equivalent nominal value		Fair value		Carrying value	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Financial liabilities measured at amortised cost:						
Bank loans	5,173	4,788	5,213	4,707	5,128	4,647
Other liabilities	133	110	133	110	133	110
Bonds:	6,002	4,272	6,908	4,620	6,684	4,465
5.125% euro 500 million bond due April 2015	—	413	—	432	—	435
6.25% euro 1,250 million bond due January 2016	—	1,032	—	1,020	—	943
4.75% euro 500 million bond due June 2016	268	302	283	328	287	441
6.5% euro 400 million bond due July 2017	—	330	—	351	—	347
5.375% sterling 600 million bond due December 2017	549	548	605	611	568	569
5% euro 750 million bond due June 2018	542	619	622	716	564	644
6.5% euro 700 million bond due June 2018	—	578	—	604	—	606
8.125% sterling 450 million bond due November 2018	450	450	553	558	476	480
1% euro 1,750 million bond due September 2020	1,265	—	1,283	—	1,263	—
4.65% euro 1,250 million bond January 2022	904	—	1,129	—	1,081	—
5.375% euro 500 million bond June 2022	361	—	475	—	484	—
1.875% euro 1,000 million bond due September 2025	723	—	768	—	721	—
5.625% sterling 250 million bond due December 2025	250	—	313	—	343	—
5.9% sterling 450 million bond due November 2032	450	—	592	—	656	—
2.75% euro 332 million bond due December 2034	240	—	285	—	241	—
Bonds in designated hedge relationships:	9,397	10,951	10,201	11,797	10,490	12,232
2.15% Japanese yen 3,000 million bond due April 2015	—	17	—	18	—	18
US dollar 700 million floating rate note due February 2016	—	420	—	420	—	420
5.625% US dollar 1,300 million bond due February 2017	876	779	946	874	920	836
1.625% US dollar 1,000 million bond due March 2017	674	599	679	607	672	597
1.25% US dollar 1,000 million bond due September 2017	674	599	670	594	672	597
1.5% US dollar 1,400 million bond due February 2018	943	839	942	827	941	837
4.625% US dollar 500 million bond due July 2018	337	300	367	332	375	343
5.45% US dollar 1,250 million bond due June 2019	842	749	955	859	938	833
4.375% US dollar 500 million bond due March 2021	337	300	371	322	346	296
4.65% euro 1,250 million bond due January 2022	—	1,032	—	1,213	—	1,194
5.375% euro 500 million bond due June 2022	—	413	—	509	—	536
2.5% US dollar 1,000 million bond due September 2022	674	599	654	551	667	557
2.95% US dollar 1,600 million bond due February 2023	1,078	959	1,066	903	1,121	939
5.625% sterling 250 million bond due December 2025	—	250	—	284	—	313
6.6324% euro 50 million bond due December 2028	36	41	109	93	86	81
7.875% US dollar 750 million bond due February 2030	505	450	711	603	771	698
5.9% sterling 450 million bond due November 2032	—	450	—	519	—	561
6.25% US dollar 495 million bond due November 2032	333	297	410	341	445	399
6.15% US dollar 1,700 million bond due February 2037	1,145	1,019	1,392	1,166	1,578	1,416
4.375% US dollar 1,400 million bond due February 2043	943	839	929	762	958	761
Long-term borrowings	20,705	20,121	22,455	21,234	22,435	21,454

Fair values are calculated on the basis of level 2 fair value hierarchy 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. Further information can be found in note 23 "Capital and financial risk management".

21. 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	Commercial paper £m	Bonds £m	Other liabilities £m	Loans in designated hedge relationships £m	Total £m
Within one year	1,928	5,092	1,588	3,885	873	13,366
In one to two years	831	—	610	18	1,256	2,715
In two to three years	1,090	—	831	11	2,650	4,582
In three to four years	920	—	1,191	12	626	2,749
In four to five years	862	—	135	12	1,101	2,110
In more than five years	1,660	—	4,958	115	8,118	14,851
	7,291	5,092	9,313	4,053	14,624	40,373
Effect of discount/financing rates	(287)	(15)	(1,332)	(36)	(3,645)	(5,315)
31 March 2015	7,004	5,077	7,981	4,017	10,979	35,058
Within one year	1,286	954	2,191	3,758	453	8,642
In one to two years	695	—	1,709	11	890	3,305
In two to three years	375	—	591	7	1,228	2,201
In three to four years	1,164	—	1,075	8	2,468	4,715
In four to five years	2,710	—	1,724	8	668	5,110
In more than five years	592	—	—	69	11,087	11,748
	6,822	954	7,290	3,861	16,794	35,721
Effect of discount/financing rates	(912)	(4)	(1,042)	—	(4,562)	(6,520)
31 March 2014	5,910	950	6,248	3,861	12,232	29,201

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

	2015		2014	
	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	2,647	3,537	1,284	1,442
In one to two years	5,457	4,005	2,454	3,656
In two to three years	4,179	4,617	4,489	3,920
In three to four years	1,430	1,942	5,040	3,138
In four to five years	1,145	2,164	1,729	2,137
In more than five years	13,177	17,864	14,799	12,737
	28,035	34,129	29,795	27,030

Payables and receivables are stated separately in the table above as settlement is on a gross basis. The net effect of discount/financing rates is £3,073 million (2014: £4,327 million), leaving a £3,021 million (2014: £1,562 million) net receivable in relation to financial instruments. This is split £984 million (2014: £881 million) within trade and other payables and £4,005 million (2014: £2,443 million) within trade and other receivables.

Gains and losses recognised in the hedging reserve in equity on cross currency interest rate swaps as at 31 March 2015 will be continuously released to the income statement within financing costs until the repayment of certain bonds classified as loans designated in hedge relationships in the table of maturities of non-derivative financial liabilities above.

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

	2015		2014	
	Payable £m	Receivable £m	Payable £m	Receivable £m
Sterling	11,461	12,578	8,955	9,222
Euro	8,158	6,228	5,342	11,364
US dollar	5,598	9,908	10,613	4,330
Japanese yen	594	17	589	17
Other	3,238	1,374	1,880	2,765
	29,049	30,105	27,379	27,698

Payables and receivables are stated separately in the table above as settlement is on a gross basis. The net effect of discount/financing rates is £192 million (2014: £7 million), leaving a £1,248 million (2014: £326 million) net receivable in relation to foreign exchange financial instruments. This is split £291 million (2014: £246 million) within trade and other payables and £1,539 million (2014: £572 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 included within other liabilities and is analysed as follows:

	2015 £m	2014 £m
Within one year	14	21
In two to five years	40	34
In more than five years	85	69

Interest rate and currency of borrowings is as follows:

Currency	Total borrowings £m	Floating rate borrowings £m	Fixed rate borrowings ¹ £m	Other borrowings ² £m
Sterling	2,108	55	2,046	7
Euro	19,531	4,252	13,972	1,307
US dollar	7,962	7,782	180	—
Other	5,457	2,898	2,559	—
31 March 2015	35,058	14,987	18,757	1,314
Sterling	2,801	885	1,910	6
Euro	16,225	4,557	10,220	1,448
US dollar	4,537	4,330	207	—
Other	5,638	2,768	1,988	882
31 March 2014	29,201	12,540	14,325	2,336

Notes:

- 1 The weighted average interest rate for the Group's sterling denominated fixed rate borrowings is 6.3% (2014: 5.7%). The weighted average time for which these rates are fixed is 8.1 years (2014: 2.5 years). The weighted average interest rate for the Group's euro denominated fixed rate borrowings is 3.4% (2014: 4.4%). The weighted average time for which the rates are fixed is 7.5 years (2014: 2.6 years). The weighted average interest rate for the Group's US dollar denominated fixed rate borrowings is 2.8% (2014: 2.9%). The weighted average time for which the rates are fixed is 3.5 years (2014: 5.7 years). The weighted average interest rate for the Group's other currency fixed rate borrowings is 9.6% (2014: 10.2%). The weighted average time for which the rates are fixed is 0.6 years (2014: 1.4 years).
- 2 At 31 March 2015 other borrowings of £1,314 million (2014: £2,336 million) include a £1.3 billion (2014: £1.4 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.

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.

	2015 US\$ ¹		2014 US\$ ¹		2015 EUR ¹		2014 EUR ¹	
	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	—	—	—	(5,722)	(2,282)	655	(3,716)	5,814
In one to two years	—	—	—	(5,722)	1,659	—	(619)	5,814
In two to three years	—	—	—	(5,722)	3,000	—	1,726	5,814
In three to four years	—	—	—	(3,744)	1,687	—	4,979	3,806
In four to five years	—	—	—	(2,755)	(20)	4,782	103	2,802
In more than five years ²	—	—	—	(2,605)	—	(5,258)	—	2,207

Notes:

- 1 In the table above, figures shown as positive indicate an increase in fixed interest debt and figures shown in brackets indicate a reduction in fixed interest debt.
- 2 Figures shown as "in more than five years" relate to the periods from March 2020 to December 2043 (2014: March 2019 to December 2043).

21. Borrowings (continued)**Borrowing facilities****Committed facilities expiry**

	2015		2014	
	Drawn £m	Undrawn £m	Drawn £m	Undrawn £m
Within one year	1,065	—	590	70
In one to two years	431	—	451	13
In two to three years	736	—	171	2,643
In three to four years	757	573	565	35
In four to five years	317	2,790	—	3,188
In more than five years	1,065	3,257	1,728	582
31 March	4,371	6,620	3,505	6,531

At 31 March 2015, the Group's most significant committed facilities comprised two revolving credit facilities which remained undrawn throughout the year of US\$3.9 billion (£2.6 billion) and €3.9 billion (£2.8 billion) maturing in five years. 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 Group's drawn facilities obtained in relation to projects in its Italian, German, Turkish and Romanian operations of €1.6 billion in aggregate (£1.2 billion) and the undrawn facilities in the Group's UK and Irish operations totalling £0.5 billion and the undrawn facility in the German operation of €0.4 billion (£0.3 million) are similar to those of the US dollar and euro revolving credit facilities. Further information on these facilities can be found in note 22 "Liquidity and capital resources".

22. Liquidity and capital resources

This section includes an analysis of net debt, which we use to manage capital, and committed borrowing facilities.

Net debt

Net debt was £22.3 billion at 31 March 2015 and includes liabilities for amounts payable under the domination agreement in relation to Kabel Deutschland (£1.3 billion) and deferred spectrum licence costs in India (£1.8 billion). This increased by £8.5 billion in the year as a result of the acquisition of Grupo Corporativo Ono, S.A., payments for spectrum licences and equity shareholders dividends which outweighed favourable foreign exchange movements and positive free cash flow.

Net debt represented 35.1% of our market capitalisation at 31 March 2015 compared to 23.5% at 31 March 2014. Average net debt at month end accounting dates over the 12 month period ended 31 March 2015 was £19.8 billion and ranged between net debt of £14.1 billion and £22.9 billion.

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

	2015 £m	2014 £m
Cash and cash equivalents	6,882	10,134
Short-term borrowings		
Bonds	(1,786)	(1,783)
Commercial paper ¹	(5,077)	(950)
Put options over non-controlling interests ²	(1,307)	(2,330)
Bank loans	(1,876)	(1,263)
Other short-term borrowings ³	(2,577)	(1,421)
	(12,623)	(7,747)
Long-term borrowings		
Put options over non-controlling interests	(7)	(6)
Bonds, loans and other long-term borrowings	(22,428)	(21,448)
	(22,435)	(21,454)
Other financial instruments ⁴	5,905	5,367
Net debt	(22,271)	(13,700)

Notes:

- At 31 March 2015 US\$3,321 million was drawn under the US commercial paper programme and €3,928 million was drawn under the euro commercial paper programme.
- Includes a £1.3 billion (2014: £1.4 billion) liability for payments due to holders of the equity shares in Kabel Deutschland AG under the terms of a domination and profit and loss transfer agreement.
- At 31 March 2015 the amount includes £2,542 million (2014: £1,185 million) in relation to cash received under collateral support agreements.
- Comprises mark-to-market adjustments on derivative financial instruments which are included as a component of trade and other receivables (2015: £4,005 million; 2014: £2,443 million) and trade and other payables (2015: £984 million; 2014: £881 million) and short-term investments primarily in index linked government bonds and managed investment funds included as a component of other investments (2015: £2,884 million; 2014: £3,805 million).

At 31 March 2015 we had £6,882 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 2015 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 and cross currency interest rate swap portfolios which are substantially net present value positive. See note 23 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 2015 amounts external to the Group of €3,928 million (£2,839 million) were drawn under the euro commercial paper programme and US\$3,321 million (£2,237 million) were drawn down under the US commercial paper programme, with such funds being provided by counterparties external to the Group. At 31 March 2014 amounts external to the Group of €731 million (£604 million) were drawn under the euro commercial paper programme and US\$578 million (£346 million) were drawn down under the US commercial paper programme, with such funds being provided by counterparties external to the Group.

The commercial paper facilities were supported by US\$3.9 billion (£2.6 billion) and €3.9 billion (£2.8 billion) of syndicated committed bank facilities (see "Committed facilities" below). 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 2015 the total amounts in issue under these programmes split by currency were US\$14.6 billion, £1.7 billion and €7.8 billion.

At 31 March 2015 we had bonds outstanding with a nominal value of £17,153 million (2014: £16,979 million). In the year ended 31 March 2015 bonds with a nominal value equivalent of £2.2 billion were issued under the US shelf. The bonds issued in the year were:

Date of bond issue	Maturity of bond	Nominal amount €m	Sterling equivalent £m
11 September 2014	11 September 2020	1,750	1,265
11 September 2014	11 September 2025	1,000	723
1 December 2014	1 December 2034	332	240

Own shares

The Group held a maximum of 2,371,948,109 of its own shares during the year which represented 8.2% of issued share capital at that time.

Committed facilities

In aggregate we have committed facilities of approximately £10,991 million, of which £6,620 million was undrawn and £4,371 million was drawn at 31 March 2015. The following table summarises the committed bank facilities available to us at 31 March 2015.

Committed bank facilities	Amounts drawn	Terms and conditions
28 March 2014		
€3.9 billion syndicated revolving credit facility, maturing 28 March 2020.	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.	<p>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.</p> <p>The facility matures on 28 March 2020, with each lender having the option to extend the Facility for a further year prior to the second anniversary of the Facility, if requested by the Company.</p>
27 February 2015		
US\$3.9 billion syndicated revolving credit facility, maturing 27 February 2020.	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.	<p>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.</p> <p>The facility matures on 27 February 2020, with each lender having the option to (i) extend the Facility for a further year prior to the first anniversary of the Facility and should such extension be exercised, to (ii) extend the Facility for a further year prior to the second anniversary of the Facility, in both cases if requested by the Company.</p>
27 November 2013		
£0.5 billion loan facility, maturing 12 December 2021.	This facility was drawn down in full in euros, as allowed by the terms of the facility, on 12 December 2014.	As the syndicated revolving credit facilities with the addition that, should our UK and Irish operating companies spend less than the equivalent of £0.9 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure.

Notes to the consolidated financial statements (continued)

22. Liquidity and capital resources (continued)

Committed bank facilities	Amounts drawn	Terms and conditions
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.	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 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 5 June 2020.	This facility was drawn down in full on 5 June 2013.	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 18 September 2019.	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 4 December 2020.	This facility was drawn down in full on 4 December 2013.	
2 December 2014		
US\$0.85 billion loan facility, maturing 2 June 2018.	This facility is undrawn and has an availability period of six months.	As the syndicated revolving credit facilities with the addition that the expenditure should be spent on projects involving Canadian domiciled entities.
17 December 2014		
€0.35 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 to finance a project to upgrade and expand the mobile network in Germany.	As the syndicated revolving credit facilities with the addition that, should our German operating company spend less than the equivalent of €0.7 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure.

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 2015 Vodafone India had facilities of INR 233 billion (€2.5 billion) of which INR 233 billion (€2.5 billion) was drawn. Vodafone Egypt had an undrawn revolving credit facility of EGP 4.0 billion (€353 million). Vodacom had fully drawn facilities of ZAR 1.0 billion (€55 million). Ghana had external facilities of US\$143 million (€96 million) and GHS 60 million (€11.0 million) both of which were 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 2015 are included in note 21 "Borrowings".

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, other than ongoing dividend obligations to the KDG minority shareholders should they continue to hold their minority stake, we do not have existing obligations under shareholders' agreements to pay dividends to non-controlling interest partners of our subsidiaries or joint ventures.

The amount of dividends received and paid in the year are disclosed in the consolidated statement of cash flows.

Potential cash outflows from option agreements and similar arrangements

Under the terms of the sale and purchase agreement governing the disposal of the US Group, including the 45% interest in Verizon Wireless, the Group retains the responsibility for any tax liabilities of the US Group, excluding those relating to the Verizon Wireless partnership, for periods up to the completion of the transaction on 21 February 2014.

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 29 and 30 for a discussion of our commitments and contingent liabilities.

23. 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.

Accounting policies

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.

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.

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.

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 unless designated in an effective cash flow hedge relationship or a hedge of a net investment in foreign operations when changes in value are deferred to other comprehensive income or equity respectively. 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"); or
- hedges of highly probable forecast transactions or hedges of foreign currency or interest rate risks 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.

23. Capital and financial risk management (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, cross currency swaps 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.

Capital management

The following table summarises the capital of the Group:

	2015 £m	2014 £m
Financial assets:		
Cash and cash equivalents	(6,882)	(10,134)
Fair value through the income statement (held for trading)	(5,513)	(5,293)
Derivative instruments in designated hedge relationships	(1,376)	(955)
Financial liabilities:		
Fair value through the income statements (held for trading)	958	471
Derivative instruments in designated hedge relationships	26	410
Financial liabilities held at amortised cost	35,058	29,201
Net debt	22,271	13,700
Equity	67,733	71,781
Capital	90,004	85,481

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.

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 28 July 2014. A treasury risk committee comprising the Group's Chief Financial Officer, Group General Counsel and Company Secretary, Group Financial Controller, 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:

	2015 £m	2014 £m
Bank deposits	2,379	1,498
Repurchase agreements	2,000	4,799
Cash held in restricted deposits	650	524
UK government bonds	830	852
Money market fund investments	2,402	3,648
Derivative financial instruments	4,005	2,443
Other investments – debt and bonds	5,906	5,525
Trade receivables	4,232	3,859
Other receivables	1,120	1,546
Short-term securitised investments	–	1,019
	23,524	25,713

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 two managed investment funds. These funds hold 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 2015.

	2015 £m	2014 £m
Sovereign	1,977	4,464
Supranational	23	335
	2,000	4,799

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 2015:

	2015 £m	2014 £m
Cash collateral	2,542	1,185

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 2015 £2,869 million (2014: £2,360 million) of trade receivables were not yet due for payment. Overdue trade receivables consisted of £1,141 million (2014: £1,219 million) relating to the Europe region, and £222 million (2014: £280 million) relating to the AMAP 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.

	2015			2014		
	Gross receivables £m	Less provisions £m	Net receivables £m	Gross receivables £m	Less provisions £m	Net receivables £m
30 days or less	417	(61)	356	1,327	(356)	971
Between 31 and 60 days	231	(35)	196	218	(27)	191
Between 61 and 180 days	288	(67)	221	187	(53)	134
Greater than 180 days	1,205	(615)	590	516	(313)	203
	2,141	(778)	1,363	2,248	(749)	1,499

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 2015 were £541 million (2014: £347 million; 2013: £360 million) (see note 15 "Trade and other receivables").

As discussed in note 30 "Contingent liabilities", 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 2015 the Group had €3.9 billion and US\$3.9 billion syndicated committed undrawn bank facilities which support the US\$15 billion and £5 billion commercial paper programmes available to the Group. 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.

The €3.9 billion syndicated committed facility has a maturity date of 28 March 2020 with the option to extend the Facility for a further year prior to the second anniversary of the Facility if requested by the Company. The US\$3.9 billion syndicated committed facility has a maturity of 27 February 2020 with the option to extend the facility for a further year prior to the first anniversary and, if should such extension be exercised, an option to extend for a further year prior to the second anniversary of the facility. Both facilities have remained undrawn throughout the financial year and since year end and provide liquidity support.

23. Capital and financial risk management (continued)

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 28 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 2015, amounted to €6,882 million (2014: £10,134 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 2015 there would be an increase or decrease in profit before tax by approximately £36 million (2014: increase or decrease by £42 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, 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 a greater proportion of debt in emerging market currencies will be drawn.

At 31 March 2015, 129% of net debt was denominated in currencies other than sterling (86% euro, 23% India rupee 11% US dollar and 9% other) while 29% of net debt had been purchased forward in sterling in anticipation of sterling denominated shareholder returns via dividends. 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 on net investment hedging instruments as there would be an offset in the currency translation of the foreign operation. At 31 March 2015 the Group held financial liabilities in a net investment against the Group's consolidated euro net assets. Sensitivity to foreign exchange movements on the hedging liabilities, analysed against a strengthening of the euro by 5% (FY14: 3%) would result in a decrease in equity of £876 million (FY14: £333 million) which would be fully offset by foreign exchange movements on the hedged net assets.

The following table details the Group's sensitivity of the Group's adjusted operating profit to a strengthening of the Group's major currency in which it transacts. The percentage movement applied to the 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 euro.

	2015 £m	2014 £m
Euro 5% (2014: 3%) change – Operating profit¹	81	60

Note:

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

At 31 March 2015 the Group's sensitivity to foreign exchange movements, analysed against a strengthening of the US dollar by 9% (FY14: 5%) on its external US dollar exposure would decrease the profit before tax by £71 million (FY14: £4 million). Foreign exchange on certain internal balances analysed against a strengthening of the US dollar of 9% (FY14: 5%) and euro of 5% (FY14: 3%) would decrease the profit before tax by £65 million (FY14: US\$190 million) and £186 million (FY14: £189 million) for US dollar and euro respectively.

Equity risk

There is no material equity risk relating to the Group's equity investments which are detailed in note 13 "Other investments".

Fair value of financial instruments

The table below sets out the valuation basis¹ of financial instruments held at fair value by the Group at 31 March 2015.

	Level 1 ²		Level 2 ³		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Financial assets:						
Fair value through the income statement	—	—	3,184	4,019	3,184	4,019
Derivative financial instruments:						
Interest rate swaps	—	—	2,466	1,871	2,466	1,871
Cross currency interest rate swaps	—	—	1,506	504	1,506	504
Foreign exchange contracts	—	—	33	68	33	68
Interest rate futures	—	—	8	13	8	13
	—	—	7,197	6,475	7,197	6,475
Financial investments available-for-sale:						
Listed equity securities ⁴	4	6	—	—	4	6
Unlisted equity securities ⁴	—	—	222	154	222	154
	4	6	222	154	226	160
	4	6	7,419	6,629	7,423	6,635
Financial liabilities:						
Derivative financial instruments:						
Interest rate swaps	—	—	682	635	682	635
Cross currency interest rate swaps	—	—	245	217	245	217
Interest rate options	—	—	11	—	11	—
Foreign exchange contracts	—	—	46	29	46	29
	—	—	984	881	984	881

Notes:

- There were no changes made during the year to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.
- Level 1 classification comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market sourced data.
- Listed and unlisted securities are classified as held for sale financial assets and fair values are derived from observable quoted market prices for similar items. Details are included in note 13 "Other investments".

Fair value and carrying value information

The fair values and carrying values of the Group's financial assets and financial liabilities held at amortised cost are set out in the table below¹. Unless otherwise stated, the valuation basis is level 2, comprising financial instruments where fair value is determined from inputs other than quoted prices observable for the asset or liability either directly or indirectly.

	Fair value		Carrying value	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash and cash equivalents ²	6,882	10,134	6,882	10,134
Cash and other investments held in restricted deposits ²	650	524	650	524
Other debt and bonds ³	3,551	3,171	3,551	3,171
	11,083	13,829	11,083	13,829
Short-term borrowings:				
Bonds ⁴	(1,798)	(1,771)	(1,786)	(1,783)
Commercial paper ⁵	(5,077)	(950)	(5,077)	(950)
Bank loans and other short-term borrowings ⁵	(5,766)	(5,014)	(5,760)	(5,014)
	(12,641)	(7,735)	(12,623)	(7,747)
Long-term borrowings:				
Bonds ⁴	(17,109)	(16,417)	(17,174)	(16,697)
Bank loans and other long-term borrowings ⁵	(5,346)	(4,817)	(5,261)	(4,757)
	(22,455)	(21,234)	(22,435)	(21,454)
	(24,013)	(15,140)	(23,975)	(15,372)

Notes:

- The Group's trade and other receivables and trade and other payables are not shown in the table above. The carrying amounts of both categories approximate their fair values.
- Cash and cash equivalents are held by the Group on a short term basis with all having a maturity of three months or less. The carrying value approximates their fair value.
- Other debt and bonds is predominantly comprised of loan notes from Verizon Communications held at amortised cost. Details included in note 13 "Other investments".
- The Group's bonds are held at amortised cost with fair values available from market observable prices.
- Commercial paper and other banks loans are held at amortised cost with fair values calculated from market observable data where appropriate.

Notes to the consolidated financial statements (continued)

23. Capital and financial risk management (continued)

Net financial instruments

The table below shows the Group's financial assets and liabilities that are subject to offset in the balance sheet and the impact of enforceable master netting or similar agreements.

At 31 March 2015

	Gross amount £m	Amount set off £m	Amounts presented in balance sheet £m	Related amounts not set off in the balance sheet		
				Right of set off with derivative counterparties £m	Cash collateral £m	Net amount £m
Derivative financial assets	4,005	—	4,005	(726)	(2,542)	737
Derivative financial liabilities	(984)	—	(984)	726	30	(228)
Total	3,021	—	3,021	—	(2,512)	509

At 31 March 2014

	Gross amount £m	Amount set off £m	Amounts presented in balance sheet £m	Related amounts not set off in the balance sheet		
				Right of set off with derivative counterparties £m	Cash collateral £m	Net amount £m
Derivative financial assets	2,456	—	2,456	(678)	(1,185)	593
Derivative financial liabilities	(881)	—	(881)	678	130	(73)
Total	1,575	—	1,575	—	(1,055)	520

Financial assets and liabilities are offset and the amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative financial instruments that do not meet the criteria for offset could be settled net in certain circumstances under ISDA (International Swaps and Derivatives Association) agreements where each party has the option to settle amounts on a net basis in the event of default from the other.

Collateral may be offset and net settled against derivative financial instruments in the event of default by either party. The aforementioned collateral balances are recorded in "other short-term investments" or "short-term debt" respectively.

24. Directors and key management compensation

This note details the total amounts earned by the Company's Directors and members of the Executive Committee.

Directors

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

	2015 £m	2014 £m	2013 £m
Salaries and fees	4	4	5
Incentive schemes	3	2	2
Other benefits ¹	1	1	1
	8	7	8

Note:

1 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 2015 by Directors who served during the year was £nil (2014: £4 million; 2013: £2 million).

Key management compensation

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

	2015 £m	2014 £m	2013 £m
Short-term employee benefits	18	17	17
Share-based payments	18	21	23
	36	38	40

25. 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.

	2015 Employees	2014 Employees	2013 Employees
By activity:			
Operations	17,602	14,947	13,736
Selling and distribution	35,629	31,342	29,658
Customer care and administration	52,069	42,857	39,198
	105,300	89,146	82,592
By segment:			
Germany	14,520	10,623	11,088
Italy	6,757	1,123	—
Spain	5,324	3,552	4,223
UK	12,437	12,979	8,319
Other Europe	15,190	15,392	19,995
Europe	54,228	43,669	43,625
India	12,303	11,925	11,339
Vodacom	7,260	7,176	7,311
Other Africa, Middle East and Asia Pacific	14,312	16,002	12,659
Africa, Middle East and Asia Pacific	33,875	35,103	31,309
Non-Controlled Interests and Common Functions	17,197	10,374	7,658
Total	105,300	89,146	82,592

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

	2015 £m	2014 £m	2013 £m
Wages and salaries	3,469	3,261	2,989
Social security costs	442	364	350
Other pension costs (note 26)	195	158	157
Share-based payments (note 27)	88	92	124
	4,194	3,875	3,620

26. Post employment benefits

We operate a number of defined benefit and defined contribution pension plans for our employees. The Group's largest defined benefit scheme is in the UK. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

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. The return on plan assets, in excess of interest income, is also taken to other comprehensive income.

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 curtailments or settlements. The interest cost less the expected interest income 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.

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

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

Background

At 31 March 2015 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, India, Ireland, Italy, the UK and the United States. Defined contribution pension schemes are currently provided in Australia, Egypt, Germany, Greece, Hungary, India, Ireland, Italy, the Netherlands, New Zealand, Portugal, South Africa, Spain and the UK.

Income statement expense

	2015 £m	2014 £m	2013 £m
Defined contribution schemes	155	124	118
Defined benefit schemes	40	34	39
Total amount charged to income statement (note 25)	195	158	157

Defined benefit schemes

At the start of the year, the Group had two main UK defined benefit schemes being the Vodafone UK Group Pension Scheme ('Vodafone UK plan') and the Cable & Wireless Worldwide Retirement Plan ('CWWRP'). The Vodafone UK plan and the CWWRP plan closed to future accrual on 31 March 2010 and 30 November 2013 respectively. Until 30 November 2013 the CWWRP allowed employees to accrue a pension at a rate of 1/85th of their final salary for each year of service until the retirement age of 60 with a maximum pension of two thirds of final salary. Employees contributed 5% of their salary into the scheme.

On 6 June 2014, the assets and liabilities of the CWWRP were transferred into a new section of the Vodafone UK plan. The CWWRP was then wound up. There are now two segregated sections of the Vodafone UK plan, the pre-existing assets and liabilities in the Vodafone Section and the former CWWRP assets and liabilities in the CWW Section.

The defined benefit plans are administered by Trustee Boards that are legally separated from the Group. The Trustee Board of each pension fund consists of representatives who are employees, former employees or are independent from the Company. The Boards of the pension funds are required by law to act in the best interest of the plan participants and are responsible for setting certain policies, such as investment and contribution policies, and the governance of the fund.

The defined benefit pension schemes expose the Group to actuarial risks such as longer than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

The UK pensions environment is regulated by the Pensions Regulator whose statutory objectives are set out in legislation and include promoting and improving understanding of the good administration of work-based pensions, protecting member benefits and regulating occupational defined benefit and contribution schemes. The Pensions Regulator is a non-departmental public body established under the Pensions Act 2004 and sponsored by the Department for Work And Pensions, operating within a legal regulatory framework set by the UK Parliament. The Pensions Regulator's statutory objectives and regulatory powers are described on its website at thepensionsregulator.gov.uk.

The Vodafone UK plan is registered as an occupational pension plan with HMRC and is subject to UK legislation and oversight from the Pensions Regulator. UK legislation requires that pension schemes are funded prudently and that valuations are undertaken at least every three years. Separate valuations are required for the Vodafone Section and CWW Section. Within 15 months of each valuation date, the plan trustees and the Group must agree any contributions required to ensure that the plan is fully funded over time on a suitably prudent measure.

The most recent valuations for the Vodafone and CWWRP sections of the Vodafone UK plan were carried out as at 31 March 2013 by independent actuaries appointed by the plan Trustees. These valuations revealed a total deficit of £437 million on the schemes' funding basis. Following the valuation, the Group paid special one-off contributions totalling £365 million in April 2014 (£325 million into the Vodafone Section and £40 million into the CWW Section). These lump sum contributions represented accelerated funding amounts that would otherwise have been due over the period to 31 March 2020. No further contributions are therefore currently due for the Vodafone UK plan for the period to 31 March 2016. The next valuation date is 31 March 2016, at which point the position of the scheme will be assessed again.

Funding plans are individually agreed for each of the Group's defined benefit pension schemes with the respective trustees, taking into account local regulatory requirements. It is expected that ordinary contributions relating to future service of £39 million will be paid into the Group's defined benefit pension schemes during the year ending 31 March 2016.

The Group has also provided certain guarantees in respect of the Vodafone UK plan; further details are provided in note 30 "Contingent liabilities" to the consolidated financial statements.

Actuarial assumptions

The Group's scheme liabilities are measured using the projected unit credit method using the principal actuarial assumptions set out below:

	2015 %	2014 %	2013 %
Weighted average actuarial assumptions used at 31 March¹:			
Rate of inflation ²	3.0	3.2	3.3
Rate of increase in salaries	2.8	3.1	3.8
Discount rate	3.0	4.2	4.3

Notes:

- Figures shown represent a weighted average assumption of the individual schemes.
- The rate of increase in pensions in payment and deferred payment is the rate of inflation.

Mortality assumptions used are based on recommendations from the individual scheme actuaries which include adjustments for the experience of the Group where appropriate. The Group's largest scheme is the Vodafone UK plan. Further life expectancies assumed for the UK schemes are 24.5/25.8 years (2014: 23.3/24.7 years; 2013: 23.6/25.3 years) for a male/female pensioner currently aged 65 and 27.1/28.7 years (2014: 25.9/27.5 years; 2013: 26.8/27.9 years) from age 65 for a male/female non-pensioner member currently aged 40.

Notes to the consolidated financial statements (continued)

26. Post employment benefits (continued)

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

	2015 £m	2014 £m	2013 £m
Current service cost	37	14	27
Net interest charge	3	20	12
Total included within staff costs	40	34	39
Actuarial losses/(gains) recognised in the SOCI ¹	269	(57)	238

Note:

1 Amounts disclosed in the SOCI are stated net of £57 million of tax (2014: £20 million, 2013: £56 million).

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:

	Assets £m	Liabilities £m	Net deficit £m
1 April 2013	3,723	(4,251)	(528)
Service cost	—	(14)	(14)
Interest income/(cost)	162	(182)	(20)
Return on plan assets excluding interest income	(114)	—	(114)
Actuarial gains arising from changes in demographic assumptions	—	35	35
Actuarial gains arising from changes in financial assumptions	—	44	44
Actuarial gains arising from experience adjustments	—	92	92
Employer cash contributions	51	—	51
Member cash contributions	7	(7)	—
Benefits paid	(81)	81	—
Liabilities assumed in business combinations	—	(121)	(121)
Exchange rate movements	(13)	17	4
Other movements	107	(85)	22
31 March 2014	3,842	(4,391)	(549)
Service cost	—	(37)	(37)
Interest income/(cost)	176	(179)	(3)
Return on plan assets excluding interest income	721	—	721
Actuarial losses arising from changes in financial assumptions	—	(982)	(982)
Actuarial losses arising from experience adjustments	—	(8)	(8)
Employer cash contributions	404	—	404
Member cash contributions	9	(9)	—
Benefits paid	(95)	95	—
Exchange rate movements	(83)	116	33
Other movements	(18)	41	23
31 March 2015	4,956	(5,354)	(398)

An analysis of net (deficit)/assets is provided below for the Group as a whole.

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Analysis of net (deficit)/assets:					
Total fair value of scheme assets	4,956	3,842	3,723	1,604	1,558
Present value of funded scheme liabilities	(5,288)	(4,325)	(4,239)	(1,853)	(1,488)
Net (deficit)/assets for funded schemes	(332)	(483)	(516)	(249)	70
Present value of unfunded scheme liabilities	(66)	(66)	(12)	(12)	(13)
Net (deficit)/assets	(398)	(549)	(528)	(261)	57
Net (deficit)/assets are analysed as:					
Assets	169	35	52	31	97
Liabilities	(567)	(584)	(580)	(292)	(40)

An analysis of net assets/(deficit) is provided below for the Group's largest defined benefit pension scheme in the UK, which is a funded scheme. Following the merger of the Vodafone UK plan and the CWWRP plan on 6 June 2014 the assets and liabilities of the CWW Section are segregated from the Vodafone Section and hence are reported separately below.

	CWW Section ¹				Vodafone Section ²			
	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Analysis of net assets/(deficit):								
Total fair value of scheme assets	2,251	1,780	1,827	1,912	1,343	1,328	1,218	1,180
Present value of scheme liabilities	(2,085)	(1,732)	(1,874)	(2,133)	(1,677)	(1,647)	(1,444)	(1,127)
Net assets/(deficit)	166	48	(47)	(221)	(334)	(319)	(226)	53
Net assets/(deficit) are analysed as:								
Assets ³	166	48	—	—	—	—	—	53
Liabilities	—	—	(47)	(221)	(334)	(319)	(226)	—

Notes:

1 Cable & Wireless Worldwide Retirement Plan until 6 June 2014.

2 Vodafone UK plan until 6 June 2014.

3 Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as future economic benefits are available to the Company either in the form of future refunds or, for plans still open to benefit accrual, in the form of possible reductions in future contributions.

Duration of the benefit obligations

The weighted average duration of the defined benefit obligation at 31 March 2015 is 22.7 years (2014: 21.7 years; 2013: 21.4 years).

Fair value of pension assets

	2015 £m	2014 £m
Cash and cash equivalents	97	65
Equity investments:		
With quoted prices in an active market	1,489	1,318
Without quoted prices in an active market	154	102
Debt instruments:		
With quoted prices in an active market	2,567	1,320
Property:		
With quoted prices in an active market	7	7
Without quoted prices in an active market	12	13
Derivatives: ¹		
With quoted prices in an active market	99	495
Without quoted prices in an active market	—	46
Annuity policies – Without quoted prices in an active market	531	476
Total	4,956	3,842

Note:

1 Derivatives include collateral held in the form of cash.

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

Each of the plans manages risks through a variety of methods and strategies including equity protection, to limit downside risk in falls in equity markets, inflation and interest rate hedging and, in the CWW Section of the Vodafone UK plan, a substantial insured pensioner buy-in policy.

The actual return on plan assets over the year to 31 March 2015 was £897 million (2014: £48 million).

Sensitivity analysis

Measurement of the Group's defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 31 March 2015.

	Rate of inflation		Rate of increase in salaries		Discount rate		Life expectancy	
	Decrease by 0.5% £m	Increase by 0.5% £m	Decrease by 0.5% £m	Increase by 0.5% £m	Decrease by 0.5% £m	Increase by 0.5% £m	Increase by 1 year £m	Decrease by 1 year £m
(Decrease)/increase in present value of defined obligation	(474)	507	(29)	27	623	(584)	127	(128)

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

27. Share-based payments

We have a number of share plans used to award shares to Directors and employees as part of their remuneration package. A charge is recognised over the vesting period in the consolidated income statement to record the cost of these, based on the fair value of the award on the grant date.

Accounting policies

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. A corresponding increase in retained earnings is also recognised.

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 the delay in receiving dividends where appropriate.

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 2015.

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 was 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		
	2015 Millions	2014 Millions	2013 Millions	2015 Millions	2014 Millions	2013 Millions
1 April		—	1	27	40	84
Granted during the year	—	—	—	7	12	7
Forfeited during the year	—	—	—	(2)	(1)	(1)
Exercised during the year	—	—	(1)	(6)	(22)	(41)
Expired during the year	—	—	—	(1)	(2)	(9)
31 March	—	—	—	25	27	40
Weighted average exercise price:						
1 April	—	US\$22.16	US\$15.20	£1.42	£1.41	£1.18
Granted during the year	—	—	—	£1.56	£1.49	£1.45
Forfeited during the year	—	—	—	£1.45	£1.34	£1.64
Exercised during the year	—	US\$29.31	US\$13.88	£1.25	£1.43	£1.05
Expired during the year	—	—	—	£1.45	£1.37	£0.98
31 March	—	—	US\$22.16	£1.49	£1.42	£1.41

Summary of options outstanding and exercisable at 31 March 2015

	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	—	—	—	—	—	—
£1.01–£2.00	23	£1.48	32	—	—	—
	23	£1.48	32	—	—	—
Vodafone Group 1999 Long-Term Stock Incentive Plan:						
£1.01–£2.00	2	£1.59	22	2	£1.59	22

Share awards

Movements in non-vested shares are as follows:

	2015		2014		2013	
	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	243	£1.44	294	£1.27	352	£1.08
Granted	83	£1.63	84	£1.58	91	£1.49
Vested	(62)	£1.35	(81)	£1.11	(118)	£0.91
Forfeited	(47)	£1.35	(54)	£1.19	(31)	£1.19
31 March	217	£1.56	243	£1.44	294	£1.27

Other information

The total fair value of shares vested during the year ended 31 March 2015 was £84 million (2014: £90 million; 2013: £107 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was £88 million (2014: £92 million; 2013: £124 million) which is comprised entirely of equity-settled transactions.

The average share price for the year ended 31 March 2015 was 212.7 pence (2014: 212.2 pence; 2013: 173.0 pence).

28. Acquisitions and disposals

We completed a number of acquisitions during the year including, most significantly, the acquisition of Grupo Corporativo Ono, S.A. ('Ono'). The note below provides details of these transactions as well as those in the prior year. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 "Basis of preparation" to the consolidated financial statements.

Accounting policies

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.

Acquisitions

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

	£m
Cash consideration paid:	
Grupo Corporativo Ono, S.A.	2,945
Other acquisitions completed during the year	265
Fees paid in respect of acquisitions ¹	18
	3,228
Net cash acquired	(135)
	3,093

Note:

1 Charged to other income and expense in the consolidated income statement.

Total goodwill on acquisitions was £1,634 million and included £1,423 million in relation to Ono and £211 million in relation to other acquisitions completed during the year. No amount of goodwill is expected to be deductible for tax purposes.

Grupo Corporativo Ono, S.A. ('Ono')

On 23 July 2014, the Group acquired the entire share capital of Ono for cash consideration of £2,945 million. The primary reason for acquiring the business was to create a leading integrated communications operator in Spain, offering customers unified communication services. The results of the acquired entity have been consolidated in the Group's income statement from 23 July 2014 and contributed £691 million of revenue and a loss of £313 million to the profit attributable to owners of the parent during the year.

The acquisition date fair values of the assets and liabilities acquired are provisional. These may be further adjusted as we gain a further understanding of the business. The provisional purchase price allocation is set out in the table below:

	Fair value £m
Net assets acquired:	
Identifiable intangible assets ¹	777
Property, plant and equipment	3,272
Other investments	7
Trade and other receivables	156
Cash and cash equivalents	143
Current and deferred taxation	647
Short and long-term borrowings	(3,001)
Trade and other payables	(391)
Provisions	(83)
Net identifiable assets acquired	1,527
Non-controlling interests	(5)
Goodwill ²	1,423
Total consideration³	2,945

Notes:

1 Identifiable intangible assets of £777 million consisted of customer contracts and relationships of £710 million, brand of £33 million and software of £34 million.

2 The goodwill arising on acquisition is principally related to the synergies expected to arise following the integration of the Ono business. These principally relate to synergies expected to arise following integration of the respective networks, operating cost rationalisation and revenue synergies driven by the larger network footprint and incremental revenue streams from integrated services.

3 Transaction costs of £11 million were charged in the Group's consolidated income statement in the year ended 31 March 2015.

Pro-forma full year information

The following unaudited pro-forma summary presents the Group as if the acquisition of Ono had been completed on 1 April 2014. The pro-forma amounts include the results of Ono, application of Vodafone accounting policies, amortisation of the acquired finite lived intangible assets recognised on acquisition and interest expense on the increase in net debt as a result of the acquisition. 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.

	2015 £m
Revenue	42,603
Profit for the financial year	5,829
Profit attributable to equity shareholders	5,673
	Pence
Basic earnings per share	21.42
Diluted earnings per share	21.30

Other acquisitions

During the 2015 financial year, the Group completed a number of other acquisitions for an aggregate net cash consideration of £265 million, all of which was paid during the year. The aggregate fair values of goodwill, identifiable assets and liabilities of the acquired operations were £211 million, £483 million and £429 million respectively. In addition, the Group completed the acquisition of certain non-controlling interests for a net cash consideration of £718 million.

Kabel Deutschland Holding AG ('KDG')

On 30 July 2013, the Group launched a voluntary public takeover offer for the entire share capital of KDG and on 13 September 2013 announced that the 75% minimum acceptance condition had been met. The transaction completed on 14 October 2013 with the Group acquiring 76.57% of the share capital of KDG for cash consideration of £4,855 million. The primary reason for acquiring the business was to create a leading integrated communications operator in Germany, offering consumer and enterprise customers unified communications services.

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

	Fair value £m
Net assets acquired:	
Identifiable intangible assets ¹	1,641
Property, plant and equipment	4,381
Investment in associated undertakings	8
Inventory	34
Trade and other receivables	154
Cash and cash equivalents	619
Current and deferred taxation	(1,423)
Short and long-term borrowings	(2,784)
Trade and other payables	(1,190)
Provisions	(63)
Post employment benefits	(62)
Net identifiable assets acquired	1,315
Non-controlling interests ²	(308)
Goodwill ³	3,848
Total consideration⁴	4,855

Notes:

1 Identifiable intangible assets of £1,641 million consisted of customer relationships of £1,522 million, brand of £18 million and software of £101 million.

2 Non-controlling interests have been measured using the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed.

3 The goodwill is principally attributable to cost and capital expenditure synergies expected to arise from the combination of the acquired business and the Group's existing operations in Germany, and further revenue synergies from cross-selling to the respective customer base, together with improved customer loyalty given the wider unified service offering.

4 Transaction costs of £17 million were charged in the Group's consolidated income statement in the year ended 31 March 2014.

Vodafone Omnitel B.V. ('Vodafone Italy')

On 21 February 2014, the Group acquired a 100% interest in Vodafone Italy, having previously held a 76.9% stake in Vodafone Italy which was accounted for as a joint venture. The Group acquired the additional 23.1% equity as part of the consideration received for the disposal of the Group's interests in Verizon Wireless (see "Disposals" below). There was no observable market for Verizon shares and so the fair value of consideration paid by the Group for the acquisition was considered to be more reliably determined based on the acquisition-date fair value of Group's existing equity interest in Vodafone Italy. Using a value in use basis, the consideration paid for the acquisition was determined to be £7,121 million, comprising £5,473 million for the Group's existing 76.9% equity interest and £1,648 million for the additional 23.1% equity interest.

Notes to the consolidated financial statements (continued)

28. Acquisitions and disposals (continued)

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

	Fair value £m
Net assets acquired:	
Identifiable intangible assets ¹	3,000
Property, plant and equipment	2,017
Inventory	89
Trade and other receivables (net of provisions of £285 million)	1,745
Current and deferred taxation	(155)
Short and long-term borrowings	(19)
Trade and other payables	(2,415)
Provisions	(96)
Post employment benefits	(52)
Net identifiable assets acquired	4,114
Goodwill ²	3,007
Total consideration	7,121

Notes:

- 1 Identifiable intangible assets of £3,000 million consisted of customer relationships of £1,319 million, licences and spectrum of £1,319 million and software of £362 million.
- 2 The goodwill is attributable to (i) efficiencies from the ability to operate the business as a wholly owned subsidiary; (ii) the non-recognition of certain intangible assets such as the assembled workforce; and (iii) the value attributable to access future customers.

Disposals

Verizon Wireless ('VZW')

On 21 February 2014, the Group sold its US sub-group which included its entire 45% shareholding in VZW to Verizon Communications Inc. for a total consideration of £76.7 billion before tax and transaction costs. The Group recognised a net gain on disposal of £44,996 million, reported in profit for the financial year from discontinued operations.

	£m
Net assets disposed	(27,957)
Total consideration ¹	76,716
Other effects ²	(3,763)
Net gain on disposal^{3,4}	44,996

Notes:

- 1 Consideration of £76.7 billion comprises cash of £35.2 billion, shares in Verizon Communications Inc. of £36.7 billion, loan notes issued by Verizon Communications Inc. of £3.1 billion and a 21.3% interest in Vodafone Italy valued at £1.7 billion.
- 2 Other effects include foreign exchange losses transferred to the consolidated income statement.
- 3 Reported in profit for the financial year from discontinued operations in the consolidated income statement.
- 4 Transaction costs of £100 million were charged in the Group's consolidated income statement in the year ended 31 March 2014.

The Group did not separately value the embedded derivatives arising from the agreement to sell the US sub-group for a fixed consideration on 2 September 2013 because it was not able to make a reliable estimate of the value of this derivative due to the difficulty in estimating the fair value of the shares in an unlisted entity in the period between 2 September 2013 and transaction completion on 21 February 2014.

Vodafone Omnitel B.V. ('Vodafone Italy')

On 21 February 2014, the Group completed a deemed disposal of its entire 76.9% shareholding in Vodafone Italy as part of the VZW disposal deal for a total consideration of £5.5 billion before tax and transaction costs. The Group recognised a net loss on disposal of £712 million, reported in other income and expense.

	£m
Net assets disposed	(8,480)
Total consideration	5,473
Other effects ¹	2,295
Net loss on disposal²	(712)

Notes:

- 1 Other effects include foreign exchange gains transferred to the consolidated income statement.
- 2 Reported in other income and expense in the consolidated income statement.

29. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. 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. The amounts below are the minimum amounts that we are committed to pay.

Accounting policies

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.

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:

	2015 £m	2014 £m
Within one year	1,403	1,128
In more than one year but less than two years	925	841
In more than two years but less than three years	797	678
In more than three years but less than four years	698	557
In more than four years but less than five years	550	477
In more than five years	2,207	2,051
	6,580	5,732

The total of future minimum sublease payments expected to be received under non-cancellable subleases is £358 million (2014: £313 million).

Capital commitments

	Company and subsidiaries		Share of joint operations		Group	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Contracts placed for future capital expenditure not provided in the financial statements ¹	4,871	2,307	86	28	4,957	2,335

Note:

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

Capital commitments includes £2,682 million in relation to spectrum acquired in 12 telecom circles in India. This included spectrum in all six of our 900MHz circles due for extension in December 2015. We also acquired new 3G spectrum in seven circles.

30. 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.

	2015 £m	2014 £m
Performance bonds ¹	766	442
Other guarantees and contingent liabilities ²	2,539	2,500

Notes:

- 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.
- 2 Other guarantees principally comprise Vodafone Group Plc's guarantee of the Group's 50% share of an AUD 1.7 billion loan facility and a US\$3.5 billion loan facility of its joint venture, Vodafone Hutchison Australia Pty Limited.

UK pension schemes

At the start of the year, the Group had two main UK defined benefit schemes being the Vodafone UK Group Pension Scheme ('Vodafone UK plan') and the Cable & Wireless Worldwide Retirement Plan ('CWWRP'). On 6 June 2014, all assets and liabilities of the Cable & Wireless Worldwide Retirement Plan were transferred into a new section of the Vodafone Group Pension Scheme. The Cable & Wireless Retirement Plan was then wound up. There are now two segregated sections of the Vodafone UK Group Pension Scheme, the Vodafone Section and the CWW Section.

The Group has covenanted to provide security in favour of the Vodafone UK Group Pension Scheme – Vodafone Section whilst there is a deficit in this section. The deficit is measured on a prescribed basis agreed between the Group and Trustee. In 2010 the Group and Trustee agreed security of a charge over UK index linked gilts ('ILG') held by the Group. In December 2011, the security was increased by an additional charge over further ILG due to a significant increase in the deficit at that time.

In April 2014, the security was reduced following a reduction in the deficit following the results of the 2013 valuation and a £325 million company contribution to the Scheme. The Scheme retains security over £264.5 million (notional value) 2017 ILGs and £38 million (notional value) 2016 ILGs. The security may be substituted either on a voluntary or mandatory basis. As and when alternative security is provided, the Group 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 Vodafone Section of the scheme for a combined value up to £1.25 billion to provide security over the deficit under certain defined circumstances, including insolvency of the employers. The Company has also agreed a similar guarantee of up to £1.25 billion for the CWW Section. An additional smaller UK defined benefit scheme, the THUS Plc Group Scheme, has a guarantee from the Company for up to £110 million.

Legal proceedings

The Company and its subsidiaries are currently, and may from time to time become 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 (i) 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; or (ii) any material proceedings in which any of the Company's Directors, members of senior management or affiliates are either a party adverse to the Company or its subsidiaries or have a material interest adverse to the Company or 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 lower interconnection rates paid to Vodafone Egypt by Mobinil. Telecom Egypt also sought to join Vodafone International Holdings BV ('VIHBV'), Vodafone Europe BV ('VEBV') and Vodafone Group Plc to the arbitration. In January 2015, the arbitral tribunal issued its decision. It held unanimously that it had no jurisdiction to arbitrate the claim against VIHBV, VEBV and Vodafone Group Plc. The tribunal also held by a three to two majority that Telecom Egypt had failed to establish any liability on the part of Vodafone Egypt. Telecom Egypt has applied to the Egyptian court to set aside the decision.

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 judgement, 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 and released the guarantee for INR 85 billion, which was based on the demand for payment issued by the Indian tax authority in October 2010, for tax of INR 79 billion plus interest.

On 28 May 2012 the Finance Act 2012 became law. 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.

VIHBV has not received any formal demand for taxation in respect of the HTIL transaction following the effective date of 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's judgement and purporting to update the interest element of that demand to a total amount of INR 142 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, we believe it is probable that we will be able to make a successful claim under the Dutch-India Bilateral Investment Treaty ('Dutch BIT'). On 17 January 2014, VIHBV served an amended trigger notice on the Indian Government under the Dutch BIT, supplementing a trigger notice filed on 17 April 2012, immediately prior to the Finance Act 2012 becoming effective, to add claims relating to an attempt by the Indian Government to tax aspects of the transaction with HTIL under transfer pricing rules.

On 17 April 2014, VIHBV served its notice of arbitration under the Dutch BIT, formally commencing the Dutch BIT arbitration proceedings. An arbitrator has been appointed by VIHBV. The Indian Government appointed an arbitrator but he resigned in May 2015. The third arbitrator, who will act as chairman of the tribunal, had been agreed by the two party-appointed arbitrators (prior to the Government's arbitrator's resignation) but declined to accept the appointment. There is now likely to be a delay in appointing the chairman pending the Indian Government appointing a replacement for its party-appointed arbitrator. If there is no subsequent agreement on appointment of a chairman, the International Court of Justice will appoint the third arbitrator.

We did not carry a provision for this litigation or in respect of the retrospective legislation at 31 March 2015, or at previous reporting dates.

Other Indian tax cases

VIL and Vodafone India Services Private Limited ('VISPL') (formerly 3GSPL) are involved in a number of tax cases with total claims exceeding £1.5 billion plus interest, and penalties of up to 300% of the principal.

VIL tax claims

The claims against VIL range from disputes concerning transfer pricing and the applicability of value-added tax to SIM cards, to the disallowance of income tax holidays. The quantum of the tax claims against VIL is in the region of £1.3 billion. VIL is of the opinion that any finding of material liability to tax is not probable.

VISPL tax claims

VISPL has been assessed as owing tax of approximately £260 million (plus interest of £190 million) in respect of (i) a transfer pricing margin charged for the international call centre of HTIL prior to the 2007 transaction with Vodafone for HTIL assets in India; (ii) the sale of the international call centre by VISPL to HTIL; and (iii) the acquisition of and/or the alleged transfer of options held by VISPL for VIL equity shares. The first two of the three heads of tax are subject to an indemnity by HTIL under the VIHBV Tax Deed of Indemnity. The larger part of the potential claim is not subject to any indemnity. VISPL unsuccessfully challenged the merits of the tax demand in the statutory tax tribunal and the jurisdiction of the tax office to make the demand in the High Court. The Tax Appeal Tribunal has now heard the appeal and ruled in the Tax Office's favour. VISPL has lodged an appeal (and stay application) in the Bombay High Court which was partially heard in April and concluded in early May 2015. In the meantime, (i) a stay of the tax demand on a deposit of £20 million and (ii) a corporate guarantee by VIHBV for the balance of tax assessed remains in place pending a decision on the appeal in the Bombay High Court which is expected during 2015. If VISPL loses the appeal, its terms of the stay of demand may be revisited (and could be increased) while VISPL pursues a further appeal in the Supreme Court.

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').

Public interest litigation: Yakesh Anand v Union of India, Vodafone and others

The Petitioner brought a special leave petition in the Indian Supreme Court on 30 January 2012 against the Government of India and mobile network operators, including VIL, seeking recovery of the alleged excess spectrum allocated to the operators, compensation for the alleged excess spectrum held in the amount of approximately £4.7 billion and a criminal investigation of an alleged conspiracy between government officials and the network operators. A claim with similar allegations was dismissed by the Supreme Court in March 2012, with an order that the Petitioner should pay a fine for abuse of process. The case is pending before the Supreme Court and is expected to be called for hearing at some uncertain future date.

One time spectrum charges: Vodafone India v Union of India

The Government of India has sought to impose one time spectrum charges of approximately £525 million on certain operating subsidiaries of VIL. We filed a petition before the TDSAT challenging the one time spectrum charges on the basis that they are illegal, violate Vodafone's licence terms and are arbitrary, unreasonable and discriminatory. The tribunal stayed enforcement of the Government's spectrum demand pending resolution of the dispute. The Indian Department of Telecommunications ('DoT') recently proposed that, since several operators have brought similar challenges in different jurisdictions, they move a transfer petition before the Supreme Court. Accordingly, the matter in the TDSAT stands adjourned until 11 August 2015.

3G inter-circle roaming: Vodafone India and others v Union of India

In April 2013, the DoT issued a stoppage notice to VIL's operating subsidiaries and other mobile operators requiring the immediate stoppage of the provision of 3G services on other operators' mobile networks in an alleged breach of licences. The regulator also imposed a fine of approximately £5.5 million. We applied to the Delhi High Court for an order quashing the regulator's notice. Interim relief from the notice has been granted (but limited to existing customers at the time with the effect that VIL was not able to provide 3G services to new customers on other operators' 3G networks pending a decision on the issue). The dispute was referred to the TDSAT for decision, which ruled on 28 April 2014 that VIL and the other operators were permitted to provide 3G services to their customers (current and future) on other operators' networks. The DoT has appealed the judgement, which is pending before the Supreme Court.

30. Contingent liabilities (continued)

Extension of licences in Delhi, Mumbai and Kolkata: VIL and others v Union of India

We sought an extension of our existing licences in Delhi, Mumbai and Kolkata. That extension was denied by the DoT by order dated 21 March 2013. We appealed that decision to the TDSAT and by its order dated 31 January 2014, the TDSAT denied the extension. In the meantime, in order to maintain continuity of services, VIL sought and obtained spectrum in these cities. The appeal to the Supreme Court was rejected on 14 May 2015.

Other cases in the Group

Italy

British Telecom (Italy) v Vodafone Italy

The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to allegations that it had abused its dominant position in the wholesale market for mobile termination. In 2010, British Telecom (Italy) brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. British Telecom (Italy) seeks damages in the amount of €280 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market for the period from 1999 to 2007. A court appointed expert delivered an opinion to the Court that the range of damages in the case should be in the region of €10 million to €25 million which was reduced in a further supplemental report published in September 2014 to a range of €8 million to €11 million. The expert's report will be considered by the Court before it passes judgement on the case.

FASTWEB v Vodafone Italy

The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to allegations it had abused its dominant position in the wholesale market for mobile termination. In 2010, FASTWEB brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. FASTWEB sought damages in the amount of €360 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market. A court appointed expert delivered an opinion to the Court that the range of damages in the case should be in the region of €0.5 million to €2.3 million. On 15 October 2014, the Court decided to reject FASTWEB's damages claim in its entirety.

Greece

Papistas Holdings SA, Mobile Trade Stores (formerly Papistas SA) and Athanasios and Loukia Papistas v Vodafone Greece, Vodafone Group Plc and certain Directors and Officers of Vodafone

In December 2013, Mr and Mrs Papistas, and companies owned or controlled by them, brought three claims in the Greek court in Athens against Vodafone Greece, Vodafone Group Plc and certain Directors and officers of Vodafone Greece and Vodafone Group Plc for purported damage caused by the alleged abuse of dominance and wrongful termination of a franchise arrangement with a Papistas company. Approximately €1.0 billion of the claim is directed exclusively at one former and one current Director of Vodafone Greece. The balance of the claim (approximately €285.5 million) is sought from Vodafone Greece and Vodafone Group Plc on a joint and several basis. The cases are scheduled to come to trial in November 2015 and April 2016.

Tanzania

Cats-Net Limited v Vodacom Tanzania Limited

In 2012, Cats-Net Limited brought a claim for US\$500 million (US\$200 million compensatory and US\$300 million punitive) in damages against Vodacom Tanzania Limited in the Tanzanian High Court. Cats-Net Limited is also seeking an order cancelling Vodacom Tanzania's mobile telecommunications licence. The claim is based on the actions of the Tanzanian Telecommunications Regulatory Authority ('TTRA') who, following complaints by Vodacom Tanzania of interference caused by transmissions of Cats-Net Limited, allegedly shut down the operations of Cats-Net Limited after conducting its own investigation. Cats-Net Limited alleges collusion between the TTRA and Vodacom Tanzania. Vodacom Tanzania filed an application to strike out the claim. That application has been argued and the parties await a decision of the Court.

31. Related party transactions

The Group has a number of related parties including joint arrangements and associates, pension schemes and Directors and Executive Committee members (see note 12 “Investments in associates and joint arrangements”, note 26 “Post employment benefits” and note 24 “Directors and key management compensation”).

Transactions with joint arrangements and associates

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

	2015 £m	2014 £m	2013 £m
Sales of goods and services to associates	32	231	238
Purchase of goods and services from associates	85	109	97
Sales of goods and services to joint arrangements	6	12	27
Purchase of goods and services from joint arrangements	566	570	568
Net interest income receivable from joint arrangements ¹	79	75	33
Trade balances owed:			
by associates	3	3	21
to associates	4	3	20
by joint arrangements	182	82	260
to joint arrangements	48	170	48
Other balances owed by joint arrangements ¹	61	57	1,065
Other balances owed to joint arrangements ¹	54	63	—

Note:

¹ Amounts arise primarily through Vodafone Italy, Vodafone Hutchison Australia, Indus Towers and Cornerstone. Interest is paid in line with market rates.

Dividends received from associates and joint ventures are disclosed in the consolidated statement of cash flows.

Transactions with Directors other than compensation

During the three years ended 31 March 2015, and as of 19 May 2015, 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 2015, and as of 19 May 2015, 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.

Dividends received from associates are disclosed in the consolidated statement of cash flows.

32. 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 2015 are detailed below.

Accounting policies

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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.

32. Principal subsidiaries (continued)

Principal subsidiaries

A full list of subsidiaries, joint arrangements, 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 2015 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 unless otherwise stated.

Name	Principal activity	Country of incorporation or registration	Percentage shareholdings ¹
Vodafone GmbH	Network operator	Germany	100.0
Kabel Deutschland Holding AG	Network operator	Germany	76.7
Vodafone Limited	Network operator	England	100.0
Vodafone Omnitel B.V. ²	Network operator	Netherlands	100.0
Vodafone España, S.A.U.	Network operator	Spain	100.0
Cableuropa, S.A.U. ³	Network operator	Spain	100.0
Vodafone Albania Sh.A.	Network operator	Albania	99.9
Vodafone Czech Republic a.s.	Network operator	Czech Republic	100.0
Vodafone-Panafon Hellenic Telecommunications Company S.A.	Network operator	Greece	99.9
Hellas Online S.A. ⁴	Network operator	Greece	97.8
Vodafone Magyarország Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag ⁵	Network operator	Hungary	100.0
Vodafone Ireland Limited	Network operator	Ireland	100.0
Vodafone Malta Limited	Network operator	Malta	100.0
Vodafone Libertel B.V.	Network operator	Netherlands	100.0
Vodafone Portugal-Comunicações Pessoais, S.A. ⁶	Network operator	Portugal	100.0
Vodafone Romania S.A.	Network operator	Romania	100.0
Vodafone India Limited	Network operator	India	100.0
Vodacom Group Limited	Holding company	South Africa	65.0
Vodacom (Pty) Limited ⁷	Network operator	South Africa	60.9
Vodacom Congo (RDC) s.p.r.l. ^{7,8,9}	Network operator	The Democratic Republic of Congo	33.2
Vodacom Tanzania Limited ⁷	Network operator	Tanzania	53.4
VM, S.A. ^{7,10}	Network operator	Mozambique	55.3
Vodacom Lesotho (Pty) Limited ⁷	Network operator	Lesotho	52.0
Vodacom Business Africa Group (PTY) Limited ⁷	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. ⁹	Network operator	Qatar	23.0
Vodafone Telekomunikasyon A.S.	Network operator	Turkey	100.0
Vodafone Group Services Limited ¹¹	Global products and services provider	England	100.0
Vodafone Sales & Services Limited ¹²	Group services provider	England	100.0
Cobra Automotive Technologies S.P.A. ¹³	Telematics products and services provider	Italy	100.0
Vodafone 6 UK	Holding company	England	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

Notes:

1 Effective ownership percentages of Vodafone Group Plc at 31 March 2015, rounded to nearest tenth of one percent.

2 The principal place of operation of Vodafone Omnitel B.V. is Italy.

3 Cableuropa, S.A.U. was acquired on 23 July 2014.

4 Hellas Online S.A. was acquired on 25 November 2014.

5 Trades as Vodafone Hungary Mobile Telecommunications Company Limited.

6 38.6% of the issued share capital of Vodafone Portugal-Comunicações Pessoais, S.A. is directly held by Vodafone Group Plc.

7 Shareholding is indirect through Vodacom Group Limited. The indirect shareholding is calculated using the 65.0% ownership interest in Vodacom.

8 The share capital of Vodacom Congo (RDC) s.p.r.l. consists of 1,000,000 ordinary shares and 75,470,588 preference shares.

9 The Group has rights that enable it to control the strategic and operating decisions of Vodafone Qatar Q.S.C. and Vodacom Congo (RDC) s.p.r.l.

10 The share capital of VM, S.A. consists of 60,000,000 ordinary shares and 548,350,646 preference shares.

11 Share capital consists of 1,190 ordinary shares and one deferred share, of which 100% of the shares are indirectly held by Vodafone Group Plc.

12 Vodafone Sales & Services Limited is directly held by Vodafone Group Plc.

13 Cobra Automotive Technologies S.P.A. was acquired on 14 August 2014. On 1 April 2015, it changed its name to Vodafone Automotive S.P.A.

The table below shows selected financial data in respect of subsidiaries that have non-controlling interests that are material to the Group.

	Vodacom Group Limited		Vodafone Egypt Telecommunications S.A.E.		Vodafone Qatar Q.S.C.	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Summary comprehensive income information						
Revenue	4,341	4,718	1,191	1,163	394	342
Profit/(loss) for the financial year	603	730	156	165	(37)	(43)
Other comprehensive expense	(17)	(9)	—	—	—	—
Total comprehensive income/(expense)	586	721	156	165	(37)	(43)
Other financial information						
Profit/(loss) for the financial year allocated to non-controlling interests	205	273	71	75	(29)	(33)
Dividends paid to non-controlling interests	229	261	2	3	11	—
Summary financial position information						
Non-current assets	4,844	4,681	1,357	1,259	1,301	1,197
Current assets	1,405	1,275	518	405	76	52
Total assets	6,249	5,956	1,875	1,664	1,377	1,249
Non-current liabilities	(490)	(360)	(57)	(33)	(8)	(6)
Current liabilities	(2,478)	(2,005)	(729)	(721)	(339)	(267)
Total assets less total liabilities	3,281	3,591	1,089	910	1,030	976
Equity shareholders' funds	2,722	2,899	673	575	237	224
Non-controlling interests	559	692	416	335	793	752
Total equity	3,281	3,591	1,089	910	1,030	976

The voting rights held by the Group equal the Group's percentage shareholding as shown on page 172.

33. Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 March 2015.

Name	Registration number
Cable & Wireless Worldwide plc	7029206
Cable & Wireless UK Holdings Limited	3840888
Cable & Wireless Waterside Holdings Limited	6859946
The Eastern Leasing Company Limited	1672832
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 Enterprise Equipment Limited	1648524
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 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 Limited	2227940
Vodafone Worldwide Holdings Limited	3294074
Vodafone Yen Finance Limited	4373166
Voda Limited	1847509
Vodaphone Limited	2373469
Vodata Limited	2502373

34. Subsequent events

No material events occurred after our year end date of 31 March 2015 and before the signing of this Annual Report on 19 May 2015.

Other unaudited financial information

Prior year operating results

This section presents our operating performance for the 2014 financial year compared to the 2013 financial year, providing commentary on the revenue and EBITDA performance of the Group and its regions. Consistent with the operating results on pages 40 to 48, the results in this section have been presented on a statutory basis in accordance with IFRS accounting principles, including the results of the Group's joint ventures and associates using the equity accounting basis and the profit contribution from Verizon Wireless to 2 September 2013 as discontinued operations. This is consistent with how the results and business performance are reviewed by management.

Group¹

	Europe £m	AMAP £m	Other ² £m	Eliminations £m	2014 £m	2013 £m	% change	
							£	Organic
Revenue	24,222	13,473	686	(35)	38,346	38,041	0.8	(2.2)
Service revenue	22,592	12,130	502	(34)	35,190	34,999	0.5	(2.6)
Other revenue	1,630	1,343	184	(1)	3,156	3,042		
EBITDA	6,821	4,145	118	—	11,084	11,466	(3.3)	(6.9)
Adjusted operating profit	2,333	1,947	30	—	4,310	5,590	(22.9)	(22.0)
Adjustments for:								
Impairment loss					(6,600)	(7,700)		
Restructuring costs					(355)	(311)		
Amortisation of acquired customer bases and brand intangible assets					(551)	(249)		
Other income and expense					(717)	468		
Operating loss					(3,913)	(2,202)		

Notes:

1 2014 results reflect average foreign exchange rates of £1:€1.19 and £1:US\$1.59 (2013: £1:€1.23 and £1:US\$1.58).

2 The "Other" segment primarily represents the results of the partner markets and the net result of unallocated central Group costs

Revenue

Revenue increased by 0.8% to £38.3 billion driven by revenue growth in our AMAP region and business acquisitions, partially offset by revenue declines in Europe due to challenging trading conditions and by unfavourable exchange rate movements. On an organic basis service revenue declined 2.6%*.

EBITDA

EBITDA decreased 6.9%* with a 1.5* percentage point decline in the EBITDA margin as the impact of steep revenue declines in Europe offset improving margins in AMAP, notably in India and Australia.

Adjusted operating profit

Adjusted operating profit fell 22.0%* year-on-year largely reflecting the decline in EBITDA and higher depreciation and amortisation.

Operating loss

Operating loss increased to £3.9 billion from £2.2 billion as lower impairment charges were offset by lower adjusted operating profit and other income and expense. During the year we recorded goodwill impairment charges of £6.6 billion relating to our businesses in Germany, Spain, Portugal, Czech Republic and Romania. Other income and expense comprises a loss of £0.7 billion arising largely from our acquisition of a controlling interest in Vodafone Italy compared with a £0.5 billion gain on the acquisition of CWW in the prior year.

Note:

* All amounts in the Operating Results section marked with an "*" represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. Refer to "Organic growth" on page 203 for further detail.

Other unaudited financial information (continued)

Prior year operating results (continued)

Europe

	Germany €m	Italy ¹ €m	UK €m	Spain €m	Other Europe €m	Eliminations €m	Europe €m	% change	
								£	Organic
Year ended 31 March 2014									
Revenue	8,272	522	6,427	3,518	5,526	(43)	24,222	1.4	(8.3)
Service revenue	7,739	465	6,095	3,230	5,103	(40)	22,592	2.0	(7.7)
Other revenue	533	57	332	288	423	(3)	1,630	(5.7)	(15.3)
EBITDA	2,698	182	1,418	787	1,736	—	6,821	(5.0)	(16.9)
Adjusted operating profit	918	371	187	181	676	—	2,333	(37.6)	(41.5)
EBITDA margin	32.6%	34.9%	22.1%	22.4%	31.4%		28.2%		
Year ended 31 March 2013									
Revenue	7,857	—	5,150	3,904	7,114	(141)	23,884	(3.4)	(4.3)
Service revenue	7,275	—	4,782	3,629	6,610	(140)	22,156	(3.1)	(4.2)
Other revenue	582	—	368	275	504	(1)	1,728	(6.2)	(4.9)
EBITDA	2,831	—	1,210	1,021	2,121	—	7,183	(6.7)	(4.4)
Adjusted operating profit	1,401	739	303	421	878	—	3,742	(19.8)	(14.2)
EBITDA margin	36.0%	0.0%	23.5%	26.2%	29.8%		30.1%		

Note:

1 Adjusted operating profit for the year ended 31 March 2013 of £739 million in respect of Italy represents the Group's share of the net result of Vodafone Italy.

Revenue increased 1.4%, including a 2.4 percentage point favourable impact from foreign exchange rate movements and a 7.3 percentage point positive impact from M&A and other activity. On an organic basis service revenue declined 7.7%*, driven by challenging macroeconomic conditions in many markets, increased competition and the impact of MTR cuts, partially offset by continued growth of mobile in-bundle revenue.

EBITDA decreased 5.0%, including a 2.6 percentage point favourable impact from foreign exchange rate movements and a 9.3 percentage point positive impact from M&A and other activity. On an organic basis EBITDA decreased 16.9%*, resulting from a reduction in service revenue in most markets and higher customer investment, partially offset by efficiency in operating costs.

	Organic change* %	Other activity pps	Foreign exchange pps	Reported change %
Revenue – Europe	(8.3)	7.3	2.4	1.4
Service revenue				
Germany	(6.2)	9.0	3.6	6.4
Italy ¹	(20.2)	20.2	—	—
UK	(4.4)	31.9	—	27.5
Spain	(13.4)	(0.7)	3.1	(11.0)
Other Europe	(7.1)	(17.5)	1.8	(22.8)
Europe	(7.7)	7.2	2.5	2.0
EBITDA				
Germany	(18.2)	10.2	3.3	(4.7)
Italy ¹	(30.3)	30.3	—	—
UK	(9.8)	26.9	0.1	17.2
Spain	(23.9)	(1.8)	2.8	(22.9)
Other Europe	(14.0)	(6.2)	2.0	(18.2)
Europe	(16.9)	9.3	2.6	(5.0)
Adjusted operating profit				
Europe	(41.5)	1.7	2.2	(37.6)

Note:

1 Organic growth for Vodafone Italy only includes its results for the period from 21 February 2014, the date the Group acquired a 100% interest, to 31 March 2014 compared to the same period the previous year.

Germany

Service revenue decreased 6.2%*, with a slightly improving trend in Q4 compared to Q3. Performance for the year was driven by intense price competition in both the consumer and enterprise segments and an MTR cut effective from December 2012, with Vodafone particularly impacted due to our traditionally high ARPU. In a more competitive environment we launched both a more aggressive 3G price plan ("Smart") and pushed otelo in the entry-level contract segment. Mobile in-bundle revenue increased 2.7%* as a result of growth in integrated Vodafone Red offers, which was more than offset by a decline in mobile out-of-bundle revenue of 22.6%*. We continue to focus on Vodafone Red and 4G where we had nearly 3.0 million customers and 891,000 consumer contract customers respectively at 31 March 2014.

EBITDA declined 18.2%*, with a 4.3* percentage point decline in EBITDA margin, driven by lower service revenue and increased customer investment.

The roll-out of 4G services continued with a focus on urban areas, with overall outdoor population coverage of 70% at 31 March 2014, which combined with our ongoing network enhancement plan has resulted in a significant improvement in voice and data performance in the second half of the year.

Following its acquisition on 14 October 2013, KDG contributed €702 million to service revenue and £297 million to EBITDA in Germany. The domination and profit and loss transfer agreement was registered on 14 March 2014 and the integration of Vodafone Germany and KDG began on 1 April 2014.

Italy

Service revenue for the year declined 17.3% on a local currency basis driven by the effect of the summer prepaid price war penetrating the customer base and the negative impact of MTR cuts effective from January and July 2013. Mobile in-bundle revenue grew 15.5% on a local currency basis driven by the take-up of integrated prepaid plans. Vodafone Red, which had nearly 1.5 million customers at 31 March 2014, continues to penetrate further into the base leading to improving churn in the contract segment.

Enterprise revenue growth, while still negative, showed signs of improvement during the year thanks to the success of "Zero". Prepaid experienced a steep ARPU decline as a result of the market move to aggressive bundled offers. 4G services are now available in 202 municipalities and outdoor coverage has reached 35%.

Fixed line revenue for the year declined 3.0% on a local currency basis as a result of declining fixed voice usage, partly offset by continued broadband revenue growth supported by 77,000 net broadband customer additions during the year. Vodafone Italy now offers fibre services in 37 cities and is progressing well on its own fibre build plans.

EBITDA for the year declined 24.9% on a local currency basis, with a 4.7 percentage point decline in the local currency EBITDA margin, primarily driven by the lower revenue, partially offset by strong efficiency improvements delivered on operating costs which fell 6.9% on a local currency basis.

UK

Service revenue decreased 4.4%*, principally driven by declines in enterprise and prepaid and a 1.9 percentage point impact from MTR cuts, partially offset by consumer contract service revenue growth. Mobile in-bundle revenue increased 0.6%* as the positive impact of contract customer growth and greater penetration of Vodafone Red plans into the customer base, with nearly 2.7 million customers at 31 March 2014, offset pricing pressures. Mobile out-of-bundle declined 7.2%*, primarily driven by lower prepaid revenue.

The activity to integrate the UK operations of CWW was accelerated successfully and we continue to deliver cash and capex synergies as planned. The sales pipeline is now growing, which we expect to materialise into revenue increases in the 2015 financial year.

The roll-out of 4G services continued following the launch in August 2013, with services now available in 14 cities and over 200 towns, with over 637,000 4G enabled plans (including Mobile Broadband) at 31 March 2014. We are making significant progress in network performance, particularly in the London area.

EBITDA declined 9.8%*, driven by lower revenue and a 1.0* percentage point decline in the EBITDA margin as a result of higher customer investment.

Spain

Service revenue declined 13.4%*, as a result of intense convergence price competition, macroeconomic price pressure in enterprise and an MTR cut in July 2013. Service revenue trends began to improve towards the end of the year. As a result of a stronger commercial performance and lower customer churn from an improved customer experience, the contract customer base decline slowed during the year and the enterprise customer base remained broadly stable. Mobile in-bundle revenue declined 0.4%* driven by the higher take-up of Vodafone Red plans, which continue to perform well, with over 1.2 million customers at 31 March 2014. We had 797,000 4G customers at 31 March 2014 and services are now available in all Spanish provinces, 227 municipalities and 80 cities.

Fixed line revenue declined 0.2%* as we added 216,000 new customers during the year and added 276,000 homes to our joint fibre network with Orange. On 17 March 2014 we agreed to acquire Grupo Corporativo Ono, S.A. ('Ono'), the leading cable operator in Spain and the transaction is, subject to customary terms and conditions including anti-trust clearances by the relevant authorities, expected to complete in calendar Q3 2014.

EBITDA declined 23.9%*, with a 3.4* percentage point decline in EBITDA margin, primarily driven by the lower revenue, partly offset by lower commercial costs and operating cost reductions of 9.4%*.

Other Europe

Service revenue declined 7.1%* as price competition and MTR cuts resulted in service revenue declines of 5.6%*, 8.4%* and 14.1%* in the Netherlands, Portugal and Greece respectively. However, Hungary and Romania returned to growth in H2, and all other markets apart from Portugal showed an improvement in revenue declines in Q4.

In the Netherlands mobile in-bundle revenue increased by 3.4%*, driven by the success of Vodafone Red plans. In Portugal, the broadband customer base and fixed line revenues continued to grow as the fibre roll-out gained momentum in a market moving strongly towards converged offers, whilst in Greece the customer base grew due to the focus on data. In Ireland, contract growth remained good in a declining market.

EBITDA declined 14.0%*, with a 2.1* percentage point reduction in the EBITDA margin, driven by lower service revenue, partly offset by operating cost efficiencies.

Prior year operating results (continued)

Africa, Middle East and Asia Pacific

	India £m	Vodacom £m	Other AMAP £m	Eliminations £m	AMAP £m	% change	
						£	Organic
Year ended 31 March 2014							
Revenue	3,945	4,718	4,810	—	13,473	(1.8)	9.7
Service revenue	3,927	3,866	4,337	—	12,130	(3.5)	7.4
Other revenue	18	852	473	—	1,343	16.8	34.9
EBITDA	1,135	1,716	1,294	—	4,145	(1.2)	11.2
Adjusted operating profit	326	1,228	393	—	1,947	12.9	31.8
EBITDA margin	28.8%	36.4%	26.9%		30.8%		
Year ended 31 March 2013							
Revenue	3,907	5,206	4,606	(1)	13,718	(0.7)	8.2
Service revenue	3,878	4,415	4,276	(1)	12,568	(1.2)	7.6
Other revenue	29	791	330	—	1,150	5.6	14.8
EBITDA	1,055	1,891	1,250	—	4,196	4.3	13.8
Adjusted operating profit	158	1,332	235	—	1,725	7.1	20.1
EBITDA margin	27.0%	36.3%	27.1%		30.6%		

Revenue declined 1.8% mainly as a result of a 12.3 percentage point adverse impact from foreign exchange rate movements, particularly with regard to the Indian rupee, the South African rand and the Turkish lira. On an organic basis service revenue grew 7.4%*, driven by a higher customer base, increased customer usage and successful pricing strategies, partially offset by the impact of MTR reductions and a general weakening in macroeconomic conditions in certain countries. Growth was led by strong performances in India, Turkey, Qatar and Ghana and robust performances in Vodacom and Egypt, partly offset by service revenue declines in New Zealand.

EBITDA decreased 1.2%, including a 13.5 percentage point adverse impact from foreign exchange rate movements. On an organic basis, EBITDA grew 11.2%*, driven primarily by strong growth in India, Turkey, Qatar and Ghana as well as improved contributions from Egypt and Vodacom.

	Organic change* %	Other activity pps	Foreign exchange pps	Reported change %
Revenue – AMAP	9.7	0.8	(12.3)	(1.8)
Service revenue				
India	13.0	—	(11.7)	1.3
Vodacom	4.1	(2.8)	(13.7)	(12.4)
Other AMAP	5.7	5.2	(9.5)	1.4
AMAP	7.4	0.9	(11.8)	(3.5)
EBITDA				
India	20.8	—	(13.2)	7.6
Vodacom	6.6	0.2	(16.1)	(9.3)
Other AMAP	9.8	3.2	(9.5)	3.5
AMAP	11.2	1.1	(13.5)	(1.2)
Adjusted operating profit				
AMAP	31.8	(0.1)	(18.8)	12.9

India

Service revenue increased 13.0%*, driven by continued customer growth and data usage as well as improved voice pricing. Mobile customers increased by 14.2 million during the year, yielding a closing customer base of 166.6 million at 31 March 2014.

Data usage grew 125% during the year, primarily resulting from a 39% increase in mobile internet users and a 67% increase in usage per customer. At 31 March 2014 active data customers totalled 52 million including seven million 3G customers.

We progressively rolled out M-Pesa across India over the year, reaching nationwide coverage by March 2014.

EBITDA grew 20.8%*, with a 2.0* percentage point increase in EBITDA margin, driven by the higher revenue and the resulting economies of scale on costs.

In February, Vodafone India successfully bid for additional spectrum in 11 telecom circles in the Indian Government's 900MHz and 1800MHz spectrum auction, enabling the company to provide customers with enhanced mobile voice and data services across the country. Of the total £1.9 billion cost of these spectrum licences, £0.5 billion was paid during the financial year with the remainder payable in instalments starting in 2017.

Vodacom

Service revenue grew 4.1%*, driven by strong growth in Vodacom's mobile operations outside South Africa. In South Africa, organic service revenue increased 0.3%*, despite the adverse impact of an MTR cut, due to the strong growth in data revenues of 23.5%*, driven by higher smartphone penetration and the strong demand for prepaid bundles.

Vodacom's mobile operations outside South Africa delivered service revenue growth of 18.9%* mainly from continued customer base growth. M-Pesa continued to perform well and is now operational in all of the Vodacom mobile operations outside of South Africa, with over 4.4 million customers actively using the service.

EBITDA increased 6.6%*, driven by revenue growth, optimisation in customer investment and efficiencies in South Africa operating costs. The EBITDA margin decline of 0.3* percentage points is the result of higher sales of lower margin handsets.

On 14 April 2014 Vodacom announced the acquisition of the Vodacom customer base from Nashua, a mobile cellular provider for South African mobile network operators, subject to the approval of the Competition Authority.

On 19 May 2014 Vodacom announced that it had reached an agreement with the shareholders of Neotel Proprietary Limited ('Neotel'), the second largest provider of fixed telecommunications services for both enterprise and consumers in South Africa, to acquire 100% of the issued share capital in, and shareholder loans against, Neotel for a total cash consideration of ZAR 7.0 billion (£0.4 billion). The transaction remains subject to the fulfilment of a number of conditions precedent including applicable regulatory approvals and is expected to close before the end of the financial year.

Other AMAP

Service revenue increased 5.7%*, with growth in Turkey, Egypt, Qatar and Ghana being partially offset by declines in New Zealand.

Service revenue growth in Turkey was 7.9%* after a 5.4 percentage point negative impact from voice and SMS MTR cuts effective from 1 July 2013. Mobile in-bundle revenue in Turkey grew 25.0%* driven by higher smartphone penetration, the success of Vodafone Red plans and continued growth in enterprise.

In Egypt service revenue increased 2.6%*, driven by the growth in the customer base, higher data usage and a successful pricing strategy.

Service revenue growth in Qatar came as a result of strong net customer additions and the success of segmented commercial offers. In Ghana, service revenue grew 19.3%*, driven by an increase in customers and higher data usage in both consumer and enterprise.

EBITDA grew 9.8%* with a 0.1* percentage point improvement in EBITDA margin, with improvements in Turkey, Qatar and Ghana driven by the increase in scale and operating cost efficiencies, and with robust contribution from Egypt, partially offset by a decline in New Zealand.

Our joint venture in Australia experienced a local currency service revenue decline of 9.0%. The turnaround plan remains on track, yielding improved levels of network performance, net promoter score and customer base management. The local currency EBITDA margin was improved by 14.6 percentage points, as a result of restructuring and stronger cost discipline.

Our associate in Kenya, Safaricom, increased local currency service revenue by 17.2% driven by a higher customer base and continued growth in M-Pesa.

Company balance sheet of Vodafone Group Plc

at 31 March

	Note	2015 £m	2014 £m
Fixed assets			
Shares in Group undertakings	2	64,798	64,937
Current assets			
Debtors: amounts falling due after more than one year	3	3,676	2,091
Debtors: amounts falling due within one year	3	157,470	172,553
Other investments	4	37	130
Cash at bank and in hand		183	45
		161,366	174,819
Creditors: amounts falling due within one year	5	(163,164)	(174,143)
Net current (liabilities)/assets		(1,798)	676
Total assets less current liabilities		63,000	65,613
Creditors: amounts falling due after more than one year	5	(19,404)	(18,255)
		43,596	47,358
Capital and reserves			
Called up share capital	6	3,792	3,792
Share premium account	8	16,111	16,109
Capital reserve	8	88	88
Other reserves	8	720	758
Own shares held	8	(7,147)	(7,289)
Profit and loss account	8	30,032	33,900
Equity shareholders' funds		43,596	47,358

The Company financial statements on pages 180 to 185 were approved by the Board of Directors and authorised for issue on 19 May 2015 and were signed on its behalf by:



Vittorio Colao
Chief Executive



Nick Read
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 separate financial statements are prepared on a going concern basis.

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 consolidated financial statements for the year ended 31 March 2015.

Significant accounting policies applied in the current reporting period that relate to the financial statements as a whole

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.

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.

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.

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.

1. Basis of preparation (continued)**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.

Cash flow hedges

Cash flow hedging is used by the Company 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. 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.

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 2015 and 31 March 2014.

2. Fixed assets**Accounting policies**

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.

Shares in Group undertakings

	£m
Cost:	
1 April 2014	70,642
Additions:	
Capital contributions arising from share-based payments	88
Contributions received in relation to share-based payments	(126)
31 March 2015	70,604
Amounts provided for:	
1 April 2014	5,705
Amounts provided in the year	101
31 March 2015	5,806
Net book value:	
31 March 2014	64,937
31 March 2015	64,798

At 31 March 2015 the Company had the following principal subsidiary:

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

3. Debtors

	2015 £m	2014 £m
Amounts falling due within one year:		
Amounts owed by subsidiaries	156,933	171,709
Taxation recoverable	161	72
Other debtors	376	772
	157,470	172,553
Amounts falling due after more than one year:		
Deferred taxation	—	1
Other debtors	3,676	2,090
	3,676	2,091

4. Other investments

Accounting policies

Gains and losses arising from changes in fair values of available-for-sale investments 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.

	2015 £m	2014 £m
Investments ¹	37	130

Note:

1 Investments includes collateral paid on derivative financial instruments of £37 million (2014: £130 million).

5. Creditors

Accounting policies

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.

	2015 £m	2014 £m
Amounts falling due within one year:		
Bank loans and other loans	9,895	4,120
Amounts owed to subsidiaries	152,904	169,845
Other creditors	340	161
Accruals and deferred income	25	17
	163,164	174,143
Amounts falling due after more than one year:		
Deferred tax	4	—
Other loans	18,736	17,504
Other creditors	664	751
	19,404	18,255

Included in amounts falling due after more than one year are other loans of £11,533 million, which are due in more than five years from 1 April 2015 and are payable otherwise than by instalments. Interest payable on these loans ranges from 0.635% to 7.875%.

6. Share capital

Accounting policies

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

	2015		2014	
	Number	£m	Number	£m
Ordinary shares of 20²⁰/21 US cents each allotted, issued and fully paid:^{1,2}				
1 April	28,811,923,128	3,792	53,820,386,309	3,866
Allotted during the year	863,970	—	1,423,737	—
Consolidated during the year ³	—	—	(24,009,886,918)	—
Cancelled during the year	—	—	(1,000,000,000)	(74)
31 March	28,812,787,098	3,792	28,811,923,128	3,792

Notes:

1 50,000 (2014: 50,000) 7% cumulative fixed rate shares of £1 each were allotted, issued and fully paid by the Company.

2 At 31 March 2015, the Company held 2,300,749,013 (2014: 2,371,962,907) treasury shares with a nominal value of £303 million (2014: £312 million).

3 On 19 February 2014, we announced a "6 for 11" share consolidation effective 24 February 2014. This had the effect of reducing the number of shares in issue from 52,821,751,216 ordinary shares (including 4,351,833,492 ordinary shares held in Treasury) as at the close of business on 18 February 2014 to 28,811,864,298 new ordinary shares in issue immediately after the share consolidation on 24 February 2014.

During 2014, the Company issued 14,732,741,283 B shares of US\$1.88477 per share and 33,737,176,433 C shares of US\$0.00001 per share as part of the Return of Value following the disposal of our US Group, whose principal asset was its 45% stake in Verizon Wireless ('VZW'). The B shares were cancelled as part of the Return of Value. The C shares were reclassified as deferred shares with no substantive rights as part of the Return of Value and transferred to LDC (Shares) Limited ('LDC'). On 8 May 2015, the Company repurchased and then subsequently cancelled all deferred shares.

Allotted during the year

The Company allotted the following share awards and option schemes:

	Number	Nominal value £m	Net proceeds £m
UK share awards and option scheme awards	863,070	—	2

7. Share-based payments

Accounting policies

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.

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 2015, the Company had 25 million ordinary share options outstanding (2014: 27 million) and no ADS options outstanding (2014: nil).

The Company has made capital contributions to its subsidiaries in relation to share-based payments. At 31 March 2015, the cumulative capital contribution net of payments received from subsidiaries was £93 million (2014: £131 million). During the year ended 31 March 2015, the total capital contribution arising from share-based payments was £88 million (2014: £103 million), with payments of £126 million (2014: £177 million) received from subsidiaries.

Full details of share-based payments, share option schemes and share plans are disclosed in note 27 "Share-based payments" to the consolidated financial statements.

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

	Share capital £m	Share premium account ¹ £m	Capital reserve ¹ £m	Other reserves ¹ £m	Own shares held ² £m	Profit and loss account ³ £m	Total equity shareholders' funds £m
1 April 2014	3,792	16,109	88	758	(7,289)	33,900	47,358
Allotment of shares	—	2	—	—	142	—	144
Loss for the financial year	—	—	—	—	—	(934)	(934)
Dividends	—	—	—	—	—	(2,930)	(2,930)
Capital contribution given relating to share-based payments	—	—	—	88	—	—	88
Contribution received relating to share-based payments	—	—	—	(126)	—	—	(126)
Other movements	—	—	—	—	—	(4)	(4)
31 March 2015	3,792	16,111	88	720	(7,147)	30,032	43,596

Notes:

1 These reserves are not distributable.

2 Own shares relate to treasury shares which are purchased out of distributable profits and therefore reduce reserves available for distribution.

3 The Company has determined what is realised and unrealised in accordance with the guidance provided by ICAEW TECH 2/10 and the requirements of UK law. In accordance with UK Companies Act 2006 s831(2), a public company may make a distribution only if, after giving effect to such distribution, the amount of its net assets is not less than the aggregate of its called up share capital and non-distributable reserves as shown in the relevant accounts.

The loss for the financial year dealt with in the accounts of the Company is £934 million (2014: £10,970 million profit).

The Board is responsible for the Group's capital management including the approval of dividends. This includes an assessment of both the level of reserves legally available for distribution and consideration as to whether the Company would be solvent and retain sufficient liquidity following any proposed distribution.

As Vodafone Group Plc is a Group holding company with no direct operations, its ability to make shareholder distributions is dependent on its ability to receive funds for such purposes from its subsidiaries in a manner which creates profits available for distribution for the Company. The major factors that impact the ability of the Company to access profits held in subsidiary companies at an appropriate level to fulfil its needs for distributable reserves on an ongoing basis include:

- the absolute size of the profit pools either currently available for distribution or capable of realisation into distributable reserves in the relevant entities;
- the location of these entities in the Group's corporate structure;
- profit and cash flow generation in those entities; and
- the risk of adverse changes in business valuations giving rise to investment impairment charges, reducing profits available for distribution.

The Group's consolidated reserves set out on page 107 do not reflect the profits available for distribution in the Group.

The auditor's remuneration for the current year in respect of audit and audit-related services was £2.0 million (2014: £0.9 million) and for non-audit services was £2.0 million (2014: £3.5 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 75 to 91.

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

9. Equity dividends

Accounting policies

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.

	2015 £m	2014 £m
Declared during the financial year:		
Final dividend for the year ended 31 March 2014: 7.47 pence per share (2013: 6.92 pence per share)	1,975	3,365
Interim dividend for the year ended 31 March 2015: 3.60 pence per share (2014: 3.53 pence per share)	955	1,711
Special dividend for the year ended 31 March 2015: nil (2014: 172.94 US cents per share) ¹	–	35,490
	2,930	40,566
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the year ended 31 March 2015: 7.62 pence per share (2014: 7.47 pence per share)	2,020	1,975

Note:

1 Refer to note 9 "Equity dividends" to the consolidated financial statements for further information on the Return of Value to shareholders, following the disposal of the US Group whose principal asset was its 45% interest in VZW.

10. Contingent liabilities

	2015 £m	2014 £m
Performance bonds ¹	–	171
Other guarantees and contingent liabilities	1,670	2,738

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 an AUD 1.7 billion loan facility and a US\$3.5 billion loan facility of its joint venture, Vodafone Hutchison Australia Pty Limited.

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 30 "Contingent liabilities" 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 THUS Plc Group Scheme.

Legal proceedings

Details regarding certain legal actions which involve the Company are set out in note 30 "Contingent liabilities" to the consolidated financial statements.