Reporting our financial performance...

Focus on clear, effective and concise reporting

We continue to review the format of our consolidated financial statements with the aim of making them clearer and easier to follow. This year we have added the following highlights to help you navigate to the information that is important to you.

Reporting in euro currency

With effect from 1 April 2016, the Group's presentation currency was changed from pounds sterling to the euro to better align with the geographic split of the Group's operations as detailed in note 1 "Basis of preparation". Prior year results have been restated accordingly.

For more information: Pages 103 to 106

Future adoption of IFRS 9, IFRS 15 and IFRS 16

We have updated the disclosures in note 1 "Basis of preparation" relating to the timetable and potential impact of the future adoption of IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases".

For more information: Pages 107 and 108

Vodafone India

Following the announcement on 20 March 2017 that we had agreed to combine Vodafone India with Idea Cellular to form a joint controlled company, the results of Vodafone India became discontinued operations and its assets and liabilities held for sale.

For more information: Pages 123 and 124

India impairment

We include details of the €4.5 billion impairment charge recorded in respect of the Group's investment in India in note 4 "Impairment losses", which together with the recognition of an associated €0.8 billion deferred tax asset, led to an overall €3.7 billion reduction in the carrying value of Vodafone India.

For more information: Pages 113 to 116

Tax reporting

We continue to enhance our best practice reporting of the Group's tax affairs to include how the tax charge arises, expected future tax charges and details of tax assets held in different jurisdictions as detailed in note 6 "Taxation".

For more information: Pages 118 to 122

Alternative performance measures

This year, we have further clarified where we have used alternative performance measures, including their usage and reconciliation to the closest respective equivalent GAAP measure and their definitions.

For more information: Pages 205 to 213

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 auditor, 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's 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 48 and 49 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 and carried out a robust assessment of the principal risks and uncertainties that it faces.

The Directors confirm that they have carried out a robust assessment of the principal risks of the Group.

The Directors are also responsible under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and in doing so have regard for the needs of wider society and stakeholders, including customers, consistent with the Group's core and sustainable business objectives.

Having taken advice from the Audit and Risk Committee, the Board considers the report and accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and 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 43.

In addition, the financial position of the Group is included in "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 one 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. 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 US 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 2017 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 2017.

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 2017 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 90.

By Order of the Board

Rosemary Martin
Group General Counsel and Company Secretary

16 May 2017

Report of independent registered public accounting firm

To 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 ('the Company') at 31 March 2017 and 31 March 2016, and the results of their operations and their cash flows for each of the three years ended 31 March 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 31 March 2017, 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and International Standards on Auditing. 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 audits 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 opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed its presentation currency with effect from 1 April 2016.

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.

PricewaterhouseCoopers LLP
London, United Kingdom

16 May 2017

Note:
The report set out above is included for the purposes of Vodafone Group Plc's Annual Report on Form 20-F for 2017 only and does not form part of Vodafone Group Plc's Annual Report for 2017.

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 2017 and of the Group's loss 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

The financial statements, included within the Annual Report, comprise:

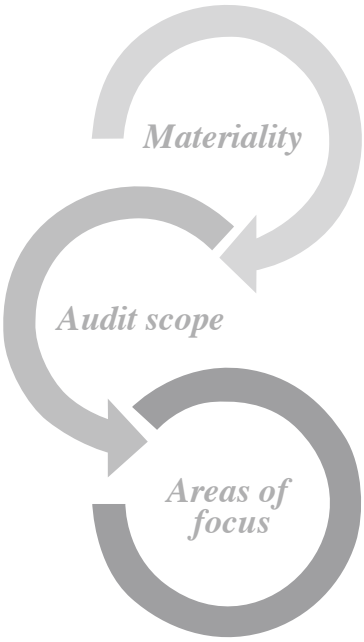
- the consolidated statement of financial position as at 31 March 2017;
- the Company statement of financial position as at 31 March 2017;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the Company statement of changes in equity for the year then ended; and
- the notes to the Group financial statements and Company financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the 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 IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the Company financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview



Overall Group materiality: €215 million which represents 5% of a three year average of 'Adjusted operating profit' ('AOP'), including Vodafone India. We used a three year average given volatility in the measure year-on-year as a result of Project Spring.

We identified six local operations which, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics comprising UK, Spain, Italy, India, Germany and Vodacom South Africa. The scope of work in Germany did not include an audit of the complete financial information of Kabel Deutschland GmbH ('KDG').

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.
- Changes in Group's presentation currency.

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

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 & 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
Taxation matters 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. We 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. 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. 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 amounting to €19.6 billion and €2.8 billion respectively. During the current year €4.3 billion of deferred tax assets have been de-recognised due to lower interest rates and a change in the local Luxembourg corporate tax rate. Refer to the Audit and Risk Committee Report, note 1 – "Critical accounting judgements and key sources of estimation uncertainty", note 6 – "Taxation" and note 30 – "Contingent liabilities and legal proceedings".	We evaluated the design and implementation of controls in respect of provisioning for withholding tax and the recognition and recoverability of deferred tax assets. We used our tax specialists 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. In respect of the deferred tax assets, we assessed the recoverability of losses from a tax perspective through performing the following: – understanding how losses arose and where they are located, including to which subgroups they are attributed; – considering whether the losses can be reversed; – evaluating the results of local statutory impairment assessments including reversals; – considering the impact of recent regulatory developments, as applicable; – assessing any restrictions on future use; and – determining whether any of the losses will expire. In addition we assessed the application of International Accounting Standard 12 – Income Taxes including: – understanding the triggers for recognition of deferred tax assets; – considering effects of tax planning strategies; – testing the mathematical accuracy of the cash flow models and challenging and agreeing the key assumptions in the Board approved five year management plan; and – assessing management's view of the Group's likelihood of generating future taxable profits to support the recoverability of the deferred tax assets. We determined that the carrying value of deferred tax assets at 31 March 2017 was supported by management's plans including intercompany funding arrangements. We validated the appropriateness of the related disclosures in note 6 and note 30 of the financial statements, including the disclosures made in respect of the utilisation period of deferred tax assets.

Area of focus	How our audit addressed the area of focus
Carrying value of goodwill The Group has goodwill of €26.8 billion contained within 22 cash generating units ('CGUs'). Impairment charges to goodwill have been recognised in prior periods. With the continued difficult macroeconomic environment in Europe and the changing regulatory environment globally the risk that goodwill is impaired increases. 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, average customer numbers and customer churn, timing and approval of future capital, spectrum and operating expenditure and the most appropriate discount rate. In the year ended 31 March 2017, a pre-tax impairment charge of €4.5 billion was recognised related to goodwill in India. Refer to area of focus on 'Significant one-off transactions'. Refer to the Audit and Risk Committee Report, note 1 – "Critical accounting judgements and key sources of estimation uncertainty", note 4 – "Impairment losses" and note 10 – "Intangible assets".	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. With the support of our valuation experts, we benchmarked and challenged key assumptions in management's valuation models used to determine recoverable amount against external data, including assumptions of projected adjusted EBITDA, projected capital expenditure, projected licence and spectrum payments, long-term growth rate and discount rates. We performed testing of the mathematical accuracy of the cash flow models and challenging and agreeing the key assumptions in the Board approved five year management plan. Based on our procedures, we noted no exceptions and consider management's key assumptions to be within a reasonable range. We validated the appropriateness of the related disclosures in note 4 and note 10 of the financial statements.
Provisions and contingent liabilities 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. Refer to the Audit and Risk Committee Report, note 1 – "Critical accounting judgements and key sources of estimation uncertainty", note 17 – "Provisions" and note 30 – "Contingent liabilities and legal proceedings".	We used our tax specialists to gain an understanding of the current status of the tax cases 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. For legal, regulatory and tax matters our procedures included the following: – testing key controls surrounding litigation, regulatory and tax procedures; – performing substantive procedures on the underlying calculations supporting the provisions recorded; – where relevant, reading external legal opinions obtained by management; – meeting with regional and local management and reading subsequent Group correspondence; – discussing open matters with the Group litigation, regulatory, general counsel and tax teams; – assessing management's conclusions through understanding precedents set in similar cases; and – circularisation where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. 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 2017 to be appropriate. We validated the completeness and appropriateness of the related disclosures through assessing that the disclosure of the uncertainties in note 17 and note 30 of the financial statements was sufficient.

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

Area of focus	How our audit addressed the area of focus
Revenue recognition – accuracy of revenue recorded given the complexity of systems 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.). The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates. Refer to the Audit and Risk Committee Report and note 1 – "Critical accounting judgements and key sources of estimation uncertainty".	We instructed the six local market audit teams in Group audit scope to undertake consistent audit procedures over revenue. Our audit approach included controls testing and substantive procedures covering, in particular: – 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 customer bills; and – testing cash receipts for a sample of customers back to the customer invoice. 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. Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.
Significant one-off transactions We focused on two significant one-off transactions which occurred during the year: the completion of the Netherlands joint venture with Liberty Global and the proposed merger of the Group's Indian business with Idea Cellular. Accounting for these transactions and related disclosures requires the exercise of significant judgement. Netherlands joint venture – on 31 December 2016 Liberty Global and Vodafone completed a 50:50 joint venture in respect of their businesses in the Netherlands, 'VodafoneZiggo'. Management has assessed that VodafoneZiggo is a jointly controlled entity as decisions about the relevant activities require the consent of both parties. A gain of €1.3 billion has been recognised in connection with the transaction. Transaction with Idea – on 20 March 2017 the merger of Vodafone India and Idea Cellular was announced. This merger, once completed, will result in a 45.1% stake for Vodafone Group, 26% stake for Aditya Birla Group with the remaining 28.9% being shares in public float. The Vodafone India business, excluding its 42% stake in Indus Towers, has been presented as 'held for sale' and 'discontinued operations' as at 31 March 2017. At the balance sheet date, as required by IFRS 5 the business is held at fair value less cost to sell. A pre-tax impairment charge of €4.5 billion has been recognised for the year, together with the recognition of an associated €0.8 billion deferred tax asset. Refer to the Audit and Risk Committee Report, note 1 – "Critical accounting judgements and key sources of estimation uncertainty" and related notes in the financial statements.	Our procedures on the Netherlands joint venture included the following: – making use of our valuations specialists to support the assessment of the valuation of the business, including challenging and agreeing the key assumptions in the approved business plan and the allocation of synergies to calculate the gain; – challenging management's assessment on the treatment as a joint venture including examining the relevant agreements; and – checking the disclosures in the Annual Report. Our procedures on the proposed transaction with Aditya Birla Group included the following: – challenging management on whether the requirements under IFRS 5 for the India business to be classified as held for sale and discontinued operations were met, including reading and discussion of relevant third party legal advice; – making use of our valuation specialists to examine the valuation methodology in determining the fair value less cost to sell; – verifying the accuracy of management's calculation of the impairment charge and allocation to respective asset classes and the recognition and recoverability of the associated deferred tax asset; and – checking the disclosures in the Annual Report. Based on our procedures, we noted no issues and were satisfied with the associated accounting for these matters.

Area of focus	How our audit addressed the area of focus
Capitalisation and asset lives 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: – 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. Refer to the Audit and Risk Committee Report, note 1 – "Critical accounting judgements and key sources of estimation uncertainty", note 10 – "Intangible assets" and note 11 – "Property, plant and equipment".	We tested controls in place over the property, plant and equipment 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 and the application of the asset life. In performing these substantive procedures, we assessed the judgements made by management including: – 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. No issues were noted from our testing.
IT systems and controls We place a high level of reliance on the Group's IT systems and key internal controls. As a result a significant proportion of our audit effort was conducted in this area at local, regional and Group levels and at the Group's shared service centres. The Group has continued to devote considerable resources to the development of key business and related IT controls to ensure a robust system of internal control as described in the Audit and Risk Committee Report on page 60.	We conducted detailed end-to-end walkthroughs of the finance processes, utilising our understanding from the prior year to reassess the design effectiveness of the key internal controls and to identify changes. We then conducted testing of the operating effectiveness of these controls to obtain evidence that they operated throughout the year. In response to the changes and control enhancements made during the year, we performed the following: – evaluating the design of the controls to ensure they mitigated the relevant financial reporting risks and testing the operation of controls in the periods prior to and post any change; – where systems changed during the year, testing IT general controls and data migration processes; and – tested controls and performed additional substantive procedures of key general ledger account reconciliations and manual journals. We did not regard any of the control issues identified in 2017 as significant in the context of the Group financial statements.
Changes in Group's presentation currency With effect from 1 April 2016, the Group's presentation currency was changed from sterling to euro to better align with the geographic split of the Group's operations. This change was accounted for retrospectively resulting in historical retranslation of the Group's results.	Our procedures included the following: – testing the Hyperion Financial Management ('HFM') application, including controls in place, to conclude on the appropriateness of the euro presentation currency application set up; – testing the retranslation of sterling comparative balances disclosed in the financial statements; – testing the disclosures included in the Annual Report; – examining management's accounting paper assessing the impact of the presentation currency change upon their hedge relationships, and for material hedge accounting relationships we examined the respective hedging instrument to assess its effectiveness; and – testing key controls in place over designation and monitoring of quasi equity loan arrangements and performing tests of details on the accounting treatment of material balances. No issues were noted from our testing.

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, and the industry in which the Group operates.

The Group operates in 26 countries across two regions; "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 six operations in Group scope (UK, Spain, Italy, India, Vodafone Germany, Vodacom South Africa) representing 67% and 66% of the Group's revenue and AOP including Vodafone India. We identified these six 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 €65 million to €160 million. These local operations are also subject to audits for local statutory purposes where their local statutory materiality ranges from €1 million to €175 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 six operations in scope for Group reporting during the audit cycle and the lead audit partner or a senior member of the Group engagement team attended the year end audit clearance meetings.

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 on the individual financial statement line items and disclosures and in evaluating 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	€215 million (2016: €248 million).
How we determined it	5% of a three year average of AOP, including Vodafone India.
Rationale for benchmark applied	We used a three year average given volatility in the measure year-on-year as a result of Project Spring.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above €15 million (2016: €14 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 of responsibility, set out on pages 88 and 89, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement of responsibility about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement of responsibility, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. 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 and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- 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;
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements;
- the information given in the Corporate Governance Statement set out on pages 44 to 85 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- the information given in the Corporate Governance Statement set out on pages 44 to 85 with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies complies with rules 7.2.2, 7.2.3 and 7.2.7 of the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report, and in the information referred to above in the Corporate Governance Statement. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

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

– information in the Annual Report is:	We have no exceptions to report.
– 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.	
– the statement given by the Directors on page 88, 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 and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit; and	We have no exceptions to report.
– the section of the Annual Report on pages 57 to 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.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

– the Directors' confirmation on page 88 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;	We have nothing material to add or to draw attention to.
– the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; and	We have nothing material to add or to draw attention to.
– the Directors' explanation on page 34 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement of responsibility that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement of responsibility in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

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.

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

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 ten further provisions of the 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 pages 88 and 89, 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 & 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. With respect to the Strategic Report, Directors' report and Corporate governance statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Andrew Kemp (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

16 May 2017

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 2017 only and does not form part of Vodafone Group Plc's Annual Report on Form 20-F for 2017.

Consolidated income statement

for the years ended 31 March

	Note	2017 €m	Restated[1] 2016 €m	Restated[1] 2015 €m
Revenue	2	**47,631**	**49,810**	**48,385**
Cost of sales		(34,576)	(36,713)	(35,073)
Gross profit		**13,055**	**13,097**	**13,312**
Selling and distribution expenses		(4,349)	(4,603)	(4,181)
Administrative expenses		(6,080)	(6,379)	(6,834)
Share of results of equity accounted associates and joint ventures		47	60	(78)
Impairment losses	4	–	(569)	–
Other income/(expense)	3	1,052	(286)	(146)
Operating profit	3	**3,725**	**1,320**	**2,073**
Non-operating expense		(1)	(3)	(23)
Investment income	5	474	539	1,083
Financing costs	5	(1,406)	(2,046)	(1,399)
Profit/(loss) before taxation		**2,792**	**(190)**	**1,734**
Income tax (expense)/credit	6	(4,764)	(4,937)	6,071
(Loss)/profit for the financial year from continuing operations		**(1,972)**	**(5,127)**	**7,805**
(Loss)/profit for the financial year from discontinued operations	7	**(4,107)**	**5**	**(328)**
(Loss)/profit for the financial year		**(6,079)**	**(5,122)**	**7,477**
Attributable to:				
– Owners of the parent		(6,297)	(5,405)	7,279
– Non-controlling interests[2]		218	283	198
(Loss)/profit for the financial year		**(6,079)**	**(5,122)**	**7,477**
(Loss)/earnings per share				
From continuing operations:				
– Basic		(7.83)c	(20.27)c	28.72c
– Diluted		(7.83)c	(20.27)c	28.57c
Total Group:				
– Basic	8	(22.51)c	(20.25)c	27.48c
– Diluted	8	(22.51)c	(20.25)c	27.33c

Notes:
1 See note 1 "Basis of preparation".
2 Profit attributable to non-controlling interests solely derives from continuing operations.

Consolidated statement of comprehensive income

for the years ended 31 March

	Note	2017 €m	Restated[1] 2016 €m	Restated[1] 2015 €m
(Loss)/profit for the financial year		**(6,079)**	**(5,122)**	**7,477**
Other comprehensive income:				
Items that may be reclassified to the income statement in subsequent years:				
Gains/(losses) on revaluation of available-for-sale investments, net of tax		2	(3)	5
Foreign exchange translation differences, net of tax		(1,201)	(3,030)	3,681
Foreign exchange losses/(gains) transferred to the income statement		–	282	(1)
Fair value losses/(gains) transferred to the income statement		4	–	(11)
Other, net of tax		110	56	6
Total items that may be reclassified to the income statement in subsequent years		**(1,085)**	**(2,695)**	**3,680**
Items that will not be reclassified to the income statement in subsequent years:				
Net actuarial (losses)/gains on defined benefit pension schemes, net of tax	26	(272)	174	(291)
Total items that will not be reclassified to the income statement in subsequent years		**(272)**	**174**	**(291)**
Other comprehensive (expense)/income		**(1,357)**	**(2,521)**	**3,389**
Total comprehensive (expense)/income for the year		**(7,436)**	**(7,643)**	**10,866**
Attributable to:				
– Owners of the parent		(7,535)	(7,579)	10,272
– Non-controlling interests		99	(64)	594
		(7,436)	**(7,643)**	**10,866**

Note:
1 See note 1 "Basis of preparation".

Further details on items in the consolidated statement of comprehensive income can be found in the consolidated statement of changes in equity on page 101.

Consolidated statement of financial position

at 31 March

	Note	31 March 2017 €m	Restated[1] 31 March 2016 €m	Restated[1] 1 April 2015 €m
Non-current assets				
Goodwill	10	26,808	28,238	30,524
Other intangible assets	10	19,412	30,326	28,989
Property, plant and equipment	11	30,204	35,515	36,806
Investments in associates and joint ventures	12	3,138	479	652
Other investments	13	3,459	4,631	5,197
Deferred tax assets	6	24,300	28,306	32,991
Post employment benefits	26	57	224	234
Trade and other receivables	15	4,569	5,793	6,729
		111,947	**133,512**	**142,122**
Current assets				
Inventory	14	576	716	667
Taxation recoverable		150	1,402	795
Trade and other receivables	15	9,861	11,561	11,141
Other investments	13	6,120	5,337	5,333
Cash and cash equivalents	20	8,835	12,922	9,521
		25,542	**31,938**	**27,457**
Assets held for sale	7	17,195	3,657	–
Total assets		**154,684**	**169,107**	**169,579**
Equity				
Called up share capital	18	4,796	4,796	5,246
Additional paid-in capital		151,808	151,694	161,801
Treasury shares		(8,610)	(8,777)	(9,747)
Accumulated losses		(105,851)	(95,683)	(85,882)
Accumulated other comprehensive income		30,057	31,295	20,092
Total attributable to owners of the parent		**72,200**	**83,325**	**91,510**
Non-controlling interests		1,525	1,817	2,207
Put options over non-controlling interests		(6)	(6)	(9)
Total non-controlling interests		**1,519**	**1,811**	**2,198**
Total equity		**73,719**	**85,136**	**93,708**
Non-current liabilities				
Long-term borrowings	21	34,523	37,089	31,039
Deferred tax liabilities	6	535	564	824
Post employment benefits	26	651	565	784
Provisions	17	1,130	1,619	1,497
Trade and other payables	16	1,737	1,899	1,748
		38,576	**41,736**	**35,892**
Current liabilities				
Short-term borrowings	21	12,051	20,260	17,463
Taxation liabilities		661	683	828
Provisions	17	1,049	958	1,061
Trade and other payables	16	16,834	19,896	20,627
		30,595	**41,797**	**39,979**
Liabilities held for sale	7	11,794	438	–
Total equity and liabilities		**154,684**	**169,107**	**169,579**

Note:
1 See note 1 "Basis of preparation".

The consolidated financial statements on pages 99 to 176 were approved by the Board of Directors and authorised for issue on 16 May 2017 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[2] €m	Additional paid-in capital[3] €m	Treasury shares €m	Retained losses €m	Other comprehensive income: Currency reserve[4] €m	Pensions reserve €m	Investment reserve[5] €m	Revaluation surplus[6] €m	Other[7] €m	Equity share-holders' funds €m	Non-controlling interests €m	Total equity €m
1 April 2014 restated[1]	4,592	141,718	(8,703)	(88,383)	35,892	(713)	59	1,227	45	85,734	1,187	86,921
Issue or reissue of shares	–	2	180	(159)	–	–	–	–	–	23	–	23
Share-based payments[8]	–	119	–	–	–	–	–	–	–	119	–	119
Transactions with non-controlling interests in subsidiaries	–	–	–	(916)	–	–	–	–	–	(916)	742	(174)
Dividends	–	–	–	(3,712)	–	–	–	–	–	(3,712)	(326)	(4,038)
Comprehensive income	–	–	–	7,279	3,284	(291)	(6)	–	6	10,272	594	10,866
Profit	–	–	–	7,279	–	–	–	–	–	7,279	198	7,477
OCI – before tax	–	–	–	–	2,992	(369)	5	–	14	2,642	399	3,041
OCI – taxes	–	–	–	–	293	78	–	–	(8)	363	(3)	360
Transfer to the income statement	–	–	–	–	(1)	–	(11)	–	–	(12)	–	(12)
Other[9]	654	19,962	(1,224)	9	(19,411)	–	–	–	–	(10)	1	(9)
31 March 2015 restated[1]	**5,246**	**161,801**	**(9,747)**	**(85,882)**	**19,765**	**(1,004)**	**53**	**1,227**	**51**	**91,510**	**2,198**	**93,708**
Issue or reissue of shares	–	2	147	(131)	–	–	–	–	–	18	–	18
Share-based payments[8]	–	161	–	–	–	–	–	–	–	161	–	161
Issue of mandatory convertible bonds[10]	–	3,480	–	–	–	–	–	–	–	3,480	–	3,480
Transactions with non-controlling interests in subsidiaries	–	–	–	(44)	–	–	–	–	–	(44)	(19)	(63)
Dividends	–	–	–	(4,233)	–	–	–	–	–	(4,233)	(332)	(4,565)
Comprehensive expense	–	–	–	(5,405)	(2,401)	174	(3)	–	56	(7,579)	(64)	(7,643)
(Loss)/profit	–	–	–	(5,405)	–	–	–	–	–	(5,405)	283	(5,122)
OCI – before tax	–	–	–	–	(2,535)	216	(4)	–	75	(2,248)	(343)	(2,591)
OCI – taxes	–	–	–	–	(148)	(42)	1	–	(19)	(208)	(4)	(212)
Transfer to the income statement	–	–	–	–	282	–	–	–	–	282	–	282
Other[9]	(450)	(13,750)	823	12	13,377	–	–	–	–	12	28	40
31 March 2016 restated[1]	**4,796**	**151,694**	**(8,777)**	**(95,683)**	**30,741**	**(830)**	**50**	**1,227**	**107**	**83,325**	**1,811**	**85,136**
Issue or reissue of shares	–	2	167	(150)	–	–	–	–	–	19	–	19
Share-based payments[8]	–	112	–	–	–	–	–	–	–	112	–	112
Transactions with non-controlling interests in subsidiaries	–	–	–	(12)	–	–	–	–	–	(12)	17	5
Dividends	–	–	–	(3,709)	–	–	–	–	–	(3,709)	(410)	(4,119)
Comprehensive expense	–	–	–	(6,297)	(1,082)	(272)	6	–	110	(7,535)	99	(7,436)
(Loss)/profit	–	–	–	(6,297)	–	–	–	–	–	(6,297)	218	(6,079)
OCI – before tax	–	–	–	–	(1,096)	(274)	2	–	156	(1,212)	(121)	(1,333)
OCI – taxes	–	–	–	–	14	2	–	–	(46)	(30)	2	(28)
Transfer to the income statement	–	–	–	–	–	–	4	–	–	4	–	4
Other	–	–	–	–	–	–	–	–	–	–	2	2
31 March 2017	**4,796**	**151,808**	**(8,610)**	**(105,851)**	**29,659**	**(1,102)**	**56**	**1,227**	**217**	**72,200**	**1,519**	**73,719**

Notes:
1 See note 1 "Basis of preparation".
2 See note 18 "Called up share capital".
3 Includes share premium, capital reserve, capital redemption reserve, merger reserve and share-based payment 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.
4 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.
5 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.
6 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.
7 Includes the impact of the Group's cash flow hedges with €787 million net gain deferred to other comprehensive income during the year (2016: €337 million net gain; 2015: €768 million net gain) and €654 million net gain (2016: €294 million net gain; 2015: €821 million net gain) recycled to the income statement.
8 Includes €9 million tax credit (2016: €5 million credit; 2015: €9 million credit).
9 Includes amounts relating to foreign translation differences arising on the retranslation of reserves due to the change in the Group's presentation currency.
10 Includes the equity component of mandatory convertible bonds which were compound instruments issued in the year ended 31 March 2016.

Consolidated statement of cash flows

for the years ended 31 March

	Note	2017 €m	Restated[1] 2016 €m	Restated[1] 2015 €m
Inflow from operating activities	19	**14,223**	**14,336**	**12,668**
Cash flows from investing activities				
Purchase of interests in subsidiaries, net of cash acquired	28	(28)	(57)	(3,906)
Purchase of interests in associates and joint ventures	28	499	(3)	(107)
Purchase of intangible assets	10	(2,576)	(5,618)	(2,813)
Purchase of property, plant and equipment	11	(6,285)	(8,265)	(7,324)
Purchase of investments	13	(2,219)	(106)	(258)
Disposal of interests in subsidiaries, net of cash disposed		2	–	–
Disposal of interests in associates and joint ventures		4	–	29
Disposal of property, plant and equipment	11	43	164	191
Disposal of investments		3,597	1,888	1,107
Dividends received from associates and joint ventures		433	92	732
Interest received		434	342	288
Cash flows from discontinued operations		(2,327)	(2,308)	(1,173)
Outflow from investing activities		**(8,423)**	**(13,871)**	**(13,234)**
Cash flows from financing activities				
Issue of ordinary share capital and reissue of treasury shares	18	25	25	31
Net movement in short-term borrowings		1,293	(11)	5,578
Proceeds from issue of long-term borrowings		7,326	9,157	2,992
Repayment of borrowings		(9,267)	(3,784)	(5,008)
Issue of subordinated mandatory convertible bonds		–	3,480	–
Equity dividends paid	9	(3,714)	(4,188)	(3,758)
Dividends paid to non-controlling shareholders in subsidiaries		(413)	(309)	(310)
Other transactions with non-controlling shareholders in subsidiaries		5	(67)	(867)
Other movements in loans with associates and joint ventures		70	(31)	(68)
Interest paid		(1,264)	(1,324)	(1,556)
Cash flows from discontinued operations		(3,157)	1,134	(196)
(Outflow)/inflow from financing activities		**(9,096)**	**4,082**	**(3,162)**
Net cash (outflow)/inflow		**(3,296)**	**4,547**	**(3,728)**
Cash and cash equivalents at beginning of the financial year	20	12,911	9,492	12,245
Exchange (loss)/gain on cash and cash equivalents		(313)	(1,128)	975
Cash and cash equivalents at end of the financial year	20	**9,302**	**12,911**	**9,492**

Note:
1 See note 1 "Basis of preparation".

Notes to the consolidated financial statements

1. Basis of preparation

This section describes the critical accounting judgements and estimates 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 financial statements, 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 International Financial Reporting Standards ('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.

With effect from 1 April 2016, the Group's presentation currency changed from sterling to the euro to better align with the geographic split of the Group's operations and the Group reclassified €580 million from goodwill to investments in associates and joint ventures in respect of Indus Towers within the consolidated statement of financial position to align with the Group's cash-generating unit classifications. Prior periods, including the amounts presented for the years ended 31 March 2016 and 31 March 2015, together with all disclosed alternative performance measures, have been restated into euros using closing rates at the relevant balance sheet date for assets, liabilities, share capital, share premium and other capital reserves and the income statement has been restated at the average rate for the comparative period or the spot rate for significant transactions. The results of Vodafone India are presented in results from discontinued operations in the current and prior periods and its assets and liabilities reported in assets and liabilities held for sale, respectively, at 31 March 2017.

Vodafone Group Plc is incorporated and domiciled in England and Wales (registration number 1833679). The registered address of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. These have been applied consistently to all the years presented, unless otherwise stated. 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 judgements and estimates 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, estimates and related disclosures have been discussed with the Company's Audit and Risk Committee.

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 any appropriate volume discounts.

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 Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate.

Provisions are recognised for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group. Provisions are measured using management's estimate of the most likely outcome. The final resolution of uncertain tax positions 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.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

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 and India and capital allowances in the United Kingdom.

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether management judge that 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.

The estimated 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 estimates 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 €117,775 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, which may require the use of judgement.

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.

The determination of gains or losses arising from the contribution or sale of a subsidiary as part of the formation of a joint arrangement requires management to make significant estimates to determine the present value of future cash flows to be generated by the joint arrangement in order to determine the fair value of non-cash consideration received.

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 estimated 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 19.5% (2016: 21.0%) 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 uses estimates when determining the Group's liabilities and expenses arising for defined benefit pension schemes. Management is required to estimate the 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 and legal proceedings" to the consolidated financial statements). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and estimates are required to determine 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 estimates to be made in respect of highly uncertain matters including management's expectations of:

- growth in adjusted EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and amount of future capital expenditure, licence and spectrum payments;
- 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 adjusted 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:

- the nominal GDP growth rates for the country of operation; and
- the compound annual growth rate in adjusted 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.

For discontinued operations, impairment testing requires management to determine whether the carrying value of the discontinued operation can be supported by the fair value less costs to sell. Where not observable in a quoted market, management have determined fair value less costs to sell by reference to the outcomes from the application of a number of potential valuation techniques, determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

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 33 "Related undertakings" 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 euro, which became the Company's functional currency on 1 April 2016 as the primary currency in which the Company's financing activities and investment returns are denominated. 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.

Similarly, with effect from 1 April 2016, the Group's presentation currency was changed from sterling to euro to better align with the geographic split of the Group's operations. Amounts presented for the years ended 31 March 2016 and 31 March 2015 have been translated into euros using closing rates at the relevant balance sheet date for amounts recorded in the consolidated statement of financial position and consolidated statement of changes in equity and average rates for the relevant year for amounts reported in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows.

The change of presentation and functional currency has not changed either the Group's or the Company's foreign exchange management strategy.

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 the consolidated statement of comprehensive income.

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 the consolidated statement of comprehensive income.

Share capital, share premium and other capital reserves are initially recorded at the functional currency rate prevailing at the date of the transaction and are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than euro are expressed in euro 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 other comprehensive income. On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

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

The net foreign exchange loss recognised in the consolidated income statement for the year ended 31 March 2017 is €637 million (31 March 2016: €1,141 million loss; 2015: €261 million gain). The net gains and net losses are recorded within operating profit (2017: €133 million charge; 2016: €24 million credit; 2015: €8 million charge), other income and expense and non-operating income and expense (2017: €nil; 2016: €282 million charge; 2015: €1 million credit), investment and financing income (2017: €505 million charge; 2016: €872 million charge; 2015: €263 million credit) and income tax expense (2017: €1 million credit; 2016: €11 million charge; 2015: €5 million credit). The foreign exchange gains and losses included within other income and expense and non-operating income and expense arise on the disposal of interests in joint ventures, associates and investments from the recycling of foreign exchange gains previously recorded in the consolidated statement of comprehensive income.

New accounting pronouncements adopted on 1 April 2016

On 1 April 2016 the Group adopted the following new accounting policies to comply with amendments to IFRS. The accounting pronouncements, none of which is considered by the Group as significant on adoption, are:

- Amendments to IAS 1 "Disclosure Initiative";
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"; Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"; and
- "Improvements to IFRS: 2012-2014 cycle".

New accounting pronouncements to be adopted on 1 April 2017

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 January 2017 and which have not yet been endorsed by the EU:

- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses";
- Amendments to IAS 7 "Disclosure Initiative"; which requires additional disclosures of changes in liabilities arising from financing activities; and
- Amendments to IFRS 12 "Disclosure of Interests in other entities" (part of "Improvements to IFRS 2014-2016 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 2017.

New accounting pronouncements to be adopted on or after 1 April 2018

The following pronouncements which are potentially relevant to the Group have been issued by the IASB are effective for annual periods beginning on 1 January 2018 and which have not yet been endorsed by the EU:

- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts";
- Amendment to IAS 28 "Investments in Associates and Joint Ventures" (part of "Improvements to IFRS 2014-2016 Cycle"); and
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

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 2018.

In addition, the Group will adopt the following standards, which have been issued by the IASB:

- On 1 April 2018 the Group will adopt IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" which are effective for accounting periods on or after 1 January 2018 and which have been endorsed by the EU.
- On 1 April 2019 the Group will adopt IFRS 16 "Leases", which has not yet been endorsed by the EU and is effective for accounting periods beginning on or before 1 January 2019.

IFRS 9, IFRS 15 and IFRS 16 are significant new standards, the impacts of which on the Group's financial reporting are currently being assessed.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in July 2014 to replace IAS 39 "Financial Instruments: Recognition and Measurement" and has been endorsed by the EU. The standard is effective for accounting periods beginning on or after 1 January 2018 and will be adopted by the Group on 1 April 2018.

IFRS 9 will impact the classification and measurement of the Group's financial instruments and will require certain additional disclosures. The primary changes relate to the assessment of hedging arrangements and provisioning for potential future credit losses on financial assets; the Group is continuing to analyse the impact of these changes which are not currently considered likely to have any major impact on the Group's current accounting treatment or hedging activities.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers", which has been endorsed by the EU, was issued in May 2014 and subsequent amendments, "Clarifications to IFRS 15", which have not yet been endorsed by the EU, were issued in April 2016. IFRS 15, as amended, is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 sets out the requirements for recognising revenue and costs from contracts with customers and includes extensive disclosure requirements; it 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 separate "performance obligations". The performance obligations identified will depend on the nature of individual customer contracts, but might typically be identified for mobile handsets, other equipment provided to customers and for services provided to customers such as mobile and fixed line communications services. 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. Revenue will then be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer. Stand-alone selling prices will be based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates of stand-alone selling prices will be required which will maximise the use of observable inputs
- 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 at contract inception, when control of the device typically passes to the customer, will increase and revenue subsequently recognised as services are delivered during the contract period will reduce. Where additional up-front unbilled revenue is recorded for the sale of devices, this will be reflected in the consolidated statement of financial position as a contract asset.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

- Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the consolidated statement of financial position 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 consolidated statement of financial position 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 impact of the changes above on the Group's reportable segments will depend largely on the extent to which customers receive discounted goods or services, such as mobile handsets, when they enter into airtime service agreements with the Group in the relevant markets. The combined impact of the changes is expected to increase the gross profit, or reduce the gross loss, recorded at inception on many customer contracts; in such cases, this will typically reduce the gross profit reported during the remainder of the contract; however, these timing differences will not impact the total gross profit reported for a customer contract over the contract term.

The transactions impacted by IFRS 15 are high in volume, value and complexity, therefore the Group is continuing to assess the impact of these and other accounting changes that will arise under IFRS 15 and cannot reasonably estimate the impact; however, the changes highlighted above will have a material impact on the consolidated income statement and consolidated statement of financial position after the Group adopts IFRS 15 on 1 April 2018. The Group expects to be in a position to estimate the impact of IFRS 15 early in the first quarter of the year commencing 1 April 2018.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 15 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period. The Group will reflect the cumulative impact of IFRS 15 in equity on the date of adoption.

IFRS 16 "Leases"

IFRS 16 "Leases" was issued in January 2016 to replace IAS 17 "Leases". The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Group on 1 April 2019. IFRS 16 has not yet been adopted by the EU.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the Group.

The Group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

- Right-of-use assets will be recorded for assets that are leased by the Group; currently no lease assets are included on the Group's consolidated statement of financial position for operating leases.
- Liabilities will be recorded for future lease payments in the Group's consolidated statement of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the Group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 31 March 2019, but may not be dissimilar.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

A high volume of transactions will be impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. Therefore, the Group is continuing to assess the impact of these and other accounting changes that will arise under IFRS 16 and cannot reasonably estimate the impact; however, the changes highlighted above will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after the Group's adoption on 1 April 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The Group has not yet determined which adoption method will be adopted or which expedients will be applied on adoption.

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.

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. The segmental revenue and profit of India are included in discontinued operations for all years reported and segmental assets and cash flows are included in assets and liabilities held for sale at 31 March 2017. See note 7 "Discontinued operations and assets held for resale" for details.

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 mobile and fixed telecommunication services including: access charges, voice and video calls, messaging, interconnect fees, fixed and mobile broadband and related services such as providing televisual and music content, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for access charges, voice and video calls, messaging and fixed and mobile broadband provided to 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 for the provision of televisual and music content is recognised when or as the Group performs 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 any related excess 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.

Notes to the consolidated financial statements (continued)

2. Segmental analysis (continued)

Segmental revenue and profit

	Segment revenue €m	Intra-region revenue €m	Regional revenue €m	Inter-region revenue €m	Group revenue €m	Adjusted EBITDA €m
31 March 2017						
Germany	10,600	(32)	10,568	(21)	10,547	3,617
Italy	6,101	(30)	6,071	(1)	6,070	2,229
UK	6,925	(23)	6,902	(6)	6,896	1,212
Spain	4,973	(37)	4,936	(1)	4,935	1,360
Other Europe	6,128	(55)	6,073	(5)	6,068	1,865
Europe	**34,727**	**(177)**	**34,550**	**(34)**	**34,516**	**10,283**
Vodacom	5,294	–	5,294	–	5,294	2,063
Other AMAP	6,479	–	6,479	(14)	6,465	1,791
AMAP	**11,773**	**–**	**11,773**	**(14)**	**11,759**	**3,854**
Common Functions	1,390	–	1,390	(34)	1,356	12
Group	**47,890**	**(177)**	**47,713**	**(82)**	**47,631**	**14,149**
31 March 2016 restated						
Germany	10,626	(36)	10,590	(9)	10,581	3,462
Italy	6,008	(22)	5,986	(1)	5,985	2,015
UK	8,428	(18)	8,410	(9)	8,401	1,756
Spain	4,959	(27)	4,932	(2)	4,930	1,250
Other Europe	6,599	(55)	6,544	(4)	6,540	2,002
Europe	**36,620**	**(158)**	**36,462**	**(25)**	**36,437**	**10,485**
Vodacom[1]	5,325	–	5,325	–	5,325	2,028
Other AMAP	6,566	–	6,566	(20)	6,546	1,678
AMAP	**11,891**	**–**	**11,891**	**(20)**	**11,871**	**3,706**
Common Functions	1,567	–	1,567	(65)	1,502	(36)
Group	**50,078**	**(158)**	**49,920**	**(110)**	**49,810**	**14,155**
31 March 2015 restated						
Germany	10,677	(22)	10,655	(27)	10,628	3,390
Italy	5,844	(16)	5,828	(1)	5,827	1,956
UK	7,916	(16)	7,900	(3)	7,897	1,724
Spain	4,615	(23)	4,592	(2)	4,590	1,003
Other Europe	6,360	(39)	6,321	(2)	6,319	2,004
Europe	**35,412**	**(116)**	**35,296**	**(35)**	**35,261**	**10,077**
Vodacom	5,539	–	5,539	–	5,539	1,949
Other AMAP	6,061	–	6,061	(14)	6,047	1,635
AMAP	**11,600**	**–**	**11,600**	**(14)**	**11,586**	**3,584**
Common Functions	1,595	–	1,595	(57)	1,538	41
Group	**48,607**	**(116)**	**48,491**	**(106)**	**48,385**	**13,702**

Note:
1 With effect from 1 April 2015, Vodacom changed its accounting for the acquisition of handsets by certain customers through Vodacom SA's indirect distribution channels. This had the effect of reducing equipment revenue and decreasing direct expenses, with no impact on profits or cash flows. The impact on the year ended 31 March 2015 is not material.

Total revenue recorded in respect of the sale of goods for the year ended 31 March 2017 was €4,029 million (2016: €4,472 million, 2015: €4,101 million).

The Group's measure of segment profit, adjusted 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 adjusted EBITDA to operating profit is shown overleaf. For a reconciliation of operating profit to profit for the financial year, see the consolidated income statement on page 99.

	2017 €m	Restated 2016 €m	Restated 2015 €m
Adjusted EBITDA	**14,149**	**14,155**	**13,702**
Depreciation, amortisation and loss on disposal of fixed assets	(10,179)	(10,386)	(9,584)
Share of results in equity accounted associates and joint ventures	164	60	(78)
Adjusted operating profit	**4,134**	**3,829**	**4,040**
Impairment losses	–	(569)	–
Restructuring costs	(415)	(316)	(204)
Amortisation of acquired customer based and brand intangible assets	(1,046)	(1,338)	(1,617)
Other income/(expense)	1,052	(286)	(146)
Operating profit	**3,725**	**1,320**	**2,073**

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	Restated Operating free cash flow[3] €m
31 March 2017						
Germany	26,694	1,671	–	3,320	–	1,749
Italy	9,157	793	2	1,603	–	1,161
UK	8,210	950	–	1,768	–	57
Spain	11,035	746	–	1,378	–	344
Other Europe	7,574	878	38	1,088	–	619
Europe	**62,670**	**5,038**	**40**	**9,157**	**–**	**3,930**
India	–	–	–	–	–	–
Vodacom	6,039	736	2	738	–	1,347
Other AMAP	5,778	795	317	1,153	–	947
AMAP	**11,817**	**1,531**	**319**	**1,891**	**–**	**2,294**
Common Functions	1,937	915	–	38	–	(597)
Group	**76,424**	**7,484**	**359**	**11,086**	**–**	**5,627**
31 March 2016 restated						
Germany	28,210	2,362	2,081	3,330	–	866
Italy	9,799	1,516	232	1,668	–	496
UK	9,496	1,210	141	1,902	–	334
Spain	11,569	1,178	491	1,446	–	(149)
Other Europe	7,568	1,372	8	1,371	(569)	546
Europe	**66,642**	**7,638**	**2,953**	**9,717**	**(569)**	**2,093**
India	13,474	1,102	3,751	–	–	–
Vodacom	5,290	847	23	725	–	1,071
Other AMAP	6,806	1,173	814	1,170	–	503
AMAP	**25,570**	**3,122**	**4,588**	**1,895**	**–**	**1,574**
Common Functions	1,867	901	–	85	–	(459)
Group	**94,079**	**11,661**	**7,541**	**11,697**	**(569)**	**3,208**
31 March 2015 restated						
Germany	27,008	2,559	4	3,275	–	1,282
Italy	9,599	1,428	120	1,698	–	708
UK	10,735	1,271	19	1,743	–	251
Spain	11,282	1,110	1	1,220	–	(45)
Other Europe	11,327	1,391	245	1,298	–	696
Europe	**69,951**	**7,759**	**389**	**9,234**	**–**	**2,892**
India	11,241	1,144	177	–	–	–
Vodacom	6,520	960	3	723	–	1,002
Other AMAP	6,799	1,182	43	1,147	–	531
AMAP	**24,560**	**3,286**	**223**	**1,870**	**–**	**1,533**
Common Functions	1,808	809	2	4	–	(993)
Group	**96,319**	**11,854**	**614**	**11,108**	**–**	**3,432**

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 is reconciled to the closest equivalent GAAP measure cash generated by operations, on page 206.

Notes to the consolidated financial statements (continued)

3. Operating profit

Detailed below are the key amounts recognised in arriving at our operating profit

	2017 €m	Restated 2016 €m	Restated 2015 €m
Net foreign exchange losses/(gains)[1]	133	(24)	8
Depreciation of property, plant and equipment (note 11):			
Owned assets	6,253	6,333	5,754
Leased assets	12	45	25
Amortisation of intangible assets (note 10)	4,821	5,319	5,329
Impairment of goodwill in subsidiaries, associates and joint arrangements (note 4)	–	569	–
Staff costs (note 25)	5,519	5,804	5,171
Operating lease rentals payable	3,976	2,464	2,376
Loss on disposal of property, plant and equipment and intangible assets	22	27	93
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(800)	(764)	(701)
Net gain on formation of VodafoneZiggo (note 28)[2]	(1,275)	–	–

Notes:
1 Includes €127 million reported in other income and expense in the consolidated income statement.
2 Reported in other income and expense in the consolidated income statement.

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 2017 is analysed below.

	2017 €m	Restated 2016 €m	Restated 2015 €m
Parent company	2	2	2
Subsidiaries	14	13	13
Audit fees:	**16**	**15**	**15**
Audit-related fees[1]	4	2	1
Other assurance services[2]	–	–	1
Tax fees[2]	–	–	3
Non-audit fees:	**4**	**2**	**5**
Total fees	**20**	**17**	**20**

Notes:
1 Relates to fees for statutory and regulatory filings. The increase in the amount for the year ended 31 March 2017 primarily arose from work on regulatory filings prepared in anticipation of a potential IPO of Vodafone India that was under consideration prior to the agreement for the merger of Vodafone India and Idea Cellular.
2 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 the Audit and Risk Committee report on pages 57 to 63.

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 of 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 of disposal 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, the impairment charges recognised in the consolidated income statement within operating profit in respect of goodwill are stated below. The impairment losses were based on value in use calculations.

Cash-generating unit	Reportable segment	2017 €m	Restated 2016 €m	Restated 2015 €m
Romania	Other Europe	–	569	–
		–	**569**	**–**

In addition to the impairment losses above, in the first half of the 2017 financial year, the Group recorded a non-cash impairment of €6.4 billion, relating to our Indian business. This was driven by lower projected cash flows within our business plan as a result of increased competition in the market. Impairment testing at 31 March 2017, following the announcement of the merger of Vodafone India with Idea Cellular, gave rise to a partial reversal of that impairment. As a result, the Group recorded an overall impairment loss of €4,515 million (2016: €nil, 2015: €nil) in respect of the fair value of Group's investment in India which, together with the recognition of an associated €840 million deferred tax assets, led to an overall €3,675 million reduction in the carrying value of Vodafone India, the results of which are included discontinued operations. See note 7 "Discontinued operations and assets held for resale" for further details.

Goodwill

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

	2017 €m	Restated 2016 €m
Germany	12,479	12,479
Italy	3,654	3,654
Spain	3,814	3,814
	19,947	**19,947**
Other	6,861	8,291
	26,808	**28,238**

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)

Key assumptions used in the value in use calculations

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

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

Year ended 31 March 2017

As a discontinued operation, Vodafone India has been valued at fair value less costs to sell. Vodafone India's fair value less costs to sell is not observable in a quoted market and accordingly it has been determined with reference to the outcomes from the application of a number of potential valuation techniques, which are considered to result in a "level 2" valuation[1]. As such significant judgement is required and involves the use of estimates. The two bases of valuation which were given the strongest weighting in the overall assessment of fair value are set out below. Fair value has been assessed to be €14.0 billion. See note 7 "Discontinued operations and assets held for resale" for further details.

– The contracted cash price for the sale of a portion of the entity to the Aditya Birla Group as part of the planned disposal of Vodafone India, adjusted for the agreed level of debt which is an observable price relating to Vodafone India; and

– The share price of Idea Cellular prior to the announcement of the plan to dispose of Vodafone India and participate with Idea Cellular in the planned jointly controlled entity, adjusted for transaction specific factors. Idea Cellular equity shares are the primary component of the consideration for Vodafone India to be received by the Group, and the value of the Idea Cellular shares has been adjusted to reflect 50% of the estimated cost synergies that management expects to be realised by the jointly controlled entity. A 10% increase or reduction in the expected cost synergies included in this determination of fair value would result in a €220 million increase or reduction, respectively, in the fair value less costs to sell of Vodafone India calculated using this approach.

Note:
1 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.

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

	Assumptions used in value in use calculation			
	Germany %	Spain %	Italy %	Romania %
Pre-tax adjusted discount rate	8.4	9.7	10.3	9.0
Long-term growth rate	0.5	1.5	1.0	1.0
Projected adjusted EBITDA[1]	3.0	7.9	(0.8)	0.1
Projected capital expenditure[2]	14.9–16.5	14.3–15.8	12.7–14.2	12.6–15.9

Notes:
1 Projected adjusted 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 Projected 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 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 amount of the Group's operations in Germany, Spain and Romania exceed their carrying values by €3.5 billion, €1.0 billion and €0.2 billion respectively. The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2017:

	Change required for carrying value to equal recoverable amount		
	Germany pps	Spain pps	Romania pps
Pre-tax risk adjusted discount rate	0.9	0.6	1.5
Long-term growth rate	(1.0)	(0.7)	(1.7)
Projected adjusted EBITDA[1]	(1.6)	(1.1)	(1.9)
Projected capital expenditure[2]	7.6	4.4	7.1

Notes:
1 Projected adjusted 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 Projected 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 carrying values for Vodafone UK, Portugal, Ireland and Czech Republic include goodwill arising from their acquisition by the Group and/or the purchase of operating licences or spectrum rights. While the recoverable amounts for these operating companies are not materially greater than their carrying value, each has a lower risk of giving rise to impairment that would be material to the Group given their relative size or the composition of their carrying value. The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an impairment loss being recognised in the year ended 31 March 2017.

	Change required for carrying value to equal recoverable amount			
	UK pps	Ireland pps	Portugal pps	Czech Republic pps
Pre-tax risk adjusted discount rate	0.5	0.8	0.6	2.1
Long-term growth rate	(0.6)	(0.9)	(0.6)	(2.4)
Projected adjusted EBITDA[1]	(0.8)	(1.2)	(0.9)	(2.8)
Projected capital expenditure[2]	3.2	4.3	3.9	12.0

Notes:
1 Projected adjusted 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 Projected 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.

Year ended 31 March 2016

During the year ended 31 March 2016 impairment charges of €569 million were recorded in respect of the Group's investments in Romania. The impairment charge relates solely to goodwill. The recoverable amount of Romania is €0.9 billion.

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 the current trading environment.

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

	Assumptions used in value in use calculation		
	Romania %	Germany %	Spain %
Pre-tax risk adjusted discount rate	9.7	8.2	9.7
Long-term growth rate	1.0	0.5	1.5
Projected adjusted EBITDA[1]	(0.3)	3.1	8.8
Projected capital expenditure[2]	11.5–18.8	14.5–15.6	11.2–19.7

Notes:
1 Projected adjusted 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 Projected 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.

Notes to the consolidated financial statements (continued)

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 Romania, Germany and Spain are equal to, or not materially greater than, their carrying values; consequently, any adverse change in key assumptions would, in isolation, cause a further impairment loss to be recognised. The estimated recoverable amounts of the Group's operations in Germany and Spain exceed their carrying values by €2.0 billion and €1.0 billion respectively.

	Change required for carrying value to equal the recoverable amount	
	Germany pps	Spain pps
Pre-tax risk adjusted discount rate	0.5	0.6
Long-term growth rate	(0.5)	(0.8)
Projected adjusted EBITDA[1]	(0.9)	(1.2)
Projected capital expenditure[2]	4.4	4.8

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 2016.

	Romania	
	Increase by 2pps €bn	Decrease by 2pps €bn
Pre-tax adjusted discount rate	(0.2)	0.3
Long-term growth rate	0.3	(0.2)
Projected adjusted EBITDA[1]	0.2	(0.2)
Projected capital expenditure[2]	(0.1)	0.1

Notes:
1 Projected adjusted 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 Projected 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.

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
Projected adjusted EBITDA[1]	3.2	0.8	11.0
Projected capital expenditure[2]	11.6–21.7	12.5–25.6	11.5–23.3

Notes:
1 Projected adjusted 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 Projected 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 materially exceed its recoverable amount.

The estimated recoverable amounts of the Group's operations in Germany, Italy and Spain exceeded their carrying values by €3.1 billion, €1.8 billion and €0.5 billion respectively. The changes in the following table to assumptions used in the impairment review would have, in isolation, led to an impairment loss being recognised for the year ended 31 March 2015:

	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)
Projected adjusted EBITDA[1]	(7.3)	(7.5)	(2.6)
Projected capital expenditure[2]	2.1	2.9	0.7

Notes:
1 Projected adjusted 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 Projected 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.

5. Investment income and financing costs

Investment income comprises interest received from short-term investments, bank deposits, government bonds and results 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.

	2017 €m	Restated 2016 €m	Restated 2015 €m
Investment income:			
Available-for-sale investments:			
Dividends received	–	1	–
Loans and receivables at amortised cost	426	529	433
Fair value through the income statement (held for trading)	20	9	36
Other[1,2]	28	–	614
	474	**539**	**1,083**
Financing costs:			
Items in hedge relationships:			
Other loans	170	224	286
Interest rate and cross-currency interest rate swaps	(235)	(127)	(143)
Fair value hedging instrument	22	(140)	(537)
Fair value of hedged item	(16)	166	487
Other financial liabilities held at amortised cost:			
Bank loans and overdrafts	419	284	518
Bonds and other loans[2]	1,243	926	849
Interest charge/(credit) on settlement of tax issues[3]	47	19	(1)
Equity put rights and similar arrangements[4]	–	–	12
Fair value through the income statement (held for trading):			
Derivatives – forward starting swaps and futures	(244)	121	(72)
Other[1]	–	573	–
	1,406	**2,046**	**1,399**
Net financing costs	**932**	**1,507**	**316**

Notes:
1 Amounts for 2017 include net foreign exchange gain of €136 million (2016: €573 million loss; 2015: €614 million gain) arising from net foreign exchange movements on certain intercompany balances.
2 Amounts for 2017 include net foreign exchange losses of €641 million (2016: €299 million; 2015: €351 million).
3 Amounts for 2017 include an increase (2016: increase, 2017: decrease) in provision for potential interest on tax issues.
4 Includes amounts in relation to the Group's arrangements with its non-controlling interests.

Notes to the consolidated financial statements (continued)

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 and deferred taxes.

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 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

	2017 €m	Restated 2016 €m	Restated 2015 €m
United Kingdom corporation tax expense/(income):			
Current year[1]	27	(129)	–
Adjustments in respect of prior years	(3)	53	15
	24	**(76)**	**15**
Overseas current tax expense/(income):			
Current year	961	812	937
Adjustments in respect of prior years	(35)	21	(220)
	926	**833**	**717**
Total current tax expense	**950**	**757**	**732**
Deferred tax on origination and reversal of temporary differences:			
United Kingdom deferred tax	(16)	(32)	(53)
Overseas deferred tax	3,830	4,212	(6,750)
Total deferred tax expense/(income)	**3,814**	**4,180**	**(6,803)**
Total income tax expense/(income)[2]	**4,764**	**4,937**	**(6,071)**

Notes:
1 The 2016 credit relates to a claim under international conventions for the avoidance of double taxation.
2 The income statement tax charge includes tax relief on capitalised interest.

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 €10.3 billion of spectrum payments to the UK Government in 2000 and 2013.

Tax on discontinued operations

	2017 €m	Restated 2016 €m	Restated 2015 €m
Tax (credit)/charge on profit from ordinary activities of discontinued operations[1]	(973)	(514)	26
Tax charge relating to the gain on discontinuance	95	–	–
Total tax (credit)/charge on discontinued operations	**(878)**	**(514)**	**26**

Note:
1 Includes €840 million relating to the impairment of Vodafone India in the year.

Tax charged/(credited) directly to other comprehensive income

	2017 €m	Restated 2016 €m	Restated 2015 €m
Current tax	(16)	(81)	2
Deferred tax	44	293	(362)
Total tax charged/(credited) directly to other comprehensive income	**28**	**212**	**(360)**

Tax credited directly to equity

	2017 €m	Restated 2016 €m	Restated 2015 €m
Current tax	–	(8)	(5)
Deferred tax	(9)	3	(4)
Total tax credited directly to equity	**(9)**	**(5)**	**(9)**

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expense, being the aggregate of the Group's geographical split of profits multiplied by the relevant local tax rates and the Group's total tax expense for each year.

	2017 €m	Restated 2016 €m	Restated 2015 €m
Continuing profit/(loss) before tax as shown in the consolidated income statement	**2,792**	**(190)**	**1,734**
Aggregated expected income tax expense	795	85	517
Impairment losses with no tax effect	–	168	–
Disposal of Group investments	(271)	83	–
Effect of taxation of associates and joint ventures, reported within profit before tax	23	(18)	44
Derecognition/(recognition) of deferred tax assets for losses including Luxembourg[1]	1,603	1,288	(4,176)
Deferred tax following revaluation of investments in Luxembourg[1]	(329)	3,037	(2,659)
Previously unrecognised temporary differences we expect to use in the future	(15)	–	–
Previously unrecognised temporary differences utilised in the year	(11)	(8)	–
Current year temporary differences (including losses) that we currently do not expect to use	139	50	176
Adjustments in respect of prior year tax liabilities	(107)	(48)	(364)
Revaluation of assets for tax purposes	(39)	–	–
Impact of tax credits and irrecoverable taxes	98	(38)	36
Deferred tax on overseas earnings	26	17	49
Effect of current year changes in statutory tax rates on deferred tax balances	2,755	95	153
Expenses not deductible for tax purposes	97	226	153
Income tax expense/(income)	**4,764**	**4,937**	**(6,071)**

Note:
1 See commentary regarding deferred tax asset recognition in Luxembourg on page 121.

Notes to the consolidated financial statements (continued)

6. Taxation (continued)

Deferred tax

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

	€m
1 April 2016 restated	27,742
Foreign exchange movements	19
Charged to the income statement (continuing operations)	(3,814)
Credited to the income statement (discontinued operations)	973
Charged directly to OCI	(44)
Credited directly to equity	9
Reclassifications	(1,202)
Arising on acquisition and disposals	82
31 March 2017	**23,765**

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	160	1,368	(1,535)	(55)	(222)
Intangible assets	353	127	(715)	16	(572)
Tax losses	(4,064)	30,590	–	(7,138)	23,452
Deferred tax on overseas earnings	(95)	–	(95)	–	(95)
Other temporary differences	(168)	1,347	(126)	(19)	1,202
31 March 2017	**(3,814)**	**33,432**	**(2,471)**	**(7,196)**	**23,765**

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	24,300
Deferred tax liability	(535)
31 March 2017	**23,765**

At 31 March 2016, deferred tax assets and liabilities, before offset of balances within countries, were as follows:

	Amount credited/ (charged) in income statement €m	Gross deferred tax asset €m	Gross deferred tax liability €m	Less amounts unrecognised[1] €m	Net recognised deferred tax (liability)/ asset €m
Accelerated tax depreciation	211	1,598	(1,652)	(47)	(101)
Intangible assets	405	84	(2,036)	16	(1,936)
Tax losses	(4,879)	34,061	–	(6,109)	27,952
Deferred tax on overseas earnings	(18)	–	(67)	–	(67)
Other temporary differences	101	2,294	(124)	(276)	1,894
31 March 2016 restated	**(4,180)**	**38,037**	**(3,879)**	**(6,416)**	**27,742**

Note:
1 Other unrecognised temporary differences include €178 million relating to Minimum Alternative Tax credits in India, of which €59 million expire within 0–5 years and €119 million expire beyond 6 years.

At 31 March 2016 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	28,306
Deferred tax liability	(564)
31 March 2016 restated	**27,742**

Factors affecting the tax charge in future years

The Group's future tax charge, and effective tax rate, could be affected by several factors including; tax reform in countries around the world, including any arising from the implementation of the OECD's BEPS actions and European Commission initiatives such as the proposed anti tax avoidance directive, tax and financial reporting directive or as a consequence of state aid investigations, future corporate acquisitions and disposals, any restructuring of our businesses and the resolution of open tax issues (see below).

We do not anticipate any significant impact on our future tax charge, liabilities or assets, as a result of the triggering of Article 50(2) of the Treaty on European Union but cannot rule out the possibility that, for example, a failure to reach satisfactory arrangements for the UK's future relationship with the European Union, could have an impact on such matters.

The Group is routinely subject to audit by tax authorities in the territories in which it operates and, specifically, in India where these are usually resolved through the Indian legal system. The Group considers each issue on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise. However, the amount ultimately paid may differ materially from the amount accrued and could therefore affect the Group's overall profitability and cash flows in future periods. See note 30 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

At 31 March 2017, the gross amount and expiry dates of losses available for carry forward are as follows:

	Expiring within 5 years €m	Expiring beyond 6 years €m	Unlimited €m	Total €m
Losses or tax credits for which a deferred tax asset is recognised	292	65	97,335	97,692
Losses for which no deferred tax is recognised	352	1,503	28,556	30,411
	644	**1,568**	**125,891**	**128,103**

At 31 March 2016, the gross amount and expiry dates of losses available for carry forward were as follows:

	Expiring within 5 years Restated €m	Expiring beyond 6 years Restated €m	Unlimited Restated €m	Total Restated €m
Losses for which a deferred tax asset is recognised	71	56	104,501	104,628
Losses for which no deferred tax is recognised	352	64	23,887	24,303
	423	**120**	**128,388**	**128,931**

Deferred tax assets on losses in Luxembourg

Included in the table above are losses of €82,634 million (2016: €81,176 million) that have arisen in Luxembourg companies, principally as a result of revaluations of those companies' investments for local GAAP purposes.

A deferred tax asset of €19,632 million (2016: €23,942 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. In December 2016, the Luxembourg government enacted the previously announced reduction to the corporate tax rate (including municipal business tax) to 27.1% for the year ended 31 March 2017 and 26.0% for the year ending 31 March 2018. The impact of this decreased corporate tax rate has reduced the value of our deferred tax asset by €2,651 million.

The Luxembourg companies' income is derived from the Group's internal financing and procurement and roaming activities. The Group has 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 the Group concludes that it is probable that the Luxembourg companies will continue to generate taxable income in the future. 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 can be utilised.

Based on the current forecasts the losses will be fully utilised over the next 55 to 60 years. A 5%–10% change in the forecast income in Luxembourg would change the period over which the losses will be fully utilised by four to seven years.

During the current year the Group recognised an additional €329 million (2016: used €3,037 million) of our deferred tax assets as a result of the revaluation of investments based upon the local GAAP financial statements, and tax returns at 31 March 2017. The Group also derecognised a deferred tax asset of €1,603 million related to losses in Luxembourg expected to be used beyond 60 years due to lower interest rates increasing the length of time over which these losses would be utilised. Revaluation of investments for local GAAP purposes, which are based on the Group's value in use calculations, can give rise to impairments or the reversal of previous impairments. These can result in a significant change to our deferred tax assets and the period over which these assets can be utilised.

€993 million (2016; nil) of the Group's Luxembourg losses expire, and no deferred tax asset is recognised as they will expire before we can use these losses. The remaining losses do not expire.

We also have €9,132 million (2016: €9,132 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.

Notes to the consolidated financial statements (continued)

6. Taxation (continued)

Deferred tax assets on losses in Germany

The Group has tax losses of €18,139 million (2016: €18,461 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 €2,799 million (2016: €2,858 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. The Group has reviewed the latest forecasts for the German business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 28 to 34). 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 12 years. A 5%–10% change in the forecast profits of the German business would not significantly alter the utilisation period.

Deferred tax assets on losses in Spain

The Group has tax losses of €3,646 million in Spain, predominantly arising from the Group's acquisition of Grupo Corporative Ono S.A. in 2015. and which are available to offset against the related future profits of the Spanish business. The losses do not expire.

A deferred tax asset of €914 million (2016: €851 million) has been recognised in respect of Ono's 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. The Group has reviewed the latest forecasts for the Spanish business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 28 to 34). 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 20 to 23 years. The utilisation period has increased from the prior year reported period (eight to ten years) as a result of a change of law which limits the use of brought forward losses against current year profits. A 5%–10% change in the forecast profits of the Spanish business would change the period over which the losses are utilised by one to two years.

Other tax losses

The Group has losses amounting to €7,880 million (2016: €8,504 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, in line with the prior year.

The remaining losses relate to a number of other jurisdictions across the Group. There are also €108 million (2016: €486 million) of unrecognised other temporary differences.

The Group holds a deferred tax liability of €95 million (2016: €67 million) in respect of deferred taxation that would arise if temporary differences on investments in subsidiaries, associates and interests in joint ventures were to be realised after the balance sheet date (see table above).

No deferred tax liability has been recognised in respect of a further €20,237 million (2016: €22,562 million) of unremitted earnings of subsidiaries, associates and joint ventures because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these unremitted earnings.

7. Discontinued operations and assets held for sale

Following the agreement to combine our Indian operations with Idea Cellular into a jointly controlled company, in accordance with IFRS accounting standards, the results of Vodafone India are now included in discontinued operations. The Group will continue to actively manage these operations until the transaction completes.

Discontinued operations

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular, which is listed on the Indian Stock Exchanges, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group. The results of these discontinued operations are detailed below.

Income statement and segment analysis of discontinued operations

	2017 €m	Restated 2016 €m	Restated 2015 €m
Revenue	**5,827**	**6,120**	**5,479**
Cost of sales	(4,504)	(4,799)	(4,327)
Gross profit	**1,323**	**1,321**	**1,152**
Selling and distribution expenses	(276)	(264)	(230)
Administrative expenses	(703)	(634)	(466)
Impairment losses	(4,515)	–	–
Operating (loss)/profit	**(4,171)**	**423**	**456**
Financing costs	(909)	(932)	(758)
Loss before taxation	**(5,080)**	**(509)**	**(302)**
Income tax credit/(expense)[1]	973	514	(26)
(Loss)/profit for the financial year from discontinued operations	**(4,107)**	**5**	**(328)**

(Loss)/earnings per share from discontinued operations

	2017 eurocents	Restated 2016 eurocents	Restated 2015 eurocents
– Basic	(14.68)c	0.02c	(1.24)c
– Diluted	(14.68)c	0.02c	(1.24)c

Total comprehensive (expense)/income for the financial year from discontinued operations

	2017 €m	Restated 2016 €m	Restated 2015 €m
Attributable to owners of the parent	**(4,107)**	**5**	**(328)**

Note:
1 Year ended 31 March 2015 includes €105 million income tax expense relating to Vodafone India, offset by €79 million tax credit relating to the performance of our discontinued US Group, whose principal asset was its 45% interest in Verizon Wireless, on 21 February 2014.

Notes to the consolidated financial statements (continued)

7. Discontinued operations and assets held for sale (continued)

Assets held for sale

Assets and liabilities relating to our operations in India have been classed as held for sale on the statement of financial position at 31 March 2017. In addition, assets and liabilities held for sale at 31 March 2016 comprise the assets and liabilities of our former operations in the Netherlands, which were combined with those of Liberty Global plc to form a 50:50 joint venture, VodafoneZiggo, on 31 December 2016. The relevant assets and liabilities are detailed in the table below.

Assets and liabilities held for sale[1]

	2017 €m	Restated 2016 €m
Non-current assets		
Goodwill	–	860
Other intangible assets	9,214	1,390
Plant, property and equipment	3,462	1,071
Trade and other receivables	694	35
Deferred tax assets	1,202	–
	14,572	**3,356**
Current assets		
Inventory	1	31
Taxation recoverable	1,311	8
Trade and other receivables	831	244
Cash and cash equivalents	467	18
Other investments	13	–
	2,623	**301**
Total assets held for sale	**17,195**	**3,657**
Non-current liabilities		
Long-term borrowings	(8,024)	–
Deferred tax liabilities	–	(8)
Post employment benefits	(15)	–
Provisions for liabilities and charges	(784)	(18)
Trade and other payables	(39)	–
	(8,862)	**(26)**
Current liabilities		
Short-term borrowings	(1,139)	–
Provisions for liabilities and charges	(25)	(5)
Trade and other payables	(1,768)	(407)
	(2,932)	**(412)**
Total liabilities held for sale	**(11,794)**	**(438)**

Note:
1 Total net debt in India at 31 March 2017 was €8,674 million. This comprised cash of €467 million, licence payables classified as debt of €7,143 million and €2,020 million of other borrowings, together with €22 million of derivative financial instruments reported within Trade and other receivables and Trade and other payables. €499 million of the licence payables classified as debt have been paid in cash. The cash payment is reported in the consolidated statement of cash flows as cash flows from financing activities.

Deferred tax assets on losses in India

The Group recognises a deferred tax asset of €1,202 million relating to its Indian business. This includes a deferred tax asset of €816 million relating to losses. The deferred tax asset has been recognised as we conclude it is probable that we will generate taxable profits in the future, against which we can utilise these losses.

The Group has reviewed the latest forecasts for the Indian business which incorporate the unsystematic risks of operating in the telecommunications business (see page 114). In the period beyond the five year forecast, we have reviewed the profits inherent in the valuation of Indian business, and based on these and our expectations for the Indian 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 ten years.

We do not recognise a deferred tax asset of €352 million in relation to losses where we currently believe that is not probable these losses will be utilised in the future.

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.

	2017 Millions	2016 Millions	2015 Millions
Weighted average number of shares for basic earnings per share	27,971	26,692	26,489
Effect of dilutive potential shares: restricted shares and share options	–	–	140
Weighted average number of shares for diluted earnings per share	**27,971**	**26,692**	**26,629**

	2017 €m	Restated 2016 €m	Restated 2015 €m
(Loss)/earnings for earnings per share from continuing operations	(2,190)	(5,410)	7,607
(Loss)/earnings for earnings per share from discontinued operations	(4,107)	5	(328)
(Loss)/earnings for basic and diluted earnings per share	**(6,297)**	**(5,405)**	**7,279**
	eurocents	eurocents	eurocents
Basic (loss)/earnings per share	(22.51)c	(20.25)c	27.48c
Diluted (loss)/earnings per share	(22.51)c	(20.25)c	27.33c

9. Equity dividends

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

	2017 €m	Restated 2016 €m	Restated 2015 €m
Declared during the financial year:			
Final dividend for the year ended 31 March 2016: 7.77 pence per share (2015: 7.62 pence per share, 2014: 7.47 pence per share)	2,447	2,852	2,495
Interim dividend for the year ended 31 March 2017: 4.74 eurocents per share (2016: 3.68 pence per share, 2015: 3.60 pence per share)	1,262	1,381	1,217
	3,709	**4,233**	**3,712**
Proposed after the end of the reporting period and not recognised as a liability:			
Final dividend for the year ended 31 March 2017: 10.03 eurocents per share (2016: 7.77 pence per share, 2015: 7.62 pence per share)	2,670	2,447	2,852

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 annually 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 of software development include 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	2–15 years

	Goodwill €m	Licences and spectrum €m	Computer software €m	Other €m	Total €m
Cost:					
1 April 2015 restated	96,188	41,233	14,686	7,887	159,994
Exchange movements	(1,358)	(2,476)	(546)	(475)	(4,855)
Arising on acquisition	20	–	7	35	62
Additions	–	7,536	2,503	14	10,053
Disposals[1]	–	(3,228)	(576)	(3)	(3,807)
Transfer of assets held for sale	(860)	(2,092)	(472)	(12)	(3,436)
Other	–	–	127	–	127
31 March 2016 restated	**93,990**	**40,973**	**15,729**	**7,446**	**158,138**
Transfer of assets held for sale	(3,680)	(9,472)	(201)	(152)	(13,505)
	90,310	**31,501**	**15,528**	**7,294**	**144,633**
Exchange movements	(90)	(1,023)	(174)	158	(1,129)
Arising on acquisition	1	10	11	5	27
Additions	–	359	2,193	3	2,555
Disposal	–	(72)	(499)	(30)	(601)
Other	–	–	(97)	–	(97)
31 March 2017	**90,221**	**30,775**	**16,962**	**7,430**	**145,388**
Accumulated impairment losses and amortisation:					
1 April 2015 restated	65,664	19,997	9,964	4,856	100,481
Exchange movements	(481)	(1,058)	(391)	(425)	(2,355)
Amortisation charge for the year[2]	–	2,330	2,124	1,348	5,802
Disposals[1]	–	(3,228)	(528)	(3)	(3,759)
Transfer of assets held for sale	–	(913)	(265)	(9)	(1,187)
Impairment losses	569	–	–	–	569
Other	–	–	23	–	23
31 March 2016 restated	**65,752**	**17,128**	**10,927**	**5,767**	**99,574**
Transfer of assets held for sale	(2,086)	(1,334)	(160)	(152)	(3,732)
	63,666	**15,794**	**10,767**	**5,615**	**95,842**
Exchange movements	(253)	(548)	(152)	133	(820)
Amortisation charge for the year	–	1,780	2,106	935	4,821
Disposals	–	(72)	(486)	(30)	(588)
Other	–	–	(87)	–	(87)
31 March 2017	**63,413**	**16,954**	**12,148**	**6,653**	**99,168**
Net book value:					
31 March 2016 restated	**28,238**	**23,845**	**4,802**	**1,679**	**58,564**
31 March 2017	**26,808**	**13,821**	**4,814**	**777**	**46,220**

Notes:
1 Disposals of licences and spectrum comprise the removal of fully amortised assets that have expired.
2 Includes amortisation in relation to discontinued operations of €483 million.

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 €nil (2016: €1,422 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	**2017 €m**	Restated 2016 €m
Germany	2020/2025/2033	4,726	5,396
Italy	2018/2021/2029	1,442	1,596
UK	2023/2033	2,818	3,515
Qatar	2028/2029	1,164	1,191
Netherlands	2020/2029/2030	–	1,179

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 pages 202 and 203.

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 any 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 losses. 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 and other	1–35 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 2015 restated	2,309	73,921	76,230
Exchange movements	(162)	(3,876)	(4,038)
Additions	179	8,970	9,149
Disposals	(50)	(2,074)	(2,124)
Transfer of assets held for sale	(3)	(2,237)	(2,240)
Other	120	(218)	(98)
31 March 2016 restated	**2,393**	**74,486**	**76,879**
Reclassification as held for sale	(103)	(7,445)	(7,548)
	2,290	**67,041**	**69,331**
Exchange movements	(42)	(1,779)	(1,821)
Arising on acquisition	–	7	7
Additions	104	5,184	5,288
Disposals	(94)	(2,522)	(2,616)
Other	8	273	281
31 March 2017	**2,266**	**68,204**	**70,470**
Accumulated depreciation and impairment:			
1 April 2015 restated	1,043	38,381	39,424
Exchange movements	(59)	(1,996)	(2,055)
Charge for the year[1]	177	6,977	7,154
Disposals	(35)	(1,949)	(1,984)
Transfer of assets held for sale	(2)	(1,165)	(1,167)
Other	17	(25)	(8)
31 March 2016 restated	**1,141**	**40,223**	**41,364**
Reclassification as held for sale	(36)	(3,812)	(3,848)
	1,105	**36,411**	**37,516**
Exchange movements	(15)	(1,087)	(1,102)
Charge for the year	139	6,126	6,265
Disposals	(89)	(2,454)	(2,543)
Other	1	129	130
31 March 2017	**1,141**	**39,125**	**40,266**
Net book value:			
31 March 2016 restated	**1,252**	**34,263**	**35,515**
31 March 2017	**1,125**	**29,079**	**30,204**

Note:
1 Includes depreciation in relation to discontinued operations of €776 million.

The net book value of land and buildings and equipment, fixtures and fittings includes €3 million and €608 million respectively (2016: €34 million and €749 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 €10 million and €1,234 million respectively (2016: €33 million and €1,931 million).

12. Investments in associates and joint arrangements

We hold interests in an associate in Kenya, where we have significant influence, as well as in a number of joint arrangements in the UK, the Netherlands, India and Australia, 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.

Gains or losses resulting from the contribution or sale of a subsidiary as part of the formation of a joint arrangement are recognised in respect of the Group's entire equity holding in the subsidiary.

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 where the Group does 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 2017 rounded to the nearest tenth of one percent.

Joint ventures and associates

	2017 €m	Restated[1] 2016 €m
Investment in joint ventures	2,689	29
Investment in associates	449	450
31 March	**3,138**	**479**

Note:
1 The Group reclassified €580 million from goodwill to investments in associates and joint ventures relating to Indus Towers within the consolidated statement of financial position. Comparatives have been restated accordingly.

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 though 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
VodafoneZiggo Group Holding B.V.	Network operator	Netherlands	50.0
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 2017 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.

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		
	2017 €m	Restated 2016 €m	Restated 2015 €m	2017 €m	Restated 2016 €m	Restated 2015 €m	2017 €m	Restated 2016 €m	Restated 2015 €m	2017 €m	Restated 2016 €m	Restated 2015 €m
VodafoneZiggo Group Holding B.V.	2,736	–	–	(160)	–	–	2	–	–	(158)	–	–
Indus Towers Limited	1,032	982	997	98	101	23	–	–	–	98	101	23
Vodafone Hutchison Australia Pty Limited	(1,156)	(1,032)	(923)	(59)	(153)	(204)	–	(1)	2	(59)	(154)	(202)
Other	77	79	124	(14)	(39)	(12)	–	–	–	(14)	(39)	(12)
Total	**2,689**	**29**	**198**	**(135)**	**(91)**	**(193)**	**2**	**(1)**	**2**	**(133)**	**(92)**	**(191)**

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

	VodafoneZiggo Group Holding B.V.			Indus Towers Limited			Vodafone Hutchison Australia Pty Limited		
	2017 €m	Restated 2016 €m	Restated 2015 €m	2017 €m	Restated 2016 €m	Restated 2015 €m	2017 €m	Restated 2016 €m	Restated 2015 €m
Income statement and statement of comprehensive income									
Revenue	1,014	–	–	2,379	2,277	2,018	2,287	2,354	2,343
Depreciation and amortisation	(764)	–	–	(407)	(489)	(518)	(473)	(517)	(528)
Interest income	23	–	–	22	10	36	3	2	2
Interest expense	(117)	–	–	(91)	(86)	(95)	(240)	(268)	(291)
Income tax income/(expense)	105	–	–	(267)	(186)	(233)	–	–	–
(Loss)/profit from continuing operations	(320)	–	–	234	240	56	(117)	(306)	(408)
Other comprehensive income/(expense)	3	–	–	–	–	–	–	(2)	4
Total comprehensive (expense)/income	(317)	–	–	234	240	56	(117)	(308)	(404)
Statement of financial position									
Non-current assets	20,303	–		1,995	1,890		2,317	2,680	
Current assets	721	–		326	302		892	500	
Non-current liabilities	(14,015)	–		(545)	(656)		(1,460)	(3,277)	
Current liabilities	(1,538)	–		(825)	(584)		(4,301)	(2,194)	
Equity shareholders' funds	(5,471)	–		(951)	(952)		2,552	2,291	
Cash and cash equivalents within current assets	273	–		29	46		68	156	
Non-current liabilities excluding trade and other payables and provisions	(13,668)	–		(188)	(380)		(1,435)	(3,203)	
Current liabilities excluding trade and other payables and provisions	–	–		(375)	(216)		(3563)	(1,456)	

The Group received a dividend in the year to 31 March 2017 of €126 million (2016: €nil; 2015: €166 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 2017 rounded to the nearest tenth of one percent.
2 The Group also holds two non-voting shares.
3 At 31 March 2017 the fair value of Safaricom Limited was KES 288 billion (€2,613 million) based on the closing quoted share price on the Nairobi Stock Exchange.

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 from continuing operations			Other comprehensive expense			Total comprehensive income		
	2017 €m	Restated 2016 €m	Restated 2015 €m	**2017 €m**	Restated 2016 €m	Restated 2015 €m	**2017 €m**	Restated 2016 €m	Restated 2015 €m	**2017 €m**	Restated 2016 €m	Restated 2015 €m
Total	**449**	**450**	**454**	**182**	**151**	**113**	**–**	**–**	**–**	**182**	**151**	**113**

13. Other investments

We hold a number of other listed and unlisted investments, mainly comprising US$2.5 billion of loan notes from Verizon Communications Inc.

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.

	2017 €m	Restated 2016 €m
Included within non-current assets:		
Equity securities:		
Listed	3	3
Unlisted	82	104
Debt securities:		
Public debt and bonds	–	120
Other debt and bonds	3,374	4,404
	3,459	**4,631**

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$2.5 billion (€2,343 million), (2016: US$5.0 billion (€4,403 million)) issued by Verizon Communications Inc. as part of the Group's disposal of its interest in Verizon Wireless all of which is recorded within non-current assets and €1.0 billion issued by VodafoneZiggo Holding B.V. The carrying amount of these loan notes approximates fair value.

Current other investments comprise the following:

	2017 €m	Restated 2016 €m
Included within current assets:		
Debt securities:		
Public debt and bonds	2,284	1,123
Other debt and bonds	2,727	3,214
Cash and other investments held in restricted deposits	1,109	1,.000
	6,120	**5,337**

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

Other debt and bonds includes €2,039 million (2016: €1,223 million) of assets held for trading in managed investment funds with liquidity of up to 90 days; €506 million (2016: €1,991 million) of assets held at amortised cost on an effective interest method paid as collateral on derivative financial instruments and €182 million (2016: €nil) short-term investments in a fund where the underlying assets are supply chain receivables.

Current public debt and bonds include highly liquid UK government bonds held for trading of €1,638 million (2016: €833 million) comprised of gilts €1,172 million (2016: €nil) paid as collateral primarily on derivative financial instruments and index-linked gilts €466 million (2016: €833 million).

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

Notes to the consolidated financial statements (continued)

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.

	2017 €m	Restated 2016 €m
Goods held for resale	576	716

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

	2017 €m	Restated 2016 €m
1 April	(125)	(102)
Exchange movements	3	9
Amounts credited/(debited) to the income statement	7	(32)
31 March	**(115)**	**(125)**

Cost of sales includes amounts related to inventory of €6,464 million (2016: €7,379 million; 2015: €7,251 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.

	2017 €m	Restated 2016 €m
Included within non-current assets:		
Trade receivables	362	471
Amounts owed by associates and joint ventures	27	122
Other receivables	130	623
Prepayments	378	163
Derivative financial instruments	3,672	4,414
	4,569	**5,793**
Included within current assets:		
Trade receivables	4,973	5,566
Amounts owed by associates and joint ventures	325	219
Other receivables	918	1,207
Prepayments	1,197	1,315
Accrued income	1,838	2,225
Derivative financial instruments	610	1,029
	9,861	**11,561**

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:

	2017 €m	Restated 2016 €m
1 April	1,385	1,110
Reclassification as held for sale	(66)	–
Exchange movements	(94)	(141)
Amounts charged to administrative expenses	589	679
Other	(396)	(263)
31 March	**1,418**	**1,385**

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.

	2017 €m	Restated 2016 €m
Included within derivative financial instruments:		
Fair value through the income statement (held for trading):		
Interest rate swaps	2,248	2,564
Cross-currency interest rate swaps	126	298
Options	12	46
Foreign exchange contracts	103	292
	2,489	**3,200**
Designated hedge relationships:		
Interest rate swaps	212	486
Cross-currency interest rate swaps	1,581	1,757
	4,282	**5,443**

Notes to the consolidated financial statements (continued)

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.

	2017 €m	Restated 2016 €m
Included within non-current liabilities:		
Other payables	30	123
Accruals	154	183
Deferred income	204	165
Derivative financial instruments	1,349	1,428
	1,737	**1,899**
Included within current liabilities:		
Trade payables	6,212	7,420
Amounts owed to associates and joint ventures	14	67
Other taxes and social security payable	1,261	1,315
Other payables	1,220	961
Accruals	5,683	7,616
Deferred income	1,716	1,967
Derivative financial instruments	728	550
	16,834	**19,896**

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.

	2017 €m	Restated 2016 €m
Included within derivative financial instruments:		
Fair value through the income statement (held for trading):		
Interest rate swaps	553	1,119
Cross-currency interest rate swaps	944	439
Options	63	81
Foreign exchange contracts	76	75
	1,636	**1,714**
Designated hedge relationships		
Interest rate swaps	61	28
Cross-currency interest rate swaps	380	236
	2,077	**1,978**

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 decommissioning. 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 and legal proceedings" 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 2015 restated	645	1,154	759	2,558
Exchange movements	(26)	(88)	(27)	(141)
Amounts capitalised in the year	40	–	–	40
Amounts charged to the income statement	–	231	518	749
Utilised in the year – payments	(50)	(81)	(352)	(483)
Amounts released to the income statement	(20)	(75)	(101)	(196)
Transfer of liabilities held for sale	(18)	(1)	(3)	(22)
Other	–	75	(3)	72
31 March 2016 restated	**571**	**1,215**	**791**	**2,577**
Transfer of liabilities held for sale	(10)	(642)	–	(652)
Exchange movements	(17)	(32)	(1)	(50)
Amounts capitalised in the year	157	–	–	157
Amounts charged to the income statement	–	148	643	791
Utilised in the year – payments	(51)	(40)	(376)	(467)
Amounts released to the income statement	(44)	(56)	(117)	(217)
Other	–	41	(1)	40
31 March 2017	**606**	**634**	**939**	**2,179**

Notes to the consolidated financial statements (continued)

17. Provisions (continued)

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

31 March 2017

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	10	300	739	1,049
Non-current liabilities	596	334	200	1,130
	606	**634**	**939**	**2,179**

31 March 2016 restated

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	16	306	636	958
Non-current liabilities	555	909	155	1,619
	571	**1,215**	**791**	**2,577**

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 amount of the proceeds received, net of direct issuance costs.

	2017		Restated 2016	
	Number	**€m**	Number	€m
Ordinary shares allotted, issued and fully paid:[1]				
1 April	28,813,396,008	4,796	28,812,787,098	5,246
Allotted during the year	746,840	–	608,910	–
Other movements	–	–	–	(450)
31 March	**28,814,142,848**	**4,796**	**28,813,396,008**	**4,796**

Note:
1 At 31 March 2017 the Group held 2,192,064,339 (2016: 2,254,825,696) treasury shares with a nominal value of €365 million (2016: €375 million). The market value of shares held was €5,348 million (2016: €6,308 million). During the year 62,761,357 (2016: 45,923,317) treasury shares were reissued under Group share schemes.

Allotted during the year

	Number	Nominal value €m	Net proceeds €m
UK share awards and option scheme awards	–	–	–
US share awards and option scheme awards	746,840	–	2
Total share awards and option scheme awards	**746,840**	–	**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	2017 €m	Restated 2016 €m	Restated 2015 €m
(Loss)/profit for the financial year		**(6,079)**	**(5,122)**	**7,477**
Loss/(profit) from discontinued operations	7	4,107	(5)	328
(Loss)/profit for the financial year from continuing operations		**(1,972)**	**(5,127)**	**7,805**
Non-operating expense		1	3	23
Investment income		(474)	(539)	(1,083)
Financing costs		1,406	2,046	1,399
Income tax expense/(credit)	6	4,764	4,937	(6,071)
Operating profit		**3,725**	**1,320**	**2,073**
Adjustments for:				
Share-based payments	27	95	154	104
Depreciation and amortisation	10, 11	11,086	11,697	11,108
Loss on disposal of property, plant and equipment and intangible assets	3	22	27	93
Share of result of equity accounted associates and joint ventures	12	(47)	(60)	78
Impairment losses	4	–	569	–
Other (income)/expense		(1,052)	286	146
Decrease/(increase) in inventory	14	117	(144)	(76)
Decrease/(increase) in trade and other receivables	15	308	(684)	(151)
(Decrease)/increase in trade and other payables	16	(473)	332	(1,334)
Cash generated by operations		**13,781**	**13,497**	**12,041**
Net tax paid		(761)	(807)	(533)
Cash flows from discontinued operations		1,203	1,646	1,160
Net cash flow from operating activities		**14,223**	**14,336**	**12,668**

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.

	2017 €m	Restated 2016 €m
Cash at bank and in hand	1,856	2,196
Money market funds and bank deposits	6,979	7,311
Repurchase agreements	–	3,415
Cash and cash equivalents as presented in the statement of financial position	**8,835**	**12,922**
Bank overdrafts	–	(11)
Cash and cash equivalents of discontinued operations	467	–
Cash and cash equivalents as presented in the statement of cash flows	**9,302**	**12,911**

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 €1,132 million (2016: €1,624 million) are held in countries with restrictions on remittances but where the balances could be used to repay subsidiaries' third party liabilities.

Notes to the consolidated financial statements (continued)

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. Where bonds issued with certain conversion rights are identified as compound instruments they are initially measured at fair value with the nominal amounts recognised as a component in equity and the fair value of future coupons included in borrowings. These are subsequently measured at amortised cost using the effective interest rate method.

Carrying value and fair value information

	2017			Restated 2016		
	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	867	2,741	3,608	2,851	8,799	11,650
Bank overdrafts	–	–	–	11	–	11
Commercial paper	3,648	–	3,648	9,353	–	9,353
Bonds	660	19,345	20,005	521	14,275	14,796
Other liabilities[1,2]	4,632	305	4,937	5,474	297	5,771
Bonds in designated hedge relationships	2,244	12,132	14,376	2,050	13,718	15,768
	12,051	**34,523**	**46,574**	**20,260**	**37,089**	**57,349**

Notes:
1 At 31 March 2017 amount includes €2,654 million (2016: €3,588 million) in relation to collateral support agreements.
2 Includes a €1.8 billion (2016: €1.8 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. Amount also includes €46 million (2016: €34 million) and €34 million (2016: €87 million) in short and long-term borrowings respectively in relation to the debt component of the mandatory convertible bonds maturing on 25 August 2017 and 25 February 2019. These are compound instruments with nominal values recorded in equity. The initial fair value of future coupons is recognised as debt and subsequently measured at amortised cost using the effective interest rate method.

Bank loans at 31 March 2016 include INR629 billion (€8 billion) of loans held by Vodafone India Limited ('VIL') and its subsidiaries (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. See note 7 "Discontinued operations and assets held for sale" for further details.

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

	Euro equivalent nominal value		Fair value		Carrying value	
	2017 €m	Restated 2016 €m	**2017 €m**	Restated 2016 €m	**2017 €m**	Restated 2016 €m
Financial liabilities measured at amortised cost[1]	**9,163**	**17,374**	**9,180**	**17,700**	**9,147**	**17,689**
Bonds:	**647**	**500**	**667**	**505**	**660**	**521**
4.75% euro 500 million bond due June 2016	–	500	–	505	–	521
5.375% sterling 600 million bond due December 2017	647	–	667	–	660	–
Bonds in designated hedge relationships:	**2,244**	**2,021**	**2,241**	**2,070**	**2,244**	**2,050**
5.625% US dollar 1,300 million bond due February 2017	–	1,142	–	1,188	–	1,172
1.625% US dollar 1,000 million bond due March 2017	–	879	–	882	–	878
1.25% US dollar 1,000 million bond due September 2017	935	–	934	–	934	–
1.5% US dollar 1,400 million bond due February 2018	1,309	–	1,307	–	1,310	–
Short-term borrowings	**12,054**	**19,895**	**12,088**	**20,275**	**12,051**	**20,260**

Note:
1 Amounts for 2017 include €46 million in relation to the short -term debt component of the mandatory convertible bonds.

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

	Euro equivalent nominal value		Fair value		Carrying value	
	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m
Financial liabilities measured at amortised cost:	**3,108**	**6,997**	**3,074**	**9,182**	**3,046**	**9,096**
Bank loans	2,803	6,700	2,769	8,885	2,741	8,799
Other liabilities[1]	305	297	305	297	305	297
Bonds:	**18,597**	**13,541**	**19,286**	**14,512**	**19,345**	**14,275**
5.375% sterling 600 million bond due December 2017	–	694	–	737	–	716
5% euro 750 million bond due June 2018	750	750	795	829	781	780
8.125% sterling 450 million bond due November 2018	528	569	590	663	550	598
Floating rate note euro 1,750 million bond due February 2019	1,750	1,750	1,774	1,767	1,751	1,753
1% euro 1,750 million bond due September 2020	1,750	1,750	1,789	1,773	1,751	1,749
Convertible sterling 600 million bond due November 2020	–	759	–	759	–	699
0.875% euro 750 million bond due November 2020	750	750	764	755	749	748
Floating rate note US dollar 60 million bond due March 2021	56	53	57	53	56	52
1.25% euro 1,250 million bond due August 2021	1,250	1,250	1,291	1,280	1,254	1,246
0.375% euro 1,000 million bond due November 2021	1000	–	992	–	998	–
4.65% euro 1,250 million bond due January 2022	1,250	1,250	1,495	1,507	1,430	1,463
5.375% euro 500 million bond due June 2022	500	500	620	629	629	649
1.75% euro 1,250 million bond due August 2023	1,250	1,250	1,309	1,298	1,258	1,247
0.5% euro 750 million bond due January 2024	750	–	723	–	743	–
1.875% euro 1,000 million bond due September 2025	1,000	1,000	1,051	1,033	1,000	999
5.625% sterling 250 million bond due December 2025	293	316	366	378	384	424
2.2% euro 1,750 million bond due August 2026	1,750	–	1,846	–	1,799	–
1.6% euro 1,000 million bond due July 2031	1,000	–	938	–	1,005	–
5.9% sterling 450 million bond due November 2032	528	569	693	689	748	818
2.75% euro 332 million bond due December 2034	332	331	348	362	334	334
3.375% sterling 800 million bond due August 2049	938	–	859	–	944	–
3% sterling 1,000 million bond due August 2056	1,172	–	986	–	1,181	–
Bonds in designated hedge relationships:	**10,863**	**12,378**	**11,349**	**12,923**	**12,132**	**13,718**
1.25% US dollar 1,000 million bond due September 2017	–	879	–	876	–	878
1.5% US dollar 1,400 million bond due February 2018	–	1,231	–	1,231	–	1,229
4.625% US dollar 500 million bond due July 2018	467	439	483	467	491	475
5.45% US dollar 1,250 million bond due June 2019	1,168	1,098	1,252	1,210	1,256	1,210
Convertible sterling 600 million bond due November 2020	703	–	686	–	660	–
4.375% US dollar 500 million bond due March 2021	467	439	497	479	483	459
2.5% US dollar 1,000 million bond due September 2022	935	879	914	878	920	902
2.95% US dollar 1,600 million bond due February 2023	1,496	1,406	1,472	1,391	1,546	1,516
0.375% Swiss franc 350 million bond due December 2024	327	–	328	–	333	–
3.215% Norwegian krona 850 million bond due November 2025	93	90	100	99	94	91
2.2% euro 1,750 million bond due August 2026	–	1,750	–	1,835	–	1,744
3.115% Norwegian krona 850 million bond due March 2027	93	–	100	–	93	–
0.625% Swiss franc 175 million bond due March 2027	164	–	164	–	164	–
0% euro 50 million bond due December 2028	186	186	147	145	150	129
7.875% US dollar 750 million bond due February 2030	701	659	929	841	1,031	987
0.5% Swiss franc 150 million bond due September 2031	140	–	133	–	142	–
6.25% US dollar 495 million bond due November 2032	463	435	542	505	605	575
6.15% US dollar 1,200 million bond due February 2037	1,122	1,055	1,292	1,185	1,529	1,450
6.15% US dollar 500 million bond due February 2037	467	439	538	493	624	592
4.375% US dollar 1,400 million bond due February 2043	1,309	1,230	1,203	1,121	1,446	1,315
5.35% US dollar 186 million bond due December 2045	174	163	179	167	176	166
4.6% US dollar 45 million bond due August 2046	42	–	39	–	42	–
5.35% US dollar 370 million bond due March 2047	346	–	351	–	347	–
Long-term borrowings	**32,568**	**32,916**	**33,709**	**36,617**	**34,523**	**37,089**

Note:
1 Amounts for 2017 include €34 million in relation to the long-term debt component of the mandatory convertible bonds.

Notes to the consolidated financial statements (continued)

21. Borrowings (continued)

Fair values of bonds and financial liabilities measured at amortised cost are based on Level 1 and 2 of the fair value hierarchy respectively, 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".

The Group's gross and net debt includes certain bonds which have been designated in hedge relationships, which are carried at €2.0 billion (2016: €2.1 billion) higher than their euro equivalent redemption value. In addition, where bonds are issued in currencies other than euros, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps are not reflected in gross debt and would further reduce the euro equivalent redemption value of the bonds by €0.9 billion (2016: €1.2 billion).

Maturity of borrowings and other financial liabilities

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	909	3,660	1,810	4,606	3,142	14,127
In one to two years	1,168	–	2,650	21	1,527	5,366
In two to three years	721	–	2,080	56	366	3,223
In three to four years	569	–	2,369	22	1,522	4,482
In four to five years	–	–	3,010	24	1,253	4,287
In more than five years	350	–	12,029	203	11,548	24,130
	3,717	**3,660**	**23,948**	**4,932**	**19,358**	**55,615**
Effect of discount/financing rates	(109)	(12)	(3,943)	5	(4,982)	(9,041)
31 March 2017	**3,608**	**3,648**	**20,005**	**4,937**	**14,376**	**46,574**
Within one year	3,091	9,365	889	5,486	1,649	20,480
In one to two years	1,590	–	1,124	72	3,525	6,311
In two to three years	2,022	–	3,391	54	868	6,335
In three to four years	1,640	–	228	18	1,486	3,372
In four to five years	1,399	–	3,539	19	797	5,754
In more than five years	5,964	–	7,356	178	12,319	25,817
	15,706	**9,365**	**16,527**	**5,827**	**20,644**	**68,069**
Effect of discount/financing rates	(4,057)	(11)	(1,731)	(46)	(4,875)	(10,720)
31 March 2016 restated	**11,649**	**9,354**	**14,796**	**5,781**	**15,769**	**57,349**

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:

	2017		Restated 2016	
	Payable €m	**Receivable €m**	Payable €m	Receivable €m
Within one year	16,541	16,462	32,870	34,035
In one to two years	4,788	5,201	10,660	10,918
In two to three years	3,000	3,141	4,815	5,244
In three to four years	1,913	2,038	2,641	2,988
In four to five years	1,567	1,706	2,419	2,592
In more than five years	18,743	22,491	23,841	26,429
	46,552	**51,039**	**77,246**	**82,206**

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 €2,282 million (2016: €1,495 million), leaving a €2,205 million (2016: €3,465 million) net receivable in relation to financial instruments. This is split €2,077 million (2016: €1,978 million) within trade and other payables and €4,282 million (2016: €5,443 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 2017 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 (which includes cross-currency interest rate swaps and foreign exchange swaps) is as follows:

	2017		Restated 2016	
	Payable €m	**Receivable €m**	Payable €m	Receivable €m
Sterling	1,176	6,576	22,625	18,026
Euro	23,167	5,556	14,762	24,496
US dollar	4,246	19,482	9,799	12,872
Japanese yen	–	–	851	–
Other	5,420	4,813	6,814	1,005
	34,009	**36,427**	**54,851**	**56,399**

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 €2,008 million (2016: €51 million), leaving a €410 million (2016: €1,599 million) net receivable in relation to foreign exchange financial instruments. This is split €1,400 million (2016: €750 million) within trade and other payables and €1,810 million (2016: €2,349 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:

	2017 €m	Restated 2016 €m
Within one year	68	15
In two to five years	78	63
In more than five years	160	138
	306	**216**

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	4,552	5	4,547	–
Euro	37,420	7,517	28,009	1,894
US dollar	4,449	4,172	277	–
Other	153	13	140	–
31 March 2017	**46,574**	**11,707**	**32,973**	**1,894**
Sterling	3,528	114	3,257	157
Euro	37,814	14,697	21,309	1,808
US dollar	7,122	6,883	239	–
Other	8,885	3,011	5,874	–
31 March 2016 restated	**57,349**	**24,705**	**30,679**	**1,965**

Notes:
1 The weighted average interest rate for the Group's sterling denominated fixed rate borrowings is 2.5% (2016: 4.6%). The weighted average time for which these rates are fixed is 16.6 years (2016: 6.4 years). The weighted average interest rate for the Group's euro denominated fixed rate borrowings is 2.1% (2016: 2.7%). The weighted average time for which the rates are fixed is 8.4 years (2016: 6.5 years). The weighted average interest rate for the Group's US dollar denominated fixed rate borrowings is 0.2% (2016: 3.6%). The weighted average time for which the rates are fixed is 0.1 years (2016: 2.0 years). The weighted average interest rate for the Group's other currency fixed rate borrowings is 8.5% (2016: 9.4%). The weighted average time for which the rates are fixed is 12.0 years (2016: 6.8 years).
2 At 31 March 2017 other borrowings of €1.9 billion (2016: €2.0 billion) include a €1.8 billion (2016: €1.8 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 cross-currency and interest rate swaps used to manage the currency and 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 interest rate movements is provided by fixing interest rates or reducing floating interest rates using interest rate swaps or interest rate futures[1].

	2017		Restated 2016	
	Interest rate futures €m	**Interest rate swaps €m**	Interest rate futures €m	Interest rate swaps €m
Within one year	291	3,125	(3,734)	2,145
In one to two years	–	3,000	3,414	1,920
In two to three years	–	8,875	2,033	1,807
In three to four years	–	(1,000)	–	7,114
In four to five years	–	(3,125)	–	(1,807)
In more than five years[2]	–	3,300	–	(3,049)

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 2026 to March 2047 (2016: March 2021 to March 2022).

Notes to the consolidated financial statements (continued)

21. Borrowings (continued)

Borrowing facilities

Committed facilities expiry

	2017		Restated 2016	
	Drawn €m	Undrawn €m	Drawn €m	Undrawn €m
Within one year	460	–	1,666	2,297
In one to two years	855	–	878	11
In two to three years	551	502	1,228	9
In three to four years	502	3,861	874	291
In four to five years	568	3,678	837	7,405
In more than five years	380	–	770	354
31 March	**3,316**	**8,041**	**6,253**	**10,367**

At 31 March 2017 the Group's most significant committed facilities comprised two revolving credit facilities which remained undrawn throughout the year of US$4.0 billion (€3.8 billion) maturing in three to four years and US$4.1 billion (€3.8 billion) maturing in three to 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, United Kingdom and Romanian operations of €2.0 billion in aggregate 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 €31.2 billion at 31 March 2017 and includes liabilities for amounts payable under the domination agreement in relation to Kabel Deutschland AG (€1.8 billion). This decreased by €5.7 billion in the year primarily as a result of the classification of Vodafone India as discontinued operations. Further information can be found in note 7 "Discontinued operations and assets held for sale".

Net debt represented 44% of our market capitalisation at 31 March 2017 compared to 46% at 31 March 2016. Average net debt at month end accounting dates over the 12-month period ended 31 March 2017 was €33.0 billion and ranged between net debt of €29.9 billion and €37.9 billion. Our consolidated net debt position at 31 March was as follows:

	2017 €m	Restated 2016 €m
Cash and cash equivalents	**8,835**	**12,922**
Short-term borrowings		
Bonds	(2,904)	(2,571)
Commercial paper[1]	(3,648)	(9,353)
Put options over non-controlling interests[2]	(1,837)	(1,809)
Bank loans	(867)	(2,851)
Other short-term borrowings[3]	(2,795)	(3,676)
	(12,051)	**(20,260)**
Long-term borrowings		
Put options over non-controlling interests	–	(6)
Bonds, loans and other long-term borrowings[4]	(34,523)	(37,083)
	(34,523)	**(37,089)**
Other financial instruments[5]	**6,570**	**7,512**
Net debt	**(31,169)**	**(36,915)**

Notes:
1 At 31 March 2017 US$1,484 million was drawn under the US commercial paper programme and €2,262 million were drawn under the euro commercial paper programme.
2 Includes a €1.8 billion (2016: €1.8 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 2017 the amount includes €2,654 million (2016: €3,588 million) in relation to cash received under collateral support agreements. Amount also includes €46 million (2016: €63 million) in relation to the short-term debt component of the mandatory convertible bonds maturing on 25 August 2017 and 25 February 2019.
4 At 31 March 2017 the amount includes €34 million (2016: €87 million) in relation to the long-term debt component of the mandatory convertible bonds maturing on 25 February 2019.
5 Comprises mark-to-market adjustments on derivative financial instruments which are included as a component of trade and other receivables €4,282 million (2016: €5,443 million) and trade and other payables €2,077 million (2016: €1,978 million). Amount also includes €4,365 million (2016: €4,048 million) comprised of short-term investments primarily in index-linked government bonds and managed investment funds included as a component of other investments and collateral passed in relation to derivative financial instruments including put options issued with regards to the mandatory convertible bonds hedging arrangements.

At 31 March 2017 we had €8,835 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 2017 were managed investment funds, money market funds, UK index-linked government bonds 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 "Capital and financial risk management" for further details on these agreements.

Commercial paper programmes

We currently have US and euro commercial paper programmes of US$15 billion and €8 billion respectively which are available to be used to meet short-term liquidity requirements. At 31 March 2017 amounts external to the Group of €2,262 million were drawn under the euro commercial paper programme and US$1,484 million (€1,386 million) were drawn down under the US commercial paper programme, with such funds being provided by counterparties external to the Group. At 31 March 2016 amounts external to the Group of €8,907 million and US$38 million (€33 million) were drawn under the euro commercial paper programme and US$471 million (€413 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$4.1 billion (€3.8 billion) and €4.0 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 2017 the total amounts in issue under these programmes split by currency were US$12.3 billion, €15.1 billion, £4.2 billion, CHF0.7 billion and NOK1.7 billion.

At 31 March 2017 we had bonds outstanding with a nominal value of €32.3 billion. During the year ended 31 March 2017 bonds with a nominal value equivalent of €6.0 billion were issued under the euro medium-term note programme. The bonds issued in the year were:

Date of bond issue	Maturity of bond	Programme	Currency	Nominal amount Millions	Euro equivalent €m
6 March 2017	22 November 2021	EMTN	Euro	1,000	1,000
30 September 2016	30 January 2024	EMTN	Euro	750	750
3 June 2016	3 December 2024	EMTN	Swiss franc	350	327
1 March 2017	1 March 2027	EMTN	Norwegian krona	850	93
15 March 2017	15 March 2027	EMTN	Swiss franc	175	164
29 July 2016	29 July 2031	EMTN	Euro	1,000	1,000
19 September 2016	19 September 2031	EMTN	Swiss franc	150	140
9 August 2016	9 August 2046	EMTN	US dollar	45	42
9 March 2017	9 March 2047	EMTN	US dollar	370	346
8 August 2016	9 August 2049	EMTN	Pound sterling	800	938
12 August 2016	12 August 2056	EMTN	Pound sterling	1,000	1,172

On 25 February 2016 the Group issued £2.9 billion (€3.5 billion) of subordinated mandatory convertible bonds issued in two tranches, with the first £1.4 billion (€1.7 billion) maturing on 25 August 2017 and a further £1.4 billion (€1.7 billion) maturing on 25 February 2019 with coupons of 1.5% and 2.0% respectively. At the initial conversion price adjusted for dividends declared during the year, of £2.0546, at maturity the bond will convert to 1,401,732,698 Vodafone Group Plc shares representing approximately 5% of Vodafone's share capital. The mandatory bonds are compound instruments with nominal values of £2.8 billion (€3.5 billion) recognised as a component of shareholders' funds in equity. The fair value of future coupons of £0.1 billion (€0.1 billion) is recognised as a financial liability in borrowings and subsequently measured at amortised cost using the effective interest rate method. Refer to the consolidated statement of changes in equity on page 101.

The Group has hedged its exposure under the subordinated mandatory convertible bonds to any future movements in its share price by an option strategy designed to hedge the economic impact of share price movements during the term of the bonds. Should the Group decide to buy back ordinary shares to mitigate the dilution resulting from the conversion, the hedging strategy will provide a hedge for the repurchase price.

Own shares

The Group held a maximum of 2,254,825,696 of its own shares during the year which represented 8.0% of issued share capital at that time.

Notes to the consolidated financial statements (continued)

22. Liquidity and capital resources (continued)

Committed facilities

In aggregate we have committed facilities of approximately €11,357 million, of which €8,041 million was undrawn and €3,316 million was drawn at 31 March 2017. The following table summarises the committed bank facilities available to us at 31 March 2017.

Committed bank facilities	Amounts drawn	Terms and conditions
28 March 2014		
€4.0 billion syndicated revolving credit facility, maturing 28 March 2021.	No drawings have been made against this facility. The facility supports our commercial paper programmes and may be used for general corporate purposes including acquisitions.	Lenders have the right, but not the obligation, to cancel their commitments and have outstanding advances repaid no sooner than 30 days after notification of a change of control. This is in addition to the rights of lenders to cancel their commitment if we commit an event of default; however, it should be noted that a material adverse change clause does not apply. The facility matures on 28 March 2021. From March 2020 the facility size will be €3.9 billion as one lender did not extend the facility as per the request from the Company.
27 February 2015		
US$4.1 billion syndicated revolving credit facility, maturing 27 February 2022.	No drawings have been made against this facility. The facility supports our commercial paper programmes and may be used for general corporate purposes including acquisitions.	Lenders have the right, but not the obligation, to cancel their commitments and have outstanding advances repaid no sooner than 30 days after notification of a change of control. This is in addition to the rights of lenders to cancel their commitment if we commit an event of default; however, it should be noted that a material adverse change clause does not apply. The facility matures on 27 February 2022. From March 2020 the facility size will be US$3.9 billion as one lender did not extend the facility as per the request from the Company.
27 November 2013		
£0.5 billion loan facility, maturing 12 December 2021.	This facility was drawn down in full in euro, as allowed by the terms of the facility, on 12 December 2014.	As per 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.
15 September 2009		
€0.4 billion loan facility, maturing 30 July 2017.	This facility was drawn down in full on 30 July 2010.	As per 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$0.1 billion export credit agency loan facility, final maturity date 19 September 2018.	This facility is fully drawn down and is amortising.	As per the syndicated revolving credit facilities with the addition that the Company was permitted to draw down under the facility based upon the eligible spend with Ericsson up until the final draw down date of 30 June 2011. Quarterly repayments of the drawn balance commenced on 30 June 2012 with a final maturity date of 19 September 2018.
8 December 2011		
€0.4 billion loan facility, maturing on 5 June 2020.	This facility was drawn down in full on 5 June 2013.	As per 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 1 September 2019.	This facility was drawn down in full on 18 September 2012.	As per 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 2 September 2020.	This facility was drawn down in full on 4 December 2013.	

Committed bank facilities	Amounts drawn	Terms and conditions
2 December 2014		
US$0.8 billion loan facility, maturing 2 June 2018.	US$0.8 billion was drawn from the facility on 8 June 2015. The remaining US$0.05 billion was cancelled on the same date.	As per 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 16 June 2023.	This facility is fully drawn down on 16 June 2016.	As per 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 2017 Vodafone Egypt had a fully drawn term loan of US$53 million (€50 million) and undrawn revolving credit facilities of EGP4 billion (€207 million). Vodacom had fully drawn facilities of US$112 million (€105 million) and facilities of ZAR0.48 billion (€33.3 million) of which ZAR0.47 billion (€32.8 million) was drawn. Vodafone Ghana had fully drawn facilities of US$142 million (€133 million) and GHS60 million (€13 million).

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.

Put options issued as part of the hedging strategy for the mandatory convertible bonds permit the holders to exercise against the Group if there is a decrease in our share price. Under the terms of the options, settlement must be made in cash which will equate to the reduced value of shares from the initial conversion price, adjusted for dividends declared during the year, on 1,402 million shares.

Sale of trade receivables

During the year the Group sold certain trade receivables to a financial institution. Whilst there are no repurchase obligations in respect of these receivables, the Group provided a credit guarantee which would only become payable if default rates were significantly higher than historical rates. The credit guarantee is not considered substantive and substantially all risks and rewards associated with the receivables passed to the purchaser at the date of sale, therefore the receivables were derecognised. The maximum payable under the guarantees at 31 March 2017 was €360 million. No provision has been made in respect of these guarantees as the likelihood of a cash outflow has been assessed as remote.

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 provides 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 over non-controlling interest

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 arising from 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.

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 at 31 March:

	2017 €m	Restated 2016 €m
Financial assets:		
Cash and cash equivalents	(8,835)	(12,922)
Fair value through the income statement (held for trading)	(6,169)	(5,261)
Loans and receivables	(685)	(1,986)
Derivative instruments in designated hedge relationships	(1,793)	(2,243)
Financial liabilities:		
Fair value through the income statements (held for trading)	1,636	1,714
Derivative instruments in designated hedge relationships	441	264
Financial liabilities held at amortised cost	46,574	57,349
Net debt	**31,169**	**36,915**
Equity	73,719	85,136
Capital	**104,888**	**122,051**

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 manages centrally the Group's funding requirement, net foreign exchange exposure, interest rate management exposures and counterpart risk arising from investments and derivatives.

Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Board, most recently on 3 November 2015. A treasury risk committee comprising of 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:

	2017 €m	Restated 2016 €m
Cash at bank and in hand	1,856	2,196
Repurchase agreements	–	3,415
Cash held in restricted deposits	1,109	1,000
UK government bonds	466	833
Money market fund investments and bank deposits	6,979	7,311
Derivative financial instruments	4,282	5,443
Other investments – debt and bonds	7,919	8,027
Trade receivables	5,335	6,037
Other receivables and accrued income	2,886	4,055
	30,832	**38,317**

Notes to the consolidated financial statements (continued)

23. Capital and financial risk management (continued)

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 euro 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 10% of each fund.

The Group also invests in a fund where the underlying assets are supply chain receivables, the creditworthiness of which are enhanced by an insurance wrapper as provided by established insurance companies with a long-term credit rating of at least A-.

The Group invests in repurchase agreements which are fully collateralised investments. The collateral is sovereign and supranational debt 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:

	2017 €m	Restated 2016 €m
Sovereign	–	3,415
Supranational	–	–
	–	**3,415**

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:

	2017 €m	Restated 2016 €m
Cash collateral	2,654	3,588

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 2017 €3,322 million (2016: €4,082 million) of trade receivables were not yet due for payment. Overdue trade receivables consisted of €789 million (2016: €1,636 million) relating to the Europe region, and €423 million (2016: €318 million) relating to the AMAP region. Financial statements 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:

			2017			Restated 2016
	Gross receivables €m	**Less provisions €m**	**Net receivables €m**	Gross receivables €m	Less provisions €m	Net receivables €m
30 days or less	730	(27)	703	919	(344)	575
Between 31 and 60 days	125	(23)	102	330	(87)	243
Between 61 and 180 days	648	(258)	390	498	(113)	385
Greater than 180 days	1,423	(1,077)	346	1,401	(650)	751
	2,926	**(1,385)**	**1,541**	**3,148**	**(1,194)**	**1,954**

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 2017 were €589 million (2016: €679 million) (see note 15 "Trade and other receivables").

As discussed in note 30 "Contingent liabilities and legal proceedings", 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 2017 the Group had €4.0 billion and US$4.1 billion syndicated committed undrawn bank facilities which support the US$15 billion and €8.0 billion commercial paper programme 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 euro syndicated committed facility has a maturity date of 28 March 2021. The US$ syndicated committed facility has a maturity date of 27 February 2022. Both facilities have remained undrawn throughout the financial year and since year end and provide liquidity support.

The Group manages liquidity risk on long-term borrowings by maintaining a varied maturity profile with a cap on the level of debt maturity in any one calendar year, therefore minimising refinancing risk. Long-term borrowings mature between one and 39 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 2017 amounted to €8,835 million (2016: €12,922 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. The policy also allows euros, US dollars and sterling to be moved to a fixed rate basis if interest rates are statistically low. 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 rise in market interest rates for all currencies in which the Group had borrowings at 31 March 2017 there would be an increase in profit before tax by approximately €470 million (2016: approximately €29 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.

At 31 March 2017 other than USD denominated liabilities, which are retained in order to hedge foreign exchange movements arising from our investment in VZ Communication loan notes, substantially all of our outstanding liabilities are held on a fixed interest rate basis in accordance with treasury policy.

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 and sterling, the Group maintains the currency of debt and interest charges in proportion to its expected future principal cash flows and has a policy to hedge external foreign exchange risks on transactions denominated in other currencies above certain de minimis level.

At 31 March 2017 19% of net debt was denominated in currencies other than euro (8% US dollar, 5% South African rand and 6% other). This allows US dollar, South African rand 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 2017 the Group held financial liabilities in a net investment against the Group's South African rand. Sensitivity to foreign exchange movements on the hedging liabilities, analysed against a strengthening of the South African rand by 18% would result in a decrease in equity of €493 million which would be fully offset by foreign exchange movements on the hedged net assets. At 31 March 2016 the Group held financial liabilities in a net investment against the Group's consolidated euro net assets. Subsequent to the change in the Company's functional currency and the Group's presentation currency from sterling to euro with effect from 1 April 2017, the Group's primary foreign exchange exposure is to South African rand (2016: euro).

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 is South African rand.

	2017 €m	Restated 2016 €m
ZAR 18% change (2016: 20%) – Operating profit[1]	249	251
Euro no change (2016: 8%) – Operating profit[1,2]	–	138

Notes:
1 Operating profit before impairment losses and other income and expense.
2 The Group is predominantly exposed to South African rand following the change in the functional currency from sterling to euro.

At 31 March 2017 the Group's sensitivity to foreign exchange movements, analysed against a strengthening of the US dollar by 11% (2016: 8%) on its external US dollar exposure, would decrease the profit before tax by €100 million (2016: €76 million). Foreign exchange on certain sterling balances analysed against a 10% strengthening of sterling would decrease the profit before tax by €262 million (2016: €nil).

Equity risk

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

The Group has hedged its exposure under the subordinated mandatory convertible bonds to any future movements in its share price by an option strategy designed to hedge the economic impact of share price movements during the term of the bonds. As at 31 March 2017 the Group's sensitivity to a movement of 7% (2016: 5%) in its share price would result in an increase or decrease in profit before tax of approximately €236 million (2016: €182 million).

Notes to the consolidated financial statements (continued)

23. Capital and financial risk management (continued)

Fair value of financial instruments

The table below sets out the valuation basis[1] of financial instruments held at fair value by the Group at 31 March.

	Level 1[2]		Level 2[3]		Total	
	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m
Financial assets:						
Fair value through the income statement	–	–	4,323	2,466	4,323	2,466
Derivative financial instruments:						
Interest rate swaps	–	–	2,460	3,049	2,460	3,050
Cross-currency interest rate swaps	–	–	1,707	2,056	1,707	2,055
Options	–	–	12	46	12	46
Foreign exchange contracts	–	–	103	292	103	292
Interest rate futures	–	–	3	5	3	5
	–	**–**	**8,608**	**7,914**	**8,608**	**7,914**
Financial investments available-for-sale:						
Listed equity securities[4]	3	3	–	–	3	3
Unlisted equity securities[4]	–	–	82	104	82	104
	3	**3**	**82**	**104**	**85**	**107**
	3	**3**	**8,690**	**8,018**	**8,693**	**8,021**
Financial liabilities:						
Derivative financial instruments:						
Interest rate swaps	–	–	614	1,147	614	1,147
Cross-currency interest rate swaps	–	–	1,324	675	1,324	675
Options	–	–	63	81	63	81
Foreign exchange contracts	–	–	76	75	76	75
	–	**–**	**2,077**	**1,978**	**2,077**	**1,978**

Notes:
1 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.
2 Level 1 classification comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities.
3 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.
4 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 below[1]. 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. The fair value of bonds are based on Level 1 of the fair value hierarchy, using unadjusted quoted market prices for identical assets or liabilities.

	Fair value		Carrying value	
	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m
Cash and cash equivalents[2]	8,835	12,922	8,835	12,922
Cash and other investments held in restricted deposits[2]	1,109	1,000	1,109	1,000
Other debt and bonds[3]	4,062	6,389	4,062	6,389
	14,006	**20,311**	**14,006**	**20,311**
Short-term borrowings:				
Bonds[4]	(2,908)	(2,575)	(2,904)	(2,571)
Commercial paper[5]	(3,648)	(9,353)	(3,648)	(9,353)
Bank loans and other short-term borrowings[5]	(5,532)	(8,346)	(5,499)	(8,336)
	(12,088)	**(20,274)**	**(12,051)**	**(20,260)**
Long-term borrowings:				
Bonds[4]	(30,635)	(27,435)	(31,477)	(27,993)
Bank loans and other long-term borrowings[5]	(3,074)	(9,182)	(3,046)	(9,096)
	(33,709)	**(36,617)**	**(34,523)**	**(37,089)**
	(31,791)	**(36,580)**	**(32,568)**	**(37,038)**

Notes:
1 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.
2 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.
3 Other debt and bonds is predominantly comprised of loan notes from Verizon Communications Inc. (see note 13 "Other investments"), collateral paid on derivative financial instruments and short term investments in funds where the underlying assets are supply chain receivables.
4 The Group's bonds are held at amortised cost with fair values available from market observable prices.
5 Commercial paper and other bank loans are held at amortised cost with fair values calculated from market observable data where appropriate.

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 2017				Related amounts not set off in the balance sheet		
	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	4,282	–	4,282	(1,505)	(2,654)	123
Derivative financial liabilities	(2,077)	–	(2,077)	1,505	384	(188)
Total	**2,205**	**–**	**2,205**	**–**	**(2,270)**	**(65)**

At 31 March 2016 restated				Related amounts not set off in the balance sheet		
	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	5,443	–	5,443	(1,538)	(3,588)	317
Derivative financial liabilities	(1,978)	–	(1,978)	1,538	139	(301)
Total	**3,465**	**–**	**3,465**	**–**	**(3,449)**	**16**

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:

	2017 €m	Restated 2016 €m	Restated 2015 €m
Salaries and fees	4	5	5
Incentive schemes[1]	2	4	4
Other benefits[2]	1	1	1
	7	**10**	**10**

Notes:
1 Excludes gains from long-term incentive plans.
2 Includes the value of the cash allowance taken by some individuals in lieu of pension contributions.

The aggregate gross pre-tax gain made on the exercise of share options in the year ended 31 March 2017 by one Director who served during the year was €0.7 million (2016: one Director, €0.2 million; 2015: one Director, €<€0.1 million).

Key management compensation

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

	2017 €m	Restated 2016 €m	Restated 2015 €m
Short-term employee benefits	24	30	23
Share-based payments	25	26	23
	49	**56**	**46**

Notes to the consolidated financial statements (continued)

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.

	2017 Employees	2016 Employees	2015 Employees
By activity:			
Operations	18,207	18,869	17,602
Selling and distribution	38,252	38,325	35,629
Customer care and administration	55,097	54,490	52,069
	111,556	**111,684**	**105,300**
By segment:			
Germany	14,478	14,862	14,520
Italy	6,601	6,676	6,757
Spain	5,118	5,935	5,324
UK	13,238	13,323	12,437
Other Europe	15,801	16,058	15,190
Europe	**55,236**	**56,854**	**54,228**
India (Discontinued operations)	13,187	13,346	12,303
Vodacom	7,590	7,515	7,260
Other Africa, Middle East and Asia-Pacific	14,183	14,262	14,312
Africa, Middle East and Asia-Pacific	**34,960**	**35,123**	**33,875**
Common Functions	21,360	19,707	17,197
Total	**111,556**	**111,684**	**105,300**

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

	2017 €m	Restated 2016 €m	Restated 2015 €m
Wages and salaries	4,630	4,759	4,265
Social security costs	582	621	563
Other pension costs (note 26)	212	270	239
Share-based payments (note 27)	95	154	104
	5,519	**5,804**	**5,171**
India (Discontinued operations)	217	212	182
Total	**5,736**	**6,016**	**5,353**

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 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 2017 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

	2017 €m	Restated 2016 €m	Restated 2015 €m
Defined contribution schemes	192	214	190
Defined benefit schemes	20	56	49
Total amount charged to income statement (note 25)	**212**	**270**	**239**

Notes to the consolidated financial statements (continued)

26. Post employment benefits (continued)

Defined benefit schemes

Vodafone Group's retirement policy is to provide competitive pension provision, in each operating country, in line with the market median for that location. Vodafone Group's preferred retirement provision is focused on Defined Contribution ('DC') arrangements and/or State provision for future service.

The Group's main defined benefit funding liability is the Vodafone UK Group Pension Scheme ('Vodafone UK plan'). Since June 2014 the plan has consisted of two segregated sections the Vodafone Section and the Cable & Wireless Section. Both sections are closed to new entrants and to future accrual. The Group also operates unfunded plans in Germany and funded plans in Ireland. Defined benefit pension provision exposes the Group to actuarial risks such as longer than expected longevity of participants, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the schemes.

The defined benefit schemes are administered by Trustee Boards who are legally separate from the Group and consist of representatives who are employees, former employees or are independent from the Company. The Boards of the pension schemes are required by legislation to act in the best interest of the participants, set the investment strategy and contribution rates and are subject to statutory funding objectives.

The Vodafone UK plan is registered as an occupational pension plan with HMRC and is subject to UK legislation and operates within the framework outlined by 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 publication by the International Accounting Standards Board in June 2015 of its Exposure Draft of amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, has provided additional clarity on the role of trustees' rights in an assessment of the recoverability of a surplus in an employee pension fund. The trustees of the Vodafone UK plan have neither a unilateral right to wind up the plan nor a unilateral right to improve members' benefits.

The trustees obtain regular actuarial valuations to check whether the statutory funding objective is met and whether a recovery plan is required to restore funding to the level of the agreed technical provisions. The previous valuations for the Vodafone and CWW Sections of the Vodafone UK plan were carried out as at 31 March 2013 resulting in the Group paying a special one-off contributions totalling £365 million (€442 million) in April 2014 (£325 million (€394 million) into the Vodafone Section and £40 million (€48 million) into the CWW Section). No further contributions were due in respect of the deficit revealed at the 2013 valuation.

The most recent triennial actuarial valuation is currently being undertaken by independent actuaries appointed by the plan trustees, with an effective date of 31 March 2016. The preliminary results indicate that due to falls in government bond yields since the 2013 valuation, it is likely that additional deficit payments will be required. The valuation results and recovery plan are currently being agreed by the trustees and the Company.

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 €133 million will be paid into the Group's defined benefit pension schemes during the year ending 31 March 2018. The Group has also provided certain guarantees in respect of the Vodafone UK plan; further details are provided in note 30 "Contingent liabilities and legal proceedings" 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:

	2017 %	2016 %	2015 %
Weighted average actuarial assumptions used at 31 March[1]:			
Rate of inflation[2]	3.0	2.8	3.0
Rate of increase in salaries	2.6	2.6	2.8
Discount rate	2.6	3.2	3.0

Notes:
1 Figures shown represent a weighted average assumption of the individual schemes.
2 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 24.1/25.4 years (2016: 24.0/25.3 years; 2015: 24.5/25.8 years) for a male/female pensioner currently aged 65 and 26.7/28.3 years (2016: 65 and 26.6/28.1 years; 2015: 27.1/28.7 years) from age 65 for a male/female non-pensioner member currently aged 40.

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

	2017 €m	Restated 2016 €m	Restated 2015 €m
Current service cost	43	45	45
Past service costs	(27)	–	–
Net interest charge	4	11	4
Total included within staff costs	**20**	**56**	**49**
Actuarial losses/(gains) recognised in the SOCI[1]	274	(216)	369

Note:
1 Amounts disclosed in the SOCI are stated net of a €2 million tax credit (2016: €42 million tax charge; 2015: €78 million tax credit).

The past service costs includes the results of a Pension Increase Exchange ('PIE') exercise carried out in the main UK defined benefit scheme between June and October 2016. All eligible pensioners were given the opportunity to exchange future increases on part or all of their pension and receive a higher pension immediately. If they accepted the offer (after taking financial advice), they no longer receive future increases on that part of their pension, the net impact of which was to reduce the future liabilities of the scheme.

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 2015 restated	**6,857**	**(7,407)**	**(550)**
Service cost	–	(49)	(49)
Interest income/(cost)	203	(214)	(11)
Return on plan assets excluding interest income	(206)	–	(206)
Actuarial gains arising from demographic assumptions	–	96	96
Actuarial gains arising from changes in financial assumptions	–	381	381
Actuarial losses arising from experience adjustments	–	(55)	(55)
Employer cash contributions	37	–	37
Member cash contributions	10	(10)	–
Benefits paid	(161)	161	–
Exchange rate movements	(505)	502	(3)
Other movements	(6)	25	19
31 March 2016 restated	**6,229**	**(6,570)**	**(341)**
Reclassification as held for sale	–	12	12
	6,229	**(6,558)**	**(329)**
Service cost	–	16	16
Interest income/(cost)	190	(194)	(4)
Return on plan assets excluding interest income	818	–	818
Actuarial losses arising from changes in financial assumptions	–	(1,204)	(1,204)
Actuarial gains arising from experience adjustments	–	112	112
Employer cash contributions	24	–	24
Member cash contributions	8	(8)	–
Benefits paid	(180)	180	–
Exchange rate movements	(403)	403	–
Other movements	23	(50)	(27)
31 March 2017	**6,709**	**(7,303)**	**(594)**

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

	2017 €m	Restated 2016 €m	Restated 2015 €m	Restated 2014 €m	Restated 2013 €m
Analysis of net deficit:					
Total fair value of scheme assets	6,709	6,229	6,857	4,652	4,413
Present value of funded scheme liabilities	(7,222)	(6,487)	(7,316)	(5,237)	(5,024)
Net deficit for funded schemes	**(513)**	**(258)**	**(459)**	**(585)**	**(611)**
Present value of unfunded scheme liabilities	(81)	(83)	(91)	(80)	(14)
Net deficit	**(594)**	**(341)**	**(550)**	**(665)**	**(625)**
Net deficit is analysed as:					
Assets[1]	57	224	234	42	62
Liabilities	(651)	(565)	(784)	(707)	(687)

Note:
1 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.

Notes to the consolidated financial statements (continued)

26. Post employment benefits (continued)

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]				
	2017 €m	Restated 2016 €m	Restated 2015 €m	Restated 2014 €m	Restated 2013 €m	**2017 €m**	Restated 2016 €m	Restated 2015 €m	Restated 2014 €m	Restated 2013 €m
Analysis of net assets/(deficit):										
Total fair value of scheme assets	2,894	2,762	3,114	2,155	2,165	2,654	2,408	2,645	1,626	1,574
Present value of scheme liabilities	(2,842)	(2,543)	(2,884)	(2,097)	(2,221)	(2,962)	(2,548)	(2,951)	(2,030)	(1,952)
Net assets/(deficit)	**52**	**219**	**230**	**58**	**(56)**	**(308)**	**(140)**	**(306)**	**(404)**	**(378)**
Net assets/(deficit) are analysed as:										
Assets[3]	52	219	230	58	–	–	–	–	–	–
Liabilities	–	–	–	–	(56)	(308)	(140)	(306)	(404)	(378)

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 2017 is 22.9 years (2016: 22.3 years; 2015: 22.7 years).

Fair value of pension assets

	2017 €m	Restated 2016 €m
Cash and cash equivalents	104	110
Equity investments:		
With quoted prices in an active market	1,938	1,881
Without quoted prices in an active market	413	199
Debt instruments:		
With quoted prices in an active market	3,982	3,474
Without quoted prices in an active market	461	–
Property:		
With quoted prices in an active market	30	10
Without quoted prices in an active market	78	19
Derivatives:[1]		
With quoted prices in an active market	(1,218)	(369)
Without quoted prices in an active market	(1)	–
Investment fund	299	292
Annuity policies – Without quoted prices in an active market	623	613
Total	**6,709**	**6,229**

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 annuity policy. The CWW Section annuity policy fully matches the pension obligations of those pensioners insured, and therefore the fair value has been set equal to the present value of the related obligations.

Investment funds of €299 million at 31 March 2017 include €278 million of investments in diversified alternate beta funds held in the Vodafone Section of the Vodafone UK plan.

Plan assets have been measured at fair value in accordance with IFRS 13 "Fair Value Measurement". The actual return on plan assets over the year to 31 March 2017 was a gain of €1,008 million (2016: €3 million loss).

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 2017.

	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	(585)	666	(4)	4	868	(741)	199	(199)

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.

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 an average calculation of the closing price of the Group's shares on the days prior to the grant date, 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 2017. There are options outstanding under 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 American Depositary Shares ('ADS').

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 £375 (increased from £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. Following a review of the UK all-employee plans it was decided that with effect from 1 April 2017 employees would no longer be able to contribute to the Share Incentive Plan and would therefore no longer receive matching shares.

Notes to the consolidated financial statements (continued)

27. Share-based payments (continued)

Movements in outstanding ordinary share options

	Ordinary share options		
	2017 Millions	2016 Millions	2015 Millions
1 April	24	25	27
Granted during the year	31	7	7
Forfeited during the year	(1)	(1)	(2)
Exercised during the year	(7)	(5)	(6)
Expired during the year	(6)	(2)	(1)
31 March	**41**	**24**	**25**
Weighted average exercise price:			
1 April	£1.62	£1.49	£1.42
Granted during the year	£1.61	£1.89	£1.56
Forfeited during the year	£1.66	£1.54	£1.45
Exercised during the year	£1.50	£1.42	£1.25
Expired during the year	£1.75	£1.59	£1.45
31 March	**£1.61**	**£1.62**	**£1.49**

Summary of options outstanding and exercisable at 31 March 2017

	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:						
£1.01 – £2.00	41	£1.61	27	–	–	–

Share awards

Movements in non-vested shares are as follows:

	2017		2016		2015	
	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	198	£1.77	217	£1.56	243	£1.44
Granted	74	£1.97	63	£2.22	83	£1.63
Vested	(47)	£1.77	(32)	£1.80	(62)	£1.35
Forfeited	(47)	£1.57	(50)	£1.40	(47)	£1.35
31 March	**178**	**£1.91**	**198**	**£1.77**	**217**	**£1.56**

Other information

The total fair value of shares vested during the year ended 31 March 2017 was £83 million (2016: £58 million; 2015: £84 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was €95 million (2016: €154 million; 2015: €104 million) which is comprised principally of equity-settled transactions.

The average share price for the year ended 31 March 2017 was 216.2 pence (2016: 224.2 pence; 2015: 212.7 pence).

28. Acquisitions and disposals

We completed a number of acquisitions and disposals during the year, most significantly, the combination of our operations in the Netherlands with those of Liberty Global plc to form VodafoneZiggo, a 50:50 joint venture, details of which are set out below. 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:	
Acquisitions completed during the year	32
Net cash acquired	(4)
	28

During the 2017 financial year, the Group completed a number of acquisitions for an aggregate net cash consideration of €28 million. The aggregate fair values of goodwill, identifiable assets and liabilities of the acquired operations were €1 million, €34 million and €7 million respectively. No amount of goodwill is expected to be deductible for tax purposes.

Disposals

On 31 December 2016, we combined our operations in the Netherlands with those of Liberty Global plc to create VodafoneZiggo Group Holding B.V. ('VodafoneZiggo'), a 50:50 joint venture providing national unified communications. As a result of the transaction, we no longer consolidate our previous interest in the Netherlands and account for our 50% interest in VodafoneZiggo as a Joint Venture using the equity method. The Group recognised a net gain on the formation of VodafoneZiggo of €1,275 million.

	€m
Goodwill	(855)
Other intangible assets	(1,415)
Property, plant and equipment	(1,164)
Inventory	(24)
Trade and other receivables	(302)
Cash and cash equivalents[1]	(56)
Current and deferred taxation	87
Short and long-term borrowings	1,000
Trade and other payables	387
Provisions	28
Net assets contributed into VodafoneZiggo	**(2,314)**
Fair value of investment in VodafoneZiggo[2]	2,970
Net cash proceeds arising from the transaction[1,3]	619
Net gain on formation of VodafoneZiggo[4]	**1,275**

Notes:
1 Included in purchase of interests in associates and joint ventures in the consolidated statement of cash flows.
2 The fair value of our initial investment in VodafoneZiggo is not observable in a quoted market. Accordingly, the fair value has been primarily determined with reference to the outcome of a discounted cash flow analysis. Certain significant inputs used in the valuation, such as forecasts of future cash flows, are based on our assumptions and are therefore unobservable. The valuation therefore falls under Level 3 of the fair value hierarchy. The weighted average cost of capital and terminal growth rate used to value our initial investment in VodafoneZiggo were 7.0% and 1.0% respectively.
3 Includes our 50% share of cash paid to both shareholders on creation of VodafoneZiggo (€1,422 million), together with an equalisation payment of €802 million made to Liberty Global plc.
4 Reported in other income and expense in the consolidated income statement. Includes €637 million related to the re-measurement of our retained interest in Vodafone Libertel B.V. Transaction costs of €35 million were charged in the consolidated income statement in the year.

Notes to the consolidated financial statements (continued)

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:

	2017 €m	Restated 2016 €m
Within one year	2,522	1,931
In more than one year but less than two years	1,487	1,386
In more than two years but less than three years	1,136	1,250
In more than three years but less than four years	882	1,008
In more than four years but less than five years	709	799
In more than five years	2,693	3,569
	9,429	**9,943**

The total of future minimum sublease payments expected to be received under non-cancellable subleases is €584 million (2016: €502 million).

Capital commitments

	Company and subsidiaries		Share of joint operations		Group	
	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m	2017 €m	Restated 2016 €m
Contracts placed for future capital expenditure not provided in the financial statements[1]	2,052	2,471	88	123	2,140	2,594

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

Acquisition commitments

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular, which is listed on the Indian Stock Exchanges, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group. Vodafone will own 45.1% of the combined company after transferring a stake of 4.9% to the Aditya Birla Group for circa INR39 billion (circa US$579 million) in cash concurrent with completion of the merger. The Aditya Birla Group will then own 26.0% and has the right to acquire more shares from Vodafone under an agreed mechanism with a view to equalising the shareholdings over time. If Vodafone and the Aditya Birla Group's shareholdings in the combined company are not equal after four years, Vodafone will sell down shares in the combined company to equalise its shareholding to that of the Aditya Birla Group over the following five-year period. Until equalisation is achieved, the voting rights of the additional shares held by Vodafone will be restricted and votes will be exercised jointly under the terms of the shareholders' agreement.

The transaction is subject to approvals from the relevant regulatory authorities and is also subject to other customary closing conditions, including the absence of any material adverse change. Shareholder approval will be required from Idea shareholders under a scheme of arrangement. The transaction has a break-fee of INR33 billion (US$500 million) that would become payable under certain circumstances. It is anticipated that completion will take place during the 2018 calendar year.

On 9 June 2016, Vodafone announced its intention to merge with Sky Network Television in New Zealand, thereby creating the country's leading integrated telecommunications and media group. Vodafone will become a 51% shareholder in the combined group, will receive NZ$1.25 billion in cash and will look to realise the benefits of an estimated NZ$850 million NPV from synergies. Sky shareholders have voted in favour of the transaction but completion is still subject to local regulatory approvals. In February 2017, the New Zealand Commerce Commission ('NZCC') did not approve the proposed merger with Sky Network Television. We are reviewing the reasoning of the NZCC and have preserved the right to appeal the decision.

30. Contingent liabilities and legal proceedings

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.

	2017 €m	Restated 2016 €m
Performance bonds[1]	2,413	1,074
Other guarantees and contingent liabilities[2]	3,576	3,216

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 AUD1.7 billion loan facility and a US$3.5 billion loan facility of its joint venture, Vodafone Hutchison Australia Pty Limited.

UK pension schemes

The Group's main defined benefit scheme is the Vodafone UK Group Pension Scheme (the 'Scheme') which has two segregated sections, the Vodafone Section and the CWW Section, as detailed in note 26.

The Group has covenanted to provide security in favour of the Vodafone UK Group Pension Scheme – Vodafone Section whilst a deficit remains for this section. The deficit is measured on a prescribed basis agreed between the Group and Trustee. The Group provides a combination of surety bonds and a charge over UK indexed gilts as the security.

The level of the security has varied since inception in line with the movement in the Scheme deficit. At 31 March 2017 the Scheme retains security over €1.2 billion (notional value). The security may be substituted either on a voluntary or mandatory basis. The Company has also provided two guarantees to the Vodafone Section of the Scheme for a combined value up to €1.5 billion to provide security over the deficit under certain defined circumstances, including insolvency of the employers. The Company has also agreed a similar guarantee of up to €1.5 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 €130 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 does not believe that it or its subsidiaries are 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 material adverse effect on the financial position or profitability of the Company or 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, the Company cannot make any accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings referred to in this Annual Report, however costs in complex litigation can be substantial.

Indian tax cases

In August 2007 and September 2007, Vodafone India Limited ('VIL') and Vodafone International Holdings BV ('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 Cayman Island incorporated subsidiary that indirectly holds interests in VIL. Following approximately five years of litigation in the Indian courts in which VIHBV sought to set aside the tax demand issued by the Indian tax authority, in January 2012 the Supreme Court of India 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 Supreme Court of India quashed the relevant notices and demands issued to VIHBV in respect of withholding tax and interest.

On 28 May 2012 the Finance Act 2012 became law. The Finance Act 2012, which amended various provisions of the Income Tax Act 1961 with retrospective effect, contained provisions 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 received a letter on 3 January 2013 from the Indian tax authority reminding it of the tax demand raised prior to the Supreme Court of India's judgement and purporting to update the interest element of that demand to a total amount of INR142 billion, which amount includes principal and interest as calculated by the Indian tax authority but does not include penalties.

On 10 January 2014, VIHBV served an amended trigger notice on the Indian Government under the Netherlands-India Bilateral Investment Treaty ('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. A trigger notice announces a party's intention to submit a claim to arbitration and triggers a cooling off period during which both parties may seek to resolve the dispute amicably. Notwithstanding their attempts, the parties were unable to amicably resolve the dispute within the cooling off period stipulated in the Dutch BIT. On 17 April 2014, VIHBV served its notice of arbitration under the Dutch BIT, formally commencing the Dutch BIT arbitration proceedings. In June 2016, the tribunal was fully constituted with Sir Franklin Berman KCMG QC appointed as presiding arbitrator. The Indian Government has raised objections to the application of the treaty to VIHBV's claims and to the jurisdiction of the tribunal under the Dutch BIT. The tribunal is considering these jurisdictional objections and has indicated it will determine shortly whether to decide the Indian Government's objections to jurisdiction as a preliminary question.

Notes to the consolidated financial statements (continued)

30. Contingent liabilities and legal proceedings (continued)

Separately, on 15 June 2015, Vodafone Group Plc and Vodafone Consolidated Holdings Limited served a trigger notice on the Indian Government under the United Kingdom-India Bilateral Investment Treaty ('UK BIT') in respect of retrospective tax claims under the Income Tax Act 1961 (as amended by the Finance Act 2012). Although relating to the same underlying facts as the claim under the Dutch BIT, the claim brought by Vodafone Group Plc and Vodafone Consolidated Holdings Limited is a separate and distinct claim under a different treaty. On 24 January 2017, Vodafone Group Plc and Vodafone Consolidated Holdings Limited served a Notice of Arbitration on the Indian Government formally commencing the arbitration. The Indian Government has failed to appoint a second arbitrator as required under the UK BIT and has objected to Vodafone's request that the President of the International Court of Justice (as appointing authority under the UK BIT) appoint the second arbitrator to the tribunal. The Indian Government has indicated that it considers the arbitration under the UK BIT to be an abuse of process but this is strongly denied by Vodafone.

On 12 February 2016, VIHBV received a notice dated 4 February 2016 of an outstanding tax demand of INR221 billion (which included interest accruing since the date of the original demand) along with a statement that enforcement action, including against VIHBV's indirectly held assets in India would be taken if the demand was not satisfied. Separate proceedings in the Bombay High Court 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, were listed for hearing at the request of the Indian Government on 21 April 2016 despite the issue having been ruled upon by the Supreme Court of India. The hearing has since been periodically listed and then adjourned or not reached hearing. VIHBV and Vodafone Group Plc will continue to defend vigorously any allegation that VIHBV or VIL is liable to pay tax in connection with the transaction with HTIL and will continue to exercise all rights to seek redress including pursuant to the Dutch BIT and the UK BIT. We have not recorded a provision in respect of the retrospective provisions of the Income Tax Act 1961 (as amended by the Finance Act 2012) and any tax demands based upon such provisions.

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 €2.6 billion plus interest, and penalties of up to 300% of the principal.

VISPL tax claims

VISPL has been assessed as owing tax of approximately €301 million (plus interest of €432 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. The first two of the three heads of tax are subject to an indemnity by HTIL. 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 heard the appeal and ruled in the Tax Office's favour. VISPL lodged an appeal (and stay application) in the Bombay High Court which was concluded in early May 2015. On 13 July 2015 the tax authorities issued a revised tax assessment reducing the tax VISPL had previously been assessed as owing in respect of (i) and (ii) above. 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 remain in place. On 8 October 2015, the Bombay High Court ruled in favour of Vodafone in relation to the options and the call centre sale. The Tax Office has appealed to the Supreme Court of India. A hearing has been adjourned until some time in July or August 2017 with no specified date.

Indian regulatory cases

Litigation remains pending in the Telecommunications Dispute Settlement Appellate Tribunal ('TDSAT'), High Courts and the Supreme Court of India 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 Supreme Court of India 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 of India 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 of India and is expected to be called for hearing at some uncertain future date.

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

In April 2013, the Indian Department of Telecommunications ('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 licence claim. The DoT also imposed a fine of approximately €5.5 million. VIL applied to the Delhi High Court for an order quashing the DoT'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 and sought a stay of the tribunal's judgement. The DoT's stay application was rejected by the Supreme Court of India. The matter is pending before the Indian Supreme Court of India.

One time spectrum charges: VIL v Union of India

The Indian Government has sought to impose one time spectrum charges of approximately €525 million on certain operating subsidiaries of VIL. VIL filed a petition before the TDSAT challenging the one time spectrum charges on the basis that they are illegal, violate VIL'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 matter is due to go for final hearing before the Supreme Court of India, and will be listed in due course.

Other public interest litigation

Three public interest litigations have been initiated in the Supreme Court of India against the Indian Government and private operators on the grounds that the grant of additional spectrum beyond 4.4/6.2 MHz has been illegal. The cases seek appropriate investigation and compensation for the loss to the exchequer.

Adjusted Gross Revenue ('AGR') dispute before the Supreme Court of India: VIL and others v Union of India

VIL has challenged the tribunal's judgement dated 23 April 2015 to the extent that it dealt with the calculation of AGR, upon which licence fees and spectrum usage charges are based. The cumulative impact of the inclusion of these components is approximately Rs. 2,200 Crores (€0.3 billion). The DoT also moved cross appeals challenging the tribunal's judgement. In the hearing before the Supreme Court of India, the Court orally directed the DoT not to take any coercive steps in the matter, which was adjourned. On 29 February 2016, the Supreme Court of India ordered that the DoT may continue to raise demands for fees and charges, but may not enforce them until a final decision on the matter.

Other cases in the Group

Patent litigation

Germany

The telecoms industry is currently involved in significant levels of patent litigation brought by non-practising entities ('NPEs') which have acquired patent portfolios from current and former industry companies. Vodafone is currently a party to patent litigation cases in Germany brought against Vodafone Germany by Marthon, IPCom and Intellectual Ventures. Vodafone has contractual indemnities from suppliers which have been invoked in relation to the alleged patent infringement liability.

Spain

Vodafone Group Plc has been sued in Spain by TOT Power Control ('TOT'), an affiliate of Top Optimized Technologies. The claim makes a number of allegations including patent infringement, with TOT seeking over €500 million from Vodafone Group Plc as well as an injunction against using the technology in question. Vodafone's challenge of the appropriateness of Spain as a venue for this dispute has been denied. Vodafone Group Plc will appeal the denial. A hearing on TOT's application for an injunction has taken place, and a decision is expected shortly.

Germany: Mannesmann and Kabel Deutschland takeover – class actions

The German courts are determining the adequacy of the mandatory cash offer made to minority shareholders in Vodafone's takeover of Mannesmann. This matter has been ongoing since 2001. The German courts are also determining whether "squeeze out" compensation is payable to affected Mannesmann shareholders in a similar proceeding. In September 2014, the German courts awarded compensation to minority shareholders of Mannesmann in the amount of €229.58 per share, which would result in a pay-out of €19 million (plus €13 million of accrued interest). The German courts also ruled that the "squeeze out" compensation should amount to €251.31 per share, which would result in a pay-out of €43.8 million (plus interest of €23 million of accrued interest). Vodafone has appealed these decisions. Similar proceedings were initiated by 80 Kabel Deutschland shareholders. These proceeding are in their early stages, and, accordingly, Vodafone believes that it is too early to assess the likely quantum of any claim.

In a hearing dated 6 October 2016, the Court examined the Kabel Deutschland business plan which formed the main basis for the calculation of the offer per share. A decision is not expected until summer 2017.

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 supplementary report published in September 2014 to a range of €8 million to €11 million. Judgement was handed down by the court in August 2015, awarding €12 million (including interest) to British Telecom (Italy). British Telecom (Italy) has appealed the amount of the damages to the Court of Appeal of Milan. In addition, British Telecom (Italy) has asked again for a reference to the European Court of Justice for an interpretation of the European community law on antitrust damages. Vodafone Italy has filed an appeal and the hearing is scheduled for July 2017.

Italy: 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. FASTWEB appealed the decision and the first appeal hearing took place in September 2015. The final hearing took place in September 2016, and on 1 March 2017 the Court rejected FASTWEB's appeal and confirmed the first instance ruling. FASTWEB has until October 2017 to appeal this decision to the Supreme Court.

Italy: Telecom Italia v Vodafone Italy ('TeleTu')

Telecom Italia brought civil claims against Vodafone Italy in relation to TeleTu's alleged anti-competitive retention of customers. Telecom Italia seeks damages in the amount of €101 million. The Court decided on 9 June 2015 to appoint an expert to verify whether TeleTu has put in place anticompetitive retention activities. The expert has prepared a draft report with a range of damages from €nil–5.6 million.

Notes to the consolidated financial statements (continued)

30. Contingent liabilities and legal proceedings (continued)

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. Both cases have been adjourned until September 2018, but it is possible that Papistas may re-file his claim under the new Greek civil procedure regime (which aims to hear trials within one year).

Netherlands: Consumer credit/handset case

In February 2016, the Dutch Supreme Court ruled on the Dutch implementation of the EU Consumer Credit Directive and "instalment sales agreements" (a Dutch law concept), holding that bundled "all-in" mobile subscription agreements (i.e. device along with mobile services) are considered consumer credit agreements. As a result, Vodafone Netherlands, together with the industry, has been working with the Ministry of Finance and the Competition Authority on compliance requirements going forward for such offers. The ruling also has retrospective effect. A number of small claims have been submitted by individual customers in the small claims courts.

South Africa: GH Investments ('GHI') v Vodacom Congo

Vodacom Congo contracted with GHI to install ultra-low cost base stations on a revenue share basis. After rolling out three sites, GHI stopped and sought to renegotiate the terms. Vodacom Congo refused. GHI accused it of bad faith and infringement of intellectual property rights. In April 2015, GHI issued a formal notice for a claim of US$1.16 billion, although there does not seem to be a proper basis nor any substantiation for the compensation claimed. The dispute was submitted to mediation under the International Chamber of Commerce. A mediator was appointed in September 2015 who convened a first meeting which took place in early November 2015. A follow-up mediation meeting was scheduled for December 2015 but was postponed without a new date having been fixed. In July 2016, Vodacom filed a request for arbitration with the International Chamber of Commerce's International Court of Arbitration. In their response GHI revised their claim down to €237 million. Each party has appointed an arbitrator and the arbitrators have appointed a third arbitrator to act as chairman of the tribunal.

South Africa: Makate v Vodacom (Proprietary) Limited ('Vodacom')

In 2008, Mr. Makate instituted legal proceedings to claim compensation for a business idea that led to a product known as "Please Call Me". On 1 July 2014, the South Gauteng High Court, Johannesburg ('the High Court') found that Mr. Makate had proven the existence of a contract. However, the High Court ruled that Vodacom was not bound by that contract because the responsible director of product development and services did not have authority to enter into any such agreement on Vodacom's behalf. The High Court also rejected Mr. Makate's claim on the basis that it had lapsed in terms of the Prescription Act 68 of 1969.

The High Court and Supreme Court of Appeal turned down Mr. Makate's application for leave to appeal on 11 December 2014 and 2 March 2015, respectively. Mr. Makate applied for leave to appeal in the Constitutional Court. On 26 April 2016, after having heard the application on 1 September 2015, the Constitutional Court granted leave to appeal and upheld Mr. Makate's appeal. In doing so, the Constitutional Court ordered that:

(i) Vodacom is bound by the agreement concluded between Mr. Makate and the then director of product development and services;

(ii) Vodacom is to commence negotiations in good faith with Mr. Makate to determine reasonable compensation; and

(iii) in the event of the parties failing to agree on the reasonable compensation, the matter must be submitted to Vodacom's Chief Executive Officer for determination of the amount within a reasonable time.

Mr. Makate failed to obtain from the Constitutional Court a second order that compensation be based on revenue rather than fees for his contribution. Negotiations between Vodacom and Mr. Makate continue in accordance with the first order of the Constitutional 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.

	2017 €m	Restated 2016 €m	Restated 2015 €m
Sales of goods and services to associates	37	39	44
Purchase of goods and services from associates	90	118	118
Sales of goods and services to joint arrangements	19	21	7
Purchase of goods and services from joint arrangements	183	92	96
Net interest income receivable from joint arrangements[1]	87	92	100
Trade balances owed:			
by associates	–	1	4
to associates	1	4	5
by joint arrangements	158	232	253
to joint arrangements	15	71	65
Other balances owed by joint arrangements[1]	1,209	108	85
Other balances owed to joint arrangements[1]	127	106	75

Note:
1 Amounts arise primarily through VodafoneZiggo, Vodafone Hutchison Australia, Indus Towers Limited and Cornerstone Telecommunications Infrastructure Limited. 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 2017, and as of 16 May 2017, no 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 2017 and as of 16 May 2017, 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.

32. Subsequent events

On 15 May 2017, the Group announced that its wholly-owned subsidiary, Vodafone International Holdings B.V. ('VIHBV'), has agreed to transfer part of its indirect shareholding in Safaricom Limited ('Safaricom') to Vodacom Group Limited ('Vodacom'), its sub-Saharan African subsidiary. Based on the agreed terms of the transaction, VIHBV will be exchanging a 35% indirect interest in Safaricom for 226.8 million new ordinary Vodacom shares. The transaction, which has a value of €2,361 million based on Vodacom's closing share price on Friday 12 May 2017, will increase the Group's ownership in Vodacom from 65% to 70%. VIHBV will continue to hold a 5% indirect interest in Safaricom following the transfer, in addition to the interest held through Vodacom.

Completion of the transaction is subject to a number of conditions, including approvals from Vodacom minority shareholders, approval from the Financial Surveillance Department of the South African Reserve Bank and confirmation from the Kenya Capital Markets Authority that the transaction does not trigger an obligation for Vodacom to make a mandatory bid for Safaricom.

The transaction is expected to close in the third quarter of the 2017 calendar year and is not expected to have a material impact on the Group's free cash flow or earnings.

Notes to the consolidated financial statements (continued)

33. Related undertakings

A full list of all of our subsidiaries, joint arrangements and associated undertakings is detailed below.

A full list of subsidiaries, joint arrangements and associated undertakings (as defined in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008) as at 31 March 2017 is detailed below. No subsidiaries are excluded from the Group consolidation. Unless otherwise stated the Company's subsidiaries all have share capital consisting solely of ordinary shares and are indirectly held. The percentage held by Group companies reflect both the proportion of nominal capital and voting rights unless otherwise stated.

Subsidiaries

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.

Company name	% held by Group companies	Share class
Albania		
Autostrada Tirane-Durres, Rruga: "Pavaresia", Nr 61, Kashar, Tirana, Albania		
Vodafone M-PESA SH.P.K.	99.94	Ordinary shares
Vodafone Albania Sh.A	99.94	Ordinary shares
Angola		
Avenida Che Guevara, No 49, Maculusso, Luanda, Angola		
Vodacom Business (Angola) Limitada[3]	65.00	Ordinary shares
Argentina		
Cerrito 348, 5to B, C1010AAH, Buenos Aires, Argentina		
CWGNL S.A.	100.00	Ordinary shares
Australia		
HLB Mann Judd (NSW) Pty Ltd, Level 19, 207 Kent Street, Sydney NSW NSW 2000, Australia		
Bluefish Australia Pty Ltd	100.00	Ordinary shares
Mills Oakley, Level 12, 400 George Street, Sydney NSW 2000, Australia		
Vodafone Enterprise Australia Pty Limited	100.00	Ordinary shares
Level 7, 210 George Street, Sydney NSW 2000, Australia		
Quickcomm Pty Limited	100.00	Ordinary shares, Redeemable convertible preference shares
Level 7, 40 Mount Street, North Sydney NSW 2060, Australia		
PPL Pty Limited	100.00	Ordinary shares
Talkland Australia Pty Limited	100.00	Ordinary shares
VAPL No. 2 Pty Limited	100.00	Ordinary shares
Austria		
Kohlmarkt 8-10, 1010, Wien, Austria		
Vodafone Enterprise Austria GmbH	100.00	Ordinary shares
Bahrain		
Office 304, Building 60 Falcon Tower, Road 1701, Diplomatic Area, Manama, 317, Bahrain		
Vodafone Enterprise Bahrain W.L.L.	100.00	Ordinary shares
Belgium		
Malta House, rue Archimède 25, 1000 Bruxelles, Belgium		
Vodafone Belgium SA/NV	100.00	Ordinary shares
Zaventemsesteenweg 162 1831 Diegem, Belgium		
Ipergy Communications NV	100.00	Ordinary shares
Brazil		
Av José Rocha Bonfim, 214, Cond Praça Capital – Edifício Toronto, sls 228/229 13080-900 Jardim Santa Genebra, Campinas, São Paulo, Brazil		
Cobra do Brasil Serviços de Telemàtica ltda.	70.00	Ordinary shares
Avenida Cidade Jardim, 400, 7th and 20th Floors, Jardim Paulistano, Sao Paulo, Brazil, 01454-000, Brazil		
Vodafone Serviços Empresariais Brasil Ltda.	100.00	Ordinary shares
City of São Paulo, State of São Paulo, at Rua Boa Vista, 254, 13th Floor, Suite 38, Centro, 01014-907, Brazil		
Vodafone Empresa Brasil Telecomunicações Ltda	100.00	Ordinary shares
Bulgaria		
37A Fridtjof Nansen Str., 5th floor, Sredets Region, Sofia, 1142, Bulgaria		
Vodafone Enterprise Bulgaria EOOD	100.00	Ordinary shares
Cameroon		
Porte 201A 3eme Etage Entree C, immeuble SOCAR, Boulevard de la liberte, Akwa, Douala, Cameroon		
Vodacom Business Cameroon SA[3]	65.00	Ordinary shares
Canada		
2 Bloor Street West, Suite 700, Toronto ON M4W3E2, Canada		
Vodafone Canada Inc	100.00	Common shares
Cayman Islands		
190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands		
CGP Investments (Holdings) Limited	100.00	Ordinary shares
Chile		
222 Miraflores, P.28, Santiago, Metrop 97-763, Chile		
Vodafone Enterprise Chile SA	100.00	Regular nominative shares
China		
Building 21, 11, Kangding St., BDA, Beijing, 100176 - China,		
Vodafone Automotive Technologies (Beijing) Co, Ltd	100.00	Ordinary shares
Unit 23-25, China World Tower 1, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing 100004, China		
Vodafone China Limited (China)	100.00	Equity interest shares
Unit 558-560, Regus SCB Tower, No. 210 Century Avenue, Pudong District, Shanghai, 200120, China		
Vodafone Enterprise Communications Technical Services (Shanghai) Co. Ltd	100.00	Ordinary shares
Unit 1708, Full Tower, No. 9 Dong San Huan Zhong Road, Chaoyang District, Beijing, 100020, China		
Cable & Wireless Communications Technical Service (Shanghai) Co. Ltd (Beijing Branch)	100.00	Branch
Congo, The Democratic Republic of the		
292 Avenue de la Justice, Commune de la Gombe, Kinshasa, Congo		
Vodacash s.p.r.l.[3]	33.15	Ordinary shares
Vodacom Congo (RDC) SA[3,4]	33.15	Ordinary shares, 4% redeemable preference shares
Côte d'Ivoire		
No 62, Rue du Docteur Blanchard, Zone 4C, Abidjan, Cote d'Ivoire		
Vodacom Business Cote D'ivoire S.A.R.L.[3]	65.00	Ordinary shares
Cyprus		
Ali Rıza Efendi Caddesi No:33/A Ortaköy, Lefkoşa, Cyprus		
Vodafone Mobile Operations Limited	100.00	Ordinary shares
Czech Republic		
Náměstí Junkových 2, Prague 5, Czech Republic, 13000, Czech Republic		
Vodafone Czech Republic A.S.	100.00	Ordinary shares
Oskar Mobil S.R.O.	100.00	Basic capital shares
Vodafone Enterprise Europe (UK) Limited – Czech Branch	100.00	Branch

Company name	% held by Group companies	Share class
Denmark		
c/o Lundgrens Law Firm P/S, Tuborg Havnevej 19, 2900, Hellerup, Denmark		
Vodafone Enterprise Denmark A/S	100.00	Ordinary shares
Egypt		
14 Wadi el Nile ST, Dokki, Giza, Egypt, Egypt		
Sarmady Communications	54.91	Ordinary shares
17 Port Said Street, Maadi El Sarayat, Cairo, Egypt		
Misrfone Trading Company LLC	54.38	Ordinary shares
2 Building, 36 Central Road, Giza, Egypt		
Vodafone Data	54.93	Ordinary shares
Piece No. 1215, Plot of Land No. 1/14A, 6th October City, Egypt		
Vodafone International Services LLC	54.93	Ordinary shares
Site No 15/3C, Central Axis, 6th October City, Egypt		
Vodafone Egypt Telecommunications S.A.E.	54.93	Ordinary shares
37 Kaser El Nil St, 4th. Floor, Cairo, Egypt		
Starnet	54.93	Ordinary shares
Finland		
c/o AAtsto DLA Piper Finland Oy, Fabianinkatu 23, Helsinki, 00130, Finland		
Vodafone Enterprise Finland OY	100.00	Ordinary shares
France		
1300 Route de Cretes, Le WTC, Bat I1, 06560, Valbonne Soph, France		
Vodafone Automotive Telematics Development S.A.S	100.00	Ordinary shares
144, Avenue Roger Salengro, 92372 – Chaville Cedex, France		
Vodafone Automotive France S.A.S	50.94	Ordinary shares
Tour Neptune – 20, Place de Seine, 92400 Courbevoie, France		
Vodafone Enterprise France SAS	100.00	New euro shares
Germany		
Altes Forsthaus 2, 67661, Kaiserslautern, Germany		
TKS Telepost Kabel-Service Kaiserslautern Beteiligungs GmbH[7]	76.70	Ordinary shares
TKS Telepost Kabel-Service Kaiserslautern GmbH & Co. KG[7]	76.70	Ordinary shares
Altmarkt 10d, 01067 Dresden, Germany		
Radio Opt GmbH	100.00	Ordinary shares
Betastraße 6-8, 85774 Unterföhring, Germany		
Kabel Deutschland Holding AG[7]	76.70	Ordinary shares
Kabel Deutschland Holding Erste Beteiligungs GmbH[7]	76.70	Ordinary shares
Kabel Deutschland Neunte Beteiligungs GmbH	100.00	Ordinary shares
Kabel Deutschland Holding Zweite Beteilgungs GmbH[7]	76.70	Ordinary shares
Kabel Deutschland Siebte Beteiligungs GmbH[7]	76.70	Ordinary shares
Vodafone Kabel Deutschland GmbH[7]	76.70	Ordinary shares
Vodafone Kabel Deutschland Kundenbetreuung GmbH[7]	76.70	Ordinary shares
Buschurweg 4, 76870 Kandel, Germany		
Vodafone Automotive Deutschland GmbH	100.00	Ordinary shares
Ferdinand-Braun-Platz 1, 40549, Duesseldorf, Germany		
Vodafone Erste Beteiligungsgesellschaft mbH	100.00	Ordinary shares
Vodafone GmbH	100.00	Ordinary A shares
Vodafone Group Services GmbH	100.00	Ordinary shares
Vodafone Institut für Gesellschaft und Kommunikation GmbH	100.00	Ordinary shares
Vodafone Stiftung Deutschland Gemeinnutzige GmbH[7]	100.00	Ordinary shares
Vodafone Vierte Verwaltungs AG	100.00	Ordinary shares
Friedrich-Wilhelm-Strasse 2, 38100, Braunschweig, Germany		
KABELCOM Braunschweig Gesellschaft Fur Breitbandkabel-Kommunikation Mit Beschrankter Haftung[7]	76.70	Ordinary shares
Landsberger Strasse 155, 80687 Munich, Germany		
Vodafone Enterprise Germany GmbH	100.00	Ordinary shares, Ordinary #2 shares
Medienallee 24, 85774, Unterfohring, Germany		
Kabelfernsehen Munchen Servicenter GmbH & Co. KG	23.18	Ordinary shares
Nobelstrasse 55, 18059, Rostock, Germany		
Urbana Teleunion Rostock GmbH & Co.KG	53.69	Ordinary shares
Verwaltung "Urbana Teleunion" Rostock GmbH[7]	38.35	Ordinary shares
Seilerstrasse 18, 38440, Wolfsburg, Germany		
KABELCOM Wolfsburg Gesellschaft Fur Breitbandkabel-Kommunikation Mit Beschrankter Haftung[7]	76.70	Ordinary shares
Sudwestpark 15, 90449, Nurnberg, Germany		
Vodafone Kabel Deutschland Field Services GmbH[7]	76.70	Ordinary shares
Ghana		
3rd Floor, The Elizabeth Building, 68 Senchi Link, Airport Residential Area, Accra, Ghana		
Vodacom Business (Ghana) Limited[3]	65.00	Ordinary shares and non-voting, irredeemable, non-cumulative preference shares
Telecom House, Nswam Road, Accra-North, Greater Accra Region, PMB 221, Ghana		
Ghana Telecommunications Company Limited	70.00	Ordinary shares
National Communications Backbone Company Limited	70.00	Ordinary shares
Vodafone Ghana Mobile Financial Services Limited	70.00	Ordinary shares
Greece		
1-3 Tzavella str, 152 31 Halandri, Athens, Greece		
Vodafone Global Enterprise Telecommunications (Hellas) A.E.	100.00	Ordinary shares
Vodafone-Panafon Hellenic Telecommunications Company S.A.	99.87	Ordinary shares
Marathonos Ave 18 km & Pylou, Pallini, Attica, 15351, Greece		
Victus Networks S.A.	50.00	Ordinary shares
Parnithos 43 & Dilou, Metamorfosi, Athens, Greece		
Zelitron S.A.	99.87	Ordinary shares
Pireos 74A Avenue, Neo Faliro, 18547, Greece		
360 Connect S.A.	99.87	Ordinary shares
Hong Kong		
2207-08, 22/F, St. George's Building, No. 2 Ice House Street, Central, Hong Kong		
Vodafone Global Enterprise (Hong Kong) Limited	100.00	Ordinary shares
Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai, Hong Kong,		
Vodafone China Limited (Hong Kong)[1]	100.00	Ordinary shares
Level 24, Dorset House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong		
Vodafone Enterprise Global Network HK Ltd	100.00	Ordinary shares
Vodafone Enterprise Hong Kong Ltd	100.00	Ordinary shares
Hungary		
40-44 Hungaria Krt. Budapest, H-1087, Hungary		
VSSB Vodafone Shared Services Budapest Private Limited Company	100.00	Registered ordinary shares
6 Lechner Ödön fasor, Budapest, 1096, Hungary		
Vodafone Magyarorszag Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag[2]	100.00	Series A registered common shares
India		
127, Maker Chamber III, Nariman Point, Mumbai, Maharashtra, 400021, India		
Ag Mercantile Company Private Limited	100.00	Equity shares
Jaykay Finholding (India) Private Limited	100.00	Equity shares
MV Healthcare Services Private Limited	100.00	Equity shares
Nadal Trading Company Private Limited	100.00	Equity shares
ND Callus Info Services Private Limited	100.00	Equity shares
Omega Telecom Holdings Private Limited	100.00	Equity shares
Plustech Mercantile Company Private Limited	100.00	Equity shares
Scorpios Beverages Pvt. Ltd	100.00	Equity shares
SMMS Investments Pvt Limited	100.00	Equity shares
Telecom Investments India Private Limited	100.00	Equity shares
UMT Investments Limited	100.00	Equity shares
8th Floor, RDB Boulevard, Plot K-1, Block- EP & GP, Sector - V, Saltlake City, Kolkata, West Bengal, 700091, India		
Usha Martin Telematics Limited	100.00	Equity shares
10th Floor, Tower A&B, Global Technology Park, (Maple Tree Building), Marathahalli Outer Ring Road, Devarabeesanahalli Village, Varthur Hobli, Bengaluru , Karnataka, 560103, India		
Cable & Wireless Global (India) Private Limited	100.00	Ordinary shares
Cable & Wireless Networks India Private Limited	74.00	Equity shares
C-48, Okhla Industrial Estate, Phase - II, New Delhi, 110 020, India		
Vodafone Mobile Services Limited	100.00	Equity shares
Vodafone Towers Limited	100.00	Equity shares
Business @ Mantri, Tower A, 3rd Floor, S No.197, Wing A1 & A2, Near Hotel Four Points, Lohegaon, Pune, Maharashtra, 411014, India		
Vodafone Global Services Private Limited	100.00	Equity shares
Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, Maharashtra, 400013, India		
Vodafone India Digital Limited	100.00	Equity shares
Vodafone India Limited	100.00	Equity shares
Vodafone India Ventures Limited	100.00	Ordinary shares
Vodafone m-pesa Limited	100.00	Equity shares
Vodafone Technology Solutions Limited	100.00	Equity shares
Mobile Commerce Solutions Limited	100.00	Equity shares
Vodafone Foundation	100.00	Equity shares
Skyline Ikon, 1st Floor, 86/92, Andheri Kurla Road, Marol Naka, Andheri East, Mumbai, Maharashtra, 400059, India		
Connect (India) Mobile Technologies Private Limited	100.00	Equity shares
Unit 1A & 1B Creator ITPL, Whitefiled Road, Bangalore, Karnataka, 560066, India		
Cable and Wireless (India) Limited, Indian Branch Office	100.00	Branch
Vodafone House, Corporate Road, Prahladnagar, Off S. G. Highway, Ahmedabad, Gujarat, 380051, India		
Vodafone Business Services Limited	100.00	Equity shares
Vodafone India Services Private Limited	100.00	Ordinary shares

Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Company name	% held by Group companies	Share class
Ireland		
27 Lower Fitzwilliam Street, Dublin 2, Ireland		
Siro Limited	50.00	Ordinary shares
2nd Floor, The Iveagh Building, The Park, Carrickmines, Dublin 18, Ireland		
Eudokia Limited	100.00	Ordinary shares
Mountainview, Leopardstown, Dublin 18, Ireland		
Vodafone Ireland Marketing Limited	100.00	Ordinary shares
Cable & Wireless GN Limited	100.00	Ordinary shares
Vodafone Ireland Property Holdings Limited	100.00	Ordinary shares
Stentor Limited	100.00	Ordinary shares
Vodafone Enterprise Global Limited	100.00	Ordinary shares
Vodafone Global Network Limited	100.00	Ordinary shares
Vodafone Ireland Distribution Limited	100.00	Ordinary shares
Vodafone Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Retail Limited	100.00	Ordinary shares
Vodafone Group Services Ireland Limited	100.00	Ordinary shares
Italy		
SS 33 del Sempione KM 35, 212, 21052 Busto Arsizio (VA), Italy		
Vodafone Automotive Italia S.p.A	100.00	Ordinary shares
Via Astico 41, 21100 Varese, Italy		
Vodafone Automotive Electronic Systems S.r.L	100.00	Ordinary shares
Vodafone Automotive SpA	100.00	Ordinary shares
Via Battistotti Sassi 11, 20133, Milano, Italy		
Vodafone Enterprise Italy S.r.L	100.00	Euro shares
Via Lorenteggio 240, 20147, Milan, Italy		
Vodafone Gestioni S.p.A.	100.00	Ordinary shares
Vodafone Servizi E Tecnologie S.R.L.	100.00	Equity shares
Viale Bianca Maria 23, 20122, Milan, Italy		
Vodafone Global Enterprise (Italy) S.R.L.	100.00	Ordinary shares
Via Jervis 13, 10015, Ivrea, Tourin, Italy		
VEI S.r.l.	100.00	Partnership Interest shares
Vodafone Italia S.p.A.	100.00	Ordinary shares
Japan		
5-2-32 Minami-azabu, Minato-ku, Tokyo, 106-0047, Japan		
Vodafone Global Enterprise (Japan) K.K.	100.00	Ordinary shares
KAKiYa building, 9F, 2-7-17 Shin-Yokohama, Kohoku-ku, Yokoha- City, Kanagawa, 222-0033, Japan		
Vodafone Automotive Japan K.K	100.00	Ordinary shares
Kenya		
The Riverfront, 4th floor, Prof. David Wasawo Drive, Off Riverside Drive, Nairobi, Kenya		
Vodacom Business (Kenya) Limited[3]	65.00	Ordinary shares and ordinary B shares
6th Floor, ABC Towers, ABC Place, Waiyaki Way, Nairobi, 00100, Kenya		
M-PESA Foundation	100.00	Ordinary shares
M-PESA Holding Co. Limited	100.00	Ordinary shares
Vodafone Kenya Limited	100.00	Ordinary voting shares

Company name	% held by Group companies	Share class
Korea, Republic of		
3rd Floor, 54 Gongse-ro, Gieheung-gu, Yongin-si, Gyeonggi-do, Republic of Korea		
Vodafone Automotive Korea Limited	100.00	Ordinary shares
Seocho-dong, Gangnam Building, 16th Floor, 396, Seocho-daero, Seocho-gu, Seou, Republic of Korea		
Vodafone Enterprise Korea Limited	100.00	Ordinary shares
Lesotho		
Block B, Level 7, Development House, Kingsway Road, Maseru, Lesotho		
Vodacom Lesotho (Pty) Limited[3]	52.00	Ordinary shares
Luxembourg		
15 Rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street GP S.à r.l.	100.00	Ordinary shares
Vodafone Asset Management Services S.à r.l.	100.00	Ordinary shares
Vodafone Enterprise Global Businesses S.à r.l.	100.00	Ordinary shares
Vodafone International 1 S.à r.l.	100.00	Ordinary shares
Vodafone International M S.à r.l.	100.00	Ordinary shares
Vodafone Investments Luxembourg S.à r.l.	100.00	Ordinary shares
Vodafone Luxembourg 5 S.à r.l.	100.00	Ordinary shares
Vodafone Luxembourg S.à r.l.	100.00	Ordinary shares
Vodafone Payment Solutions S.à r.l.	100.00	Ordinary shares
Vodafone Procurement Company S.à r.l.	100.00	Ordinary shares
Vodafone Roaming Services S.à r.l.	100.00	Ordinary shares
Vodafone Enterprise Luxembourg S.A.	100.00	Ordinary shares
Malaysia		
Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia		
Vodafone Global Enterprise (Malaysia) Sdn Bhd	100.00	Ordinary shares
Malta		
SkyParks Business Centre, Malta International Airport, Luqa, LQA 4000, Malta		
Multi Risk Indemnity Company Limited	100.00	A shares, B shares, ordinary A shares
Multi Risk Limited	100.00	Ordinary A shares, ordinary B shares
Vodafone Malta Limited	100.00	Ordinary shares
Mauritius		
DTOS Ltd 10th Floor, Raffles Tower, 19, Cybercity, Ebene, Mauritius		
Mobile Wallet VM1[3]	65.00	Ordinary shares
Vodacom International Limited[3]	65.00	Ordinary shares, non cumulative preference shares
Mobile Wallet VM2[3]	65.00	Ordinary shares
VBA (Mauritius) Limited[3]	65.00	Ordinary shares
Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius		
Al-Amin Investments Limited	100.00	Ordinary shares
Array Holdings Limited	100.00	Ordinary shares
Asian Telecommunication Investments (Mauritius) Limited	100.00	Ordinary shares
CCII (Mauritius), Inc.	100.00	Ordinary shares
CGP India Investments Ltd.	100.00	Ordinary shares
Euro Pacific Securities Ltd.	100.00	Ordinary shares
Mobilvest	100.00	Ordinary shares
Prime Metals Ltd.	100.00	Ordinary shares
Trans Crystal Ltd.	100.00	Ordinary shares
Vodafone Mauritius Ltd.	100.00	Ordinary shares
Vodafone Telecommunications (India) Limited	100.00	Ordinary shares
Vodafone Tele-Services (India) Holdings Limited	100.00	Ordinary shares

Company name	% held by Group companies	Share class
Mexico		
Ejercito Nacional 904, Piso 12, Polanco Los Morales, Miguel Hidalgo, C.P, 11510 MEXICO D.F, Mexico		
Vodafone Empresa México S.de R.L. de C.V.	100.00	Corporate certificate series A shares, corporate certificate series B shares
Morocco		
129 Rue du Prince Moulay, Abdellah, Casablanca, Morocco		
Vodafone Maroc SARL	79.75	Ordinary shares
Mozambique		
Rua dos Desportistas, Numero 649, Cidade de Maputo, Mozambique		
VM, SA[3]	55.25	Ordinary shares and redeemable preference shares
Vodafone M-Pesa, S.A	55.25	Ordinary shares
Netherlands		
Rivium Quadrant 173, 15th Floor, 2909 LC, Capelle Aan Den Ijssel, Netherlands		
Vodafone Enterprise Netherlands BV	100.00	Ordinary shares
Vodafone Europe B.V.	100.00	Ordinary shares
Vodafone International Holdings B.V.	100.00	Ordinary shares
Vodafone Panafon International Holdings B.V.	100.00	Ordinary shares
Simon Carmiggelstraat 6, 1011 DJ, Amsterdam, Netherlands		
Wireless Interactions & NFC Accelerator 2013 B.V.	100.00	Ordinary shares
New Zealand		
74 Taharoto Road, Takapuna, Auckland, 0622, New Zealand		
Vodafone Mobile NZ Limited	100.00	Ordinary shares
Vodafone New Zealand Limited	100.00	Ordinary shares
Vodafone Next Generation Services Limited	100.00	Ordinary shares
Level 1, 20 Viaduct Harbour Avenue, Auckland, 1010, New Zealand		
Vodafone New Zealand Foundation Limited	100.00	Ordinary shares
Level 1, Building C, 14-22 Triton Drive, Albany, New Zealand		
TNAS Limited	50.00	Ordinary shares
Nigeria		
3A Aja Nwachukwu Close, Ikoyi, Lagos, Nigeria		
Spar Aerospace (Nigeria) Limited[3]	65.00	Ordinary shares
Vodacom Business Africa (Nigeria) Limited[3]	65.00	Ordinary shares and preference shares
ICT Lawyers & Consultants, 2nd Floor, Oakland Center, Plot 2940, Aguyi Ironi Street, Maitama, Abuja, Nigeria		
C&W Worldwide Nigeria Limited	100.00	Ordinary shares
Norway		
c/o EconPartner AS, Dronning Mauds gate 15, Oslo, 0250, Norway		
Vodafone Enterprise Norway AS	100.00	Ordinary shares

Company name	% held by Group companies	Share class
Portugal		
Av. D. Joao II, Lote 1.04.01, 8 Piso, Parques Das Nacoes, 1990-093 Lisboa, Portugal		
Oni Way – Infocomunicacoes, S.A	100.00	Ordinary shares
Vodafone Portugal – Comunicacoes Pessoais, S.A.[1]	100.00	Ordinary shares
Av. da República, 50 - 10º, 1069-211, Lisboa, Portugal		
Vodafone Enterprise Spain, S.L.U. – Portugal Branch	100.00	Branch
Qatar		
P.O. Box 27727, Doha, Qatar		
Vodafone And Qatar Foundation L.L.C	51.00	Ordinary shares
Vodafone Qatar Q.S.C.[4]	22.95	Ordinary shares
Romania		
Sectorul 4, Strada Olenitei, Nr. 2, Etaj 3, București, Romania		
Vodafone Shared Services Romania SRL	100.00	Ordinary shares
Sectorul 2, Strada Barbu Văcărescu, Nr. 201, Etaj 3, București, Romania		
Vodafone România Technologies SRL	100.00	Ordinary shares
Sectorul 2, Strada Barbu Văcărescu, Nr. 201, Etaj 1, București, Romania		
Vodafone România M-Payments SRL	52.32	Ordinary shares
201 Barbu Vacarescu, 8th floor, 1st District, Bucharest, 020276, Romania		
Vodafone Romania S.A	100.00	Nominactive shares, Ordinary shares
Russian Federation		
Chayanova ulitsa 14/10, stroenye 2, 125047 Moscow, Russia		
Cable & Wireless CIS Svyaz LLC	100.00	Charter Capital shares
Sadovnicheskaya st. 82, bld.2, 115035, Moscow, Russian Federation		
Vodafone Global Enterprise Russia LLC	100.00	Equity shares
Seychelles		
F20, 1st Floor, Eden Plaza, Eden Island, Seychelles		
Cavalry Holdings Ltd[3]	31.85	Ordinary A and Ordinary B shares
East Africa Investment (Mauritius) Limited[3]	31.85	Ordinary A and Ordinary B shares
Sierra Leone		
12 White Street, Brookfield, Off Railway Line, Freetown, Sierra Leone		
VBA International (SL) Limited[3]	65.00	Ordinary shares
Singapore		
Asia Square Tower 2, 12 Marina View, #17-01, Singapore, 018961, Singapore		
Bluefish Apac Communications Pte. Ltd	100.00	Ordinary shares
Vodafone Enterprise Global Network Pte. Ltd.	100.00	Ordinary shares
Vodafone Enterprise Regional Business Singapore Pte.Ltd.	100.00	Ordinary shares
Vodafone Enterprise Singapore Pte.Ltd	100.00	Ordinary shares
Slovakia		
Namestie, SNP15, Bratislava, 811 06, Slovakia		
Vodafone Global Network Limited – Slovakia Branch	100.00	Branch

Company name	% held by Group companies	Share class
South Africa		
15 Burnside Island, 410 Jan Smuts Avenue, Craighall, 2024, South Africa		
XLink Communications (Proprietary) Limited[3]	60.94	Ordinary A shares
319 Frere Road, Glenwood, 4001, South Africa		
Cable and Wireless Worldwide South Africa (Pty) Ltd	65.00	Ordinary shares
76 Maude Street, Sandton, Johannesberg, 2196, South Africa		
Waterberg Lodge (Proprietary) Limited[3]	30.47	Ordinary shares
9 Kinross Street, Germiston South, 1401, South Africa		
Vodafone Holdings (SA) Proprietary Limited	100.00	Ordinary shares
Vodafone Investments (SA) Proprietary Limited	100.00	Ordinary A shares, "B" ordinary no par value shares
Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685, South Africa		
Vouchercloud SA (Pty) Ltd	82.89	Common stock shares
GS Telecom (Pty) Limited[3]	65.00	Ordinary shares
Motifpros 1 (Proprietary) Limited[3]	60.94	Ordinary shares
Scarlet Ibis Investments 23 (Pty) Limited[3]	60.94	Ordinary shares
Vodacom (Pty) Limited[3]	60.94	Ordinary shares
Vodacom Business Africa Group (Pty) Limited[3]	65.00	Ordinary shares
Vodacom Financial Services (Proprietary) Limited[3]	60.94	Ordinary shares
Vodacom Group Limited[3]	65.00	Ordinary shares
Vodacom Insurance Administration Company (Proprietary) Limited[3]	60.94	Ordinary shares
Vodacom Insurance Company (RF) Limited[3]	60.94	Ordinary shares
Vodacom International Holdings (Pty) Limited[3]	65.00	Ordinary shares
Vodacom Life Assurance Company (RF) Limited[3]	60.94	Ordinary shares
Vodacom Payment Services (Proprietary) Limited[3]	60.94	Ordinary shares
Vodacom Properties No 1 (Proprietary) Limited[3]	60.94	Ordinary shares
Vodacom Properties No.2 (Pty) Limited[3]	60.94	Ordinary shares
Wheatfields Investments 276 (Proprietary) Limited[3]	65.00	Ordinary shares
Jupicol (Proprietary) Limited[3]	42.65	Ordinary shares
Mezzanine Ware Proprietary Limited (RF)[3]	45.07	Ordinary shares
Storage Technology Services (Pty) Limited[3]	31.00	Ordinary shares
Spain		
Antracita, 7 – 28045, Madrid CIF B-91204453, Spain		
Vodafone Automotive Iberia S.L	100.00	Ordinary shares
Avenida de América 115, 28042, Madrid, Spain		
Grupo Corporativo ONO, S.A.U.	100.00	Ordinary shares
Vodafone Espana S.A.U.	100.00	Ordinary shares
Vodafone Holdings Europe S.L.U.	100.00	Ordinary shares
Vodafone ONO, S.A.U.	100.00	Ordinary A shares
Vodafone Enabler España, S.L.	100.00	Ordinary shares
Vodafone Enterprise Spain SLU	100.00	Ordinary shares
Vodafone Servicios SL.U	100.00	Ordinary shares

Company name	% held by Group companies	Share class
Sweden		
c/o Hellström advokatbyrå, Box 7305, 103 90, Stockholm, Sweden		
Vodafone Enterprise Sweden AB	100.00	Ordinary shares
Switzerland		
BDO Ltd, Fabrikstrasse 50, CH-8031, Zurich, Switzerland		
Vodafone Enterprise Switzerland AG	100.00	Ordinary shares
Schoenburgstrasse 41, 3013, Bern, Switzerland		
Vodafone Luxembourg 5 S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone International 1 S.a.r.l. Luxembourg, Zweigniederlassung Bern	100.00	Branch
Via Franscini 10, 6850 Mendrisio, Switzerland		
Vodafone Automotive Telematics S.A	100.00	Ordinary shares
Zweigniederlassung Bern, Schonburgstr.41, P.O. Box 466, 3000 Bern 25, Switzerland		
Vodafone Investments Luxembourg S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone Luxembourg S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Taiwan		
13F, No. 156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 10596, Taiwan (R.O.C.)		
Vodafone Global Enterprise Taiwan Limited	100.00	Ordinary shares
Tanzania, United Republic of		
3rd Floor, Maktaba (Library), ComplexBibi, Titi Mohaned Road, Dar es Salaam, United Republic of Tanzania		
Gateway Communications Tanzania Limited[3]	65.00	Ordinary shares
Mlimani City Office Park, Mlimani City, Sam Nujoma Road, Dar es Salaam, United Republic of Tanzania		
Vodacom Tanzania Public Limited Company[3]	53.40	Ordinary shares
Vodacom Tanzania Limited Zanzibar[3]	53.40	Ordinary shares
Plot No 77, Kipawa industrial area, P. O. Box 40985, Dar es Salaam, Tanzania		
Mirambo Limited[3]	31.85	Ordinary shares
Turkey		
Büyükdere Cad. No:251 Maslak, Şişli, İstanbul, 34398, Turkey		
Vodafone Holding A.S.	100.00	Registered shares
Vodafone Dagitim Hizmetleri A.S.	100.00	Registered shares
Vodafone Net İletişim Hizmetleri A.Ş.	100.00	Ordinary shares
Vodafone Elektronik Para Ve Ödeme Hizmetleri A.Ş.	100.00	Registered shares
Vodafone Telekomunikasyon A.S	100.00	Registered shares
Vodafone Bilgi Ve Iletisim Hizmetleri AS	100.00	Registered shares
İTÜ Ayazağa Kampüsü, Koru Yolu, Arı Teknokent Arı 3 Binası, Maslak, İstanbul, 586553, Turkey		
Vodafone Teknoloji Hizmetleri A.S.	100.00	Registered shares
Ukraine		
Bohdana Khmelnytskogo Str. 19-21, Kyiv, Ukraine		
LLC Vodafone Enterprise Ukraine	100.00	Ordinary shares
United Arab Emirates		
Premises 2120, Floor 21, Building AL Shatha Tower, Dubai, United Arab Emirates		
Vodafone Enterprise Europe (UK) Limited – Dubail Branch	100.00	Branch

Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Company name	% held by Group companies	Share class
United Kingdom		
1-2 Berkeley Square, 99 Berkeley Street, Glasgow, G3 7HR, Scotland		
Thus Group Holdings Limited	100.00	Ordinary shares
Thus Profit Sharing Trustees Limited	100.00	Ordinary shares
Thus Group Limited	100.00	Ordinary shares
5th Floor Legal Department, Group Corporate Secretariat, 1 Kingdom Street, Paddington, London, England, W2 6BY, United Kingdom		
Cable & Wireless Worldwide Pension Trustee Limited	100.00	Ordinary shares
Avon House, Horizon West, Canal View Road, Newbury, Berkshire, RG15 5XF, United Kingdom		
Talkmobile Limited	100.00	Ordinary shares
Imperial House, 4–10 Donegall Square East, Belfast, BT1 5HD, Northern Ireland		
Vodafone (NI) Limited	100.00	Ordinary shares
Leven House, 10 Lochside Place, Edinburgh Park, Edinburgh, Scotland, EH12 9RG, United Kingdom		
Pinnacle Cellular Group Limited	100.00	Ordinary shares
Pinnacle Cellular Limited	100.00	Ordinary shares
Vodafone (Scotland) Limited	100.00	Ordinary shares
Woodend Cellular Limited	100.00	Ordinary shares
Woodend Communications Limited	100.00	Ordinary shares
Woodend Group Limited	100.00	Ordinary shares
Woodend Holdings Limited	100.00	Ordinary shares
Quarry Corner, Dundonald, Belfast, BT16 1UD, Northern Ireland		
Energis (Ireland) Limited	100.00	A Ordinary shares, B Ordinary shares
Shuttleworh House, 21 Bridgewater Close, Network 65 Business Park, Hapton, Burnley, Lancashire, England, BB11 5TE, United Kingdom		
Navtrak Ltd	100.00	Ordinary shares
Vodafone Automotive UK Limited	100.00	Ordinary shares
Staple Court, 11 Staple Inn Building, London, WC1V 7QH, United Kingdom		
Gateway Communications Africa (UK) Limited	65.00	Ordinary shares
Vodacom Business Africa Group Services Limited[3]	65.00	Ordinary shares and preference shares
Vodacom UK Limited[3]	65.00	Ordinary shares, ordinary A shares
Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom		
AAA (Euro) Limited	100.00	Ordinary shares
AAA (MCR) Limited	100.00	Ordinary shares
AAA (UK) Limited	100.00	Ordinary shares
Acorn Communications Limited	100.00	Ordinary shares
Apollo Submarine Cable System Limited	100.00	Ordinary shares
Aspective Limited	100.00	Ordinary shares, A preference shares, B preference shares and C preference shares
Astec Communications Limited	100.00	Ordinary shares
Bluefish Communications Limited	100.00	Ordinary B shares, ordinary A shares, ordinary C shares, ordinary D shares
Business Serve Limited	100.00	Ordinary shares
C.S.P. Solutions Limited	100.00	Ordinary shares
Cable & Wireless Access Limited	100.00	Ordinary-A shares, ordinary-B shares, series A convertible preference shares
Cable & Wireless a-Services Limited	100.00	Ordinary shares
Cable & Wireless Aspac Holdings Limited	100.00	Ordinary shares
Cable & Wireless Capital Limited	100.00	Ordinary shares
Cable & Wireless CIS Services Limited	100.00	Ordinary shares
Cable & Wireless Communications Data Network Services Limited	100.00	'A' Ordinary shares, 'B' Ordinary shares
Cable & Wireless Communications Starclass Limited	100.00	Ordinary shares
Cable & Wireless Europe Holdings Limited	100.00	Ordinary shares
Cable & Wireless Global Business Services Limited	100.00	Ordinary shares
Cable & Wireless Global Holding Limited	100.00	Ordinary shares
Cable & Wireless Global Telecommunication Services Limited	100.00	Ordinary shares
Cable & Wireless Holdco Limited	100.00	Ordinary shares
Cable & Wireless U.K.	100.00	Ordinary shares
Cable & Wireless UK Holdings Limited	100.00	Ordinary shares
Cable & Wireless UK Services Limited	100.00	Ordinary shares
Cable & Wireless Waterside Holdings Limited	100.00	Ordinary shares
Cable & Wireless Worldwide Limited	100.00	Ordinary shares
Cable & Wireless Worldwide Services Limited	100.00	Ordinary shares
Cable & Wireless Worldwide Voice Messaging Limited	100.00	Ordinary shares
Cable and Wireless (India) Limited	100.00	Ordinary shares
Cable and Wireless Nominee Limited	100.00	Ordinary shares
Cellops Limited	100.00	Ordinary shares
Cellular Operations Limited	100.00	Ordinary shares
Central Communications Group Limited	100.00	Ordinary shares, Ordinary A shares
Central Telecom (Northern) Limited	100.00	Ordinary shares
Chelys Limited	100.00	Ordinary shares
City Cable (Holdings) Limited	100.00	Ordinary shares
CT Networks Limited	100.00	Ordinary shares
CWW Operations Limited	100.00	Ordinary shares
Dataroam Limited	100.00	Ordinary shares, Ordinary A shares
Digital Island (UK) Ltd	100.00	Ordinary shares
Emtel Europe Limited	100.00	Ordinary shares
Energis Communications Limited	100.00	Ordinary shares
Energis Holdings Limited	100.00	Ordinary shares
Energis Local Access Limited	100.00	Ordinary shares
Energis Management Limited	100.00	Ordinary shares
Energis Squared Limited	100.00	Ordinary shares
Erudite Systems Limited	100.00	Ordinary shares
Eurocall Holdings Limited	100.00	Ordinary shares
Flexphone Limited	100.00	Ordinary shares
FM Associates (UK) Limited	100.00	Ordinary shares
General Mobile Corporation Limited	100.00	Ordinary shares
Generation Telecom Limited	100.00	Ordinary shares
Global Cellular Rental Limited	50.00	Ordinary shares
How2 Telecom Limited	100.00	Ordinary shares
Intercell Communications Limited	100.00	Ordinary shares
Internet Network Services Limited	100.00	Ordinary shares
Invitation Digital Limited	82.89	Ordinary shares, series A preferred shares
Isis Telecommunications Management Limited	100.00	A ordinary shares, C ordinary shares, B ordinary shares
Jaguar Communications Limited	100.00	Ordinary shares
Legend Communications Limited	100.00	Ordinary shares
London Hydraulic Power Company	100.00	Ordinary shares, 5% non-cumulative preference shares
MetroHoldings Limited	100.00	Ordinary shares
ML Integration Group Limited	100.00	Ordinary shares
ML Integration Limited	100.00	Ordinary shares
ML Integration Services Limited	100.00	Ordinary shares
Mobile Phone Centre Limited	100.00	Ordinary shares
Mobiles 4 Business.com Limited	100.00	Ordinary shares
Nat Comm Air Limited	100.00	Ordinary shares
Netforce Group Limited	100.00	Ordinary shares
Oxygen Solutions Limited	100.00	Ordinary shares, redeemable preference shares, participating preference shares
P.C.P. (North West) Limited	100.00	Ordinary shares
Peoples Phone Limited	100.00	Ordinary shares
Project Telecom Holdings Limited[1]	100.00	Ordinary shares
PT Network Services Limited	100.00	Ordinary shares
PTI Telecom Limited	100.00	Ordinary shares
Rian Mobile Limited	100.00	Ordinary shares
Singlepoint (4U) Limited	100.00	Ordinary shares
Singlepoint Payment Services Limited	100.00	Ordinary shares
Stentor Communications Limited	100.00	Ordinary shares
T.W. Telecom Limited	100.00	Ordinary shares
T3 Telecommunications Limited	100.00	Ordinary shares
Talkland Airtime Services Limited	100.00	Ordinary shares
Talkland Communications Limited	100.00	Ordinary shares
Talkland International Limited	100.00	Ordinary shares
Talkland Midlands Limited	100.00	Ordinary shares
Telecommunications Europe Limited	100.00	Ordinary shares
Ternhill Communications Limited	100.00	Ordinary shares, non C redeemable preference shares
The Eastern Leasing Company Limited	100.00	Ordinary shares
The Old Telecom Sales Co. Limited	100.00	Ordinary shares
Thus Limited	100.00	Ordinary shares
Townley Communications Limited	100.00	Ordinary shares
Uniqueair Limited	100.00	Ordinary shares
Vizzavi Limited	100.00	Ordinary shares
Voda Limited	100.00	Ordinary shares
Vodacall Limited[1]	100.00	Ordinary shares
Vodafone (New Zealand) Hedging Limited	100.00	Ordinary shares
Vodafone 2.	100.00	Ordinary shares
Vodafone 4 UK	100.00	Ordinary shares
Vodafone 5 Limited	100.00	Ordinary shares
Vodafone 5 UK	100.00	Ordinary shares
Vodafone 6 UK	100.00	Ordinary shares
Vodafone Americas 4	100.00	Ordinary shares
Vodafone Benelux Limited	100.00	Preference shares, ordinary shares
Vodafone Business Services Limited	100.00	Ordinary shares
Vodafone Business Solutions Limited	100.00	Ordinary shares

United Kingdom (continued)

Company name	% held by Group companies	Share class
Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom		
Vodafone Cellular Limited[1]	100.00	Ordinary shares
Vodafone Central Services Limited	100.00	Ordinary shares
Vodafone Connect 2 Limited	100.00	Ordinary shares
Vodafone Connect Limited	100.00	Ordinary shares
Vodafone Consolidated Holdings Limited	100.00	Ordinary shares
Vodafone Corporate Limited	100.00	Ordinary shares
Vodafone Corporate Secretaries Limited[1]	100.00	Ordinary shares
Vodafone DC Pension Trustee Company Limited[1]	100.00	Ordinary shares
Vodafone Distribution Holdings Limited	100.00	Ordinary shares
Vodafone Enterprise Corporate Secretaries Limited	100.00	Ordinary shares
Vodafone Enterprise Equipment Limited	100.00	Ordinary shares
Vodafone Enterprise Europe (UK) Limited	100.00	Ordinary shares
Vodafone Euro Hedging Limited[1]	100.00	Ordinary shares
Vodafone Euro Hedging Two	100.00	Ordinary shares
Vodafone Europe UK	100.00	Ordinary shares
Vodafone European Investments[1]	100.00	Ordinary shares
Vodafone European Portal Limited[1]	100.00	Ordinary shares
Vodafone Finance Limited[1]	100.00	Ordinary shares
Vodafone Finance Luxembourg Limited	100.00	Ordinary shares
Vodafone Finance Sweden	100.00	Ordinary shares
Vodafone Finance UK Limited	100.00	Ordinary shares
Vodafone Financial Operations	100.00	Ordinary shares
Vodafone Global Content Services Limited	100.00	Ordinary shares
Vodafone Global Enterprise Limited	100.00	Ordinary shares
Vodafone Group (Directors) Trustee Limited[1]	100.00	Ordinary shares
Vodafone Group Pension Trustee Limited[1]	100.00	Ordinary shares
Vodafone Group Services Limited	100.00	Ordinary shares, deferred shares
Vodafone Group Services No.2 Limited[1]	100.00	Ordinary shares
Vodafone Group Share Trustee Limited[1]	100.00	Ordinary shares
Vodafone Hire Limited	100.00	Ordinary shares
Vodafone Holdings Luxembourg Limited	100.00	Ordinary shares
Vodafone Intermediate Enterprises Limited	100.00	Ordinary shares
Vodafone International Holdings Limited	100.00	Ordinary shares
Vodafone International Operations Limited	100.00	Ordinary shares
Vodafone Investment UK	100.00	Ordinary shares
Vodafone Investments Australia Limited	100.00	Ordinary shares
Vodafone Investments Limited[1]	100.00	Ordinary shares
Vodafone IP Licensing Limited[1]	100.00	Ordinary shares
Vodafone Leasing Limited	100.00	Ordinary shares
Vodafone Limited	100.00	Ordinary shares
Vodafone M.C. Mobile Services Limited	100.00	Ordinary shares
Vodafone Marketing UK	100.00	Ordinary shares
Vodafone Mobile Commerce Limited	100.00	Ordinary shares
Vodafone Mobile Communications Limited	100.00	Ordinary shares
Vodafone Mobile Enterprises Limited	100.00	A ordinary shares, ordinary shares,
Vodafone Mobile Network Limited	100.00	A ordinary shares, ordinary shares
Vodafone Multimedia Limited	100.00	Ordinary shares
Vodafone Nominees Limited[1]	100.00	Ordinary shares
Vodafone Oceania Limited	100.00	Ordinary shares
Vodafone Old Show Ground Site Management Limited	100.00	Ordinary shares
Vodafone Overseas Finance Limited	100.00	Ordinary shares
Vodafone Overseas Holdings Limited	100.00	Ordinary shares
Vodafone Panafon UK	100.00	Ordinary shares
Vodafone Partner Services Limited	100.00	Ordinary shares
Vodafone Property Investments Limited	100.00	Ordinary shares
Vodafone Retail (Holdings) Limited	100.00	Ordinary shares
Vodafone Retail Limited	100.00	Ordinary shares
Vodafone Sales & Services Limited	100.00	Ordinary shares
Vodafone Satellite Services Limited	100.00	Ordinary shares
Vodafone Specialist Communications Limited	100.00	Ordinary shares
Vodafone UK Content Services Limited	100.00	Ordinary shares
Vodafone UK Investments Limited	100.00	Ordinary shares
Vodafone UK Limited[1]	100.00	Ordinary shares
Vodafone Ventures Limited[1]	100.00	Ordinary shares
Vodafone Worldwide Holdings Limited	100.00	Ordinary shares
Vodafone Yen Finance Limited	100.00	Ordinary shares
Vodafone-Central Limited	100.00	Ordinary shares
Vodaphone Limited	100.00	Ordinary shares
Vodata Limited	100.00	Ordinary shares
Your Communications Group Limited	100.00	Ordinary shares
c/o BDO MPR Management Limited, PO Box 119, Martello Court, Admiral park, St Peter Port, Guernsey, Channel Islands		
FB Holdings Limited	100.00	Ordinary shares
Redwood House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA, Channel Islands		
Silver Stream Investments Limited	100.00	Ordinary shares
P.O. Box 119, Commerce House, St Peter Port, Guernsey, GY1 3HB, Channel Islands		
Le Bunt Holdings Limited	100.00	Ordinary shares
Roseneath, The Grange, St Peter Port, Guernsey, GY1 2QJ, Channel Islands		
VBA Holdings Limited[3]	65.00	Ordinary shares And non-voting irredeemable non-cumulative preference
VBA International Limited[3]	65.00	Ordinary shares And non-voting irredeemable non-convertible non-cumulative Preference
44 Esplanade, St. Helier, Jersey, JE4 9WG, Channel Islands		
Aztec Limited	100.00	Ordinary shares
Globe Limited	100.00	Ordinary shares
Plex Limited	100.00	Ordinary shares
Vizzavi Finance Limited	100.00	Ordinary shares
Vodafone Holdings (Jersey) Limited	100.00	Ordinary shares
Vodafone International 2 Limited	100.00	Ordinary shares
Vodafone Jersey Dollar Holdings Limited	100.00	Ordinary shares
Vodafone Jersey Finance	100.00	Ordinary shares
Vodafone Jersey Yen Holdings Unlimited	100.00	Limited liability shares

United States

Company name	% held by Group companies	Share class
160 Greentree Drive, Suite 101, Dover, Delaware 19904, United States		
Bluefish Communications Inc.	100.00	Common stock shares
2875 Michelle Drive, Ste. 100, Irvine CA 92606, United States		
Vodafone US Inc.	100.00	Common stock shares
4701 Cox Road Suite 301, Glen Allen, VA 23060, United States		
Vodafone Americas Virginia Inc.	100.00	Common stock shares
c/o United Corporate Services Inc., 15 North East Street, Kent County, Dover DE 19901, United States		
Cable & Wireless a-Services, Inc	100.00	Common shares
Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, United States of America		
Cable & Wireless Americas Systems, Inc.	100.00	Common stock shares

Zambia

Company name	% held by Group companies	Share class
Orange Park, Plot 35185, Alick Nkhata Road, Lusaka, Zambia		
Africonnect (Zambia) Limited[3]	65.00	Ordinary shares

Notes to the consolidated financial statements (continued)

33. Related undertakings (continued)

Associated undertakings and joint arrangements

Company Name	% held by Group Companies	Share class
Australia		
Level 1, 177 Pacific Highway, North Sydney NSW 2060, Australia		
H3ga Properties (No 3) Pty Limited	50.00	Ordinary shares
Mobileworld Communications Pty Limited	50.00	Ordinary shares
Mobileworld Operating Pty Ltd	50.00	Ordinary shares
Vodafone Australia Pty Limited	50.00	Ordinary shares
Vodafone Foundation Australia Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Australia Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Finance Pty Limited	50.00	Ordinary shares
Vodafone Hutchison Receivables Pty Limited	50.00	Ordinary shares
Vodafone Network Pty Limited	50.00	Ordinary shares
Vodafone Pty Limited	50.00	Ordinary shares
Czech Republic		
náměstí Junkových 2808/2, Stodůlky, Prague 5, 15500, Czech Republic		
COOP Mobil s.r.o.	33.33	Ordinary shares
Jankovcova 1037/49, 170 00 Praha 7-Holešovice, Czech Republic		
HBO Netherlands Channels sro	25.00	Member interest
Egypt		
23 Kasr El Nil St., Cairo, Egypt, 11211		
Wataneya Telecommunications S.A.E	50.00	Ordinary shares
Germany		
Willy-Brandt-Platz 6, 81829 Munich, Germany		
Device Insight	20.30	Preferred B shares
Greece		
43–45 Valtetsiou Str., Athens, Greece		
Safenet N.P.A.	24.97	Ordinary shares
India		
Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi – 110070, India		
Indus Towers Limited	42.00	Equity shares
A-19, Mohan Co-operative Industrial Estate , Mathura Road, New Delhi, New Delhi, Delhi, 110044, India		
FireFly Networks Limited	50.00	Equity shares
Italy		
Via per Carpi 26/B - 42015 Correggio (RE), Italy		
VND S.p.A	35.00	Ordinary shares
Kenya		
Safaricom, P O Box 46350, 00100, Nairobi, Kenya		
Safaricom Limited[5,6]	40.00	Ordinary shares
Luxembourg		
14 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street SCA	50.00	Ordinary shares
Netherlands		
Johan Huizingalaan 763 A, 3e verdieping, 1066 VH, Amsterdam, Netherlands		
A-ccelerator B.V.	20.42	Ordinary shares
A-ccelerator Holding B.V	20.42	Ordinary shares
SBC SMART CITY 1517 B.V.	29.20	Ordinary shares
Boeingavenue 53, 1119PE, Schiphol-Rijk, Netherlands		
VodafoneZiggo Group Holding B.V.	50.00	Ordinary shares
Monitorweg 1, 1322 BJ Almere, Netherlands		
XB Facilities B.V.	50.00	Ordinary shares
Barbara Strozzilaan 101, 1083 HN Amsterdam, Netherlands		
HBO Nederland Coöperatief U.A.	25.00	Partnershhip interest
HBO Netherlands Distribution B.V.	25.00	Ordinary shares
Simon Carmiggeltstraat 6, 1011DJ Amsterdam, Netherlands		
Vodafone Financial Services B.V.	50.00	Ordinary shares
Atoomweg 100, 3542 AB Utrecht, Netherlands		
Amsterdamse Beheer- en Consultingmaatschappij B.V.	50.00	Ordinary shares
Esprit Telecom B.V.	50.00	Ordinary shares
FinCo Partner 1 B.V.	50.00	Ordinary shares
LGE HoldCo V B.V.	50.00	Ordinary shares
LGE HoldCo VI B.V.	50.00	Ordinary shares
LGE Holdco VII B.V.	50.00	Ordinary shares
LGE HoldCo VIII B.V.	50.00	Ordinary shares
Torenspits II B.V.	50.00	Ordinary shares
UPC Nederland Holding I B.V.	50.00	Ordinary shares
UPC Nederland Holding II B.V.	50.00	Ordinary shares
UPC Nederland Holding III B.V.	50.00	Ordinary shares
Vodafone Nederland Holding I B.V.	50.00	Ordinary shares
Vodafone Nederland Holding II B.V.	50.00	Ordinary shares
Vodafone Nederland Holding III B.V.	50.00	Ordinary shares
Ziggo B.V.	50.00	Ordinary shares
Ziggo Deelnemingen B.V.	50.00	Ordinary shares
Ziggo Financing Partnership	50.00	Partnership interest
Ziggo Finance 2 B.V.	50.00	Ordinary shares
Ziggo Holding B.V.	50.00	Ordinary shares
Ziggo Netwerk II B.V.	50.00	Ordinary shares
Ziggo Services B.V.	50.00	Ordinary shares
Ziggo Services Employment B.V.	50.00	Ordinary shares
Ziggo Services Netwerk 2 B.V.	50.00	Ordinary shares
Ziggo Zakelijk Services B.V.	50.00	Ordinary shares
ZUM B.V.	50.00	Ordinary shares
Winschoterdiep 60, 9723 AB Groningen, Netherlands		
Zesko B.V.	50.00	Ordinary shares
Ziggo Bond Company B.V.	50.00	Ordinary shares
Ziggo Netwerk B.V.	50.00	Ordinary shares
Media Park boulevard 2, 1217 WE Hilversum, Netherlands		
Liberty Global Content Netherlands B.V.	50.00	Ordinary shares
Avenue Ceramique 300, 6221 KX, Maastricht, Netherlands		
Vodafone Libertel B.V.	50.00	Ordinary shares
Assendorperdijk 2, 8012 EH Zwolle, Netherlands		
Zoranet Connectivity Services B.V.	50.00	Ordinary shares
New Zealand		
Level 1, 20 Viaduct Harbour Avenue, Auckland, 1142, New Zealand		
TSM NZ Limited	32.50	Ordinary shares
Level 5, 151 Victoria Street West, Auckland 1010, New Zealand		
Centurion GSM Limited	25.00	Ordinary shares
Portugal		
Avenida D. João II Lote 1.03.23 Parque das Nações, 1998-017, Lisboa, Portugal		
Celfocus – Solucoes Informaticas Para Telecomunicacoes S.A	45.00	Ordinary shares
Rua Pedro e Inês, Lote 2.08.01, 1990-075 Parque das Wações, Lisboa, Portugal		
Sport TV Portugal S.A	25.00	Nominative shares
Romania		
Bulevardul DIMITRIE POMPEI, Nr. 10A, CLADIREA CONECT III, MO, Bucuresti, Sector 2, Romania		
Netgrid Telecom SRL	50.00	Ordinary shares
Russian Federation		
bld. 3, 11, Promishlennaya Street, Moscow, 115516, Russian Federation		
Autoconnex Limited	35.00	Ordinary shares
South Africa		
Building 13 Ground Floor East, Thornhill, Office Park, 94 Bekker Road, Vorna Valley X67, Midrand, 1685, South Africa		
Number Portability Company (Proprietary) Limited[3]	20.00	Ordinary shares
United Kingdom		
83 Baker Street, London, W1U 6AG, United Kingdom		
Digital Mobile Spectrum Limited	25.00	Ordinary shares
The Exchange Building 1330, Arlington Business Park, Theale, Berkshire, RG7 4SA, United Kingdom		
Cornerstone Telecommunications Infrastructure Limited	50.00	Ordinary shares
62-65, Chandos Place, London, WC2N 4LP, United Kingdom		
Cable & Wireless Trade Mark Management Limited	50.00	Ordinary B shares
33 Holborn, London, EC1N 2HT, United Kingdom		
Mobile by Sainsbury's Limited	50.00	Ordinary shares
United States		
2711 Centerville Road, Suite 400, Wilmington, DE 19808 Delaware, United States		
LG Financing Partnership	50.00	Partnership interest
Ziggo Financing Partnership	50.00	Partnership interest

Notes:
1 Entities directly held by Vodafone Group Plc.
2 Trades as Vodafone Hungary Mobile Telecommunications Company Limited.
3 Shareholding is indirect through Vodacom Group Limited. The indirect shareholding is calculated using the 65.0% ownership interest in Vodacom.
4 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.A.. The Group is assessing the impact of changes to company law in Qatar, which will be applicable in the financial year ending 31 March 2018, on its ability to exercise control over Vodafone Qatar Q.S.C.
5 The Group also holds two non-voting shares.
6 At 31 March 2017 the fair value of Safaricom Limited was KES271 billion (€6,489 million) based on the closing quoted share price on the Nairobi Stock Exchange.
7 Shareholding is indirect through Vodafone Kabel Deutschland GmbH.

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.	
	2017 €m	Restated 2016 €m	**2017 €m**	Restated 2016 €m	**2017 €m**	Restated 2016 €m
Summary comprehensive income information						
Revenue	5,294	5,325	1,333	1,641	510	510
Profit/(loss) for the financial year	768	754	194	305	(67)	(116)
Other comprehensive (expense)/income	(10)	39	–	–	–	–
Total comprehensive income/(expense)	758	793	194	305	(67)	(116)
Other financial information						
Profit/(loss) for the financial year allocated to non-controlling interests	257	263	88	139	(52)	(89)
Dividends paid to non-controlling interests	258	271	152	3	–	23
Summary financial position information						
Non-current assets	6,213	5,422	1,038	1,581	1,550	1,564
Current assets	2,023	1,649	352	872	137	122
Total assets	**8,236**	**7,071**	**1,390**	**2,453**	**1,687**	**1,686**
Non-current liabilities	(2,368)	(2,005)	(25)	(78)	(266)	(259)
Current liabilities	(1,825)	(1,513)	(656)	(895)	(226)	(239)
Total assets less total liabilities	**4,043**	**3,553**	**709**	**1,480**	**1,195**	**1,188**
Equity shareholders' funds	3,379	2,956	433	896	275	273
Non-controlling interests	664	597	276	584	920	915
Total equity	**4,043**	**3,553**	**709**	**1,480**	**1,195**	**1,188**
Statement of cash flows						
Net cash flow from operating activities	1,702	1,575	520	661	134	103
Net cash flow from investing activities	(790)	(864)	(609)	(321)	(93)	(87)
Net cash flow from financing activities	(778)	(798)	(328)	(22)	(32)	(21)
Net cash flow	**134**	**(87)**	**(417)**	**318**	**9**	**(5)**
Cash and cash equivalents brought forward	464	681	619	430	31	39
Exchange gain/(loss) on cash and cash equivalents	21	(130)	(145)	(129)	3	(3)
Cash and Cash Equivalents	**619**	**464**	**57**	**619**	**43**	**31**

The voting rights held by the Group equal the Group's percentage shareholding as shown on pages 168 to 174.

Notes to the consolidated financial statements (continued)

34. 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 2017.

Name	Registration number
Cable & Wireless Access Limited	4005262
Cable & Wireless a-Services Limited	3930865
Cable & Wireless Aspac Holdings Limited	4705342
Cable & Wireless Capital Limited	6702535
Cable & Wireless CIS Services Limited	2964774
Cable & Wireless Communications Starclass Limited	1018703
Cable & Wireless Europe Holdings Limited	4659719
Cable & Wireless Global Business Services Limited	3537591
Cable & Wireless Global Holding Limited	3740694
Cable and Wireless Nominee Limited	3249884
Cable & Wireless Worldwide Limited	7029206
Cable & Wireless Worldwide Voice Messaging Limited	1981417
Cable & Wireless UK Holdings Limited	3840888
City Cable (Holdings) Limited	1042087
Digital Island (UK) Limited	3730837
Energis Communications Limited	2630471
Energis (Ireland) Limited	NI035793
Energis Squared Limited	3037442
Internet Network Services Limited	3047165
Jaguar Communications Limited	1689995
Legend Communications Limited	3923166
MetroHoldings Limited	3511122
ML Integration Group Limited	3252903
ML Integration Services Limited	4087040
Stentor Communications Limited	3224579
The Eastern Leasing Company Limited	1672832
Thus Group Limited	SC226738
Thus Group Holdings Limited	SC192666
Vizzavi Finance Limited	80499
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

Name	Registration number
Vodafone Enterprise Europe (UK) Limited	3137479
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 IP Licensing Limited	6846238
Vodafone Intermediate Enterprises Limited	3869137
Vodafone International 2 Limited	100403
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 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
Your Communications Group Limited	4171876

Other unaudited financial information

Prior year operating results

This section presents our operating performance for the 2016 financial year compared to the 2015 financial year, providing commentary on how the revenue and the adjusted EBITDA performance of the Group and its operating segments developed, with all amounts presented restated into euros following the change in the Group's presentation currency and include the results of Vodafone India as discontinued operations following the agreement to combine it with Idea Cellular.

Group[1,2]

	Europe €m	AMAP €m	Other[3] €m	Eliminations €m	2016 €m	2015 €m	% change Reported	% change Organic*
Revenue	36,462	11,891	1,567	(110)	49,810	48,385	2.9	2.1
Service revenue	33,381	10,043	1,303	(109)	44,618	43,635	2.3	1.1
Other revenue	3,081	1,848	264	(1)	5,192	4,750		
Adjusted EBITDA	10,485	3,706	(36)	–	14,155	13,702	3.3	2.3
Adjusted operating profit/(loss)	**1,927**	**1,941**	**(39)**	**–**	**3,829**	**4,040**	**(5.2)**	**(3.8)**
Adjustments for:								
Impairment loss					(569)	–		
Restructuring costs					(316)	(204)		
Amortisation of acquired customer bases and brand intangible assets					(1,338)	(1,617)		
Other expense					(286)	(146)		
Operating profit					**1,320**	**2,073**		

Notes:
1 With effect from 1 April 2016, the Group's presentation currency was changed from pounds sterling to the euro to better align with the geographic split of the Group's operations. The results for the year ended 31 March 2016 have been restated into euros and include the results of Vodafone India as discontinued operations following the agreement to combine it with Idea Cellular. Group revenue and service revenue includes the results of Europe, AMAP, Other (which includes the results of partner markets) and eliminations. 2016 results reflect average foreign exchange rates of €1:£0.73, €1:INR72.3, €1:ZAR15.21, €1:TKL3.14 and €1: EGP8.66.
2 Alternative performance measures are non-GAAP measures that are presented to provide readers with additional financial information that is regularly reviewed by management and should not be viewed in isolation or as an alternative to the equivalent GAAP measure. See "Alternative performance measures" on page 205 for reconciliations to the closest respective equivalent GAAP measure and "Definition of terms" on page 218 for further details.
3 The "Other" segment primarily represents the results of the partner markets and the net result of unallocated central Group costs.

Revenue

Group revenue increased 2.9% to €49.8 billion and service revenue increased 2.3% to €44.6 billion. Reported growth includes the full year impact from the acquisitions of Hellas Online ('HOL') and Cobra Automotive ('Cobra') in the prior year.

In Europe, organic service revenue declined 0.6%* reflecting continued competitive pressures in a number of markets, with improving trends throughout the year.

In AMAP, organic service revenue increased by 8.0%* continuing its sustained track record of strong organic growth.

Adjusted EBITDA

Group adjusted EBITDA increased 3.3% to €14.2 billion driven by organic growth in Europe and AMAP and the positive impact of the acquisitions of HOL and Cobra and foreign exchange movements.

On an organic basis, adjusted EBITDA rose 2.3%* and the Group's adjusted EBITDA margin stabilised at 28.4%.

Operating profit

Adjusted operating profit excludes certain income and expenses that we have identified separately to allow their effect on the results of the Group to be assessed (see page 205). The items that are included in operating profit but are excluded from adjusted operating profit are discussed below.

An impairment loss of €569 million was recognised in the 2016 financial year (2015: €nil). Further detail is provided in note 4 to the Group's consolidated financial statements. Restructuring costs of €316 million (2015: €204 million) have been incurred to improve future business performance and reduce costs.

Amortisation of intangible assets in relation to customer bases and brands are recognised under accounting rules after we acquire businesses and decreased to €1,338 million (2015: €1,617 million) due to the acquisition of Ono.

Including the above items, operating profit decreased by €0.8 billion to €1.3 billion as the €0.6 billion impairment charge, €0.5 billion higher depreciation and amortisation charges and €0.1 billion increase in restructuring costs were partly offset by a €0.4 billion increase in adjusted EBITDA.

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. Organic growth is an alternative performance measure. See "Alternative performance measures" on page 205 for further details and reconciliations to the respective closest equivalent GAAP measure.

Other unaudited financial information (continued)

Prior year operating results (continued)

Europe

	Germany €m	Italy €m	UK €m	Spain €m	Other Europe €m	Eliminations €m	Europe €m	% change Reported	% change Organic*
Year ended 31 March 2016 restated									
Revenue	10,626	6,008	8,428	4,959	6,599	(158)	36,462	3.3	0.4
Service revenue	9,817	5,129	7,987	4,468	6,132	(152)	33,381	2.4	(0.6)
Other revenue	809	879	441	491	467	(6)	3,081		
Adjusted EBITDA	3,462	2,015	1,756	1,250	2,002	–	10,485	4.0	1.7
Adjusted operating profit	523	805	(97)	75	621	–	1,927	(13.0)	(12.9)
Adjusted EBITDA margin	32.6%	33.5%	20.8%	25.2%	30.3%		28.8%		
Year ended 31 March 2015 restated									
Revenue	10,677	5,844	7,916	4,615	6,360	(116)	35,296	24.3	(4.4)
Service revenue	9,862	5,169	7,527	4,240	5,924	(110)	32,612	23.3	(5.0)
Other revenue	815	675	389	375	436	(6)	2,684		
Adjusted EBITDA	3,390	1,956	1,724	1,003	2,004	–	10,077	25.2	(12.3)
Adjusted operating profit	677	822	39	8	670	–	2,216	(18.5)	(40.6)
Adjusted EBITDA margin	31.8%	33.5%	21.8%	21.7%	31.5%		28.5%		

Revenue increased 3.3% for the year. M&A activity, including HOL and Cobra, contributed a 1.3 percentage point positive impact and foreign exchange movements contributed a 1.6 percentage point positive impact. On an organic basis, service revenue decreased by 0.6%*, reflecting continued competitive pressures in a number of markets.

Adjusted EBITDA increased 4.0%, including a 1.3 percentage point positive impact from M&A activity and a 1.0 percentage point positive impact from foreign exchange movements. On an organic basis adjusted EBITDA increased 1.7%* driven by good cost control in a number of our markets, as well as the benefits of acquisition integrations.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – Europe	**3.3**	**(1.3)**	**(1.6)**	**0.4**
Service revenue				
Germany	(0.5)	–	0.1	(0.4)
Italy	(0.8)	–	–	(0.8)
UK	6.1	0.4	(6.8)	(0.3)
Spain	5.4	(8.9)	–	(3.5)
Other Europe	3.5	(1.9)	(0.1)	1.5
Europe	**2.4**	**(1.5)**	**(1.5)**	**(0.6)**
Adjusted EBITDA				
Germany	2.1	–	–	2.1
Italy	3.0	–	0.1	3.1
UK	1.9	4.7	(5.4)	1.2
Spain	24.6	(20.1)	(0.3)	4.2
Other Europe	(0.1)	(1.3)	(0.1)	(1.5)
Europe	**4.0**	**(1.3)**	**(1.0)**	**1.7**
Adjusted operating profit				
Europe	**(13.0)**	**(0.4)**	**0.5**	**(12.9)**

Germany

Service revenue declined 0.4%* for the year, but returned to growth in Q4 (Q3: -0.4%*; Q4: 1.6%*) led by improvements in consumer mobile and fixed trends and aided by an accounting reclassification in fixed.

Mobile service revenue declined 1.6%*. Consumer contract revenue stabilised in the year, supported by consistent growth in contract net additions (+594,000 for the year). This performance has been driven by an increased focus on direct channels and our "Otelo" second brand; during Q4, higher competition in indirect channels weighed on our contract net additions. The Enterprise market became increasingly competitive during the year, leading to a deteriorating revenue trend as falling ARPU more than offset good contract wins. We have made further strong progress on network investment, with 87% 4G coverage and dropped call rates declining 25% year-on-year to an all-time low of 0.44%. In November, the independent "Connect" test confirmed the premium quality of our voice network in Germany and a strong second and most improved data position.

Fixed service revenue growth was 1.5%*, with continued strong growth in cable and a slowing decline in DSL-related revenue. Cable net adds growth continued to be strong throughout the year, supplemented by ongoing migrations from the DSL base; in the second half of the year DSL net additions also turned positive, with growing customer demand for VDSL. Broadband ARPU was down year-on-year in a promotional market, with improvements in cable offset by DSL declines, although the pace of decline began to moderate during H2. The integration of KDG has been completed; we expect cost synergies to meet the initial targets set out at the time of acquisition, and now expect further upside potential longer-term. In November, we launched Vodafone Red One, our fully integrated fixed, mobile and TV service combining high speed mobile and fixed; as of 31 March 2016 we had 54,000 customers.

Adjusted EBITDA grew 2.1%*, with adjusted EBITDA margin improving by 0.8* percentage points. The impact of lower revenues and increased Project Spring network opex was more than offset by opex efficiencies (including KDG synergies), savings in commercial costs (aided by our increased focus on direct channels) and a change in commission processes.

Italy

Service revenue declined 0.8%* for the year, but returned to growth in Q4 (Q3: -0.3%*; Q4: 1.3%*), aided by the leap-year benefit. The mobile business is on a steady recovery path, while fixed performance continues to be positive despite increased competition in recent months.

Mobile service revenue declined 1.1%*, as a recovery in ARPU supported by prepaid price increases only partially offset the year-on-year decline in the customer base. Mobile number portability in the market has reduced in recent quarters and the customer base decline stabilised during the year, aided by market-leading NPS scores in mobile following our Project Spring investments. Consumer trends improved faster than Enterprise, where competitive intensity has increased in H2. As of 31 March 2016 we have 95% population coverage on our 4G network and 6.5 million 4G customers (September 2015: 4.0 million).

Fixed service revenue was up 1.2%*, driven by sustained commercial momentum. We added 168,000 broadband customers during the year, a strong performance, and in Q4 50% of our gross adds have taken a fibre-based service. Of our base of 2.0 million broadband customers, 297,000 are fibre customers. We have now built out our own fibre network to over 16,000 cabinets, enabling us to reach 3.6 million households. Our high speed broadband roll-out in Italy will be enhanced by our commercial agreement with Enel, which plans to roll out Fibre-To-The-Home ('FTTH') to 224 cities nationwide, providing access on competitive commercial terms. In these areas Enel will be our exclusive fibre partner going forward.

Adjusted EBITDA was up 3.1%*, as we successfully offset the decline in service revenue with savings in commercial costs and operating expenses. The adjusted EBITDA margin was stable year-on-year due principally to higher handset revenues.

UK

Service revenue declined 0.3%* for the year (Q3: -0.7%*; Q4: -0.1%*), with improving trends in fixed offset by a slowdown in mobile, reflecting operational challenges following a billing system migration. Q4 growth benefited from strong carrier services activity; excluding this, underlying trends were stable. The organic growth rate for the year excludes one-off settlements with other network operators in Q2.

Mobile service revenue declined 0.7%*. Contract customer growth slowed in Q4, impacted partly by higher churn in relation to the billing system migration. Revenue trends were also impacted by the pricing and usage of 08XX numbers following the introduction of Non-Geographic Call Services regulation, and a focus on giving customers more control of their out-of-bundle data spend. As a result, in-bundle revenue and demand for data add-ons continued to grow. Enterprise mobile trends remained relatively stable despite increased competition. National 4G coverage reached 91% (based on the OFCOM definition), and 99.5% in London; based on our estimations, 4G coverage was 84%, and despite some delays the pace of 4G coverage expansion in conjunction with our network sharing partner is now accelerating. We achieved significant growth in 4G customers, with 7.0 million at the period end (September 2015: 5.3 million).

Fixed service revenue grew 1.1%*. Excluding carrier services, fixed service revenue grew 2.4%* in the second half of the year including an improving performance in Enterprise. After regional trials during the summer, we began to offer our consumer broadband service to 24 million premises across the UK (98% of BT's fibre footprint) in October, securing 38,000 customers by 31 March 2016. Our new TV service is in field trials with plans to launch later in the current calendar year.

Adjusted EBITDA grew 1.2%*, with a 0.2* percentage point increase in the adjusted EBITDA margin driven by continued operational efficiencies. Reported adjusted EBITDA benefited from one-off settlements with other network operators in the first half of the year.

Spain

Service revenue declined 3.5%* (Q3: -3.1%*; Q4: -3.2%*), with mobile revenue recovering steadily despite the negative effect of handset financing, and continued positive momentum in fixed. Excluding handset financing effects, service revenues declined by 0.3%* in the year.

Mobile service revenue fell 8.0%*. The contract customer base continued to grow in a more stable market, despite increased promotional activity around the start of the new football season. We are seeing signs that ARPU is beginning to stabilise, aided by our market-leading NPS scores in mobile and our "more-for-more" pricing strategy, in which customers receive higher data allowances and additional features (e.g. free European roaming) together with an increase in the monthly tariff. Our 4G population coverage reached 91% at 31 March 2016 and we have 5.4 million 4G customers.

Fixed service revenue rose 7.8%*, supported by consistent growth in broadband net additions. The integration of Ono has proceeded successfully and we have already achieved 100% of the original €240 million of cost and capex synergies targeted. We now expect to be able to deliver €300 million of annualised run-rate savings over the original timeframe. In part this reflects the very successful launch in May of Vodafone One, our fully integrated cable, mobile and TV service, which has already reached 1.5 million customers. Including our joint fibre network build with Orange, we now reach 8.5 million premises with cable or fibre. Our recent agreement with Mediapro together with the wholesale obligations imposed on the incumbent provide us with access to a full range of premium TV channels for the coming years, albeit at an increased cost.

Adjusted EBITDA increased 4.2%* year-on-year with a 1.3* percentage point increase in the adjusted EBITDA margin, as strong cost control, the benefit to margin from handset financing and the cost synergies from the Ono acquisition more than offset rising TV costs.

Other Europe

Service revenue rose 1.5%* (Q3: 1.6%*; Q4: 2.1%*), with all markets except Greece achieving growth during the year. In Q4, Romania (7.7%*), Portugal (3.5%*) and the Czech Republic enjoyed an improvement in top-line growth.

In the Netherlands, service revenue increased 0.3%*, with growth moving into decline during H2 (Q3: 0.2%*; Q4: -1.3%*) as continued gains in fixed (partly aided by a Q4 accounting reclassification) were offset by a decline in mobile contract ARPU.

In Portugal, fixed service revenue continues to grow strongly and mobile is recovering as ARPU and churn pressure from the shift towards convergent pricing begins to moderate. Our FTTH network now reaches 2.4 million homes. Ireland returned to service revenue growth in Q2, with strong momentum in fixed and an improving trend in mobile. The initial 4G roll-out is complete with 95% population coverage.

In Greece macroeconomic conditions remained a drag, however good cost control led to improved margins. The integration of HOL is progressing according to plan.

Adjusted EBITDA declined 1.5%*, with a 1.0* percentage point decline in adjusted EBITDA margin, mainly driven by lower margins in Portugal and Romania.

Other unaudited financial information (continued)

Prior year operating results (continued)

Africa, Middle East and Asia-Pacific

	Vodacom €m	Other AMAP €m	Eliminations €m	AMAP €m	% change Reported	% change Organic*
Year ended 31 March 2016 restated						
Revenue	5,325	6,566	–	11,891	2.5	8.1
Service revenue	4,419	5,624	–	10,043	2.8	8.0
Other revenue	906	942	–	1,848		
Adjusted EBITDA	2,028	1,678	–	3,706	3.4	9.0
Adjusted operating profit	1,356	585	–	1,941	11.2	19.9
Adjusted EBITDA margin	38.1%	25.6%		31.2%		
Year ended 31 March 2015 restated						
Revenue	5,539	6,061	–	11,600	3.6	4.6
Service revenue	4,451	5,319	–	9,770	1.5	2.3
Other revenue	1,088	742	–	1,829		
Adjusted EBITDA	1,949	1,635	–	3,584	1.0	1.8
Adjusted operating profit	1,314	432	–	1,746	(9.5)	(9.7)
Adjusted EBITDA margin	35.2%	27.0%		30.9%		

Revenue increased 2.5%, with strong organic growth partly offset by a 4.8 percentage point adverse impact from foreign exchange movements. On an organic basis, service revenue was up 8.0%* driven by growth in the customer base, increased voice and data usage, and continued good commercial execution.

Adjusted EBITDA increased 3.4%, including a 5.0 percentage point adverse impact from foreign exchange movements. On an organic basis, adjusted EBITDA grew 9.0%*, driven by growth in all major markets.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – AMAP	**2.5**	**0.8**	**4.8**	**8.1**
Service revenue				
Vodacom	(0.7)	–	6.1	5.4
Other AMAP	5.7	1.8	2.6	10.1
AMAP	**2.8**	**1.0**	**4.2**	**8.0**
Adjusted EBITDA				
Vodacom	4.1	–	8.6	12.7
Other AMAP	2.6	1.3	0.6	4.5
AMAP	**3.4**	**0.6**	**5.0**	**9.0**
Adjusted operating profit				
AMAP	**11.2**	**1.6**	**7.1**	**19.9**

Vodacom

Vodacom Group service revenue increased 5.4%* (Q3: 7.2%*; Q4: 6.3%*), supported by strong momentum in both South Africa and the International operations.

In South Africa, organic service revenue grew 4.7%* (Q3: 7.2%*; Q4: 6.5%*), with the consumer and enterprise businesses both performing well. We continued to focus on building brand and network differentiation, with our performance driven by strong demand for data. We further enhanced our leading network position, more than doubling our LTE/4G sites to over 6,000, taking coverage to 58.2% on LTE/4G and 98.9% on 3G. Data revenue growth remained strong at 18.8%* in Q4 and data is now 36.3% of local service revenue. Our pricing transformation strategy is making good progress, with 85% of contract customers now on integrated price plans and churn falling to our lowest levels at 6.9% in Q4. Total bundle sales reached 1.1 billion, supported by our "Just 4 U" personalised offers.

Service revenue growth in Vodacom's International operations outside South Africa was 10.0%*, driven by increased voice revenue as a result of pricing strategies and bundle offerings, data take-up and M-Pesa. Active data customers reached 10.1 million, 37% of total customers, and active M-Pesa customers totalled 6.8 million in Q4, all benefiting from sustained network investment.

Vodacom Group adjusted EBITDA increased 12.7%*, significantly faster than revenues, with a 3.6* percentage point improvement in adjusted EBITDA margin. This strong performance partly reflected a change in accounting for certain transactions in the indirect channel, which depressed equipment sales and total revenues with no impact on adjusted EBITDA. Excluding this effect, adjusted EBITDA margins rose driven by operating leverage, tight cost control and a tailwind from foreign exchange gains.

Other AMAP

Service revenue increased 10.1%* (Q3: 10.8%*; Q4: 12.1%*), with strong growth in Turkey, Egypt and Ghana partially offset by a decline in Qatar.

Service revenue in Turkey was up 19.7%*, reflecting continued strong growth in consumer contract and Enterprise revenue, and we launched 4G services in April 2016. Fixed momentum was strong, almost quadrupling the fixed broadband customer base to 363,000 at the end of the period.

In Egypt, service revenue was up 8.9%* driven by continued strong growth in data.

New Zealand returned to modest growth, with solid mobile contract customer trends and improving fixed ARPU.

Adjusted EBITDA grew 4.5%*, with a 2.1* percentage point contraction in adjusted EBITDA margin. A strong revenue performance and improved margins in Turkey were partly offset by higher costs for imported goods post foreign exchange rate devaluations across the region.

Associates and joint ventures

Indus Towers, the Indian towers company in which Vodafone has a 42% interest, achieved local currency revenue growth of 5.8%. Indus Towers owned 119,881 towers as at 31 March 2016, with a tenancy ratio of 2.25. Indus Towers' contribution to the Group's adjusted operating profit was €101 million.

Safaricom, Vodafone's 40% associate which is the leading mobile operator in Kenya, saw local currency service revenue growth of 13.8% for the year, with local currency adjusted EBITDA up 16.8%, driven by an increase in the customer base leading to growth across all revenue streams, predominantly mobile data and M-Pesa. 4G coverage is now in 20 out of 47 counties.

Vodafone Hutchison Australia ('VHA'), in which Vodafone owns a 50% stake, is performing solidly in an intensely competitive environment, with service revenues (excluding MTR impact) returning to growth after five years in decline. Adjusted EBITDA growth was driven by an increase in revenue and improved cost management.

India[1]

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group. The results of Vodafone India are detailed below.

	2016 €m	2015 €m	% change Reported	% change Organic*
Revenue	6,161	5,502	12.0	
Service revenue	6,135	5,480	12.0	5.0
Other revenue	26	22		
Direct costs	(1,835)	(1,714)		
Customer costs	(287)	(245)		
Operating expenses	(2,224)	(1,908)		
Adjusted EBITDA	1,815	1,635	11.0	4.1
Depreciation and amortisation	(1,276)	(1,075)		
Adjusted operating profit	**539**	**560**	**(3.9)**	
Adjustments for:				
Other	(116)	(104)		
Operating profit	**423**	**456**		
Adjusted EBITDA margin	29.5%	29.7%		

Note:
1 The results of Vodafone India are classified as discontinued operations in accordance with IFRS.

Service revenue increased 5.0%* (Q3: 2.3%*; Q4: 5.3%*) as customer base growth and strong demand for 3G data was partially offset by a number of regulatory changes, including MTR cuts, roaming price caps and an increase in service tax. Excluding these impacts, service revenue growth was 10.0%*. Q4 growth recovered versus Q3 as voice price competition moderated during the quarter and regulatory impacts began to reduce in March.

We added 14.1 million customers during the year, taking the total to 197.9 million. Growth in total minutes of use continued, but this was offset by a decline in average revenue per minute as a result of ongoing competition on voice business.

Data growth continues to be very strong, with data usage over the network up 64% year-on-year, and the active data customer base increasing by 3.8 million to 67.5 million. The 3G customer base grew to 27.4 million, up 41.4% year-on-year, and smartphone penetration in our four biggest urban areas is now 52.8%. In Q4, browsing revenue represented 19.2% of local service revenue, up from 14.9% in the equivalent quarter last year.

Since the launch of Project Spring we have added over 37,700 new 3G sites, taking the total to 55,500 and our population coverage to 95% of target urban areas. We have launched 4G in five key circles and plan to expand to cover over 60% of our data revenues in the coming year, ahead of the upcoming spectrum auction.

Our M-Pesa business continues to expand, with 1.3 million active customers at March 2016, and approximately 120,000 agents. In August, the Reserve Bank of India granted us "in principle" approval to set up a payments bank.

Adjusted EBITDA grew 4.1%*, with a 0.2* percentage point deterioration in adjusted EBITDA margin as the benefits of service revenue growth were offset by the ongoing increase in operating costs related to Project Spring, higher acquisition costs and the translation effects of non-rupee operating costs.

Company statement of financial position of Vodafone Group Plc

at 31 March

	Note	2017 €m	Restated 2016 €m
Fixed assets			
Shares in Group undertakings	2	83,991	84,597
Current assets			
Debtors: amounts falling due after more than one year	3	3,692	4,328
Debtors: amounts falling due within one year	3	217,590	212,058
Other investments	4	1,678	1,991
Cash at bank and in hand		322	133
		223,282	**218,510**
Creditors: amounts falling due within one year	5	(219,924)	(216,648)
Net current assets		**3,358**	**1,862**
Total assets less current liabilities		**87,349**	**86,459**
Creditors: amounts falling due after more than one year	5	(35,369)	(32,164)
		51,980	**54,295**
Capital and reserves			
Called up share capital	6	4,796	4,796
Share premium account		20,379	20,377
Capital redemption reserve		111	111
Other reserves		4,385	4,423
Own shares held		(8,739)	(8,906)
Profit and loss account[1]		31,048	33,494
Total equity shareholders' funds		**51,980**	**54,295**

Note:
1 The profit for the financial year dealt with in the financial statements of the Company is €1,134 million (2016: loss of €813 million).

The Company financial statements on pages 182 to 189 were approved by the Board of Directors and authorised for issue on 16 May 2017 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.

Company statement of changes in equity of Vodafone Group Plc

For the years ended 31 March

	Called up share capital €m	Share premium account[1] €m	Capital redemption reserve[1] €m	Other reserves[1] €m	Reserve for own shares[2] €m	Profit and loss account[3] €m	Total equity shareholders' funds €m
1 April 2015 restated	5,246	22,290	122	996	(9,888)	41,549	60,315
Issue or reissue of shares	–	2	–	–	147	–	149
Issue of mandatory convertible bonds[4]	–	–	–	3,480	–	–	3,480
Loss for the financial year	–	–	–	–	–	(813)	(813)
Dividends	–	–	–	–	–	(4,233)	(4,233)
Capital contribution given relating to share-based payments[5]	–	–	–	161	–		161
Contribution received relating to share-based payments	–	–	–	(131)	–	–	(131)
Other movements[6,7]	(450)	(1,915)	(11)	(83)	835	(3,009)	(4,633)
31 March 2016 restated	**4,796**	**20,377**	**111**	**4,423**	**(8,906)**	**33,494**	**54,295**
Issue or reissue of shares	–	2	–	–	167	–	169
Profit for the financial year	–	–	–	–	–	1,134	1,134
Dividends	–	–	–	–	–	(3,709)	(3,709)
Capital contribution given relating to share-based payments[5]	–	–	–	112	–	–	112
Contribution received relating to share-based payments	–	–	–	(150)	–	–	(150)
Other movements[7]	–	–	–	–	–	129	129
31 March 2017	**4,796**	**20,379**	**111**	**4,385**	**(8,739)**	**31,048**	**51,980**

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 financial statements.
4 Includes the equity component of the mandatory convertible bonds which are compound instruments issued in the year.
5 Includes €9 million tax credit (2016: €5 million credit).
6 Includes amounts relating to foreign exchange differences arising on the retranslation of reserves due to the change in the Company's functional currency.
7 Includes the impact of the Company's cash flow hedges with €787 million net gain deferred to other comprehensive income during the year (2016: €337 million net gain; 2015: €768 million net gain) and €654 million net gain (2016: €294 million net gain; 2015: €821 million net gain) recycled to the income statement.

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 Financial Reporting Standard 101 "Reduced disclosure framework", ('FRS 101'). The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

The Company financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the UK Companies Act 2006. The financial statements have been prepared on a going concern basis. With effect from 1 April 2016 the functional currency of the Company was changed from pounds sterling to the euro and applied prospectively from the date of change, as this is now the primary currency in which the Company's financing activities and investments returns are denominated. As a result of the change in functional currency, the Company has chosen to change its presentation currency which is accounted for retrospectively. Prior periods, including the amounts presented for the years ended 31 March 2016 have been restated into euros using closing rates at the relevant balance sheet date for assets, liabilities, share capital, share premium and other capital reserves and the income statement has been restated at the average rate for the comparative year or the spot rate for significant transactions.

The following exemptions available under FRS 101 have been applied:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, "Shared-based payment" (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7 "Financial Instruments: Disclosures";
- Paragraph 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1 "Presentation of financial statements" comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 "Presentation of financial statements":
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7 "Statement of cash flows";
- Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- The requirements in IAS 24 "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.

As permitted by section 408(3) of the Companies Act 2006, the income statement 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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Company financial statements in conformity with FRS 101 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. The key area of judgement that has the most significant effect on the amounts recognised in the financial statements is the review for impairment of investment carrying values.

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

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional rate of currency prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency 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. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period.

Borrowing costs
All borrowing costs are recognised in the income statement 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 reporting period date.

Deferred tax is provided in full on temporary differences that exist at the reporting period 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 reporting period 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 statement of financial position 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 which it manages using derivative financial instruments.

The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of derivative financial instruments consistent with the Group's risk management strategy. Changes in values of all derivative financial instruments are included within the income statement unless designated in an effective cash flow hedge relationship when changes in value are deferred to other comprehensive income or equity respectively. The Company 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 Company 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'). Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Fair value hedges
The Company's policy is to use derivative financial 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 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 and losses relating to any ineffective portion are recognised immediately in the income statement.

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. 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 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. There is insufficient information available to enable the scheme to be accounted for as a defined benefit scheme because the Company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore, the Company has applied the guidance within IAS 19 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 2017 and 31 March 2016.

New accounting pronouncements
To the extent applicable the Company will adopt new accounting policies as set out in note 1 "Basis for preparation" in the consolidated financial statements.

Notes to the Company financial statements (continued)

2. Fixed assets

Accounting policies

Shares in Group undertakings are stated at cost less any provision for impairment and capital related to share-based payments. Contributions in respect of share-based payments are recognised in line with the policy set out in note 7.

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 income statement.

Shares in Group undertakings

	2017 €m	Restated 2016 €m
Cost:		
1 April	91,940	97,681
Additions	–	2,469
Capital contributions arising from share-based payments	112	161
Contributions received in relation to share-based payments	(150)	(131)
Other movements	–	(8,240)
31 March	**91,902**	**91,940**
Amounts provided for:		
1 April	7,343	8,033
Impairment losses	568	–
Other movements	–	(690)
31 March	**7,911**	**7,343**
Net book value:		
31 March	**83,991**	**84,597**

At 31 March 2017 the Company had the following principal subsidiary:

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

Details of direct and indirect related undertakings are set out in note 33 "Related undertakings" to the consolidated financial statements.

3. Debtors

	2017 €m	Restated 2016 €m
Amounts falling due within one year:		
Amounts owed by subsidiaries[1]	216,686	210,711
Taxation recoverable	134	205
Other debtors	173	137
Derivative financial instruments[2]	597	1,005
	217,590	**212,058**
Amounts falling due after more than one year:		
Derivative financial instruments[2]	3,672	4,328
Deferred tax	20	–
	3,692	**4,328**

Notes:
1 Amounts owed by subsidiaries are unsecured, have no fixed date of repayment are repayable on demand.
2 Amounts falling due within one year include amounts in relation to cross-currency swaps €463 million (2016: €613 million), interest rate swaps €31 million (2016: €54 million), options €nil (2016: €46 million) and foreign exchange contracts €103 million (2016: €292 million). The amounts falling due in more than one year includes amounts in relation to cross-currency swaps €1,243 million (2016: €1,442 million), interest rate swaps €2,417 million (2016: €2,886 million) and options €12 million (2016: €nil).

4. Other Investments

Accounting policies

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

	2017 €m	Restated 2016 €m
Investments[1]	1,678	1,991

Note:
1 Investments include collateral paid on derivative financial instruments of €506 million (2016: €1,991 million) and €1,172 million (2016: €nil) of gilts paid as collateral primarily on derivative financial instruments.

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 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.

	2017 €m	Restated 2016 €m
Amounts falling due within one year:		
Bank loans and other loans	10,353	16,774
Amounts owed to subsidiaries[1]	208,671	199,239
Derivative financial instruments[2]	717	489
Other creditors	108	99
Accruals and deferred income	75	47
	219,924	**216,648**
Amounts falling due after more than one year:		
Other loans	34,020	30,737
Derivative financial instruments[2]	1,349	1,427
	35,369	**32,164**

Notes:
1 Amounts owed to subsidiaries are unsecured, have no fixed date of repayment are repayable on demand.
2 Amounts falling due within one year include amounts in relation to cross-currency swaps €590 million (2016: €296 million) of which €301 million relates to transactions with joint ventures (2016: €290 million), interest rate swaps €48 million (2016: €37 million), options €3 million (2016: €81 million) and foreign exchange contracts €76 million (2016: €75 million). The amounts falling due in more than one year include amounts in relation to cross-currency swaps €735 million (2016: €668 million), interest rate swaps €554 million (2016: €759 million) and options €60 million (2016: €nil).

Included in amounts falling due after more than one year are other loans of €19,617 million which are due in more than five years from 1 April 2017 and are payable otherwise than by instalments. Interest payable on these loans ranges from 0.035% to 7.875%.

Amounts included in bank loans and other loans due within one year and in other loans due after more than one year of €46 million and €34 million respectively represent the carrying value of future coupons on the mandatory convertible bonds issued on 25 February 2016. The mandatory convertible bonds are compound instruments with nominal values recognised as a component of shareholders' equity (refer to the statement of changes in equity on page 183) with the initial fair value of future coupons recognised as financial liabilities in borrowings and subsequently measured at amortised cost using the effective interest rate method.

Details of bond and other debt issuances are set out in note 22 "Liquidity and capital resources" on pages 144 to 147 in the consolidated financial statements.

Notes to the Company financial statements (continued)

6. Called up share capital

Accounting policies

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

	2017			Restated 2016
	Number	€m	Number	€m
Ordinary shares of 20 20/21 US cents each allotted, issued and fully paid:[1,2]				
1 April	28,813,396,008	4,796	28,812,787,098	5,246
Allotted during the year	746,840	–	608,910	–
Other movements	–	–	–	(450)
31 March	**28,814,142,848**	**4,796**	**28,813,396,008**	**4,796**

Notes:
1 50,000 (2016: 50,000) 7% cumulative fixed rate shares of £1 each were allotted, issued and fully paid by the Company.
2 At 31 March 2017, the Company held 2,192,064,339 (2016: 2,254,825,696) treasury shares with a nominal value of €365 million (2016: €375 million).

Allotted during the year

The Company allotted the following shares under share award and option schemes:

	Number	Nominal value €m	Net proceeds €m
US share awards and option scheme awards	746,840	–	2

7. Share-based payments

Accounting policies

The Group operates a number of equity-settled share-based payment 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 payment 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 2017, the Company had 41 million ordinary share options outstanding (2016: 24 million) and no ADS options outstanding (2016: nil).

The Company has made capital contributions to its subsidiaries in relation to share-based payments. At 31 March 2017, the cumulative capital contribution net of payments received from subsidiaries was €53 million (2016: €91 million). During the year ended 31 March 2017, the total capital contribution arising from share-based payments was €112 million (2016: €161 million), with payments of €150 million (2016: €131 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

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 101 do not reflect the profits available for distribution in the Group.

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.

	2017 €m	Restated 2016 €m
Declared during the financial year:		
Final dividend for the year ended 31 March 2016: 7.77 pence per share (2015: 7.62 pence share, 2014: 7.47 pence per share)	2,447	2,852
Interim dividend for the year ended 31 March 2017: 4.74 eurocents per share (2016: 3.68 pence per share, 2015: 3.60 pence per share)	1,262	1,381
	3,709	**4,233**
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the year ended 31 March 2017: 10.03 eurocents per share (2016: 7.77 pence per share, 2015: 7.62 pence per share)	2,670	2,447

10. Contingent liabilities and legal proceedings

	2017 €m	Restated 2016 €m
Other guarantees and contingent liabilities	3,420	2,178

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 detailed in note 26 "Post employment benefits" to the consolidated financial statements, the Company is the sponsor of the Group's main defined benefit scheme in the UK, being the Vodafone UK Group Pension Scheme ('Vodafone UK plan'). The results, assets and liabilities associated with the Vodafone UK plan are recognised in the financial statements of Vodafone UK Limited and Vodafone Group Services Limited.

As detailed in note 30 "Contingent liabilities and legal proceedings" 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 and legal proceedings" to the consolidated financial statements.

11. Other matters

The auditors' remuneration for the current year in respect of audit and audit-related services was €2.2 million (2016: €2.1 million) and for non-audit services was €0.9 million (2016: €0.5 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 67 to 85.

The Company had two (2016: two) employees throughout year.

Vodafone Group Plc is incorporated and domiciled in England and Wales (registration number 1833679). The registered address of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

Shareholder information

Unaudited information

Investor calendar

Ex-dividend date for final dividend	8 June 2017
Record date for final dividend	9 June 2017
Trading update	21 July 2017
Annual general meeting	28 July 2017
Final dividend payment	4 August 2017
Half-year financial results	14 November 2017
Ex-dividend date for interim dividend	23 November 2017
Record date for interim dividend	24 November 2017
Interim dividend payment	2 February 2018

Dividends

See pages 42 and 125 for details on dividend amount per share.

Payment of dividends by direct credit

We pay cash dividends directly to shareholders' bank or building society accounts. This ensures secure delivery and means dividend payments are credited to shareholders' bank or building society accounts on the same day as payment. A dividend confirmation covering both the interim and final dividends paid during the financial year is sent to shareholders at the time of the interim dividend in February. ADS holders may alternatively have their cash dividends paid by cheque.

Euro dividends

Dividends are now declared in euros and paid in euros and pounds sterling according to where the shareholder is resident. Cash dividends to ADS holders are paid by the ADS depositary in US dollars. This aligns the Group's shareholder returns with the primary currency in which we generate free cash flow. The foreign exchange rate at which dividends declared in euros are converted into pounds sterling and US dollars is calculated based on the average exchange rate of the five business days during the week prior to the payment of the dividend.

See vodafone.com/dividends for further information about dividend payments or, alternatively, please contact our registrar or the ADS depositary, as applicable. See page 191 for their contact information.

Dividend reinvestment plan

We offer a dividend reinvestment plan which allows holders of ordinary shares who choose to participate to use their cash dividends to acquire additional shares in the Company. These are purchased on their behalf by the plan administrator through a low cost dealing arrangement. For ADS holders, Deutsche Bank, through its transfer agent, American Stock Transfer & Trust Company, LLC (AST) maintains a DB Global Direct Investor Services Program which is a direct purchase and sale plan for depositary receipts with a dividend reinvestment facility.

Taxation of dividends

See pages 194 to 196 for details on dividend taxation.

Managing your shares via Investor Centre

Computershare operates a portfolio service for investors in ordinary shares, called Investor Centre. This provides our shareholders with online access to information about their investments as well as a facility to help manage their holdings online, such as being able to:

- update dividend mandate bank instructions and review dividend payment history;
- update member details and address changes; and
- register to receive Company communications electronically.

Computershare also offers an internet and telephone share dealing service to existing shareholders.

The service can be obtained at investorcentre.co.uk. Shareholders with any queries regarding their holding should contact Computershare. See page 191 for their contact details.

Shareholders may also find the investors section of our corporate website, vodafone.com/investor, useful for general queries and information about the Company.

Shareholder communications

A growing number of our shareholders have opted to receive their communications from us electronically using email and web-based communications. The use of electronic communications, rather than printed paper documents, means information about the Company can be received as soon as it is available and has the added benefit of reducing costs and our impact on the environment. Each time we issue a shareholder communication, shareholders who have elected for electronic communication will be sent an email alert containing a link to the relevant documents.

We encourage all our shareholders to sign up for this service by providing us with an email address. You can register your email address via our registrar at investorcentre.co.uk or contact them via the telephone number provided on page 191. See vodafone.com/investor for further information about this service.

Annual General Meeting

Our thirty-third annual general meeting will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Friday 28 July 2017 at 11.00 am. The annual general meeting will be transmitted via a live webcast which can be viewed on our website at vodafone.com/agm on the day of the meeting. A recording will be available to view after that date.

ShareGift

We support ShareGift, the charity share donation scheme (registered charity number 1052686). Through ShareGift, shareholders who have only a very small number of shares, which might be considered uneconomic to sell, are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities.

See sharegift.org or call +44 (0)20 7930 3737 for further details.

Landmark Asset Search

We participate in an online service which provides a search facility for solicitors and probate professionals to quickly and easily trace UK shareholdings relating to deceased estates. Visit www.landmarkfas.co.uk or call +44 (0)844 844 9967 for further information.

Warning to shareholders ("boiler room" scams)

Over recent years we have become aware of investors who have received unsolicited calls or correspondence, in some cases purporting to have been issued by us, concerning investment matters. These callers typically make claims of highly profitable opportunities in UK or US investments which turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as "boiler room" scams. Investors are advised to be wary of any unsolicited advice or offers to buy shares. If it sounds too good to be true, it often is.

See the FCA website at fca.org.uk/scamsmart for more detailed information about this or similar activities.

Registrar and transfer office

The Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road, Bristol BS99 6ZZ, England
Telephone: +44 (0)370 702 0198
investorcentre.co.uk/contactus

Holders of ordinary shares resident in Ireland

Computershare Investor Services (Ireland) Ltd
PO Box 9742
Dublin 18, Ireland
Telephone: +353 (0)818 300 999
investorcentre.co.uk/contactus

ADS transfer agent

AST
Operations Center
6201 15th Avenue
Brooklyn
NY 11219
United States of America

Telephone: +1 800 233 5601 (toll free) or, for calls outside the United States, +1 201 806 4103
Email: db@astfinancial.com

Share price history

The closing share price at 31 March 2017 was 208.10 pence (31 March 2016: 221.20 pence). The closing share price on 15 May 2017 was 211.05 pence.

The following tables set out, for the periods indicated, (i) the reported high and low middle market quotations of ordinary shares on the London Stock Exchange, and (ii) the reported high and low sales prices of ADSs on NASDAQ.

	London Stock Exchange Pounds per ordinary share		NASDAQ Dollars per ADS	
Year ended 31 March	High	Low	High	Low
2013	1.92	1.54	30.07	24.42
2014	2.52	1.80	41.57	27.74
2015	2.40	1.85	38.26	29.67
2016	2.55	2.00	39.21	29.19
2017	2.40	1.91	34.69	24.30
Quarter	High	Low	High	Low
2015/2016				
First quarter	2.55	2.20	39.21	32.71
Second quarter	2.46	2.04	38.25	30.90
Third quarter	2.26	2.04	34.42	31.00
Fourth quarter	2.25	2.00	32.72	29.19
2016/2017				
First quarter	2.33	2.09	34.69	28.31
Second quarter	2.40	2.19	31.68	28.99
Third quarter	2.28	1.91	29.30	24.30
Fourth quarter	2.15	1.92	26.91	24.42
2017/2018				
First quarter[1]	2.11	1.99	27.58	25.59

	London Stock Exchange Pounds per ordinary share		NASDAQ Dollars per ADS	
Month	High	Low	High	Low
November 2016	2.22	1.94	27.49	24.44
December 2016	2.02	1.91	25.45	24.30
January 2017	2.15	1.93	26.65	24.58
February 2017	2.03	1.92	25.77	24.42
March 2017	2.12	2.02	26.91	25.04
April 2017	2.07	1.99	26.48	25.59
May 2017[1]	2.11	1.99	27.58	26.21

Note:
1 Covering period up to 15 May 2017.

Foreign currency translation

The following table sets out the euro exchange rates of the other principal currencies of the Group, being: "Sterling", "£" or "pence", the currency of the United Kingdom, and "US dollars", "US$", "cents" or "¢", the currency of the United States.

	31 March		
Currency (=€1)	2017	2016	% Change
Average:			
Sterling	0.84	0.73	15.1
US dollar	1.10	1.10	0.0
At 31 March:			
Sterling	0.85	0.79	7.6
US dollar	1.07	1.13	(5.3)

Shareholder information (continued)

Unaudited information

The following table sets out, for the periods and dates indicated, the period end, average, high and low exchange rates for euro expressed in US dollars per €1.00.

Year ended 31 March	31 March	Average	High	Low
2013	1.28	1.29	1.37	1.21
2014	1.38	1.34	1.39	1.28
2015	1.08	1.27	1.39	1.05
2016	1.13	1.10	1.16	1.06
2017	1.07	1.10	1.15	1.04

The following table sets out, for the periods indicated, the high and low exchange rates for euro expressed in US dollars per €1.00.

Year ended 31 March	High	Low
November 2016	1.11	1.06
December 2016	1.08	1.04
January 2017	1.08	1.04
February 2017	1.08	1.05
March 2017	1.09	1.05
April 2017	1.09	1.06

On 15 May 2017 (the latest practicable date for inclusion in this report), the exchange rates between euros and US dollars and between euros and sterling were as follows: €1 = US$1.10 and €1 = £0.85.

Markets

Ordinary shares of Vodafone Group Plc are traded on the London Stock Exchange and in the form of ADSs on NASDAQ.

ADSs, each representing ten ordinary shares, are traded on NASDAQ under the symbol "VOD". The ADSs are evidenced by ADRs issued by Deutsche Bank, as depositary, under a deposit agreement, dated 27 February 2017 between the Company, the depositary and the holders from time to time of ADRs issued thereunder. Prior to 27 February 2017 the Company's depositary bank was Bank of New York Mellon.

ADS holders are not members of the Company but may instruct Deutsche Bank on the exercise of voting rights relative to the number of ordinary shares represented by their ADSs. See "Articles of Association and applicable English laws" and "Rights attaching to the Company's shares – Voting rights" on page 193.

Shareholders as at 31 March 2017

Number of ordinary shares held	Number of accounts	% of total issued shares
1–1,000	310,731	0.24
1,001–5,000	42,748	0.35
5,001–50,000	12,263	0.55
50,001–100,000	456	0.12
100,001–500,000	603	0.55
More than 500,000	1,109	98.19
	367,910	100.00

Ownership location (as a percentage of shares held)

as at 31 March	2017	2016
UK	38.4	45.3
Europe (excluding UK)	14.2	13.2
North America	40.7	34.0
Rest of World	6.7	7.5

Major shareholders

Deutsche Bank as custodian of our ADR programme, held approximately 17.19% of our ordinary shares of $20^{20}/_{21}$ US cents each at 15 May 2017 as nominee. The total number of ADRs outstanding at 15 May 2017 was 457,705,038. At this date 1,449 holders of record of ordinary shares had registered addresses in the United States and in total held approximately 0.008% of the ordinary shares of the Company.

At 31 March 2017 the following percentage interests in the ordinary share capital of the Company, disclosable under the Disclosure Guidance and Transparency Rules, ('DTR' 5), have been notified to the Directors.

Shareholder	Shareholding
Black Rock Investment Management Ltd.	3.08%
Legal & General Investment Management Ltd.	3.44%

No changes in the interests disclosed under DTR 5 have been notified to the Company between 31 March 2017 and 15 May 2017.

Other than previously disclosed, between 1 April 2014 and 15 May 2017, no shareholder held more than 3% of, or 3% of voting rights attributable to, the ordinary shares of the Company other than Bank of New York Mellon as custodian of our ADR programme. During this period, and as notified, its holding was reduced to below the 3% reporting threshold as of 27 February 2017, the date that Deutsche Bank became custodian of our ADR programme.

The rights attaching to the ordinary shares of the Company held by these shareholders are identical in all respects to the rights attaching to all the ordinary shares of the Company. The Directors are not aware at 15 May 2017 of any other interest of 3% or more in the ordinary share capital of the Company. The Company is not directly or indirectly owned or controlled by any foreign government or any other legal entity. There are no arrangements known to the Company that could result in a change of control of the Company.

Articles of Association and applicable English law

The following description summarises certain provisions of the Company's Articles of Association and applicable English law. This summary is qualified in its entirety by reference to the Companies Act 2006 of England and Wales and the Company's Articles of Association. See "Documents on display" on page 194 for information on where copies of the Articles of Association can be obtained. The Company is a public limited company under the laws of England and Wales. The Company is registered in England and Wales under the name Vodafone Group Public Limited Company with the registration number 1833679.

All of the Company's ordinary shares are fully paid. Accordingly, no further contribution of capital may be required by the Company from the holders of such shares.

English law specifies that any alteration to the Articles of Association must be approved by a special resolution of the shareholders.

Articles of Association

The Company's Articles of Association do not specifically restrict the objects of the Company.

Directors

The Directors are empowered under the Articles of Association to exercise all the powers of the Company subject to any restrictions in the Articles of Association, the Companies Act (as defined in the Articles of Association) and any special resolution.

Under the Company's Articles of Association a Director cannot vote in respect of any proposal in which the Director, or any person connected with the Director, has a material interest other than by virtue of the Director's interest in the Company's shares or other securities. However, this restriction on voting does not apply in certain circumstances set out in the Articles of Association.

The Directors are empowered to exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all liabilities and obligations of the Group outstanding at any time shall not exceed an amount equal to 1.5 times the aggregate of the Group's share capital and reserves calculated in the manner prescribed in the Articles of Association unless sanctioned by an ordinary resolution of the Company's shareholders.

The Company can make market purchases of its own shares or agree to do so in the future provided it is duly authorised by its members in a general meeting and subject to and in accordance with section 701 of the Companies Act 2006. Such authority was given at the 2016 annual general meeting but no purchases were made during this financial year.

At each annual general meeting all Directors who were elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall automatically retire. However, the Board has decided in the interests of good corporate governance that all of the Directors wishing to continue in office should offer themselves for re-election annually.

Directors are not required under the Company's Articles of Association to hold any shares of the Company as a qualification to act as a Director, although the Executive Directors are required to under the Company's remuneration policy. Further details are set out on pages 67 to 85.

Rights attaching to the Company's shares

At 31 March 2017 the issued share capital of the Company was comprised of 50,000 7% cumulative fixed rate shares of £1.00 each and 26,622,078,509 ordinary shares (excluding treasury shares) of 20 20/21 US cents each. As at 31 March 2017, 2,192,064,339 ordinary shares were held in Treasury.

Dividend rights

Holders of 7% cumulative fixed rate shares are entitled to be paid in respect of each financial year, or other accounting period of the Company, a fixed cumulative preferential dividend of 7% per annum on the nominal value of the fixed rate shares. A fixed cumulative preferential dividend may only be paid out of available distributable profits which the Directors have resolved should be distributed.

The fixed rate shares do not have any other right to share in the Company's profits.

Holders of the Company's ordinary shares may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Board of Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Dividends on ordinary shares can be paid to shareholders in whatever currency the Directors decide, using an appropriate exchange rate for any currency conversions which are required.

If a dividend has not been claimed for one year after the date of the resolution passed at a general meeting declaring that dividend or the resolution of the Directors providing for payment of that dividend, the Directors may invest the dividend or use it in some other way for the benefit of the Company until the dividend is claimed. If the dividend remains unclaimed for 12 years after the relevant resolution either declaring that dividend or providing for payment of that dividend, it will be forfeited and belong to the Company.

Voting rights

At a general meeting of the Company, when voting on substantive resolutions (i.e. any resolution which is not a procedural resolution) each shareholder who is entitled to vote and is present in person or by proxy has one vote for every share held (a poll vote). Procedural resolutions (such as a resolution to adjourn a general meeting or a resolution on the choice of Chairman of a general meeting) shall be decided on a show of hands, where each shareholder who is present at the meeting has one vote regardless of the number of shares held, unless a poll is demanded. Shareholders entitled to vote at general meetings may appoint proxies who are entitled to vote, attend and speak at general meetings.

Two shareholders present in person or by proxy constitute a quorum for purposes of a general meeting of the Company.

Under English law shareholders of a public company such as the Company are not permitted to pass resolutions by written consent. Record holders of the Company's ADSs are entitled to attend, speak and vote on a poll or a show of hands at any general meeting of the Company's shareholders by the depositary's appointment of them as corporate representatives or proxies with respect to the underlying ordinary shares represented by their ADSs. Alternatively, holders of ADSs are entitled to vote by supplying their voting instructions to the depositary or its nominee who will vote the ordinary shares underlying their ADSs in accordance with their instructions.

Holders of the Company's ADSs are entitled to receive notices of shareholders' meetings under the terms of the deposit agreement relating to the ADSs.

Employees are able to vote any shares held under the Vodafone Group Share Incentive Plan and "My ShareBank" (a vested nominee share account) through the respective plan's trustees.

Holders of the Company's 7% cumulative fixed rate shares are only entitled to vote on any resolution to vary or abrogate the rights attached to the fixed rate shares. Holders have one vote for every fully paid 7% cumulative fixed rate share.

Liquidation rights

In the event of the liquidation of the Company, after payment of all liabilities and deductions in accordance with English law, the holders of the Company's 7% cumulative fixed rate shares would be entitled to a sum equal to the capital paid up on such shares, together with certain dividend payments, in priority to holders of the Company's ordinary shares. The holders of the fixed rate shares do not have any other right to share in the Company's surplus assets.

Pre-emptive rights and new issues of shares

Under section 549 of the Companies Act 2006 Directors are, with certain exceptions, unable to allot the Company's ordinary shares or securities convertible into the Company's ordinary shares without the authority of the shareholders in a general meeting. In addition, section 561 of the Companies Act 2006 imposes further restrictions on the issue of equity securities (as defined in the Companies Act 2006 which include the Company's ordinary shares and securities convertible into ordinary shares) which are, or are to be, paid up wholly in cash and not first offered to existing shareholders. The Company's Articles of Association allow shareholders to authorise Directors for a period specified in the relevant resolution to allot (i) relevant securities generally up to an amount fixed by the shareholders; and (ii) equity securities for cash other than in connection with a pre-emptive offer up to an amount specified by the shareholders and free of the pre-emption restriction in section 561. At the 2016 annual general meeting the amount of relevant securities fixed by shareholders under (i) above and the amount of equity securities specified by shareholders under (ii) above were both in line with corporate governance guidelines. Further details of such proposals are provided in the 2017 notice of annual general meeting.

Shareholder information (continued)

Unaudited information

Disclosure of interests in the Company's shares

There are no provisions in the Articles of Association whereby persons acquiring, holding or disposing of a certain percentage of the Company's shares are required to make disclosure of their ownership percentage although such requirements exist under rules derived from the UK Disclosure and Transparency Rules.

General meetings and notices

Subject to the Articles of Association, annual general meetings are held at such times and place as determined by the Directors of the Company. The Directors may also, when they think fit, convene other general meetings of the Company. General meetings may also be convened on requisition as provided by the Companies Act 2006.

An annual general meeting needs to be called on not less than 21 days' notice in writing. Subject to obtaining shareholder approval on an annual basis, the Company may call other general meetings on 14 days' notice. The Directors may determine that persons entitled to receive notices of meetings are those persons entered on the register at the close of business on a day determined by the Directors but not later than 21 days before the date the relevant notice is sent. The notice may also specify the record date, the time of which shall be determined in accordance with the Articles of Association and the Companies Act 2006.

Under section 336 of the Companies Act 2006 the annual general meeting of shareholders must be held each calendar year and within six months of the Company's year end.

Variation of rights

If at any time the Company's share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the Companies Act 2006, either with the consent in writing of the holders of three quarters in nominal value of the shares of that class or at a separate meeting of the holders of the shares of that class.

At every such separate meeting all of the provisions of the Articles of Association relating to proceedings at a general meeting apply, except that (i) the quorum is to be the number of persons (which must be at least two) who hold or represent by proxy not less than one third in nominal value of the issued shares of the class or, if such quorum is not present on an adjourned meeting, one person who holds shares of the class regardless of the number of shares he holds; (ii) any person present in person or by proxy may demand a poll; and (iii) each shareholder will have one vote per share held in that particular class in the event a poll is taken. Class rights are deemed not to have been varied by the creation or issue of new shares ranking equally with or subsequent to that class of shares in sharing in profits or assets of the Company or by a redemption or repurchase of the shares by the Company.

Limitations on transfer, voting and shareholding

As far as the Company is aware there are no limitations imposed on the transfer, holding or voting of the Company's ordinary shares other than those limitations that would generally apply to all of the shareholders, those that apply by law (e.g. due to insider dealing rules) or those that apply as a result of failure to comply with a notice under section 793 of the Companies Act 2006. No shareholder has any securities carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

Documents on display

The Company is subject to the information requirements of the Exchange Act applicable to foreign private issuers. In accordance with these requirements the Company files its Annual Report on Form 20-F and other related documents with the SEC. These documents may be inspected at the SEC's public reference rooms located at 100 F Street, NE Washington, DC 20549. Information on the operation of the public reference room can be obtained in the United States by calling the SEC on +1-800-SEC-0330. In addition, some of the Company's SEC filings, including all those filed on or after 4 November 2002, are available on the SEC's website at sec.gov. Shareholders can also obtain copies of the Company's Articles of Association from our website at vodafone.com/governance or from the Company's registered office.

Material contracts

At the date of this Annual Report the Group is not party to any contracts that are considered material to the Group's results or operations except for:

- its US$4.1 billion and €4.0 billion revolving credit facilities which are discussed in note 22 "Liquidity and capital resources" to the consolidated financial statements;
- its subscription agreements for the €2.9 billion of subordinated mandatory convertible bonds placed on 25 February 2016 as discussed in note 22 "Liquidity and capital resources" to the consolidated financial statements;
- the Contribution and Transfer Agreement in respect of the Dutch joint venture with Liberty Global as detailed in note 29 "Commitments" to the consolidated financial statements; and
- the Implementation Agreement dated 20 March 2017 between Vodafone India Limited and Idea Cellular Limited and such other parties as listed in the agreement.

Exchange controls

There are no UK Government laws, decrees or regulations that restrict or affect the export or import of capital, including but not limited to, foreign exchange controls on remittance of dividends on the ordinary shares or on the conduct of the Group's operations.

Taxation

As this is a complex area investors should consult their own tax advisor regarding the US federal, state and local, the UK and other tax consequences of owning and disposing of shares and American Depositary Shares ('ADSs') in their particular circumstances.

This section describes, primarily for a US holder (as defined below), in general terms, the principal US federal income tax and UK tax consequences of owning or disposing of shares or ADSs in the Company held as capital assets (for US and UK tax purposes). This section does not, however, cover the tax consequences for members of certain classes of holders subject to special rules including, for example, US expatriates and former long-term residents of the United States; officers and employees of the Company; holders that, directly, indirectly or by attribution, hold 5% or more of the Company's voting stock; financial institutions; insurance companies; individual retirement accounts and other tax-deferred accounts; tax-exempt organisations; dealers in securities or currencies; investors that will hold shares or ADSs as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes; investors holding shares or ADSs in connection with a trade or business conducted outside of the US; or investors whose functional currency is not the US dollar.

A US holder is a beneficial owner of shares or ADSs that is for US federal income tax purposes:

- an individual citizen or resident of the United States;
- a US domestic corporation;
- an estate, the income of which is subject to US federal income tax regardless of its source; or
- a trust, if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds the shares or ADSs, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Holders that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisors concerning the US federal income tax consequences to them and their partners of the ownership and disposition of shares or ADSs by the partnership.

This section is based on the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, and on the tax laws of the UK, the Double Taxation Convention between the United States and the UK (the 'treaty') and current HM Revenue and Customs published practice, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

This section is further based in part upon the representations of the depositary and assumes that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

For the purposes of the treaty and the US–UK double taxation convention relating to estate and gift taxes (the 'Estate Tax Convention'), and for US federal income tax and UK tax purposes, this section is based on the assumption that a holder of American Depositary Receipts ('ADRs') evidencing ADSs will generally be treated as the owner of the shares in the Company represented by those ADRs. Investors should note that a ruling by the first-tier tax tribunal in the UK has cast doubt on this view, but HMRC have stated that they will continue to apply their long-standing practice of regarding the holder of such ADRs as holding the beneficial interest in the underlying shares. Similarly, the US Treasury has expressed concern that US holders of depositary receipts (such as holders of ADRs representing our ADSs) may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between such holders and the issuer of the security underlying the depositary receipts, or a party to whom depositary receipts or deposited shares are delivered by the depositary prior to the receipt by the depositary of the corresponding securities, has taken actions inconsistent with the ownership of the underlying security by the person claiming the credit, such as a disposition of such security. Such actions may also be inconsistent with the claiming of the reduced tax rates that may be applicable to certain dividends received by certain non-corporate holders, as described below. Accordingly, (i) the creditability of any UK taxes and (ii) the availability of the reduced tax rates for any dividends received by certain non-corporate US Holders, each as described below, could be affected by actions taken by such parties or intermediaries. Generally exchanges of shares for ADRs and ADRs for shares will not be subject to US federal income tax or to UK tax other than stamp duty or stamp duty reserve tax (see the section on these taxes on page 196).

Taxation of dividends

UK taxation

Under current UK law, no amount will be required to be withheld on account of UK tax from the dividends that we pay. Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on the dividends we pay unless the dividends fall within an exempt class and certain other conditions are met. It is expected that the dividends we pay would generally be exempt.

Individual shareholders in the Company who are residents in the UK will be subject to the income tax on the dividends we pay. Dividends will be taxable in the UK at the dividend rates applicable where the income received is above the tax-free dividend allowance (currently £5,000 per tax year).

US federal income taxation

Subject to the passive foreign investment company ('PFIC') rules described below, a US holder is subject to US federal income taxation on the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for US federal income tax purposes). However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US holders should therefore assume that any distribution by the Company with respect to shares will be reported as ordinary dividend income. Dividends paid to a non-corporate US holder will be taxable to the holder at the reduced rate normally applicable to long-term capital gains provided that certain requirements are met.

Dividends must be included in income when the US holder, in the case of shares, or the depositary, in the case of ADSs, actually or constructively receives the dividend and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

The amount of the dividend distribution to be included in income will be the US dollar value of the pound sterling payments made determined at the spot pound sterling/US dollar rate on the date the dividends are received by the US holder, in the case of shares, or the depositary, in the case of ADSs, regardless of whether the payment is in fact converted into US dollars at that time. If dividends received in pounds sterling are converted into US dollars on the day they are received, the US holder generally will not be required to recognise any foreign currency gain or loss in respect of the dividend income.

Where UK tax is payable on any dividends received, a foreign tax credit may be claimable under the treaty.

Shareholder information (continued)

Unaudited information

Taxation of capital gains

UK taxation

A US holder that is not resident in the UK will generally not be liable for UK tax in respect of any capital gain realised on a disposal of our shares or ADSs.

However, a US holder may be liable for both UK and US tax in respect of a gain on the disposal of our shares or ADSs if the US holder:

- is a citizen of the United States and is resident in the UK;
- is an individual who realises such a gain during a period of "temporary non-residence" (broadly, where the individual becomes resident in the UK, having ceased to be so resident for a period of five years or less, and was resident in the UK for at least four out of the seven tax years immediately preceding the year of departure from the UK);
- is a US domestic corporation resident in the UK by reason of being centrally managed and controlled in the UK; or
- is a citizen or a resident of the United States, or a US domestic corporation, that has used, held or acquired the shares or ADSs in connection with a branch, agency or permanent establishment in the UK through which it carries on a trade, profession or vocation in the UK.

In such circumstances, relief from double taxation may be available under the treaty. Holders who may fall within one of the above categories should consult their professional advisers.

US federal income taxation

Subject to the PFIC rules described below, a US holder that sells or otherwise disposes of our shares or ADSs generally will recognise a capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realised and the holder's adjusted tax basis, determined in US dollars, in the shares or ADSs. This capital gain or loss will be a long-term capital gain or loss if the US holder's holding period in the shares or ADSs exceeds one year.

The gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of losses is subject to limitations.

Additional tax considerations

UK inheritance tax

An individual who is domiciled in the United States (for the purposes of the Estate Tax Convention) and is not a UK national will not be subject to UK inheritance tax in respect of our shares or ADSs on the individual's death or on a transfer of the shares or ADSs during the individual's lifetime, provided that any applicable US federal gift or estate tax is paid, unless the shares or ADSs are part of the business property of a UK permanent establishment or pertain to a UK fixed base used for the performance of independent personal services. Where the shares or ADSs have been placed in trust by a settlor they may be subject to UK inheritance tax unless, when the trust was created, the settlor was domiciled in the United States and was not a UK national. Where the shares or ADSs are subject to both UK inheritance tax and to US federal gift or estate tax, the estate tax convention generally provides a credit against US federal tax liabilities for UK inheritance tax paid.

UK stamp duty and stamp duty reserve tax

Stamp duty will, subject to certain exceptions, be payable on any instrument transferring our shares to the custodian of the depositary at the rate of 1.5% on the amount or value of the consideration if on sale or on the value of such shares if not on sale. Stamp duty reserve tax ('SDRT'), at the rate of 1.5% of the amount or value of the consideration or the value of the shares, could also be payable in these circumstances but no SDRT will be payable if stamp duty equal to such SDRT liability is paid.

Following rulings of the European Court of Justice and the first-tier tax tribunal in the UK, HMRC have confirmed that the 1.5% SDRT charge will not be levied on an issue of shares to a depositary receipts system on the basis that such a charge is contrary to EU law.

No stamp duty should in practice be required to be paid on any transfer of our ADSs provided that the ADSs and any separate instrument of transfer are executed and retained at all times outside the UK. A transfer of our shares in registered form will attract ad valorem stamp duty generally at the rate of 0.5% of the purchase price of the shares. There is no charge to ad valorem stamp duty on gifts.

SDRT is generally payable on an unconditional agreement to transfer our shares in registered form at 0.5% of the amount or value of the consideration for the transfer, but if, within six years of the date of the agreement, an instrument transferring the shares is executed, any SDRT which has been paid would be repayable or, if the SDRT has not been paid, the liability to pay the tax (but not necessarily interest and penalties) would be cancelled. However, an agreement to transfer our ADSs will not give rise to SDRT.

PFIC rules

We do not believe that our shares or ADSs will be treated as stock of a PFIC for US federal income tax purposes for our current taxable year or the foreseeable future. This conclusion is a factual determination that is made annually and thus is subject to change. If we are treated as a PFIC, US holders of shares would be required (i) to pay a special US addition to tax on certain distributions and (ii) any gain realised on the sale or other disposition of the shares or ADSs would in general not be treated as a capital gain unless a US holder elects to be taxed annually on a mark-to-market basis with respect to the shares or ADSs.

Otherwise a US holder would be treated as if he or she has realised such gain and certain "excess distributions" rateably over the holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated. An interest charge in respect of the tax attributable to each such preceding year beginning with the first such year in which our shares or ADSs were treated as stock in a PFIC would also apply. In addition, dividends received from us would not be eligible for the reduced rate of tax described above under "Taxation of Dividends – US federal income taxation".

Back-up withholding and information reporting

Payments of dividends and other proceeds to a US holder with respect to shares or ADSs, by a US paying agent or other US intermediary will be reported to the Internal Revenue Service ('IRS') and to the US holder as may be required under applicable regulations. Back-up withholding may apply to these payments if the US holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements.

Certain US holders are not subject to back-up withholding. US holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of shares or ADSs, including requirements related to the holding of certain foreign financial assets.

History and development

Unaudited information

The Company was incorporated under English law in 1984 as Racal Strategic Radio Limited (registered number 1833679). After various name changes, 20% of Racal Telecom Plc share capital was offered to the public in October 1988. The Company was fully demerged from Racal Electronics Plc and became an independent company in September 1991, at which time it changed its name to Vodafone Group Plc.

Since then we have entered into various transactions which significantly impacted on the development of the Group. The most significant of these transactions are summarised below:

- The merger with AirTouch Communications, Inc. which completed on 30 June 1999. The Company changed its name to Vodafone AirTouch Plc in June 1999 but then reverted to its former name, Vodafone Group Plc, on 28 July 2000.
- The completion on 10 July 2000 of the agreement with Bell Atlantic and GTE to combine their US cellular operations to create the largest mobile operator in the United States, Verizon Wireless, resulting in the Group having a 45% interest in the combined entity.
- The acquisition of Mannesmann AG which completed on 12 April 2000. Through this transaction we acquired businesses in Germany and Italy and increased our indirect holding in Société Française u Radiotéléphone S.A. ('SFR').
- Through a series of business transactions between 1999 and 2004 we acquired a 97.7% stake in Vodafone Japan. This was then disposed of on 27 April 2006.
- On 8 May 2007 we acquired companies with controlling interests in Vodafone India Limited ('VIL'), formerly Vodafone Essar Limited, for US$10.9 billion (€7.7 billion).
- On 20 April 2009 we acquired an additional 15.0% stake in Vodacom for cash consideration of ZAR20.6 billion (€1.8 billion). On 18 May 2009 Vodacom became a subsidiary.
- On 10 September 2010 we sold our entire 3.2% interest in China Mobile Limited for cash consideration of £4.3 billion (€5.2 billion).
- On 16 June 2011 we sold our entire 44% interest in SFR to Vivendi for a cash consideration of €7.75 billion and received a final dividend from SFR of €200 million.
- Through a series of business transactions on 1 June and 1 July 2011, we acquired an additional 22% stake in VIL from the Essar Group for a cash consideration of US$4.2 billion (€2.9 billion) including withholding tax.
- Through a series of business transactions in 2011 and 2012, Vodafone assigned its rights to purchase approximately 11% of VIL from the Essar Group to Piramal Healthcare Limited ('Piramal'). On 18 August 2011 Piramal purchased 5.5% of VIL from the Essar Group for a cash consideration of INR28.6 billion (€410 million). On 8 February 2012, they purchased a further 5.5% of VIL from the Essar Group for a cash consideration of approximately INR30.1 billion (€460 million) taking Piramal's total shareholding in VIL to approximately 11%.
- On 9 November 2011 we sold our entire 24.4% interest in Polkomtel in Poland for cash consideration of approximately €920 million before tax and transaction costs.
- On 27 July 2012 we acquired the entire share capital of Cable & Wireless Worldwide plc for a cash consideration of £1,050 million (€1,340 million).
- On 31 October 2012 we acquired TelstraClear Limited in New Zealand for a cash consideration of NZ$840 million (€660 million).
- On 13 September 2013 we acquired a 76.57% interest in Kabel Deutschland Holding AG in Germany for cash consideration of €5.8 billion.
- The completion on 21 February 2014 of the agreement, announced on 2 September 2013, to dispose of our US Group whose principal asset was its 45% interest in Verizon Wireless ('VZW') to Verizon Communications Inc. ('Verizon'), Vodafone's joint venture partner, for a total consideration of US$130 billion (€95 billion) including the remaining 23.1% minority interest in Vodafone Italy. Following completion, Vodafone shareholders received Verizon shares and cash totalling US$85 billion (€37 billion).
- In March 2014 we acquired the indirect equity interests in VIL held by Analjit Singh and Neelu Analjit Singh, taking our stake to 89.03% and then in April 2014 we acquired the remaining 10.97% of VIL from Piramal Enterprises Limited for cash consideration of INR89.0 billion (€1.0 billion), taking our ownership interest to 100%.
- On 23 July 2014 we acquired the entire share capital of Grupo Corporativo Ono, S.A. ('Ono') in Spain for total consideration, including associated net debt acquired, of €7.2 billion.
- On 31 December 2016 we completed the transaction with Liberty Global plc to combine our Dutch operations in a 50:50 joint venture called VodafoneZiggo Group Holding B.V. ('VodafoneZiggo'). See note 28 "Acquisitions and disposal" for further details.
- On 20 March 2017 we announced the agreement to combine Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular, which is listed on the Indian Stock Exchanges, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group. See note 29 "Commitments" for further details.

Details of significant transactions that occurred after 31 March 2017 and before the signing of this Annual Report on 16 May 2017 are included in note 32 "Subsequent events".

Regulation

Unaudited information

Our operating companies are generally subject to regulation governing the operation of their business activities. Such regulation typically takes the form of industry specific law and regulation covering telecommunications services and general competition (antitrust) law applicable to all activities.

The following section describes the regulatory frameworks and the key regulatory developments at national and supranational level and in selected countries in which we have significant interests during the year ended 31 March 2017. Many of the regulatory developments reported in the following section involve ongoing proceedings or consideration of potential proceedings that have not reached a conclusion. Accordingly, we are unable to attach a specific level of financial risk to our performance from such matters.

European Union ('EU')

In January 2017 the Telecoms Single Market package was finalised when agreement was reached on the revised maximum wholesale rates for regulated roaming in the EU. The new rates will see the price of wholesale roaming fall on 15 June 2017 from 5 to 3.2 eurocents per minute for voice, from 2 to 1 eurocents for SMS and from 5 to 0.77 eurocents per megabyte for data. In addition a glide path has been established reducing roaming data services to 0.25 eurocents per megabyte by 1 Jan 2022. In December 2016 the European Commission ('the Commission') published the implementing act in relation to the Fair Use Policy and the Sustainability Mechanism. As a result, from 15 June 2017 all operators will be required to implement "Roam Like at Home". Under this approach, all roaming customers will be able to use their home tariff whilst roaming. Operators will be able to apply fair use limits in line with the rules set out by the Commission. In exceptional circumstances operators will be able to apply for an exemption from implementing "Roam Like at Home" if it is demonstrably unsustainable from a financial perspective.

In September 2016 the Commission published a set of initiatives and legislative proposals on connectivity. These include the European Electronic Communications Code ('Communications Code') and strategic communications documents, which sets EU-wide common rules and objectives for the regulation of providers of networks and communications services, common broadband targets for 2025, a 5G action plan (that foresees a common EU calendar for identification and allocation of spectrum and a coordinated 5G commercial launch in 2020) and a support scheme for public authorities who want to offer free Wi-Fi access to their citizens. The Communications Code covers the following five areas: access regulation, spectrum, rules for communications services, universal service, and the institutional set-up and governance. There is a clear focus on incentivising the investment required to meet the proposed broadband targets and ensure sustainable competition, the further harmonisation of spectrum regulation and the creation of a fair and level playing field for competing services.

The Commission has also published a number of proposals and reports on the online sale of goods and audiovisual services which are likely to impact e-commerce and the distribution of content across the European Single Market in a variety of areas. These include proposals on copyright, tangible goods and a new portability regulation, which will allow consumers access to online TV and Video on Demand ('VoD') subscriptions while travelling across Europe.

In September 2016 the Commission issued new proposals on the Satellite and Cable Directive, together with a Preliminary Report on the E-commerce Sector Inquiry which is also likely to lead to change in a variety of areas in and beyond competition that impact e-commerce across the European Single Market.

Europe region

Germany

In September 2016 BNetzA's vectoring proposals entered into force and after taking the Commission's comments into account, the layer 2 bitstream product entered into force in December 2016. In addition to the layer 2 bitstream product, BNetzA has proposed to mandate a virtual unbundled local access ('VULA') product at street cabinets that will be under the obligations of a reference offer. Deutsch Telekom's vectoring deployment is expected to commence in September 2017, once the existing unbundled local loop ('ULL') reference offer updates have been finalised. Vodafone Germany's very-high-rate digital subscriber line ('VDSL') customers are due to be migrated on to the substitute products from mid-2018.

Italy

Vodafone Italy has no new material items to report in the year ending 31 March 2017.

For information on litigation in Italy, see note 30 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

United Kingdom

In July 2016 Hutchison 3G submitted an appeal to the EU's General Court against the Commission's competition authority ('DGCOMP') decision in May 2016 to prohibit the proposed Hutchison 3G acquisition of Telefónica UK ('O2').

In March 2017 BT agreed to Ofcom's proposal for the legal separation of Openreach.

In May 2017 the Court of Appeal upheld the Competition Tribunal's decisions against BT's appeals on three matters relating to the charges for Ethernet services between 2004 and 2011. The decisions are subject to any further appeals.

Spain

The fines applied to Telefónica, Orange and Vodafone Spain in December 2012 for abuse of dominant position by imposing excessive pricing of wholesale SMS/MMS services on mobile virtual network operators ('MVNO'), remain suspended until the judicial review is concluded. The National Audience decision is awaited.

In June 2016 following on from the National Markets and Competition Commission's ('CNMC') draft decision on the regulatory ex ante price squeeze test run on Telefónica's retail offers, it is proposed that there will be a maximum permissible discount for promotions on fixed broadband and TV content bundles incorporating national football content, in order to allow replicability for competitors.

In September 2016 CNMC approved Masmovil's proposed acquisition of Yoigo.

In January 2017 following a public consultation and subsequent notification to the Commission, CNMC's decision requiring Telefónica to offer VULA products where there is insufficient network-based competition entered into force.

In January 2017 following a public consultation and subsequent notification to the Commission, CNMC's decision to maintain the access component cost but reduce the traffic component cost of the CNMC-approved wholesale broadband service ('NEBA') prices, for both NEBA Copper and fibre-to-the-home ('FTTH') by 40%, entered into force.

In April 2017 following notification to the Commission on Market 15 deregulation, the CNMC adopted the Resolution eliminating the ex-ante obligations imposed to Telefónica and Vodafone in providing wholesale tariffs to MVNOs.

Netherlands

In September 2016 the European Court of Justice ('ECJ') issued its ruling on the legal status of the recommendation to use pure bottom up long run incremental cost ('BULRIC'). The ECJ confirmed that a national court is allowed to deviate from the European MTR/FTR recommendation prescribing pure BULRIC as a cost methodology. Based on the ECJ ruling, the Court of Appeal is expected to issue its final ruling on the national regulatory and competition authority's ('ACM') proposed 2013-2016 MTR-FTR rates by September 2017. ACM's final decision on the proposed MTR-FTR rates for the period 2017-2020 is expected to be published in June 2017, with rates due to enter into force on 1 July 2017.

In April 2017 the Court of Rotterdam ruled that the European rules on net neutrality prevail over the amendment to the Telecommunications Act that was passed by the Senate in 2016 that imposed an absolute ban on zero-rating. The ruling confirms that the European rules allow operators to offer zero rated services. ACM have a right to appeal the decision in the Court of Appeals in The Hague.

In December 2016 following the Dutch Supreme Court's February 2016 ruling that bundled "all-in" mobile subscription agreements (i.e. device along with mobile services) are considered consumer credit agreements, Vodafone Netherlands was granted a consumer credit licence by the Dutch Financial supervisory body ('AFM') containing a phased compliance path.

In December 2016 the Commission and ACM cleared Vodafone Netherlands and Liberty Global's proposed joint venture, following the divestment of Vodafone's fixed consumer business in the Netherlands, Vodafone Thuis. ACM has indicated that as a result of the joint venture it will start a new analysis of the ULL market in 2017. This process is expected to take one to two years.

Ireland

In November 2016 the national regulatory authority ('ComReg') commenced its review of the wholesale access markets 3a and 3b. ComReg has proposed a move to cost oriented price control on Wholesale Local Access and ('WLA') and Wholesale Central Access (WCA) markets with the exception of FTTH wholesale products. The initial consultation closed in January 2017 and responses to the subsequent pricing consultation are required by 2 June 2017.

Portugal

In May 2016 Vodafone Portugal continued its challenge to payment notices totalling €9.8 million issued by the national regulatory authority ('ANACOM') regarding the extraordinary compensation of Universal Service Net Costs for 2012–2013.

In September 2016 ANACOM approved the final decision on market 4 that identified the wholesale markets where Portugal Telecom's Serviços de Comunicações e Multimédia ('MEO') has significant market power and requires ex-ante regulation in accordance with the principles of competition law. Wholesale markets for high-quality access in competitive areas will no longer require ex-ante regulation and the existing obligations will be withdrawn after a transition period of 12 months.

In March 2017 ANACOM rejected the Commission's recommendation to open up MEO's fibre network to competitors by providing regulated access in non-competitive areas. The Commission is yet to comment, however it had previously indicated that it could resort to legal measures if the recommendation was not adopted.

Romania

Vodafone Romania has no new material items to report in the year ending 31 March 2017.

Greece

In August 2016 the Ministry of Infrastructure, Transport and Networks ('MITN') announced its decision in relation to Vodafone Greece's expired spectrum licence. The 2x15MHz at 1800Mhz licence was extended by 18 months to February 2018 at a cost of €5.8 million.

In December 2016 following notification to the Commission, the national regulatory authority ('EETT') announced that the detailed specification requirements for the regulation of vectoring and other next generation access ('NGA') technologies will be determined by a public consultation that commenced in March 2017 and is expected to be concluded in May 2017. Areas will be allocated by auction, on a 28-month exclusive basis, to deploy VDSL vectoring or any alternative 100MBps or above, access network. The successful bidder will sell VULA services to other operators in that auction area. There is an asymmetrical coverage obligation of 80% applied to Hellenic Telecommunications Organization ('OTE') in each local exchange, whereas all others operators have a 50% minimum coverage requirement. At the end of the exclusive period, any other operator can request access to any street cabinets that have not been VDSL vectoring enabled.

Czech Republic

In June 2016 the auction of the 1800MHz and 2.6GHz spectrum previously unsold in 2013 was concluded. Vodafone Czech Republic acquired an additional spectrum licence of 2x5MHz at 1800MHz, at a cost of €16.4 million, expiring in June 2029. The national regulatory authority ('CTU') has deferred the proposed auction for the 3.7GHz spectrum to 2017.

In October 2016 DG COMP opened an investigation into a network sharing agreement between O2 CZ/CETIN and T-Mobile CZ. The Commission will examine whether the cooperation restricts competition and thereby harms innovation in breach of EU antitrust rules.

In May 2017 CTU confirmed their intention to extend Vodafone Czech Republic's existing 900MHz and 1800MHZ spectrum licences to June 2029.

Hungary

In June 2016 Vodafone Hungary acquired a spectrum licence of 2x30MHz at 3.5GHz, at a cost of €2.1 million, expiring in June 2034.

In August 2016 the national regulatory authority ('NMHH') commenced an investigation into a proposed agreement between Magyar Telekom and Telenor to share spectrum in the 900MHz band. This deal can be regarded as a second step in network collaboration after their 800MHz network and spectrum sharing deal, that is still subject to an ongoing competition law investigation.

Albania

In June 2016 Vodafone Albania renewed its 2x8MHz at 900MHz and 2x9MHz at 1800MHz spectrum licences at a cost of €10.9 million, expiring in June 2031.

Malta

Vodafone Malta has no new material items to report in the year ending 31 March 2017.

Regulation (continued)

Unaudited information

Africa, Middle East and Asia-Pacific region

India

Vodafone India's challenge in the Telecom Tribunal ('TDSAT') against the financial demands by the Department of Telecommunications ('DoT') for approving the transfer of Vodafone India telecom licences that were held under seven subsidiary companies to create two telecom licensed companies – Vodafone India Limited and its subsidiary Vodafone Mobile Services Limited, is pending. Vodafone India has deposited INR24.5 billion with DoT based on orders from the Supreme Court and TDSAT, this is without prejudice to its rights and contentions in the matter. The matter is listed for hearing in the TDSAT in due course.

In August 2016 in response to the Indian Supreme Court decision on call drops, TRAI launched a consultation on tightening benchmarks for network quality of service parameters, the outcome of which is awaited.

In August 2016 TRAI initiated a review of termination charges and initiated a consultation on Internet Telephony and App to Public Switched Telephone Network and Public Land Mobile Network ('PSTN/PLMN') calling and a review of the Interconnection framework, the outcome of which are awaited. The current MTR regime introduced in February 2015 was challenged by Vodafone India in the Delhi High Court and the next hearing is currently scheduled in September 2017.

In August 2016 Vodafone India received 128 notices for financial demands (licence and spectrum fee) from the DoT of INR78.90 billion and INR0.94 billion for six notices concerning access and National and International Long Distance services based on the audit of Vodafone India's telecom operations by the DoT appointed auditor and by the Comptroller & Auditor General of India ('CAG') for the years 2006/7 to 2010/11. Vodafone India has submitted its response to the demand notices.

In October 2016 Vodafone India acquired a total of 2x82.6MHZ and 1x200MHz of spectrum across the 1800MHz, 2.1GHz and 2.5GHZ bands at a cost of INR200 billion, expiring in October 2036, enabling its 4G services to be expanded to a total of 17 circles.

In October 2016 TRAI recommended to the DoT that a fine of INR10.5 billion should be levied against Vodafone India for failing to provide adequate points of interconnection to Reliance Jio ('RJIL'). Similar fines were also recommended against Bharti Airtel and Idea Cellular. Vodafone India has challenged TRAI's recommendation in the Delhi High Court and the next hearing is scheduled on 24 October 2017. Vodafone India has filed a petition in the Delhi High Court on the basis that RJIL's zero/free mobile tariff offers are not compliant with TRAI's tariff requirements for interconnect usage charges and that the promotion/free benefits is continuing beyond the 90 days permitted by TRAI. The matter was heard at the Delhi High Court in April 2017 where it was adjourned. Similar petitions have been filed by Bharti Airtel and Idea Cellular in the TDSAT.

In March 2017 Vodafone India and Idea announced their proposal to merge. The transaction is expected to close during 2018, subject to customary approvals.

In May 2017 Vodafone India filed a challenge in TDSAT against DoT's microwave spectrum interim guidelines issued in October 2015, and their letter of January 2017, that conflict with the confirmations given to Vodafone India at the time of the 2014 and 2015 spectrum auctions that the microwave resources of expiring licences will be transferred to the Universal Licence.

For information on litigation in India, see note 30 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Vodacom: South Africa

In April 2017 the national competition authority ('CompCom') announced that it would not refer Cell C's allegation against Vodacom and MTN of market dominance abuse. However, CompCom will engage the national regulatory authority ('ICASA') to explore the need for any regulatory interventions to ensure the market is competitive.

In October 2016 the Ministry of Telecommunications and Postal Services published the cabinet-approved National Integrated ICT Policy White Paper ('White Paper'). The White Paper sets out a framework on how the government wants to provide access to modern communications infrastructure and services to facilitate the entry of new players and the meaningful participation of all citizens, including those in rural areas. Its adoption will require various amendments to existing laws and regulations flowing from the Electronic Communications Act. Engagements between the various stakeholders and Government to explore the possibility of finding an amicable way to implement the White Paper are ongoing.

In November 2016 the Final Amended ICT Sector Black Economic Empowerment Codes were gazetted. The Codes contain variations to the draft ICT Sector Code, some of which are in conflict with that of the Revised Department of Trade and Industry Codes and will be used in May 2017 to rate Vodacom's and the other operators performance for the 2016/17 financial year. Due to the nature of the new Codes, the industry is engaging the BEE ICT Sector Council to resolve some of the concerns.

In February 2017 ICASA formally deferred the timeframe for the Invitation to Apply ('ITA') spectrum licensing process in the 700MHz, 800MHz and 2.6GHz bands whilst the judicial review process in the High Court is ongoing.

Vodacom: Democratic Republic of Congo

In August 2016 the Minister of Communications and Minister of Finance issued a ministerial decree setting the new tax on mobile payments at 3% of annual service revenue.

The Ministry of Finance DGRAD-Tax Administration has proposed a revision to the spectrum fees model which will result in a 69% increase in annual fees. Vodacom Congo and other industry participants have engaged the DGRAD and Minister of Communications to request the nullification of this change on the grounds that such a tax will negatively impact communication costs.

As of March 2017 Vodacom Congo is implementing a compliance plan and continues to participate in industry association engagement with authorities to secure electronic SIM registration.

Vodacom: Tanzania

In July 2016 the national regulatory authority ('TCRA') published an open invitation to apply for 3.5GHz spectrum. Vodacom Tanzania has submitted its application and the evaluation of all applications by TCRA is still pending.

In July 2016 the national competition authority ('FCC') approved Vodacom Tanzania's acquisition of Shared Networks Tanzania which holds 2x5MHz of 900MHz spectrum licences which will be used to support the provision of rural services.

In March 2017 the Initial Public Offering for Vodafone Tanzania Public Company Limited was launched under the requirements of the Finance Act 2016, with the offer open until 11 May 2017.

In March 2017 the Ministry of Communications published its draft amendments to the Electronic and Postal Communications Act 2010 with comments submitted by 14 April 2017.

In April 2017 Vodafone Tanzania received a non-compliance order from TCRA in relation to SIM registration tests conducted in December 2016. Vodafone Tanzania will continue to work with TCRA to execute the SIM registration compliance actions.

Vodacom: Mozambique

In July 2016 a new Communications Act was approved by Parliament, that required the national regulatory authority ('INCM') to issue new regulations under the Act by February 2017. To date only draft regulations for Licensing Regulations and Infrastructure Sharing Regulations have been issued, to which Vodacom Mozambique has submitted its comments.

In November 2016 Vodacom Mozambique complied with an order from INCM and blocked all existing unregistered users.

Vodacom: Lesotho

In April 2016 the national regulatory authority ('LCA') finalised the approved renewal of Vodacom Lesotho's service licence at a cost of ZAR5 million, expiring in May 2036.

International roaming in Africa

In September 2016 an impact assessment carried out by TERA Consultants on East Africa Community ('EAC') Roaming was submitted to the Tanzanian Ministry of Communications as part of the ongoing public consultation to implement Phase 1 price caps for EAC countries. Vodacom has engaged with the consultation process and presented its views at the February 2017 East African Legislative Assembly conference.

As of March 2017 no national regulatory authority in the Vodacom Group markets had fully complied with the Communications Regulators' Association of Southern Africa ('CRASA') guidance on the Southern African Development Community ('SADC') roaming glide paths, that had been issued in September 2015. In the meantime, Vodacom Group has developed its new Africa Roaming Product across SADC which is being rolled out in 2017.

Turkey

As of March 2017 the national regulatory authority's ('ICTA') proposed action to broaden the scope of the 3G coverage to include new metropolitan areas is still suspended by the Council of State motion, as Vodafone Turkey's appeal to the administrative court is still pending.

Australia

In May 2017 Vodafone Australia acquired a spectrum licence of 2x5MHz at 700MHz band spectrum, at a cost of AU$285 million, expiring in December 2029.

Egypt

The Administrative Court ruling in favour of Vodafone Egypt in the case filed against Telecom Egypt and the national regulatory authority ('NTRA'), regarding the NTRA's authority to set MTRs between operators, has been implemented with Orange Egypt (formerly Mobinil) and Telecom Egypt, however, the arbitration case with Etisalat Misr is still pending.

In October 2016 Vodafone Egypt acquired a spectrum licence for 2x5MHz at 2.1GHz and extended the existing 2G/3G licences a cost of US$335 million all expiring in October 2031, enabling the launch of 4G services.

For information on litigation in Egypt, see note 30 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Ghana

Vodafone Ghana has no new material items to report for the year ending 31 March 2017.

New Zealand

In January 2017 the New Zealand Government awarded contracts to extend the existing Ultra-Fast Broadband fibre to the premises ('FTTP') initiative from 75% to 85% of premises passed at a projected cost of NZ$210 million. The Government has also announced a further NZ$150 million of funding to improve broadband coverage in rural areas and address mobile blackspots, with competitive tenders expected to be awarded in late 2017.

In February 2017 the Commerce Commission declined to clear the proposed merger between Vodafone New Zealand and Sky New Zealand under the New Zealand Commerce Act.

Safaricom: Kenya

In May 2016 the national regulatory authority ('CA') appointed Analysis Mason to conduct a study on competition within the Telecommunication subsector to identify any dominant operators and recommend regulatory remedies. The interim report was released in April 2017 and Safaricom's comments have been submitted.

In June 2016 following the CA's stakeholders' consultation on the allocation of LTE spectrum in the 800MHz band to all mobile operators, Safaricom secured a full spectrum licence for 2x10MHz at 800MHz at a cost of US$25 million.

As of March 2017 Safaricom continues to work with the authorities to ensure an effective transition to the national regulatory authority's ('CA') new registration process.

Qatar

As of May 2017 Vodafone Qatar's challenges to the decisions by the ministry and national regulatory authority relating to the application and enforcement of the dominance framework are ongoing in the administrative courts.

Regulation (continued)

Unaudited information

Overview of spectrum licences at 31 March 2017

Country by region	700MHz Quantity[1] (Expiry date)	800MHz Quantity[1] (Expiry date)	900MHz Quantity[1] (Expiry date)	1400/1500MHz Quantity[1] (Expiry date)	1800MHz Quantity[1] (Expiry date)	2.1GHz Quantity[1] (Expiry date)	2.6GHz Quantity[1] (Expiry date)	3.5GHz Quantity[1] (Expiry date)
Europe region								
Germany	**2x10** (2033)	**2x10** (2025)	**2x10** (2033)	**1x20** (2033)	**2x25** (2033)	**2x10+5** (2020)	**2x20+25** (2025)	**n/a**
						2x5[2] (2025)		
Italy	**n/a**	**2x10** (2029)	**2x10** (2018)	**1x20** (2029)	**2x15** (2018)	**2x15+5** (2021)	**2x15** (2029)	**n/a**
					2x5[2] (2029)			
UK	**n/a**	**2x10** (2033)	**2x17** See note[3]	**1x20** (2023)	**2x6** See note[3]	**2x15** See note[3]	**2x20+25** (2033)	**n/a**
Spain	**n/a**	**2x10** (2030)	**2x10** (2028)	**n/a**	**2x20** (2030)	**2x15+5** (2030)	**2x20+20** (2030)	**n/a**
Netherlands	**n/a**	**2x10** (2029)	**2x10** (2030)	**n/a**	**2x20** (2030)	**2x20+5** (2020)	**2x10** (2030)	**n/a**
Ireland	**n/a**	**2x10** (2030)	**2x10** (2030)	**n/a**	**2x25** (2030)	**2x15** (2022)	n/a	**n/a**
Portugal	**n/a**	**2x10** (2027)	**2x5** (2021)	**n/a**	**2x6** (2021)	**2x20** (2033)	**2x20+25** (2027)	**n/a**
			2x5[2] (2027)		**2x14**[2] (2027)			
Romania	**n/a**	**2x10** (2029)	**2x10** (2029)	**n/a**	**2x30** (2029)	**2x15+5** (2020)	**1x15** (2029)	**2x20** (2025)
Greece	**n/a**	**2x10** (2030)	**2x15** (2027)	**n/a**	**2x10** (2027)	**2x20+5** (2021)	**2x20+20** (2030)	**n/a**
					2x15[2] (2018)			
Czech Republic	**n/a**	**2x10** (2029)	**2x10** (2021)	**n/a**	**2x18** (2021)	**2x20** (2025)	**2x20** (2029)	**n/a**
					2x9[2] (2029)			
Hungary	**n/a**	**2x10** (2029)	**2x10** (2022)[4]	**n/a**	**2x15** (2022)[3]	**2x15** (2019)	**2x20+25** (2029)	**2x30** (2034)
			2x1 (2029)[4]					
Albania	**n/a**	**n/a**	**2x8** (2031)	**n/a**	**2x9** (2031)	**2x15+5** (2025)	**2x20+20** (2030)	**n/a**
			2x2[2] (2030)		**2x14**[2] (2030)	**2x5**[2] (2029)		
Malta	**n/a**	**n/a**	**2x15** (2026)	**n/a**	**2x25** (2026)	**2x20+5** (2020)	**n/a**	**2x21** (2020)

Country by region	700MHz **Quantity**[1] (Expiry date)	800MHz **Quantity**[1] (Expiry date)	900MHz **Quantity**[1] (Expiry date)	1400/1500MHz **Quantity**[1] (Expiry date)	1800MHz **Quantity**[1] (Expiry date)	2.1GHz **Quantity**[1] (Expiry date)	2.6GHz **Quantity**[1] (Expiry date)	3.5GHz **Quantity**[1] (Expiry date)
Africa, Middle East and Asia-Pacific								
India[5]	**n/a**	**n/a**	(2021–2036)[5]	**n/a**	(2021–2036)[5]	(2030–2036)[5]	**n/a**	**n/a**
Vodacom: South Africa[6]	**n/a**	**n/a**	**2x11**[6]	**n/a**	**2x12**[6]	**2x15+5**[6]	**n/a**	**n/a**
Vodacom: Democratic Republic of Congo	**n/a**	**n/a**	**2x6** (2028)	**n/a**	**2x18** (2028)	**2x10+15** (2032)	**n/a**	**2x15** (2026)
Lesotho[7]	**n/a**	**2x20**[7]	**2x22**[7]	**n/a**	**2x30**[7]	**2x15**[7]	**1x40**[7]	**1x42**[7]
Mozambique	**n/a**	**n/a**	**2x8** (2018)	**n/a**	**2x8** (2018)	**2x15+10** (2023)	**n/a**	**n/a**
Tanzania	**n/a**	**n/a**	**2x8** (2031)	**n/a**	**2x10** (2031)	**2x15** (2031)	**n/a**	**1x14+1x14** (2031)
Turkey	**n/a**	**2x10** (2029)	**2x11** (2023) **2x1**[2] (2029)	**n/a**	**2x10** (2029)	**2x15+5** (2029)	**2x15+10** (2029)	**n/a**
Australia[8]	**n/a**	**2x10** **(850MHz)** (2028)	**2x8** (2028)	**n/a**	**2x30** (annual)	**2x25+5** (2017)	**n/a**	**n/a**
Egypt	**n/a**	**n/a**	**2x13** (2031)	**n/a**	**2x10** (2031)	**2x20** (2031)	**n/a**	**n/a**
New Zealand	**2x15** (2031)	**n/a**	**2x15** (2031)	**n/a**	**2x25** (2021)	**2x25+10** (2021)	**2x15+5** (2028)	**2x28** (2022)
Safaricom: Kenya	**n/a**	**2x10** (TBC)[9]	**2x17** (2024)	**n/a**	**2x20** (2024)	**2x10** (2022)	**n/a**	**n/a**
Ghana	**n/a**	**n/a**	**2x8** (2019)	**n/a**	**2x10** (2019)	**2x15** (2023)[10]	**n/a**	**n/a**
Qatar	**n/a**	**2x10** (2029)	**2x11** (2028)	**n/a**	**2x20** (2028) **2x5**[2] (2029)	**2x15** (2028)	**2x20** (Trial)	**n/a**

Notes:
1 Single (or unpaired) blocks of spectrum are used for asymmetric data (non-voice) use; block quantity has been rounded to the nearest whole number.
2 Blocks within the same spectrum band but with different licence expiry dates are separately identified.
3 UK – 900MHz, 1800MHz and 2.1GHz – indefinite licence with a five-year notice of revocation.
4 Hungary – 900MHz and 1800MHz – conditional options to extend these licences to 2034.
5 India comprises 22 separate service area licences with a variety of expiry dates.
6 Vodacom's South African spectrum licences are renewed annually. As part of the migration to a new licensing regime the national regulator has issued Vodacom a service licence and a network licence which will permit Vodacom to offer mobile and fixed services. The service and network licences have a 20 year duration and will expire in 2028.
7 Vodacom's Lesotho spectrum licences are renewed annually, N.B. 1x40MHz in 2.6GHz column is actually 2.3GHz.
8 Australia – table refers to Sydney/Melbourne only. In total VHA has:
– 850MHz band – 2x10MHz in Sydney/Melbourne/Brisbane/Adelaide/Perth and 2x5MHz across the rest of Australia.
– 900MHz band – 2x8MHz across Australia.
– 1800MHz band – 2x30MHz in Sydney/Melbourne, 2x25MHz in Brisbane/Adelaide/Perth/Canberra, 2x10MHz in Victoria/North Queensland/Western Australia and 2x5MHz in Darwin/Tasmania/South Queensland.
– 2.1GHz band, VHA holds 2x25 MHz in Sydney/Melbourne, 2x20MHz in Brisbane/Adelaide/Perth, 2x10MHz in Canberra/Darwin/Hobart and 2x5MHz in regional Australia.
9 Kenya – Awaiting confirmation of full licence terms.
10 Ghana – The NRA has issued provisional licences with the intention of converting them to full licences once the NRA has been reconvened.

Regulation (continued)

Unaudited information

Mobile Termination Rates ('MTRs')

National regulators are required to take utmost account of the Commission's existing recommendation on the regulation of fixed and MTRs. This recommendation requires MTRs to be set using a long run incremental cost methodology. Over the last three years MTRs effective for our subsidiaries were as follows:

Country by region	2015[1]	2016[1]	2017[1]	1 April 2017[2]
Europe				
Germany (€ cents)	1.72	1.66	1.10	1.10
Italy (€ cents)	0.98	0.98	0.98	0.98
UK (GB £ pence)	0.67	0.68	0.51	0.51
Spain (€ cents)	1.09	1.09	1.09	1.09
Netherlands (€ cents)[3]	1.86	1.86	1.86	1.86
Ireland (€ cents)	2.60	2.60	0.84	0.84
Portugal (€ cents)	1.27	0.83	0.79	0.79
Romania (€ cents)	0.96	0.96	0.96	0.96
Greece (€ cents)	1.099	1.081	1.072	0.982 (30 April 2017)
Czech Republic (CZK)	0.27	0.27	0.248	0.248
Hungary (HUF)	7.06	1.71	1.71	1.71
Albania (ALL)	1.48	1.48	1.48	1.48
Malta (€ cents)	0.40	0.40	0.40	0.40
Africa, Middle East and Asia-Pacific				
India (rupees)[4]	0.14	0.14	0.14	0.14
Vodacom: South Africa (ZAR)	0.20	0.16	0.13	0.13
Vodacom: Democratic Republic of Congo (USD cents)	3.40	3.40	2.50	2.50
Lesotho (LSL/ZAR)	0.38	0.32	0.26	0.26
Mozambique (MZN/USD cents)	0.86	0.86	0.44	0.44
Tanzania (TZN)	30.58	28.57	26.96	26.96
Turkey (lira)	0.0258	0.0258	0.0258	0.0258
Australia (AUD cents)	3.60	1.70	1.70	1.70
Egypt (PTS/piastres)	10.00	10.00	10.00	10.00
New Zealand (NZD cents)	3.56	3.56	3.56	3.56
Safaricom: Kenya (shilling)	1.15	0.99	0.99	0.99
Ghana (peswas)	4.00	5.00	5.00	5.00
Qatar (dirhams)	16.60	9.00	7.62	7.62

Notes:
1 All MTRs are based on end of financial year values.
2 MTRs established from 1 April 2017 are included at the current rate or where a glide-path or a final decision has been determined by the national regulatory authority.
3 MTR decision due September 2017.
4 MTR under appeal and due to be heard September 2017.

Alternative performance measures

Unaudited information

In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such alternative performance measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

Service revenue

Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls. We believe that it is both useful and necessary to report this measure for the following reasons:

- it is used for internal performance reporting;
- it is used in setting director and management remuneration; and
- it is useful in connection with discussion with the investment analyst community.

A reconciliation of reported service revenue to the respective closest equivalent GAAP measure, revenue, are provided in the "Operating results" section on pages 35 to 43 and the "Prior year operating results" on pages 177 to 181.

Adjusted EBITDA

Adjusted EBITDA is operating profit excluding share of results in associates, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group. We use adjusted EBITDA, in conjunction with other GAAP and non-GAAP financial measures such as adjusted operating profit, operating profit and net profit, to assess our operating performance. We believe that adjusted EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the Chief Executive to assess internal performance in conjunction with adjusted EBITDA margin, which is an alternative sales margin figure. We believe it is both useful and necessary to report adjusted EBITDA as a performance measure as it enhances the comparability of profit across segments.

Because adjusted EBITDA does not take into account certain items that affect operations and performance, adjusted EBITDA has inherent limitations as a performance measure. To compensate for these limitations, we analyse adjusted EBITDA in conjunction with other GAAP and non-GAAP operating performance measures. Adjusted EBITDA should not be considered in isolation or as a substitute for a GAAP measure of operating performance. A reconciliation of adjusted EBITDA to the closest equivalent GAAP measure, operating profit, is provided in note 2 "Segmental analysis" to the consolidated financial statements.

Group adjusted EBIT, adjusted operating profit and adjusted earnings per share

Group adjusted EBIT and adjusted operating profit exclude impairment losses, restructuring costs arising from discrete restructuring plans, amortisation of customer bases and brand intangible assets, other operating income and expense and other significant one-off items. Adjusted EBIT also excludes the share of results in associates and joint ventures. Adjusted earnings per share also excludes certain foreign exchange rate differences, together with related tax effects. We believe that it is both useful and necessary to report these measures as they are used for internal performance reporting, in setting director and management remuneration and in connection with discussions with the investment analyst community and debt rating agencies.

Adjusted EBIT is reconciled to the respective closest equivalent GAAP measure, operating profit, in the "Operating results" on page 35. A reconciliation of adjusted operating profit to the respective closest equivalent GAAP measure, operating profit, is provided in note 2 "Segmental analysis" to the consolidated financial statements. A reconciliation of adjusted earnings per share to basic earnings per share is provided in the "Operating results" on page 37.

2017 financial year guidance

The adjusted EBITDA and free cash flow guidance measures for the year ended 31 March 2017 were forward-looking alternative performance measures based on the Group's assessment of the global macroeconomic outlook and foreign exchange rates of €1:INR76.4, €1:ZAR16.5, €1:£0.79, €1:TRY3.2 and €1:EGP9.8. These guidance measures exclude the impact of licence and spectrum payments, material one-off tax-related payments, restructuring costs, and any fundamental structural change to the Eurozone. They also assume no material change to the current structure of the Group. We believe it is both useful and necessary to report these guidance measures to give investors an indication of the Group's expected future performance, the Group's sensitivity to foreign exchange movements and to report actual performance against these guidance measures.

Reconciliations of adjusted EBITDA and free cash flow to the 2017 financial year guidance basis is shown below.

	Adjusted EBITDA			Free cash flow
	2017 €bn	Restated 2016 €bn	Growth %	2017 €bn
Reported	**14.1**	**14.2**	**–**	**4.1**
Discontinued operations – India	1.6	1.8		0.1
Foreign exchange	(0.1)	(0.7)		0.1
Guidance basis	**15.8**	**15.3**	**3.4**	**4.3**

Alternative performance measures (continued)

Unaudited information

Cash flow measures and capital additions

In presenting and discussing our reported results, free cash flow, capital additions and operating free cash flow are calculated and presented even though these measures are not recognised within IFRS. We believe that it is both useful and necessary to communicate free cash flow to investors and other interested parties, for the following reasons:

- free cash flow allows us and external parties to evaluate our liquidity and the cash generated by our operations. Free cash flow and capital additions do not include payments for licences and spectrum included within intangible assets, items determined independently of the ongoing business, such as the level of dividends, and items which are deemed discretionary, such as cash flows relating to acquisitions and disposals or financing activities. In addition, it does not necessarily reflect the amounts which we have an obligation to incur. However, it does reflect the cash available for such discretionary activities, to strengthen the consolidated statement of financial position or to provide returns to shareholders in the form of dividends or share purchases;
- free cash flow facilitates comparability of results with other companies, although our measure of free cash flow may not be directly comparable to similarly titled measures used by other companies;
- these measures are used by management for planning, reporting and incentive purposes; and
- these measures are useful in connection with discussion with the investment analyst community and debt rating agencies.

A reconciliation of cash generated by operations, the closest equivalent GAAP measure, to operating free cash flow and free cash flow, is provided below.

	2017 €m	Restated 2016 €m	Restated 2015 €m
Cash generated by operations (refer to note 19)	13,781	13,497	12,041
Capital additions	(7,675)	(10,561)	(10,710)
Working capital movement in respect of capital additions	(822)	(140)	1,009
Disposal of property, plant and equipment	43	164	190
Restructuring costs	266	252	429
Other[1]	34	(4)	473
Operating free cash flow	**5,627**	**3,208**	**3,432**
Taxation	(761)	(738)	(651)
Dividends received from associates and investments	433	92	74
Dividends paid to non-controlling shareholders in subsidiaries	(413)	(309)	(310)
Interest received and paid	(830)	(982)	(866)
Free cash flow	**4,056**	**1,271**	**1,679**

Note:
1 Other movements for the year ended 31 March 2017 include €nil (2016: €nil, 2015: €444 million) UK pensions contribution payment and €nil (2016: €nil, 2015: €140 million) of KDG incentive scheme payments that vested upon acquisition.

Other

Certain of the statements within the Strategic Report contains forward-looking alternative performance measures for which at this time there is no comparable GAAP measure and which at this time cannot be quantitatively reconciled to comparable GAAP financial information. Certain of the statements within the section titled "Looking ahead" on page 17 contain forward-looking non-GAAP financial information which at this time cannot be quantitatively reconciled to comparable GAAP financial information.

Organic growth

All amounts in this document marked with an "*" represent organic growth which presents performance on a comparable basis, in terms of both merger and acquisition activity and foreign exchange movements. While "organic growth" is neither intended to be a substitute for reported growth, nor is it superior to reported growth, we believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

The Group's organic growth rates for all periods excludes the results of Vodafone India (excluding its 42% stake in Indus Towers) which are now included in discontinued operations.

For the quarter ended 31 March 2015 and the year ended 31 March 2015, the Group's organic growth rate was adjusted to exclude the beneficial impact of a settlement of a historical interconnect rate dispute in the UK and the beneficial impact of an upward revision to interconnect revenue in Egypt from a re-estimation by management of the appropriate historical mobile interconnection rate. The adjustments in relation to Vodafone UK and Vodafone Egypt also impacted the disclosed organic growth rates for those countries. Organic growth rates for the quarter ended 31 March 2016 and the year ended 31 March 2016 have been similarly adjusted to exclude these impacts.

For the quarter ended 30 September 2015 and year ended 31 March 2016, the Group's and Vodafone UK's organic growth rates have been adjusted to exclude the beneficial impact of a settlement of another historical interconnect rate dispute in the UK. Organic growth rates for the quarter ended 30 September 2016 and the year ended 31 March 2017 have been similarly adjusted to exclude these impacts.

The Group's organic growth rate for the year ended 31 March 2017 and the quarters ended 31 December 2016 and 31 March 2017 have also been adjusted to exclude the results of Vodafone Netherlands following the disposal of its consumer fixed business and subsequent merger into VodafoneZiggo, as well as the results of VodafoneZiggo after the merger.

We have not provided a comparative in respect of organic growth rates as the current rates describe the change between the beginning and end of the current year, with such changes being explained by the commentary in this news release. If comparatives were provided, significant sections of the commentary from the news release for the prior year would also need to be included, reducing the usefulness and transparency of this document.

Reconciliations of organic growth to reported growth are shown where used or in the following tables.

	2017 €m	Restated 2016 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2017						
Revenue						
Europe	34,550	36,462	(5.2)	2.0	2.8	(0.4)
AMAP	11,773	11,891	(1.0)	(0.2)	8.6	7.4
Of which: Turkey	3,052	2,959	3.1	–	12.2	15.3
Of which: Egypt	1,329	1,634	(18.7)	–	35.0	16.3
Other	1,390	1,567				
Eliminations	(82)	(110)				
Total	**47,631**	**49,810**	**(4.4)**	**1.5**	**4.1**	**1.2**
Service revenue						
Germany	10,006	9,817	1.9	–	–	1.9
Mobile service revenue	6,071	6,062	0.1	–	–	0.1
Fixed service revenue	3,935	3,755	4.8	–	–	4.8
Italy	5,247	5,129	2.3	–	–	2.3
Mobile service revenue	4,365	4,303	1.4	–	0.1	1.5
Fixed service revenue	882	826	6.8	–	–	6.8
UK	6,632	7,987	(17.0)	1.4	12.3	(3.3)
Mobile service revenue	5,079	6,025	(15.7)	–	12.4	(3.3)
Fixed service revenue	1,553	1,962	(20.8)	5.7	11.7	(3.4)
Spain	4,507	4,468	0.9	–	–	0.9
Other Europe	5,756	6,132	(6.1)	8.4	(0.1)	2.2
Of which: Ireland	954	954	–	–	–	–
Of which: Portugal	911	896	1.7	–	–	1.7
Of which: Greece	789	785	0.5	–	–	0.5
Eliminations	(173)	(152)				
Europe	**31,975**	**33,381**	**(4.2)**	**1.8**	**3.0**	**0.6**
Fixed service revenue	8,624	8,691	(0.8)	1.3	3.0	3.5
Vodacom	4,447	4,419	0.6	–	3.5	4.1
Of which: South Africa	3,396	3,269	3.9	–	1.7	5.6
Of which: International operations	1,001	1,071	(6.5)	–	8.8	2.3
Other AMAP	5,509	5,624	(2.0)	–	12.8	10.8
Of which: Turkey	2,310	2,222	4.0	–	12.0	16.0
Of which: Egypt	1,278	1,578	(19.0)	–	34.6	15.6
Of which: New Zealand	1,169	1,101	6.2	–	(5.4)	0.8
AMAP	**9,956**	**10,043**	**(0.9)**	**–**	**8.6**	**7.7**
Other	1,138	1,303				
Eliminations	(82)	(109)				
Total service revenue	**42,987**	**44,618**	**(3.7)**	**1.4**	**4.2**	**1.9**
Other revenue	4,644	5,192				
Revenue	**47,631**	**49,810**	**(4.4)**	**1.5**	**4.1**	**1.2**

Alternative performance measures (continued)

Unaudited information

	2017 €m	Restated 2016 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2017 (continued)						
Other growth metrics						
Group – Enterprise service revenue	12,735	13,318	(4.4)	2.7	4.0	2.3
Vodafone Group Enterprise – Service revenue	2,982	3,108	(4.1)	1.7	5.4	3.0
Europe – Service revenue excluding the impact of regulation	31,975	33,381	(4.2)	2.8	3.0	1.6
Germany – Mobile service revenue excluding the impact of regulation	6,071	6,062	0.1	1.5	–	1.6
Spain – Service revenue excluding the impact of handset financing	4,507	4,468	0.9	3.1	–	4.0
Ireland – Service revenue excluding the impact of MTR cuts	954	954	–	2.0	–	2.0
South Africa – Data revenue	1,352	1,143	18.3	–	1.4	19.7
South Africa – Voice revenue	1,505	1,586	(5.1)	–	1.4	(3.7)
India – Service revenue	5,834	6,135	(4.9)	2.5	1.7	(0.7)
India – Adjusted EBITDA	1,596	1,815	(12.1)	–	1.6	(10.5)
Adjusted EBITDA						
Germany	3,617	3,462	4.5	–	–	4.5
Italy	2,229	2,015	10.6	–	–	10.6
UK	1,212	1,756	(31.0)	5.1	10.1	(15.8)
Spain	1,360	1,250	8.8	–	–	8.8
Other Europe	1,865	2,002	(6.8)	10.1	(0.1)	3.2
Europe	**10,283**	**10,485**	**(1.9)**	**2.9**	**2.1**	**3.1**
Vodacom	2,063	2,028	1.7	–	3.2	4.9
Other AMAP	1,791	1,678	6.7	–	18.0	24.7
Of which: Turkey	646	553	16.8	–	13.1	29.9
Of which: Egypt	590	683	(13.6)	–	36.3	22.7
AMAP	**3,854**	**3,706**	**4.0**	**–**	**9.2**	**13.2**
Other	12	(36)				
Total	**14,149**	**14,155**	**–**	**1.8**	**4.0**	**5.8**
Percentage point change in adjusted EBITDA margin						
Germany	34.1%	32.6%	1.5	–	–	1.5
Italy	36.5%	33.5%	3.0	–	–	3.0
UK	17.5%	20.8%	(3.3)	0.8	(0.1)	(2.6)
Spain	27.3%	25.2%	2.1	–	–	2.1
Other Europe	30.4%	30.3%	0.1	0.5	–	0.6
Europe	**29.8%**	**28.8%**	**1.0**	**0.2**	**(0.2)**	**1.0**
Vodacom	39.0%	38.1%	0.9	0.2	(0.4)	0.7
Other AMAP	27.6%	25.6%	2.0	–	0.9	2.9
Of which: Turkey	21.2%	18.7%	2.5			
Of which: Egypt	44.4%	41.8%	2.6			
AMAP	**32.7%**	**31.2%**	**1.5**	**–**	**0.1**	**1.6**
Group	**29.7%**	**28.4%**	**1.3**	**–**	**(0.1)**	**1.2**
Adjusted EBIT						
Group	**3,970**	**3,769**	**5.3**	**(3.0)**	**4.7**	**7.0**
Adjusted operating profit						
Europe	1,890	1,927	(1.9)	(2.4)	(0.7)	(5.0)
AMAP	2,238	1,941	15.3	–	9.9	25.2
Other	6	(39)				
Total	**4,134**	**3,829**	**8.0**	**(1.1)**	**4.9**	**11.8**

	2017 €m	Restated 2016 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Six months ended 31 March 2017						
Adjusted EBITDA						
Germany	1,830	1,726	6.0	–	–	6.0
Italy	1,125	1,014	10.9	–	(0.1)	10.8
UK	537	826	(35.0)	–	9.8	(25.2)
Spain	668	591	13.0	–	0.1	13.1
Other Europe	825	983	(16.1)	16.5	–	0.4
Europe	**4,985**	**5,140**	**(3.0)**	**3.3**	**2.1**	**2.4**
Vodacom	1,111	960	15.7	–	(10.1)	5.6
Other AMAP	851	849	0.2	–	26.4	26.6
AMAP	**1,962**	**1,809**	**8.5**	**–**	**5.3**	**13.8**
Other	112	21				
Total	**7,059**	**6,970**	**1.3**	**1.5**	**3.5**	**6.3**
Depreciation and amortisation	(5,669)	(5,874)				
Share of result in associates and joint ventures	91	65				
Impairment loss	–	(569)				
Restructuring costs	(378)	(160)				
Other income and expense	1,109	(3)				
Operating profit	**2,212**	**429**				
Quarter ended 31 March 2017						
Service revenue						
Germany	2,492	2,462	1.2	–	–	1.2
Italy	1,298	1,263	2.8	–	–	2.8
UK	1,624	1,903	(14.7)	–	9.9	(4.8)
Spain	1,109	1,094	1.4	–	(0.1)	1.3
Other Europe	1,102	1,516	(27.3)	28.6	–	1.3
Of which: Ireland	235	238	(1.3)	–	0.1	(1.2)
Of which: Portugal	226	221	2.3	–	(0.1)	2.2
Of which: Greece	189	189	–	–	0.2	0.2
Eliminations	(32)	(36)				
Europe	**7,593**	**8,202**	**(7.4)**	**5.3**	**2.2**	**0.1**
Vodacom	1,198	992	20.8	–	(17.0)	3.8
Of which: South Africa	937	717	30.7	–	(25.1)	5.6
Of which: International operations	252	259	(2.7)	–	3.2	0.5
Other AMAP	1,239	1,404	(11.8)	–	21.6	9.8
Of which: Turkey	526	560	(6.1)	–	20.0	13.9
Of which: Egypt	224	390	(42.6)	–	65.4	22.8
Of which: New Zealand	303	272	11.4	–	(11.1)	0.3
AMAP	**2,437**	**2,396**	**1.7**	**–**	**5.1**	**6.8**
Other	314	335				
Eliminations	(23)	(45)				
Total service revenue	**10,321**	**10,888**	**(5.2)**	**3.9**	**2.8**	**1.5**
Other revenue	1,020	1,118				
Revenue	**11,341**	**12,006**	**(5.5)**	**2.8**	**2.9**	**0.2**
Other growth metrics						
Germany – Mobile service revenue excluding the impact of regulation	1,500	1,505	(0.3)	2.2	(0.1)	1.8
UK – Fixed service revenue excluding carrier services	406	491	(17.3)	5.0	9.8	(2.5)
Spain – Service revenue excluding the impact of handset financing	1,109	1,094	1.4	2.5	(0.1)	3.8
Ireland – Service revenue excluding the impact of MTR cuts	235	238	(1.3)	3.5	0.1	2.3
India – Service revenue	1,379	1,532	(10.0)	2.3	(3.8)	(11.5)
India – Data browsing revenue	247	306	(19.4)	–	3.5	(15.9)
India – Voice revenue	870	1,046	(16.8)	–	3.6	(13.2)

Alternative performance measures (continued)

Unaudited information

	Restated 2016 €m	Restated 2015 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 December 2016						
Service revenue						
Germany	2,505	2,460	1.8	–	–	1.8
Italy	1,330	1,291	3.0	–	–	3.0
UK	1,607	1,998	(19.6)	–	16.4	(3.2)
Spain	1,125	1,116	0.8	–	–	0.8
Other Europe	1,537	1,536	0.1	1.9	(0.2)	1.8
Of which: Ireland	235	240	(2.1)	–	0.1	(2.0)
Of which: Portugal	227	223	1.8	–	0.4	2.2
Of which: Greece	195	192	1.6	–	(0.4)	1.2
Eliminations	(41)	(35)				
Europe	**8,063**	**8,366**	**(3.6)**	**0.3**	**4.0**	**0.7**
Vodacom	1,165	1,107	5.2	–	(1.2)	4.0
Of which: South Africa	896	817	9.7	–	(4.1)	5.6
Of which: International operations	256	270	(5.2)	–	7.1	1.9
Other AMAP	1,363	1,423	(4.2)	–	14.7	10.5
Of which: Turkey	581	562	3.4	–	11.6	15.0
Of which: Egypt	288	395	(27.1)	–	46.7	19.6
Of which: New Zealand	299	276	8.3	–	(8.3)	–
AMAP	**2,528**	**2,530**	**(0.1)**	–	**7.5**	**7.4**
Other	281	308				
Eliminations	(17)	(18)				
Total service revenue	**10,855**	**11,186**	**(3.0)**	**0.3**	**4.8**	**2.1**
Other revenue	1,384	1,536				
Revenue	**12,239**	**12,722**	**(3.8)**	**0.9**	**4.4**	**1.5**
Other growth metrics						
Germany – Mobile service revenue excluding the impact of regulation	1,516	1,517	(0.1)	1.1	0.1	1.1
Spain – Service revenue excluding the impact of handset financing	1,125	1,116	0.8	3.3	–	4.1
India – Service revenue	1,450	1,529	(5.2)	2.5	0.8	(1.9)
India – Data browsing revenue	293	289	1.4	–	(0.8)	0.6
India – Voice revenue	991	1,014	(2.3)	–	(0.7)	(3.0)

	Restated 2016 €m	Restated 2015 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2016 restated						
Revenue						
Europe	36,462	35,296	3.3	(1.3)	(1.6)	0.4
AMAP	11,891	11,600	2.5	0.8	4.8	8.1
Other	1,567	1,595				
Eliminations	(110)	(106)				
Total	**49,810**	**48,385**	**2.9**	**(0.7)**	**(0.1)**	**2.1**
Service revenue						
Germany	9,817	9,862	(0.5)	–	0.1	(0.4)
Mobile service revenue	6,062	6,160	(1.6)	–	–	(1.6)
Fixed service revenue	3,755	3,702	1.4	–	0.1	1.5
Italy	5,129	5,169	(0.8)	–	–	(0.8)
Mobile service revenue	4,303	4,353	(1.1)	–	–	(1.1)
Fixed service revenue	826	816	1.2	–	–	1.2
UK	7,987	7,527	6.1	0.4	(6.8)	(0.3)
Mobile service revenue	6,025	5,702	5.7	0.6	(7.0)	(0.7)
Fixed service revenue	1,962	1,825	7.5	(0.5)	(5.9)	1.1
Spain	4,468	4,240	5.4	(8.9)	–	(3.5)
Mobile service revenue	3,034	3,210	(5.5)	(2.6)	0.1	(8.0)
Fixed service revenue	1,434	1,030	39.2	(31.4)	–	7.8
Other Europe	6,132	5,924	3.5	(1.9)	(0.1)	1.5
Of which: Netherlands	1,750	1,746	0.2	–	0.1	0.3
Eliminations	(152)	(110)				
Europe	**33,381**	**32,612**	**2.4**	**(1.5)**	**(1.5)**	**(0.6)**
Vodacom	4,419	4,451	(0.7)	–	6.1	5.4
Of which: South Africa	3,269	3,367	(2.9)	–	7.6	4.7
Of which: International operations	1,071	1,002	6.9	–	3.1	10.0
Other AMAP	5,624	5,319	5.7	1.8	2.6	10.1
Of which: Turkey	2,222	2,052	8.3	–	11.4	19.7
Of which: Egypt	1,578	1,473	7.1	5.9	(4.1)	8.9
AMAP	**10,043**	**9,770**	**2.8**	**1.0**	**4.2**	**8.0**
Other	1,303	1,356				
Eliminations	(109)	(103)				
Total service revenue	**44,618**	**43,635**	**2.3**	**(0.8)**	**(0.4)**	**1.1**
Other revenue	5,192	4,750				
Revenue	**49,810**	**48,385**	**2.9**	**(0.7)**	**(0.1)**	**2.1**
Other growth metrics						
Group – Enterprise service revenue	13,318	12,779	4.2	(1.2)	(1.3)	1.7
UK – Fixed service revenue excluding carrier services	1,962	1,825	7.5	0.8	(5.9)	2.4
Spain – Service revenue excluding the impact of handset financing	4,468	4,240	5.4	(5.1)	–	(0.3)
South Africa – Data revenue	260	289	(10.0)	–	28.8	18.8
India – Service revenue	6,135	5,480	12.0	–	(7.0)	5.0
India – Service revenue excluding the impact of MTR cuts	6,135	5,480	12.0	5.0	(7.0)	10.0
India – Adjusted EBITDA	1,815	1,635	11.0	–	(6.9)	4.1
India – Percentage point change in adjusted EBITDA margin	29.5%	29.7%	(0.2)	–	–	(0.2)

Alternative performance measures (continued)

Unaudited information

	Restated 2016 €m	Restated 2015 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2016 restated (continued)						
Adjusted EBITDA						
Germany	3,462	3,390	2.1	–	–	2.1
Italy	2,015	1,956	3.0	–	0.1	3.1
UK	1,756	1,724	1.9	4.7	(5.4)	1.2
Spain	1,250	1,003	24.6	(20.1)	(0.3)	4.2
Other Europe	2,002	2,004	(0.1)	(1.3)	(0.1)	(1.5)
Europe	**10,485**	**10,077**	**4.0**	**(1.3)**	**(1.0)**	**1.7**
Vodacom	2,028	1,949	4.1	–	8.6	12.7
Other AMAP	1,678	1,635	2.6	1.3	0.6	4.5
AMAP	**3,706**	**3,584**	**3.4**	**0.6**	**5.0**	**9.0**
Other	(36)	41				
Total	**14,155**	**13,702**	**3.3**	**(1.6)**	**0.6**	**2.3**
Percentage point change in adjusted EBITDA margin						
Germany	32.6%	31.8%	0.8	–	–	0.8
Italy	33.5%	33.5%	–	–	–	–
UK	20.8%	21.8%	(1.0)	0.9	0.3	0.2
Spain	25.2%	21.7%	3.5	(2.2)	–	1.3
Other Europe	30.3%	31.5%	(1.2)	0.2	–	(1.0)
Europe	**28.8%**	**28.5%**	**0.3**	**0.0**	**0.1**	**0.4**
Vodacom	38.1%	35.2%	2.9	–	0.7	3.6
Other AMAP	25.6%	27.0%	(1.4)	(0.1)	(0.6)	(2.1)
AMAP	**31.2%**	**30.9%**	**0.3**	**–**	**–**	**0.3**
Group	**28.4%**	**28.3%**	**0.1**	**(0.1)**	**0.1**	**0.1**
Adjusted operating profit						
Europe	1,927	2,216	(13.0)	(0.4)	0.5	(12.9)
AMAP	1,941	1,746	11.2	1.6	7.1	19.9
Other	(39)	78				
Total	**3,829**	**4,040**	**(5.2)**	**(1.7)**	**3.1**	**(3.8)**
Quarter ended 31 March 2016 restated						
Service revenue						
Germany	2,462	2,423	1.6	–	–	1.6
Italy	1,263	1,246	1.4	–	(0.1)	1.3
UK	1,903	2,093	(9.1)	5.4	3.6	(0.1)
Spain	1,094	1,131	(3.3)	–	0.1	(3.2)
Other Europe	1,516	1,481	2.4	(0.1)	(0.2)	2.1
Of which: Netherlands	428	434	(1.4)	–	0.1	(1.3)
Of which: Portugal	221	213	3.8	–	(0.3)	3.5
Of which: Romania	174	163	6.7	–	1.0	7.7
Eliminations	(36)	(44)				
Europe	**8,202**	**8,330**	**(1.5)**	**1.1**	**0.9**	**0.5**
Vodacom	992	1,183	(16.1)	–	22.4	6.3
Of which: South Africa	717	888	(19.3)	–	25.8	6.5
Other AMAP	1,404	1,478	(5.0)	7.0	10.1	12.1
AMAP	**2,396**	**2,661**	**(10.0)**	**4.0**	**15.6**	**9.6**
Other	335	442				
Eliminations	(45)	(69)				
Total service revenue	**10,888**	**11,364**	**(4.2)**	**2.3**	**4.1**	**2.2**
Other revenue	1,118	1,376				
Revenue	**12,006**	**12,740**	**(5.8)**	**2.0**	**4.5**	**0.7**
India – Service revenue	1,532	1,547	(1.0)	–	6.3	5.3

	Restated 2015 €m	Restated 2014 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 December 2015 restated						
Service revenue						
Germany	2,460	2,469	(0.4)	–	–	(0.4)
Italy	1,291	1,295	(0.3)	–	–	(0.3)
UK	1,998	1,854	7.8	0.8	(9.3)	(0.7)
Spain	1,116	1,153	(3.2)	0.1	–	(3.1)
Other Europe	1,536	1,485	3.4	(1.9)	0.1	1.6
Of which: Netherlands	438	438	–	–	0.2	0.2
Eliminations	(35)	(19)				
Europe	**8,366**	**8,237**	**1.6**	**(0.1)**	**(2.1)**	**(0.6)**
Vodacom	1,107	1,128	(1.9)	–	9.1	7.2
Of which: South Africa	817	846	(3.4)	–	10.6	7.2
Other AMAP	1,423	1,327	7.2	–	3.6	10.8
AMAP	**2,530**	**2,455**	**3.1**	–	**6.1**	**9.2**
Other	308	330				
Eliminations	(18)	(12)				
Total service revenue	**11,186**	**11,010**	**1.6**	**0.1**	**(0.4)**	**1.3**
Other revenue	1,536	1,377				
Revenue	**12,722**	**12,387**	**2.7**	**0.1**	**(0.1)**	**2.7**
India – Service revenue	1,529	1,393	9.8	–	(7.5)	2.3
Year ended 31 March 2015 restated						
Revenue						
Europe	35,296	28,389	24.3	(26.5)	(2.2)	(4.4)
AMAP	11,600	11,198	3.6	(0.8)	1.8	4.6
Other	1,595	1,293				
Eliminations	(106)	(37)				
Total	**48,385**	**40,843**	**18.5**	**(19.5)**	**(1.1)**	**(2.1)**
Service revenue						
Europe	32,612	26,456	23.3	(26.0)	(2.3)	(5.0)
AMAP	9,770	9,627	1.5	(1.0)	1.8	2.3
Other	1,356	1,075				
Eliminations	(103)	(37)				
Total	**43,635**	**37,121**	**17.5**	**(19.6)**	**(1.1)**	**(3.2)**
Other revenue	4,750	3,722				
Total	**48,385**	**40,843**	**18.5**	**(19.5)**	**(1.1)**	**(2.1)**
Adjusted EBITDA						
Europe	10,077	8,051	25.2	(35.4)	(2.1)	(12.3)
AMAP	3,584	3,550	1.0	(0.3)	1.1	1.8
Other	41	239				
Total	**13,702**	**11,840**	**15.7**	**(23.2)**	**(0.8)**	**(8.3)**
Adjusted operating profit						
Europe	2,216	2,719	(18.5)	(21.4)	(0.7)	(40.6)
AMAP	1,746	1,929	(9.5)	(0.1)	(0.1)	(9.7)
Other	78	92				
Total	**4,040**	**4,740**	**(14.8)**	**(11.9)**	**(0.1)**	**(26.8)**
Other growth metrics						
Group – Enterprise service revenue	12,779	11,338	12.7	(10.6)	(2.1)	–

Form 20-F cross reference guide

Unaudited information

The information in this document that is referenced in the following table is included in our Annual Report on Form 20-F for 2017 filed with the SEC (the '2017 Form 20-F'). The information in this document may be updated or supplemented at the time of filing with the SEC or later amended if necessary. No other information in this document is included in the 2017 Form 20-F or incorporated by reference into any filings by us under the Securities Act. Please see "Documents on display" on page 194 for information on how to access the 2017 Form 20-F as filed with the SEC. The 2017 Form 20-F has not been approved or disapproved by the SEC nor has the SEC passed judgement upon the adequacy or accuracy of the 2017 Form 20-F.

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Note:
1 The parent company financial statements together with the associated notes and the audit report relating thereto, on pages 182 to 189 and pages 91 to 98 respectively, should not be considered to form part of the Company's Annual Report on Form 20-F.

Forward-looking statements

Unaudited information

This document contains "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group's financial condition, results of operations and businesses, and certain of the Group's plans and objectives.

In particular, such forward-looking statements include statements with respect to:

- the Group's expectations and guidance regarding its financial and operating performance, the performance of associates and joint ventures, other investments and newly acquired businesses, preparation for 5G and expectations regarding customers;
- intentions and expectations regarding the development of products, services and initiatives introduced by, or together with, Vodafone or by third parties;
- expectations regarding the global economy and the Group's operating environment and market position, including future market conditions, growth in the number of worldwide mobile phone users and other trends;
- revenue and growth expected from the Group's Enterprise and total communications strategy;
- mobile penetration and coverage rates, MTR cuts, the Group's ability to acquire spectrum and licences, including 5G licences, expected growth prospects in the Europe and AMAP regions and growth in customers and usage generally;
- anticipated benefits to the Group from cost-efficiency programmes, including their impact on the absolute indirect cost base;
- possible future acquisitions, including increases in ownership in existing investments, the timely completion of pending acquisition transactions and pending offers for investments;
- expectations and assumptions regarding the Group's future revenue, operating profit, adjusted EBITDA, adjusted EBITDA margin, free cash flow, depreciation and amortisation charges, foreign exchange rates, tax rates and capital expenditure;
- expectations regarding the Group's access to adequate funding for its working capital requirements and share buyback programmes, and the Group's future dividends or its existing investments; and
- the impact of regulatory and legal proceedings involving the Group and of scheduled or potential regulatory changes.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets". By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- general economic and political conditions in the jurisdictions in which the Group operates and changes to the associated legal, regulatory and tax environments;
- increased competition;
- levels of investment in network capacity and the Group's ability to deploy new technologies, products and services;
- rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations;
- the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services;
- the Group's ability to generate and grow revenue;
- a lower than expected impact of new or existing products, services or technologies on the Group's future revenue, cost structure and capital expenditure outlays;
- slower than expected customer growth, reduced customer retention, reductions or changes in customer spending and increased pricing pressure;
- the Group's ability to extend and expand its spectrum resources, to support ongoing growth in customer demand for mobile data services;
- the Group's ability to secure the timely delivery of high-quality products from suppliers;
- loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets;
- changes in the costs to the Group of, or the rates the Group may charge for, terminations and roaming minutes;
- the impact of a failure or significant interruption to the Group's telecommunications, networks, IT systems or data protection systems;
- the Group's ability to realise expected benefits from acquisitions, partnerships, joint ventures, franchises, brand licences, platform sharing or other arrangements with third parties;
- acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities;
- the Group's ability to integrate acquired business or assets;
- the extent of any future write-downs or impairment charges on the Group's assets, or restructuring charges incurred as a result of an acquisition or disposition;
- developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account in determining the level of dividends;
- the Group's ability to satisfy working capital requirements;
- changes in foreign exchange rates;
- changes in the regulatory framework in which the Group operates;
- the impact of legal or other proceedings against the Group or other companies in the communications industry; and
- changes in statutory tax rates and profit mix.

A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under "Risk management" on pages 28 to 34 of this document. All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

Definition of terms

Unaudited information

2G	2G networks are operated using global system for mobile ('GSM') technology which offers services such as voice, text messaging and low speed data. In addition, all the Group's controlled networks support general packet radio services ('GPRS'), often referred to as 2.5G. GPRS allows mobile devices to access IP based data services such as the internet and email.
3G	A cellular technology based on wide band code division multiple access delivering voice and faster data services.
4G/LTE	4G or long-term evolution ('LTE') technology offers even faster data transfer speeds than 3G/HSPA.
5G	5G is the coming fifth-generation wireless broadband technology which will provide better speeds and coverage than the current 4G.
Adjusted EBIT	Operating profit excluding share of results in associates and joint ventures, impairment losses, amortisation of customer bases and brand intangible assets restructuring costs arising from discrete restructuring plans and other income and expense. The Group's definition of adjusted EBIT may not be comparable with similarly titled measures and disclosures by other companies.
Adjusted EBITDA	Operating profit excluding share of results in associates and joint ventures, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs arising from discrete restructuring plans and other income and expense. The Group's definition of adjusted EBITDA may not be comparable with similarly titled measures and disclosures by other companies.
Adjusted operating profit	Group adjusted operating profit excludes impairment losses, restructuring costs arising from discrete restructuring plans, amortisation of customer bases and brand intangible assets and other income and expense.
ADR	American depositary receipts is a mechanism designed to facilitate trading in shares of non-US companies in the US stock markets. The main purpose is to create an instrument which can easily be settled through US stock market clearing systems.
ADS	American depositary shares are shares evidenced by American depositary receipts. ADSs are issued by a depositary bank and represent one or more shares of a non-US issuer held by the depositary bank. The main purpose of ADSs is to facilitate trading in shares of non-US companies in the US markets and, accordingly, ADRs which evidence ADSs are in a form suitable for holding in US clearing systems.
AGM	Annual general meeting.
AMAP	The Group's region: Africa, Middle East and Asia-Pacific.
Applications ('apps')	Apps are software applications usually designed to run on a smartphone or tablet device and provide a convenient means for the user to perform certain tasks. They cover a wide range of activities including banking, ticket purchasing, travel arrangements, social networking and games. For example, the My Vodafone app lets customers check their bill totals on their smartphone and see the minutes, texts and data allowance remaining.
ARPU	Average revenue per user, defined as customer revenue and incoming revenue divided by average customers.
Capital additions ('capex')	Comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments, during the year.
Churn	Total gross customer disconnections in the period divided by the average total customers in the period.
Cloud services	This means the customer has little or no equipment at their premises and all the equipment and capability associated with the service is run from the Vodafone network and data centres instead. This removes the need for customers to make capital investments and instead they have an operating cost model with a recurring monthly fee.
Converged customer	A customer who receives both fixed and mobile services (also known as unified communications) on a single bill or who receives a discount across both bills.
Customer costs	Customer costs include acquisition costs, retention costs and expenses related to ongoing commissions.
Depreciation and other amortisation	The accounting charge that allocates the cost of a tangible or intangible asset to the income statement over its useful life. This measure includes the profit or loss on disposal of property, plant and equipment and computer software.
Direct costs	Direct costs include interconnect costs and other direct costs of providing services.
Enterprise	The Group's customer segment for businesses.
FCA	Financial Conduct Authority.
Fixed broadband customer	A fixed broadband customer is defined as a customer with a connection or access point to a fixed data network.
Fixed service revenue	Service revenue relating to provision of fixed line ('fixed') and carrier services.
FTTC	Fibre-to-the-Cabinet involves running fibre optic cables from the telephone exchange or distribution point to the street cabinets which then connect to a standard phone line to provide broadband.
FTTH	Fibre-to-the-Home provides an end-to-end fibre optic connection the full distance from the exchange to the customer's premises.

FRC	Financial Reporting Council.
Free cash flow	Operating free cash flow after cash flows in relation to taxation, interest, dividends received from associates and investments and dividends paid to non-controlling shareholders in subsidiaries, but before restructuring costs arising from discrete restructuring plans and licence and spectrum payments. For the year ended 31 March 2016 and 31 March 2015, free cash flow also excluded payments in respect of the Group's historical UK tax settlement.
Gbps	Gigabits (billions) of bits per second.
HSPA+	An evolution of high speed packet access ('HSPA'). An evolution of third generation ('3G') technology that enhances the existing 3G network with higher speeds for the end user.
ICT	Information and communications technology.
IFRS	International Financial Reporting Standards.
Incoming revenue	Comprises revenue from termination rates for voice and messaging to Vodafone customers.
Internet of Things ('IoT')	The network of physical objects embedded with electronics, software, sensors, and network connectivity, including built-in mobile SIM cards, that enables these objects to collect data and exchange communications with one another or a database.
IP	Internet Protocol is the format in which data is sent from one computer to another on the internet.
IP-VPN	A virtual private network ('VPN') is a network that uses a shared telecommunications infrastructure, such as the internet, to provide remote offices or individual users with secure access to their organisation's network.
Mark-to-market	Mark-to-market or fair value accounting refers to accounting for the value of an asset or liability based on the current market price of the asset or liability.
Mbps	Megabits (millions) of bits per second.
Mobile broadband	Mobile broadband allows internet access through a browser or a native application using any portable or mobile device such as smartphone, tablet or laptop connected to a cellular network.
Mobile customer	A mobile customer is defined as a subscriber identity module ('SIM'), or in territories where SIMs do not exist, a unique mobile telephone number, which has access to the network for any purpose, including data only usage.
Mobile service revenue	Service revenue relating to the provision of mobile services.
Mobile termination rate ('MTR')	A per minute charge paid by a telecommunications network operator when a customer makes a call to another mobile or fixed network operator.
MVNO	Mobile virtual network operators, companies that provide mobile phone services under wholesale contracts with a mobile network operator, but do not have their own licence or spectrum or the infrastructure required to operate a network.
Net debt	Long-term borrowings, short-term borrowings and mark-to-market adjustments on financing instruments less cash and cash equivalents.
Next generation networks ('NGN')	Fibre or cable networks typically providing high-speed broadband over 30Mbps.
Net promoter score ('NPS')	Net promoter score is a customer loyalty metric used to monitor customer satisfaction.
Operating expenses	Operating expenses comprise primarily sales and distribution costs, network and IT related expenditure and business support costs.
Operating free cash flow	Cash generated from operations after cash payments for capital additions (excludes capital licence and spectrum payments) and cash receipts from the disposal of intangible assets and property, plant and equipment, but before restructuring costs arising from discrete restructuring plans.
Organic growth	An alternative performance measure which presents performance on a comparable basis, both in terms of merger and acquisition activity and movements in foreign exchange rates. See pages 205 to 213 "Alternative performance measures" for further details.
Other revenue	Other revenue includes revenue from connection fees and equipment sales.
Partner markets	Markets in which the Group has entered into a partner agreement with a local mobile operator enabling a range of Vodafone's global products and services to be marketed in that operator's territory and extending Vodafone's reach into such markets.
Penetration	Number of SIMs in a country as a percentage of the country's population. Penetration can be in excess of 100% due to customers owning more than one SIM.
Petabyte	A petabyte is a measure of data usage. One petabyte is a million gigabytes.
Pps	Percentage points.
RAN	Radio access network is the part of a mobile telecommunications system which provides cellular coverage to mobile phones via a radio interface, managed by thousands of base stations installed on towers and rooftops across the coverage area, and linked to the core nodes through a backhaul infrastructure which can be owned, leased or a mix of both.
Regulation	Impact of industry specific law and regulations covering telecommunication services. The impact of regulation on service revenue comprises the effect of changes in mobile termination rates and roaming regulations.

Definition of terms (continued)

Unaudited information

Reported growth	Reported growth is based on amounts reported in euros as determined under IFRS.
Restructuring costs	Costs incurred by the Group following the implementation of discrete restructuring plans to improve overall efficiency.
RGUs/sub	Revenue Generating Units/unique subscriber ratio ('RGUs/sub') describes the average number of fixed services taken by subscribers.
Roaming	Allows customers to make calls, send and receive texts and data on other operators' mobile networks, usually while travelling abroad.
Service revenue	Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls. See pages 205 to 213 "Alternative performance measures" for further details.
Smartphone penetration	The number of smartphone devices divided by the number of registered SIMs (excluding data only SIMs) and telemetric applications.
SME	Small to medium-sized enterprise.
Spectrum	The radio frequency bands and channels assigned for telecommunication services.
SRAN	Single Radio Access network, which allows 2G, 3G and 4G services to be run from a single piece of equipment.
Supranational	An international organisation, or union, whereby member states go beyond national boundaries or interests to share in the decision making and vote on issues pertaining to the wider grouping.
VGE	Vodafone Global Enterprise ('VGE'), which serves the Group's biggest multi-national customers.
VoIP	Voice over IP is a set of facilities used to manage the delivery of voice information over the internet in digital form via discrete packets rather than by using the traditional public switched telephone network.
VZW	Verizon Wireless, the Group's former associate in the United States.

Selected financial data

Unaudited information

The selected financial data shown below for the years ended 31 March 2016, 2015, 2014 and 2013 has been restated into euros following the change in the Group's presentation currency and include the results of Vodafone India as discontinued operations following the agreement to combine it with Idea Cellular.

At/for the year ended 31 March	2017	Restated 2016	Restated 2015	Restated 2014	Restated 2013
Consolidated income statement data (€m)					
Revenue	47,631	49,810	48,385	40,845	41,895
Operating profit/(loss)	3,725	1,320	2,073	(4,722)	(2,877)
Profit/(loss) before taxation	2,792	(190)	1,734	(5,960)	(3,913)
(Loss)/profit for financial year from continuing operations	(1,972)	(5,127)	7,805	13,900	(4,704)
(Loss)/profit for the financial year	(6,079)	(5,122)	7,477	71,515	742
Consolidated statement of financial position data (€m)					
Total assets	154,684	169,107	169,579	147,536	163,956
Total equity	73,719	85,136	93,708	86,919	85,921
Total equity shareholders' funds	72,200	83,325	91,510	85,733	84,722
Earnings per share[1,2]					
Weighted average number of shares (millions)					
– Basic	27,971	26,692	26,489	26,472	26,831
– Diluted	27,971	26,692	26,629	26,682	26,831
Basic (loss)/earnings per ordinary share	(22.51)c	(20.25)c	27.48c	269.41c	1.65c
Diluted (loss)/earnings per ordinary share	(22.51)c	(20.25)c	27.33c	267.29c	1.65c
Basic (loss)/earnings per share from continuing operations	(7.83)c	(20.27)c	28.72c	51.77c	(18.64)c
Cash dividends[1,3]					
Amount per ordinary share (eurocents)	14.77c	–	–	–	–
Amount per ADS (eurocents)	147.7c	–	–	–	–
Amount per ordinary share (pence)	–	11.45p	11.22p	11.00p	10.19p
Amount per ADS (pence)	–	114.5p	111.2p	110.0p	101.9p
Amount per ordinary share (US cents)	18.52c	16.49c	16.65c	18.31c	15.49c
Amount per ADS (US cents)	182.5c	164.9c	166.5c	183.1c	154.9c
Other data					
Ratio of earnings to fixed charges[4]	2.1	–	2.2	–	1.9
Deficiency between fixed charges and earnings (€m)[4]	–	159	–	485	–

Notes:
1 See note 8 to the consolidated financial statements, "Earnings per share". Earnings and dividends per ADS is calculated by multiplying earnings per ordinary share by ten, the number of ordinary shares per ADS.
2 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. Earnings per share for the year ended 31 March 2013 has been restated accordingly.
3 The final dividend for the year ended 31 March 2017 was proposed by the Directors on 16 May 2017 and is payable on 4 August 2017 to holders of record as of 9 June 2016. The total dividends have been translated into US dollars at 31 March 2017 for purposes of the above disclosure but the dividends are payable in US dollars under the terms of the ADS depositary agreement.
4 For the purposes of calculating these ratios, earnings consist of loss or profit before tax adjusted for fixed charges, dividend income from associates, share of profits and losses from associates, interest capitalised and interest amortised. Fixed charges comprise one third of payments under operating leases, representing the estimated interest element of these payments, interest payable and similar charges, interest capitalised and preferred share dividends.

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