

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:



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 adopting IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” in the 2019 financial year and the adoption of IFRS 16 “Leases” in the 2020 financial year.

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€3.2 billion
(€2.2 billion net of tax)
Re-measurement loss on Vodafone India

Re-measurement of Vodafone India

We include details of the €3,170 million pre-tax re-measurement loss in respect of Vodafone India in note 7 “Discontinued operations and assets held for sale” which led to an overall €2,245 million (net of tax) reduction in the carrying value of Vodafone India at 31 March 2018. The year ended 31 March 2017 included an impairment change of €4,515 million (€3,675 million net of tax) as set out in note 4 “Impairment”.

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Vodafone to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania

Subsequent events

On 9 May 2018, Vodafone announced that it had agreed to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania for an enterprise value of €18.4 billion. See note 31 “Subsequent events” for further details.

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Directors' statement of responsibility

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

Financial statements and accounting records

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the EU and Article 4 of the EU IAS Regulations. The Directors also ensure that the consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ('IASB');
- state for the Company'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 robust assessment of the principal risks and uncertainties that it faces.

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.

Directors' statement of responsibility (continued)

Disclosure of information to the auditors

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 auditors are 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 auditors are aware of that information.

Going concern

The Group's business activities, performance, position, principal risks and uncertainties and the Directors' assessment of its long-term viability are set out in the Strategic Report on pages 4 to 45.

In addition, the financial position of the Group is included in "Borrowings", "Liquidity and capital resources" and "Capital and financial risk management" in notes 20, 21 and 22 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.

By Order of the Board



Rosemary Martin

Group General Counsel and Company Secretary

15 May 2018

Audit report on the consolidated and parent company financial statements

Independent auditors' report to the members of Vodafone Group Plc

Report on the audit of the financial statements

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 2018 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- 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.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and Company statements of financial position as at 31 March 2018; the consolidated income statement and consolidated statement of comprehensive income for the year then ended; the consolidated statements of cash flows for the year then ended; the consolidated and Company statements of changes in equity for the year then ended; and the notes to the consolidated and Company financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

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 have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

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

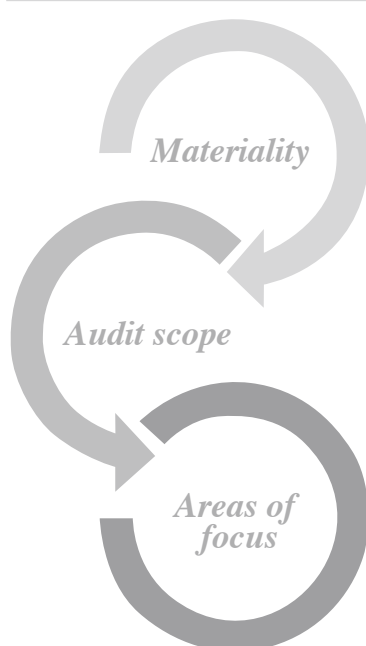
Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 3 of the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2017 to 31 March 2018.

Our audit approach



Materiality

- Overall Group materiality: €225 million (2017: €215 million), which represents 5% of a three year average of 'Adjusted Operating Profit' ("AOP"), including Vodafone India.
- Overall Company materiality: €165 million (2017: €160 million), based on 1% of total assets, limited so as not to exceed 75% of Group materiality.

Audit scope

- We identified seven local markets, which, in our view, required an audit of their complete financial information, either due to their size or due to their risk characteristics comprising UK, Spain, Italy, India, Vodacom South Africa, Turkey and Germany including 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.

Key audit matters

- Revenue recognition – accuracy of revenue recorded given the complexity of systems and disclosures on the expected impact of the initial application of IFRS 15 (Group).
- Valuation of goodwill and Vodafone India treated as held for sale (Group and Company).
- Taxation matters (Group).
- Provisions and contingent liabilities (Group).
- Capitalisation and asset lives (Group).

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

The scope of our audit

As part of designing our audit, we determined materiality and assessed 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.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules, UK tax legislation and equivalent local laws and regulations applicable to significant component teams. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, assessment of significant component auditors' work, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition – accuracy of revenue recorded given the complexity of systems and disclosures on the expected impact of the initial application of IFRS 15 (Group)</i></p> <p>There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.).</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates.</p> <p>In addition, disclosure is required of the expected impact of the new standard on revenue recognition, IFRS 15, which will be adopted from 1 April 2018. The new standard is estimated to have a material impact on the Group. On adoption, Vodafone will apply the cumulative retrospective method to recognise the cumulative effect of the transition directly in equity as of 1 April 2018. It expects the initial recognition will lead to an increase in retained earnings under equity of approximately €2.1 billion to €2.8 billion (before accounting for deferred taxes) as of 1 April 2018.</p> <p>Refer to note 1 – “Basis of preparation” of the Group financial statements and Audit and Risk Committee report on pages 64–69.</p>	<p>We instructed the seven local market audit teams in full Group scope to undertake consistent audit procedures over revenue.</p> <p>Our audit approach included controls testing and substantive procedures covering, in particular:</p> <ul style="list-style-type: none"> – testing the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams; – testing the end to end reconciliation from business support systems to billing and rating systems to the general ledger. This testing included validating material journals processed between the billing system and general ledger; – performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills; and – testing cash receipts for a sample of customers back to the customer invoice. <p>We also considered the application of the Group's accounting policies to amounts billed and the accounting implications of new business models to check that Group accounting policies were appropriate for these models and were followed.</p> <p>Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.</p> <p>With regard to the estimated impact of the initial adoption of IFRS 15, we assessed the Group's process for estimating the impact of the new standard. We instructed the seven local market audit teams in full Group scope to undertake specific audit procedures. Our audit approach included:</p> <ul style="list-style-type: none"> – assessing the impact analysis and the accounting estimates and judgements made in respect of the business models of the Group; – assessing the appropriateness of the methods used to determine the estimated impact of the initial application of IFRS 15; and – assessing the design of the systems and processes set up by management to account for transactions in accordance with the new standard and used in determining the estimated impact of the initial application of IFRS 15. <p>We assured ourselves that the systems, processes and controls established by management and the estimates and assumptions made in respect of the disclosure of the estimated impact were sufficiently documented and substantiated.</p>

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of goodwill and Vodafone India treated as held for sale (Group and Company)</i></p> <p>The Group has goodwill of €26.7 billion contained within 20 cash generating units ('CGUs').</p> <p>Impairment charges to goodwill have been recognised in prior periods. With the continued difficult macro-economic environment in Europe and the changing regulatory environment globally the risk that goodwill is impaired increases.</p> <p>For the CGUs which contain goodwill, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on management's view of variables such as future average revenue per user, average customer numbers and customer churn, timing and approval of future capital, spectrum and operating expenditure and the most appropriate discount rate.</p> <p>Refer to note 4 – "Impairment losses" and note 10 – "Intangible assets" of the Group financial statements and Audit and Risk Committee report on pages 64–69.</p> <p>Vodafone India continues to be treated as held for sale and discontinued operations as at the balance sheet date. Its recoverable amount is determined on the lower of carrying amount and fair value less costs of disposal basis, which was calculated in part with reference to the quoted share price of Idea Cellular as at 31 March 2018. This has resulted in an impairment charge of €3.2 billion recognised in the year to 31 March 2018.</p> <p>Refer to note 7 – "Discontinued operations and assets and liabilities held for sale" of the Group financial statements and Audit and Risk Committee report on pages 64–69.</p> <p>The Company holds fixed asset investments comprising investments in subsidiaries of €83.7 billion. Investments in subsidiaries are accounted for at cost less any provision for impairment and capital related to share-based payments. Investments are tested for impairment annually. If an impairment exist, the recoverable amounts of the investment in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement.</p> <p>Refer to note 2 – "Fixed assets" of the Company financial statements.</p>	<p>We evaluated the appropriateness of management's identification of the Group's CGUs and tested the operating effectiveness of controls over the impairment assessment process, including indicators of impairment.</p> <p>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 rates and discount rates.</p> <ul style="list-style-type: none"> – We compared historical forecasting to actual results; and – We performed testing of the mathematical accuracy of the cash flow models and challenged and agreed the key assumptions to the board approved long-term plan. <p>Based on our procedures, we noted no exceptions and consider management's key assumptions to be within a reasonable range.</p> <p>We validated the appropriateness of the related disclosures in note 4 and note 10 of the financial statements.</p> <p>With the support of our valuation experts, we challenged key assumptions in management's valuation of Vodafone India, including the appropriateness of the basis of valuation determined with reference to the share price of Idea Cellular, and we traced data used in the valuation to supporting documents.</p> <p>Based on our procedures, we noted no exceptions and consider management's approach and assumptions to be reasonable.</p> <p>We validated the appropriateness of the related disclosures in note 7 of the financial statements.</p> <p>We evaluated management's assumption whether any indicators of impairment existed by comparing the equity value from the valuation model prepared for goodwill impairment review purposes or the net assets of the subsidiaries at 31 March 2018 with the Company's investment carrying values.</p> <p>As a result of our work, we agreed with management that the carrying values of the investments held by the Company are supportable in the context of the Company financial statements taken as a whole.</p>

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

Key audit matter	How our audit addressed the key audit matter
<p>Taxation matters (Group)</p> <p>The Group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing, indirect taxes and transaction related tax matters.</p> <p>We focused on 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, Germany, India and Spain.</p> <p>Provisioning claim for withholding tax – there continues to be uncertainty regarding the resolution of the legal claim from the Indian authorities in respect of withholding tax on the acquisition of Hutchison Essar Limited.</p> <p>Recognition and recoverability of deferred tax assets in Luxembourg, Germany, India and Spain – significant judgement is required in relation to the recognition and recoverability of deferred tax assets, particularly in respect of losses in Luxembourg, Germany and Spain amounting to €21.3 billion, €2.8 billion, €0.9 billion respectively and €1.6 billion relating to deferred tax assets in India.</p> <p>Refer to note 6 – “Taxation” and note 29 – “Contingent liabilities and legal proceedings” of the Group financial statements and Audit and Risk Committee report on pages 64–69.</p>	<p>We evaluated the design and implementation of controls in respect of the process for calculating provisions for withholding tax and the recognition and recoverability of deferred tax assets.</p> <p>We gained an understanding of the status of the Indian tax investigations and monitored changes in the disputes by considering external advice received by the Group, where relevant, to establish that the tax provisions were appropriately adjusted to reflect the latest external developments.</p> <p>In respect of the deferred tax assets, we used our tax specialists to assess the recoverability of losses from a tax perspective through performing the following:</p> <ul style="list-style-type: none"> – understanding how losses arose and where they are located, including to which subgroups they are attributed; – considering whether the losses can be reversed based on the ability to generate profits in excess of past losses; – comparing historical forecasting to actual results; – considering the impact of recent regulatory developments, as applicable; – assessing any restrictions on future use of losses; and – determining whether any of the losses will expire. <p>In addition, we assessed the application of International Accounting Standard 12 – Income Taxes including:</p> <ul style="list-style-type: none"> – understanding the triggers for recognition of deferred tax assets; – considering the 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 management plan; and – in respect of the Luxembourg deferred tax assets we assessed management’s view of the Group’s likelihood of generating future taxable profits to support the recoverability of the deferred tax asset. <p>We determined that the carrying value of deferred tax assets at 31 March 2018 was supported by management’s plans including intercompany funding arrangements.</p> <p>We validated the appropriateness of the related disclosures in note 6 and note 29 of the financial statements, including the disclosures made in respect of the utilisation period of deferred tax assets.</p>

Key audit matter	How our audit addressed the key audit matter
<p><i>Provisions and contingent liabilities (Group)</i></p> <p>There are a number of threatened and actual legal, regulatory and tax cases against the Group. There is a high level of judgement required in estimating the level of provisioning required.</p> <p>Refer to note 1 – “Basis of preparation”, note 16 – “Provisions” and note 29 – “Contingent liabilities and legal proceedings” of the Group financial statements and Audit and Risk Committee report on pages 64–69.</p>	<p>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.</p> <p>For legal, regulatory and tax matters our procedures included the following:</p> <ul style="list-style-type: none"> – testing key controls over 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 relevant 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. <p>Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning at 31 March 2018 to be appropriate.</p> <p>We validated the completeness and appropriateness of the related disclosures in note 16 and note 29 of the financial statements and concluded that the disclosure was sufficient.</p>
<p><i>Capitalisation and asset lives (Group)</i></p> <p>There are a number of areas where management judgement impacts the carrying value of property, plant and equipment, software intangible assets and their respective depreciation profiles. These include:</p> <ul style="list-style-type: none"> – the decision to capitalise or expense costs; – the annual asset life review, including the impact of changes in the Group’s strategy; and – the timeliness of transfers from “assets in the course of construction”. <p>Refer to note 1 – “Basis of preparation”, note 10 – Intangible assets and note 11 – “Property, plant and equipment” of the Group financial statements.</p>	<p>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.</p> <p>In performing these substantive procedures, we challenged the judgements made by management including:</p> <ul style="list-style-type: none"> – the nature of underlying costs capitalised as part of the cost of the network roll out; – the appropriateness of asset lives applied in the calculation of depreciation; and – in assessing the need for accelerated depreciation given the network modernisation programme in place across Europe. <p>No issues were noted from our testing.</p>

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 structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates in 25 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 component auditors performed the work, 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 seven local markets in Group scope (UK, Spain, Italy, India, Vodacom South Africa, Turkey and Germany including KDG) representing 79% and 76% of the Group’s revenue and AOP including Vodafone India. We identified these seven local markets as those components that, in our view, required an audit of their complete financial information, due to their size or risk characteristics. Specific audit procedures over certain balances and transactions were performed to give appropriate coverage of all material balances at both local market component and Group levels. The Group engagement team visited all seven local market components in scope for Group reporting during the audit cycle. These visits included meetings with local management, component auditors and review of audit working papers for these components. 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 response to the audit risk relating to the accuracy of share of results from joint ventures, we visited the component team of VodafoneZiggo Group Holding B.V. and obtained reporting in respect of the special purpose financial information from its auditor.

Also, audits for local statutory purposes are performed at a further 13 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 in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	€225 million (2017: €215 million).	€165 million (2017: €160 million).
How we determined it	5% of three year average of ‘Adjusted Operating Profit’ (“AOP”), including Vodafone India.	1% of total assets, limited so as not to exceed 75% of Group materiality.
Rationale for benchmark applied	We used a three year average given volatility in the measure year-on-year.	We believe that total assets is the most appropriate measure as Vodafone Group Plc acts as an investment holding parent company rather than a profit oriented trading company. However, materiality levels have been capped at 75% of Group materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between €25 million and €160 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above €15 million (Group audit) (2017: €15 million) and €15 million (Company audit) (2017: €15 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK), we report as follows:

Reporting obligation

We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Outcome

We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

We have nothing to report.

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Chairman's governance statement (on page 46) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Chairman's governance statement (on page 46) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

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

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

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 91 of the Annual Report 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 44 of the Annual Report 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 to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement 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 UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 91, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the 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 obtained in the course of performing our audit.
- The section of the Annual Report on page 64 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' statement of responsibility set out on page 91, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 29 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 March 2015 to 31 March 2018.



Andrew Kemp (Senior Statutory Auditor)

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

London, 15 May 2018

(a) 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.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
(c) Note that the report set out above is included for the purposes of Vodafone Group Plc's Annual Report for 2018 only and does not form part of Vodafone Group Plc's Annual Report on Form 20-F for 2018.

Consolidated income statement

for the years ended 31 March

	Note	2018 €m	2017 €m	2016 €m
Revenue	2	46,571	47,631	49,810
Cost of sales		(32,771)	(34,576)	(36,713)
Gross profit		13,800	13,055	13,097
Selling and distribution expenses		(4,011)	(4,349)	(4,603)
Administrative expenses		(5,644)	(6,080)	(6,379)
Share of results of equity accounted associates and joint ventures		(59)	47	60
Impairment losses	4	—	—	(569)
Other income/(expense)	3	213	1,052	(286)
Operating profit	3	4,299	3,725	1,320
Non-operating expense		(32)	(1)	(3)
Investment income	5	685	474	539
Financing costs	5	(1,074)	(1,406)	(2,046)
Profit/(loss) before taxation		3,878	2,792	(190)
Income tax credit/(expense)	6	879	(4,764)	(4,937)
Profit/(loss) for the financial year from continuing operations		4,757	(1,972)	(5,127)
(Loss)/profit for the financial year from discontinued operations	7	(1,969)	(4,107)	5
Profit/(loss) for the financial year		2,788	(6,079)	(5,122)
Attributable to:				
— Owners of the parent		2,439	(6,297)	(5,405)
— Non-controlling interests		349	218	283
Profit/(loss) for the financial year		2,788	(6,079)	(5,122)
Earnings/(loss) per share				
From continuing operations:				
— Basic		15.87c	(7.83)c	(20.27)c
— Diluted		15.82c	(7.83)c	(20.27)c
Total Group:				
— Basic	8	8.78c	(22.51)c	(20.25)c
— Diluted	8	8.76c	(22.51)c	(20.25)c

Consolidated statement of comprehensive income

for the years ended 31 March

	Note	2018 €m	2017 €m	2016 €m
Profit/(loss) for the financial year:		2,788	(6,079)	(5,122)
Other comprehensive income/(expense):				
<i>Items that may be reclassified to the income statement in subsequent years:</i>				
Gains/(losses) on revaluation of available-for-sale investments, net of tax		9	2	(3)
Foreign exchange translation differences, net of tax		(1,909)	(1,201)	(3,030)
Foreign exchange (gains)/losses transferred to the income statement		(80)	—	282
Fair value (gains)/losses transferred to the income statement		—	4	—
Other, net of tax		(339)	110	56
Total items that may be reclassified to the income statement in subsequent years		(2,319)	(1,085)	(2,695)
<i>Items that will not be reclassified to the income statement in subsequent years:</i>				
Net actuarial (losses)/gains on defined benefit pension schemes, net of tax	25	(70)	(272)	174
Total items that will not be reclassified to the income statement in subsequent years		(70)	(272)	174
Other comprehensive expense		(2,389)	(1,357)	(2,521)
Total comprehensive income/(expense) for the year		399	(7,436)	(7,643)
Attributable to:				
— Owners of the parent		187	(7,535)	(7,579)
— Non-controlling interests		212	99	(64)
		399	(7,436)	(7,643)

Further details on items in the Consolidated statement of comprehensive income can be found in the consolidated statement of changes in equity on page 104.

Consolidated statement of financial position

at 31 March

	Note	31 March 2018 €m	31 March 2017 €m
Non-current assets			
Goodwill	10	26,734	26,808
Other intangible assets	10	16,523	19,412
Property, plant and equipment	11	28,325	30,204
Investments in associates and joint ventures	12	2,538	3,138
Other investments	13	3,204	3,459
Deferred tax assets	6	26,200	24,300
Post employment benefits	25	110	57
Trade and other receivables	14	4,026	4,569
		107,660	111,947
Current assets			
Inventory		581	576
Taxation recoverable		106	150
Trade and other receivables	14	9,975	9,861
Other investments	13	8,795	6,120
Cash and cash equivalents	19	4,674	8,835
		24,131	25,542
Assets held for sale	7	13,820	17,195
Total assets		145,611	154,684
Equity			
Called up share capital	17	4,796	4,796
Additional paid-in capital		150,197	151,808
Treasury shares		(8,463)	(8,610)
Accumulated losses		(106,695)	(105,851)
Accumulated other comprehensive income		27,805	30,057
Total attributable to owners of the parent		67,640	72,200
Non-controlling interests		967	1,525
Put options over non-controlling interests		–	(6)
Total non-controlling interests		967	1,519
Total equity		68,607	73,719
Non-current liabilities			
Long-term borrowings	20	32,908	34,523
Deferred tax liabilities	6	644	535
Post employment benefits	25	520	651
Provisions	16	1,065	1,130
Trade and other payables	15	2,843	1,737
		37,980	38,576
Current liabilities			
Short-term borrowings	20	10,351	12,051
Taxation liabilities		541	661
Provisions	16	891	1,049
Trade and other payables	15	16,242	16,834
		28,025	30,595
Liabilities held for sale	7	10,999	11,794
Total equity and liabilities		145,611	154,684

The consolidated financial statements on pages 102 to 177 were approved by the Board of Directors and authorised for issue on 15 May 2018 and were signed on its behalf by:



Vittorio Colao
Chief Executive



Nick Read
Chief Financial Officer

Consolidated statement of changes in equity

for the years ended 31 March

	Share capital ¹ €m	Additional paid-in capital ² €m	Treasury shares €m	Retained losses €m	Currency reserve ³ €m	Pensions reserve €m	Investment reserve ⁴ €m	Revaluation surplus ⁵ €m	Other comprehensive income Other ⁶ €m	Equity attributable to the owners €m	Non-controlling interests €m	Total equity €m
1 April 2015	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 ⁷	—	161	—	—	—	—	—	—	—	161	—	161
Issue of mandatory convertible bonds ⁸	—	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	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 ⁷	—	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
Issue or reissue of shares ¹⁰	—	(1,741)	1,882	(127)	—	—	—	—	—	14	—	14
Share-based payments ⁷	—	130	—	—	—	—	—	—	—	130	—	130
Transactions with non-controlling interests in subsidiaries ¹¹	—	—	—	805	—	—	—	—	—	805	311	1,116
Disposal of subsidiaries ¹²	—	—	—	—	—	—	—	—	—	—	(769)	(769)
Dividends	—	—	—	(3,961)	—	—	—	—	—	(3,961)	(306)	(4,267)
Comprehensive income	—	—	—	2,439	(1,852)	(70)	9	—	(339)	187	212	399
Profit	—	—	—	2,439	—	—	—	—	—	2,439	349	2,788
OCI – before tax	—	—	—	—	(1,641)	(94)	9	—	(351)	(2,077)	(140)	(2,217)
OCI – taxes	—	—	—	—	(131)	24	—	—	12	(95)	3	(92)
Transfer to the income statement	—	—	—	—	(80)	—	—	—	—	(80)	—	(80)
Repurchase of treasury shares ¹³	—	—	(1,735)	—	—	—	—	—	—	(1,735)	—	(1,735)
31 March 2018	4,796	150,197	(8,463)	(106,695)	27,807	(1,172)	65	1,227	(122)	67,640	967	68,607

Notes:

1 See note 17 "Called up share capital".

2 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.

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

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

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

6 Includes the impact of the Group's cash flow hedges with €1,811 million net loss deferred to other comprehensive income during the year (2017: €787 million net gain; 2016: €337 million net gain) and €1,460 million net loss (2017: €654 million net gain; 2016: €294 million net gain) recycled to the income statement. These hedges primarily relate to foreign exchange exposure on fixed borrowings, with interest cash flows unwinding to the income statement over the life of the hedges and any foreign exchange on nominal balances impacting income statement at maturity (up to 2056).

7 Includes €8 million tax charge (2017: €9 million credit; 2016: €5 million credit).

8 Includes the equity component of mandatory convertible bonds which were compound instruments issued in the year ended 31 March 2016.

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 reissue of 729.1 million of shares (€1,742 million) in August 2017 in order to satisfy the first tranche of the Mandatory Convertible Bond.

11 See note 12 "Investments in associates and joint arrangements" for further details.

12 Relates to the disposal of Vodafone Qatar. See note 27 "Acquisitions and disposals" for further details.

13 Represents the irrevocable and non-discretionary share buyback programme announced on 25 August 2017.

Consolidated statement of cash flows

for the years ended 31 March

	Note	2018 €m	2017 €m	2016 €m
Inflow from operating activities	18	13,600	14,223	14,336
Cash flows from investing activities				
Purchase of interests in subsidiaries, net of cash acquired	27	(9)	(28)	(57)
Purchase of interests in associates and joint ventures	27	(33)	499	(3)
Purchase of intangible assets	10	(3,246)	(2,576)	(5,618)
Purchase of property, plant and equipment	11	(4,917)	(6,285)	(8,265)
Purchase of investments	13	(3,901)	(2,219)	(106)
Disposal of interests in subsidiaries, net of cash disposed		239	2	—
Disposal of interests in associates and joint ventures		115	4	—
Disposal of property, plant and equipment	11	41	43	164
Disposal of investments		1,250	3,597	1,888
Dividends received from associates and joint ventures		489	433	92
Interest received		378	434	342
Cash flows from discontinued operations		(247)	(2,327)	(2,308)
Outflow from investing activities		(9,841)	(8,423)	(13,871)
Cash flows from financing activities				
Issue of ordinary share capital and reissue of treasury shares	17	20	25	25
Net movement in short-term borrowings		(534)	1,293	(11)
Proceeds from issue of long-term borrowings		4,440	7,326	9,157
Repayment of borrowings		(4,664)	(9,267)	(3,784)
Purchase of treasury shares		(1,766)	—	—
Issue of subordinated mandatory convertible bonds		—	—	3,480
Equity dividends paid	9	(3,920)	(3,714)	(4,188)
Dividends paid to non-controlling shareholders in subsidiaries		(310)	(413)	(309)
Other transactions with non-controlling shareholders in subsidiaries		1,097	5	(67)
Other movements in loans with associates and joint ventures		(194)	70	(31)
Interest paid ¹		(991)	(1,264)	(1,324)
Cash flows from discontinued operations		(302)	(3,157)	1,134
Tax on financing activities		(110)	—	—
(Outflow)/inflow from financing activities		(7,234)	(9,096)	4,082
Net cash (outflow)/inflow		(3,475)	(3,296)	4,547
Cash and cash equivalents at beginning of the financial year	19	9,302	12,911	9,492
Exchange loss on cash and cash equivalents		(433)	(313)	(1,128)
Cash and cash equivalents at end of the financial year	19	5,394	9,302	12,911

Note:

1 Amount for 2018 includes €140 million of cash inflow on derivative financial instruments for the share buyback related to the first tranche of the mandatory convertible bond that matured during the year.

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.

On 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.

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 2018.

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 regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the financial statements and the estimates that are considered to be "critical estimates" due to their potential to give rise to material adjustments in the Group's financial statements in the year to 31 March 2019. As at 31 March 2018, management has identified critical judgements in respect of revenue recognition (gross versus net), classification of joint arrangements and whether to recognise a provision or disclose a contingent liability. In addition, management has identified critical accounting estimates in relation to the recovery of deferred tax assets, post employment benefits, and impairments and estimates that are not considered to be critical in respect of the useful economic lives of finite lived intangibles and property, plant and equipment.

During the year to 31 March 2018, the Group had no significant acquisitions and no disposals of subsidiaries via contribution into joint arrangements, consequently there are no critical estimates disclosed in respect of such transactions. The majority of the Group's provisions are either long term in nature (such as asset retirement obligations) or relate to shorter term liabilities (such as those relating to restructuring and property) where there is not considered to be a significant risk of material adjustment in the next financial year. Provisions for uncertain tax positions are no longer considered a critical estimate as the provision predominantly relates to a large number of immaterial issues across the Group's markets and the risk of a material change in estimate in the next financial year is not considered to be significant. Critical judgements are exercised in respect of tax disputes in India, including the cases relating to our acquisition of Vodafone India.

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

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 principally:

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 as well as 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.

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" on page 108).

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.

Uncertain tax positions

The tax impact of a transaction or item can be 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. The most significant judgement in this area relates to the Group's tax disputes in India, including the cases relating to the Group's acquisition of Vodafone India. Further details of these are included in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Joint arrangements

The Group participates in a number of joint arrangements where control of the arrangement is shared with one or more other parties. Judgement is required to classify joint arrangements in a separate legal entity as either a joint operation or as a joint venture which depends on management's assessment of the legal form and substance of the arrangement taking into account relevant facts and circumstances such as whether the owners have rights to substantially all the economic outputs and, in substance, settle the liabilities of the entity.

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

Finite lived intangible assets

Other intangible assets include amounts spent by the Group acquiring licences and spectrum, customer bases and 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. Useful lives are periodically reviewed to ensure that they remain appropriate. Management's estimates of useful life have a material impact on the amount of amortisation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of intangible assets in the year to 31 March 2019 if these estimates were revised. The basis for determining the useful life for the most significant categories of intangible assets is discussed below.

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% (2017: 19.5%) 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. Management's estimates of useful life have a material impact on the amount of depreciation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of property, plant and equipment in the year to 31 March 2019 if these estimates were revised.

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.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

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 25 "Post employment benefits" to the consolidated financial statements.

Contingent liabilities

The Group exercises judgement to determine whether to recognise 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 29 "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.

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; 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.

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.

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

Accounting convention

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, subsidiaries controlled by the Company (see note 32 "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 is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

The net foreign exchange gain recognised in the consolidated income statement for the year ended 31 March 2018 is €295 million (31 March 2017: €637 million loss; 2016: €1,141 million loss). The net gains and net losses are recorded within operating profit (2018: €65 million credit; 2017: €133 million charge; 2016: €24 million credit), non-operating income and expense (2018: €nil; 2017: €nil; 2016: €282 million charge), investment and financing income (2018: €141 million credit; 2017: €505 million charge; 2016: €872 million charge) and income tax expense (2018: €9 million credit; 2017: €1 million credit; 2016: €11 million charge). The foreign exchange gains and losses included within other income and expense and non-operating income and expense arise on the disposal of interests in joint ventures, associates and investments from the recycling of foreign exchange gains previously recognised in the consolidated statement of comprehensive income.

Inventory

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

New accounting pronouncements adopted on 1 April 2017

On 1 April 2017 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 12 “Recognition of Deferred Tax Assets for Unrealised Losses”;
- Amendments to IAS 7 “Disclosure Initiative”; and
- Amendments to IFRS 12 “Disclosure of Interests in Other Entities” (part of “Improvements to IFRS 2014-2016 cycle”).

While the amendments to IAS 7 will have no impact on the Group’s accounting, additional disclosures are included to reconcile the movements in assets and liabilities during the year resulting from financing activities.

New accounting pronouncements to be adopted on 1 April 2018

On 1 April 2018 the Group will adopt the following standards, which have been issued by the IASB and endorsed by the EU; these standards will have a significant impact on the Group’s financial reporting:

- IFRS 15 “Revenue from Contracts with Customers”; and
- IFRS 9 “Financial Instruments”.

Additional information on the impact of these significant standards is discussed below.

The following pronouncements, which have also been issued by the IASB and endorsed by the EU, will be adopted by the Group on 1 April 2018; these standards are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group:

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

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)**New accounting pronouncements to be adopted on or after 1 April 2019**

On 1 April 2019 the Group will adopt IFRS 16 “Leases”, which has been issued by the IASB and endorsed by the EU. This is a significant new standard for the Group and the expected impacts are discussed below.

The following pronouncements, which are potentially relevant to the Group, have been issued by the IASB and are effective for annual periods beginning on or after 1 January 2019; except where otherwise noted, they have not yet been endorsed by the EU. The Group's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group, from 1 April 2019.

- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”;
- IFRIC 23 “Uncertainty over Income Tax Treatments”;
- “Improvements to IFRS 2015-2017 Cycle”;
- Amendment to IAS 19 “Plan Amendment, Curtailment or Settlement”;
- Amendments to IFRS 9 “Prepayment Features with Negative Compensation”, which has been endorsed by the EU.

In addition, the Group will adopt the following standard, which has been issued by the IASB and has not yet been endorsed by the EU:

- IFRS 17 “Insurance Contracts”, which is effective for accounting periods beginning on or after 1 January 2021.

The Group is currently assessing the impact of the accounting changes that will arise under IFRS 17; however, the changes are not expected to have a material impact on the consolidated income statement and consolidated statement of financial position.

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, revises the requirements for when hedge accounting can be applied and requires certain additional disclosures. The primary changes resulting from IFRS 9 on the Group's accounting for financial instruments are as follows:

- The Group has elected, under IFRS 9, to recognise the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recorded under IFRS 15 and finance lease receivables at the date of initial recognition of those assets; currently credit losses are not recognised on such assets until there is an indicator of impairment, such as a payment default.
- Customer receivables that are received in instalments, which are currently recorded at amortised cost, will be recorded at fair value through other comprehensive income for receivable portfolios that the Group sells from time to time to third parties.

Whilst hedge accounting requirements are revised under IFRS 9, no material changes to the Group's hedge accounting have been identified.

The Group will adopt IFRS 9 with the cumulative retrospective impact on the classification and measurement of financial instruments reflected as an adjustment to equity on the date of adoption.

In order to comply with the transition requirements of IFRS 15 the Group will report financial information both under IFRS 15 and also under the pre-existing revenue standard (IAS 18, Revenue) for the year commencing 1 April 2018. The Group's current estimate of the primary financial impact of adoption of IFRS 9 on an IAS 18 accounting basis on the consolidated statement of financial position on adoption is a reduction in cumulative retained earnings at 1 April 2018 of between €200 million and €300 million, inclusive of the impact of deferred tax movements but excluding the impact on equity accounted joint ventures and associates.

No material impact is expected from implementing IFRS 9 on an IAS 18 basis on the consolidated income statement or on the consolidated statement of cash flows.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 “Revenue from Contracts with Customers”, was issued in May 2014 and subsequent amendments, “Clarifications to IFRS 15” were issued in April 2016; both have been endorsed by the EU. 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:

- Deliverables in contracts with customers that qualify as separate “performance obligations” will be identified and the contractual transaction price receivable from customers must then be allocated to the performance obligations on a relative standalone selling price basis. 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. Stand-alone selling prices will be based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs. Revenue will be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer.
- 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.
- Expected credit losses will be recorded in respect of amounts due from customers. The recognition of contract assets under IFRS 15 will result in an increase in credit loss charges recorded in future periods.
- 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. In addition, certain types of contract acquisition costs will be deducted from revenue as they are considered to relate to the funding of customer discounts.
- In addition certain costs incurred in fulfilling customer contracts will be deferred on the consolidated statement of financial position 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.

In applying IFRS 15, and in determining the accounting impacts described above, the Group will be required to make material judgements. The most significant judgements are expected to be:

- Determining standalone selling price for allocating revenue between performance obligations where contracts contain multiple performance obligations. Judgement will be required to determine whether a standalone selling price exists and if no standalone price exists estimation will be required to determine the appropriate revenue allocation.
- Judgements relating to the reporting of revenue and costs on a gross or net basis, which are consistent with those required under IAS 18 described in section “Critical accounting judgements and key areas of estimation uncertainty” on page 106.

The Group will adopt IFRS 15 with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption; and with disclosure of the impact of IFRS 15 on each line item in the financial statements in the reporting period.

The transactions impacted by IFRS 15 are high in volume, value and complexity which has necessitated a phased approach to the development of new software solutions and changes to processes and related controls across the Group. The items discussed above are the main accounting changes for the Group under IFRS 15. The Group’s current estimate of the primary financial impact of these changes on the consolidated statement of financial position on adoption is a cumulative increase in:

- Retained earnings at 1 April 2018 of between €2.1 billion and €2.8 billion, inclusive of the impact of deferred tax movements and including the impact of adopting IFRS 9 but excluding the impact on equity accounted joint ventures and associates. The primary movements contributing to the increase in retained earnings are the recognition of contract assets and the deferral of previously expensed contract acquisition costs.

On the assumption that there are no significant changes to business models or products offered, the Group expects the primary financial impacts of these changes on the consolidated income statement will be:

- A reduction in revenue which is currently estimated at between 2% and 3%; and
- A reduction in the share of total revenue recorded as service revenue by between 2.5 and 4.5 percentage points primarily as a result of an increased allocation of customer receipts to up-front equipment revenue and of the impact of the revenue reduction noted above.

Notes to the consolidated financial statements (continued)

1. Basis of preparation (continued)

The implementation of IFRS 15 is not expected to have any financial impact on the consolidated statement of cash flows.

These impacts are based on the assessments undertaken to date. The exact financial impacts of the accounting changes of adopting IFRS 15 at 1 April 2018 may be revised as further analysis is completed prior to presentation of financial information for periods including the date of initial application. The Group expects to be in a position to issue further guidance on the impact of adopting IFRS 15 in conjunction with the first quarter trading update for the financial year commencing 1 April 2018.

IFRS 16 “Leases”

IFRS 16 “Leases” was issued in January 2016 to replace IAS 17 “Leases” and has been endorsed by the EU. 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 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 related lease creditor 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, as they will be discounted to present value and the treatment of termination and extension options may differ, 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.

The most significant judgement is expected to be determination of the lease term; under IFRS 16 the lease term includes extension periods where it is reasonably certain that a lease extension option will be exercised or that a lease termination option will not be exercised. Significant judgement will be required when determining the lease term of leases with extension or termination options.

The Group is continuing to assess the impact of the accounting changes that will arise under IFRS 16 and cannot yet reasonably quantify 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.

The Group intends to adopt IFRS 16 with the cumulative retrospective impact as an adjustment to equity on the date of adoption. The Group currently intends to apply the following practical expedients allowed under IFRS 16:

- The right-of-use assets will, generally, be measured at an amount equal to the lease liability at adoption and initial direct costs incurred when obtaining leases will be excluded from this measurement;
- The Group will rely on its onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption; and
- Hindsight will be used in determining the lease term.

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 2018 and 31 March 2017. See note 7 "Discontinued operations and assets and liabilities 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. 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. 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 2018						
Germany	10,847	(29)	10,818	(18)	10,800	4,010
Italy	6,204	(30)	6,174	(3)	6,171	2,329
UK	7,078	(21)	7,057	(7)	7,050	1,762
Spain	4,978	(35)	4,943	(2)	4,941	1,420
Other Europe	4,941	(45)	4,896	(10)	4,886	1,515
Europe	34,048	(160)	33,888	(40)	33,848	11,036
Vodacom	5,692	—	5,692	(7)	5,685	2,203
Other AMAP	5,770	—	5,770	(25)	5,745	1,554
AMAP	11,462	—	11,462	(32)	11,430	3,757
Common Functions	1,408	—	1,408	(115)	1,293	(56)
Group	46,918	(160)	46,758	(187)	46,571	14,737
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						
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	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

Total revenue recorded in respect of the sale of goods for the year ended 31 March 2018 was €4,718 million (2017: €4,029 million, 2016: €4,472 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 102.

	2018 €m	2017 €m	2016 €m
Adjusted EBITDA	14,737	14,149	14,155
Depreciation, amortisation and loss on disposal of fixed assets	(9,910)	(10,179)	(10,386)
Share of adjusted results in equity accounted associates and joint ventures ¹	389	164	60
Adjusted operating profit	5,216	4,134	3,829
Impairment losses	—	—	(569)
Restructuring costs	(156)	(415)	(316)
Amortisation of acquired customer based and brand intangible assets	(974)	(1,046)	(1,338)
Other income/(expense)	213	1,052	(286)
Operating profit	4,299	3,725	1,320

Note:

1 Excludes amortisation of acquired customer bases and brand intangible assets of €0.4 billion (2017: €0.1 billion, 2016: €nil).

Segmental assets and cash flow

	Non-current assets ¹ €m	Capital expenditure ² €m	Other expenditure on intangible assets €m	Depreciation and amortisation €m	Impairment loss €m	Operating free cash flow ³ €m
31 March 2018						
Germany	25,444	1,673	24	3,095	—	2,147
Italy	9,232	797	629	1,479	—	1,607
UK	7,465	889	—	1,600	—	408
Spain	10,576	863	—	1,371	—	628
Other Europe	7,441	710	93	1,092	—	788
Europe	60,158	4,932	746	8,637	—	5,578
Vodacom	5,841	763	1	776	—	1,453
Other AMAP	3,607	729	—	923	—	725
AMAP	9,448	1,492	1	1,699	—	2,178
Common Functions	1,976	897	—	73	—	(755)
Group	71,582	7,321	747	10,409	—	7,001
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
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						
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

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 pages 207 and 208.

Notes to the consolidated financial statements (continued)

3. Operating profit

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

	2018 €m	2017 €m	2016 €m
Net foreign exchange (gains)/losses ¹	(65)	133	(24)
Depreciation of property, plant and equipment (note 11):			
Owned assets	5,963	6,253	6,333
Leased assets	47	12	45
Amortisation of intangible assets (note 10)	4,399	4,821	5,319
Impairment of goodwill in subsidiaries, associates and joint arrangements (note 4)	—	—	569
Staff costs (note 24)	5,295	5,519	5,804
Amounts related to inventory included in cost of sales	6,045	6,464	7,739
Operating lease rentals payable	3,788	3,976	2,464
Loss on disposal of property, plant and equipment and intangible assets	36	22	27
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(829)	(800)	(764)
Net gain on formation of VodafoneZiggo (note 27) ²	—	(1,275)	—

Notes:

1 The year ended 31 March 2018 included €80 million credit (2017: €127 million charge) 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 auditors, PricewaterhouseCoopers LLP and other member firms of PricewaterhouseCoopers International Limited, for services provided to the Group during the year ended 31 March 2018 is analysed below.

	2018 €m	2017 €m	2016 €m
Parent company	2	2	2
Subsidiaries	14	13	13
Subsidiaries — new accounting standards ¹	5	1	—
Audit fees:	21	16	15
Audit-related fees ²	5	4	2
Non-audit fees:	5	4	2
Total fees	26	20	17

Notes:

1 Includes fees in respect of audit procedures in relation to the forthcoming implementation of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases".

2 Relates to fees for statutory and regulatory filings. The amount for the year ended 31 March 2018 includes non-recurring fees that were incurred during the preparations for a potential IPO of Vodafone New Zealand and the merger of Vodafone India and Idea Cellular. 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.

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 64 to 69.

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 the basis for the value in use calculations.

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	2018 €m	2017 €m	2016 €m
Romania	Other Europe	—	—	569
		—	—	569

For the year ended 31 March 2018, the Group recorded a non-cash charge of €3,170 million (€2,245 million net of tax), included in discontinued operations, as a result of the re-measurement of Vodafone India's fair value less costs of disposal. See note 7 “Discontinued operations and assets and liabilities held for sale” for further details.

For the year ended 31 March 2017, the Group recorded a non-cash impairment charge of €4,515 million in respect of the Group's investment in India which, together with the recognition of an associated €840 million deferred tax asset, led to an overall €3,675 million reduction in the carrying value of Vodafone India, the results of which are included in discontinued operations (see note 7 “Discontinued operations and assets and liabilities held for sale”) for further details.

Goodwill

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

	2018 €m	2017 €m
Germany	12,479	12,479
Italy	3,654	3,654
Spain	3,814	3,814
	19,947	19,947
Other	6,787	6,861
	26,734	26,808

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	<p>Projected adjusted EBITDA has been based on past experience adjusted for the following:</p> <ul style="list-style-type: none"> – voice and messaging revenue is expected to benefit from increased usage from new customers, especially in emerging markets, the introduction of new services and traffic moving from fixed networks to mobile networks, though these factors will be offset by increased competitor activity, which may result in price declines, and the trend of falling termination and other regulated rates; – non-messaging data revenue is expected to continue to grow as the penetration of 3G (plus 4G where available) enabled devices and smartphones rise along with higher data bundle attachment rates, and new products and services are introduced; and – margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and the expectation of further termination rate cuts by regulators and by positive factors such as the efficiencies expected from the implementation of Group initiatives.
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	<p>For businesses where the five year management plans are used for the Group's value in use calculations, a long-term growth rate into perpetuity has been determined as the lower of:</p> <ul style="list-style-type: none"> – the nominal GDP rates for the country of operation; and – the long-term compound annual growth rate in adjusted EBITDA in years six to ten estimated by management.
Pre-tax risk adjusted discount rate	<p>The discount rate applied to the cash flows of each of the Group's operations is generally based on the risk free rate for ten year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used.</p> <p>These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.</p> <p>In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the Group's operations determined using an average of the betas of comparable listed mobile telecommunications companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the average equity market risk premium over the past ten years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.</p>

Year ended 31 March 2018

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	8.3	9.7	10.4	9.8
Long-term growth rate	0.5	1.5	1.0	1.5
Projected adjusted EBITDA ¹	3.7	5.9	(2.6)	2.6
Projected capital expenditure ²	16.6–18.8	16.8–17.4	12.1–13.3	11.9–14.6

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 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 €7.7 billion, €0.3 billion and €nil 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 2018.

	Change required for carrying value to equal recoverable amount		
	Germany pps	Spain pps	Romania pps
Pre-tax risk adjusted discount rate	2.0	0.2	0.1
Long-term growth rate	(2.3)	(0.2)	(0.1)
Projected adjusted EBITDA ¹	(3.3)	(0.3)	(0.1)
Projected capital expenditure ²	16.3	1.4	0.4

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 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 2018.

	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	0.6	1.0	3.1
Long-term growth rate	(0.6)	(0.7)	(1.1)	(4.0)
Projected adjusted EBITDA ¹	(0.8)	(1.0)	(1.5)	(4.0)
Projected capital expenditure ²	3.2	4.2	6.4	16.9

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 capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Following the recent merger, the recoverable amount for VodafoneZiggo is not materially greater than its carrying value. If adverse impacts of economic, competitive, regulatory or other factors were to cause significant deterioration in the operations of VodafoneZiggo and the entity's expected future cash flows, this may lead to an impairment loss being recognised.

Notes to the consolidated financial statements (continued)

4. Impairment losses (continued)

Year ended 31 March 2017

During the year ended 31 March 2017, Vodafone India was classified as a discontinued operation and was consequently valued at fair value less costs of disposal. Vodafone India's fair value less costs of disposal was not observable in a quoted market and accordingly was determined with reference to the outcomes from the application of a number of potential valuation techniques, which were considered to result in a "level 2" valuation¹. As such significant judgement was required and involved 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 less costs of disposal excluding net debt was assessed to be INR 971 billion, equivalent to €14.0 billion. See note 7 "Discontinued operations and assets and liabilities held for sale" 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 of disposal 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 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 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 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 were not materially greater than their carrying value, each had 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 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 related solely to goodwill. The recoverable amount of Romania was €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 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 Romania, Germany and Spain were 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 exceeded 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 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)

5. Investment income and financing costs

Investment income comprises interest received from short-term investments and other receivables as well as certain foreign exchange movements. 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

	2018 €m	2017 €m	2016 €m
Investment income:			
Available-for-sale investments:			
Dividends received	—	—	1
Loans and receivables at amortised cost	339	426	529
Fair value through the income statement (held for trading)	24	20	9
Other ¹	322	28	—
	685	474	539
Financing costs:			
Items in hedge relationships:			
Other loans	74	170	224
Interest rate and cross-currency interest rate swaps	(128)	(235)	(127)
Fair value hedging instrument	48	22	(140)
Fair value of hedged item	(36)	(16)	166
Other financial liabilities held at amortised cost:			
Bank loans and overdrafts	317	419	284
Bonds and other loans ²	885	1,243	926
Interest (credit)/charge on settlement of tax issues ³	(11)	47	19
Fair value through the income statement (held for trading):			
Derivatives – forward starting swaps and futures	(75)	(244)	121
Other ^{1,4}	—	—	573
	1,074	1,406	2,046
Net financing costs	389	932	1,507

Notes:

1 Primarily comprises foreign exchange rate differences reflected in the income statement in relation to certain sterling and US dollar balances.

2 Amounts for 2018 include net foreign exchange losses of €181 million (2017: €533 million; 2016: €299 million).

3 Amounts for 2018 include a decrease (2017: increase, 2016: increase) in provision for potential interest on tax issues.

4 Interest capitalised for the year ended 31 March 2018 was €nil (2017: €nil, 2016: €nil).

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.

The Group recognises provisions 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 to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate using management's estimate of the most likely outcome. The Group recognises interest on late paid taxes as part of financing costs, and any penalties, if applicable, as part of the income tax expense.

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

	2018 €m	2017 €m	2016 €m
United Kingdom corporation tax expense/(credit):			
Current year ¹	70	27	(129)
Adjustments in respect of prior years	(5)	(3)	53
	65	24	(76)
Overseas current tax expense/(credit):			
Current year	1,055	961	812
Adjustments in respect of prior years	(102)	(35)	21
	953	926	833
Total current tax expense	1,018	950	757
Deferred tax on origination and reversal of temporary differences:			
United Kingdom deferred tax	39	(16)	(32)
Overseas deferred tax	(1,936)	3,830	4,212
Total deferred tax (credit)/expense	(1,897)	3,814	4,180
Total income tax (credit)/expense²	(879)	4,764	4,937

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.

Notes to the consolidated financial statements (continued)

6. Taxation (continued)

Tax on discontinued operations

	2018 €m	2017 €m	2016 €m
Tax credit on profit from ordinary activities of discontinued operations ¹	(617)	(973)	(514)
Tax charge relating to the gain on discontinuance	15	95	—
Total tax credit on discontinued operations	(602)	(878)	(514)

Note:

1 2018 includes a €925m credit (2017: €840m credit) relating to the impairment of Vodafone India.

Tax charged/(credited) directly to other comprehensive income

	2018 €m	2017 €m	2016 €m
Current tax	22	(16)	(81)
Deferred tax	70	44	293
Total tax charged directly to other comprehensive income	92	28	212

Tax charged/(credited) directly to equity

	2018 €m	2017 €m	2016 €m
Current tax	—	—	(8)
Deferred tax	9	(9)	3
Total tax charged/(credited) directly to equity	9	(9)	(5)

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.

	2018 €m	2017 €m	2016 €m
Continuing profit/(loss) before tax as shown in the consolidated income statement	3,878	2,792	(190)
Aggregated expected income tax expense	985	795	85
Impairment losses with no tax effect	—	—	168
Disposal of Group investments	55	(271)	83
Effect of taxation of associates and joint ventures, reported within profit before tax	90	23	(18)
(Recognition)/derecognition of deferred tax assets for losses in Luxembourg and Spain ¹	(1,583)	1,603	1,288
Deferred tax following revaluation of investments in Luxembourg ¹	(330)	(329)	3,037
Previously unrecognised temporary differences we expect to use in the future	—	(15)	—
Previously unrecognised temporary differences utilised in the year	(29)	(11)	(8)
Current year temporary differences (including losses) that we currently do not expect to use	20	139	50
Adjustments in respect of prior year tax liabilities ²	(244)	(107)	(48)
Revaluation of assets for tax purposes	—	(39)	—
Impact of tax credits and irrecoverable taxes	93	98	(38)
Deferred tax on overseas earnings	24	26	17
Effect of current year changes in statutory tax rates on deferred tax balances	(44)	2,755	95
Expenses not deductible (income not taxable) for tax purposes	84	97	226
Income tax (credit)/expense	(879)	4,764	4,937

Note:

1 See note below regarding deferred tax asset recognition in Luxembourg and Spain on pages 126 and 127.

2 2018 includes the impact of closing tax audits across the Group during the year, including in Germany and Romania.

Deferred tax

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

	€m
1 April 2017	23,765
Foreign exchange movements	(25)
Charged to the income statement (continuing operations)	1,897
Charged directly to OCI	(70)
Credited directly to equity	(9)
Reclassifications	(4)
Arising on acquisition and disposals	2
31 March 2018	25,556

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

	Amount credited/ (expensed) 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	103	1,289	(1,342)	(33)	(86)
Intangible assets	225	193	(571)	16	(362)
Tax losses	1,666	30,953	—	(5,904)	25,049
Deferred tax on overseas earnings	(24)	—	(108)	—	(108)
Other temporary differences	(73)	1,218	(132)	(23)	1,063
31 March 2018	1,897	33,653	(2,153)	(5,944)	25,556

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	26,200
Deferred tax liability	(644)
31 March 2018	25,556

At 31 March 2017, deferred tax assets and liabilities, before offset of balances within countries, were as follows:

	Amount credited/ (expensed) 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

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

Notes to the consolidated financial statements (continued)

6. Taxation (continued)**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 OECD's or European Commission's work on the taxation of the digital economy and European Commission initiatives such as the anti tax avoidance directive, proposed 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).

On 26 October 2017, the European Commission published a preliminary decision to open a formal investigation in relation to the "group financing exemption" ('GFE') in the UK's controlled foreign company rules and whether the GFE constitutes unlawful State Aid. Their investigation remains ongoing. The Group has made claims under the GFE for practical reasons, however given that the Group's Luxembourg financing activities are properly established and operate in accordance with EU and local law as well as the OECD's transfer pricing guidelines, we do not anticipate any significant impact should a finding of unlawful State Aid be ultimately upheld.

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. We continue to monitor developments in this area.

The Group is routinely subject to audit by tax authorities in the territories in which it operates and, specifically, in India these are usually resolved through the Indian legal system. The Group considers each issue on its merits and, where appropriate, holds provisions in respect of the potential tax liability that may arise. As at 31 March 2018, the Group holds provisions for such potential liabilities of €521 million (2017: €711 million). These provisions relate to multiple issues, across the jurisdictions in which the Group operates. The reduction relates to the closure of tax audits across the Group during the year, including in Germany and Romania.

As the tax impact of a transaction can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process, 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 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

At 31 March 2018, 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 for which a deferred tax asset is recognised	266	—	103,452	103,718
Losses for which no deferred tax is recognised	621	3,074	21,994	25,689
	887	3,074	125,446	129,407

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

	Expiring within 5 years €m	Expiring beyond 6 years €m	Unlimited €m	Total €m
Losses 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

Deferred tax assets on losses in Luxembourg

Included in the table above are losses of €81,740 million (2017: €82,634 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 €21,261 million (2017: €19,632 million) has been recognised in respect of these losses, as we conclude it is probable that the Luxembourg entities will continue to generate taxable profits in the future against which we can utilise these losses. The Luxembourg companies' income is derived from the Group's internal financing and procurement and roaming activities. 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 conclude 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 three to five years.

During the current year the Group recognised an additional €330 million (2017: €329 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 2018. The Group has recognised €1,603 million of deferred tax asset as a result of higher interest rates reducing the length of time over which these losses will 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.

In addition to the above, €2,587 million (2017: €993 million) 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 (2017: €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.

Deferred tax assets on losses in Germany

The Group has tax losses of €18,034 million (2017: €18,139 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 €2,796 million (2017: €2,799 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 38 to 45). In the period beyond the 5 year forecast we have reviewed the profits inherent in the terminal period 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 €3,521 million (2017: €3,646 million) in Spain and which are available to offset against the future profits of the Grupo Corporativo ONO business. The losses do not expire.

A deferred tax asset of €880 million (2017: €914 million) has been recognised in respect of these losses as we conclude it is probable that the Spanish business will continue to generate taxable profits in the future against which we can utilise these losses. During the year, the Group also derecognised a deferred tax asset of €20 million related to losses in Spain which we do not expect to utilise in the future.

The Group has reviewed the latest forecasts for the Spanish business which incorporate the unsystematic risks of operating in the telecommunications business (see pages 38 to 45). 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 22 to 25 years. 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 €7,544 million (2017: €7,880 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 €12 million (2017: €108 million) of unrecognised other temporary differences.

The Group holds a deferred tax liability of €108 million (2017: €95 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 on page 126).

No deferred tax liability has been recognised in respect of a further €16,049 million (2017: €20,237 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.

Notes to the consolidated financial statements (continued)

7. Discontinued operations and assets and liabilities 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 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. Consequently, Vodafone India is now accounted for as a discontinued operation, the results of which are detailed below.

Income statement and segment analysis of discontinued operations

	2018 €m	2017 €m	2016 €m
Revenue	4,648	5,827	6,120
Cost of sales	(2,995)	(4,504)	(4,799)
Gross profit	1,653	1,323	1,321
Selling and distribution expenses	(237)	(276)	(264)
Administrative expenses	(533)	(703)	(634)
Impairment losses (note 4)	—	(4,515)	—
Other income and expense ¹	416	—	—
Operating profit/(loss)	1,299	(4,171)	423
Financing costs	(715)	(909)	(932)
Profit/(loss) before taxation	584	(5,080)	(509)
Income tax (expense)/credit	(308)	973	514
Profit/(loss) after tax of discontinued operations	276	(4,107)	5
Pre-tax loss on the re-measurement of disposal group	(3,170)	—	—
Income tax credit	925	—	—
After tax loss on the re-measurement of disposal group	(2,245)	—	—
(Loss)/profit for the financial year from discontinued operations	(1,969)	(4,107)	5

(Loss)/earnings per share from discontinued operations

	2018 eurocents	2017 eurocents	2016 eurocents
— Basic	(7.09)c	(14.68)c	0.02c
— Diluted	(7.06)c	(14.68)c	0.02c

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

	2018 €m	2017 €m	2016 €m
Attributable to owners of the parent	(1,969)	(4,107)	5

For the year ended 31 March 2018, as a discontinued operation, Vodafone India has been valued at fair value less costs of disposal.

Vodafone India's fair value less costs of disposal is not observable in a quoted market. As the completion of the Vodafone India and Idea Cellular Limited merger is expected to complete in June 2018, the fair value of Vodafone India has been assessed to be primarily determined by reference to the Idea Cellular Limited quoted share price as at 31 March 2018 of INR 75.9 per share. This technique is considered to result in a "level 2" valuation² under IFRS 13, as while the quoted price for Idea is observable, further adjustments, such as the assumption regarding the disposal of Vodafone India with a certain level of debt, are required to estimate fair value less costs of disposal. For the year ended 31 March 2018, the Group has recorded a non-cash charge of €3,170 million (€2,245 million net of tax), included in discontinued operations, as a result of the re-measurement of Vodafone India's fair value less costs of disposal. Fair value at the equity level has been assessed to be INR 223 billion (2017: INR 370 billion), equivalent to €2.8 billion (2017: €5.3 billion) at the foreign exchange rates prevailing at those dates.

Should the competitive environment in India become more intense, there could be a further significant deterioration in the operations of Vodafone India Limited and Idea Cellular Limited impacting the entities' expected future cash flows. This may lead to a further impairment loss being recognised.

The initial investment in the joint venture expected to be formed by the merger of Vodafone India Limited and Idea Cellular Limited in the financial year ending 31 March 2019 will also be measured in part by reference to the share price of Idea Cellular Limited at the date of completion. Accordingly the accounting gain or loss on the disposal of Vodafone India Limited to be recognised at that point, will in part be dependent on the share price of Idea Cellular Limited at that date. A change in the share price of Idea Cellular Limited from INR 75.9 per share as at 31 March 2018, to INR 85.9 per share or to INR 65.9 per share would give rise to a potential gain or loss of approximately €0.5 billion respectively. Based on Idea Cellular Limited's share price of INR 51.75 per share as at 14 May 2018, the accounting loss on the disposal of Vodafone India would be approximately €1.2 billion based on the 31 March 2018 foreign exchange rate.

Notes:

¹ Includes the profit on disposal of Vodafone India's standalone towers business to ATC Telecom during the year. See note 28 for further details.

² 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 Group will also realise as part of the disposal of Vodafone India Limited a loss comprising the cumulative foreign exchange losses arising from the retranslation of the consolidated net assets of Vodafone India Limited (which has a functional currency of Indian Rupee) to the Group's presentation currency in the period from acquisition of the Group's interest to the date of disposal. This foreign exchange is required to be recycled to the income statement from the translation reserve. Based on the 31 March 2018 exchange rate of €:INR: 80.48, a loss of approximately €1.9 billion would arise. The actual loss from the recycling of foreign exchange previously recognised in equity that would be recognised in the year ending 31 March 2019, will depend on the INR:€ exchange rate at the date of completion. A change in the exchange rate from €:INR 80.48 to €:INR 85.5 or to €:INR 75.5 would give rise to a foreign exchange loss of approximately €2.1 billion and €1.8 billion respectively.

Assets and liabilities held for sale

Assets and liabilities relating to our operations in India have been classed as held for sale on the consolidated statement of financial position at 31 March 2018 and 31 March 2017. The relevant assets and liabilities are detailed in the table below.

Assets and liabilities held for sale¹

	2018 €m	2017 €m
Non-current assets		
Goodwill	—	—
Other intangible assets	5,937	9,214
Property, plant and equipment	2,823	3,462
Deferred tax assets	1,641	1,202
Trade and other receivables	526	694
	10,927	14,572
Current assets		
Inventory	—	1
Taxation recoverable	1,219	1,311
Trade and other receivables	936	831
Other investments	11	13
Cash and cash equivalents	727	467
	2,893	2,623
Total assets held for sale	13,820	17,195
Non-current liabilities		
Long-term borrowings	(6,687)	(8,024)
Post employment benefits	(14)	(15)
Provisions	(665)	(784)
Trade and other payables	(32)	(39)
	(7,398)	(8,862)
Current liabilities		
Short-term borrowings	(1,756)	(1,139)
Provisions	(18)	(25)
Trade and other payables	(1,827)	(1,768)
	(3,601)	(2,932)
Total liabilities held for sale	(10,999)	(11,794)

Note:

¹ Total net debt in India at 31 March 2018 was €7,714 million (2017: €8,674 million). This comprised cash of €727 million (2017: €467 million), licence payables classified as debt of €6,418 million (2017: €7,143 million) and €2,025 million (2017: €2,020 million) of other borrowings, together with €2 million (2017: €22 million) of derivative financial instruments reported within Trade and other receivables and Trade and other payables. €345 million (2017: €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. Each of the eight legal entities within the Vodafone India Group provide cross guarantees to the lenders in respect of debt contracted by the other entities.

Deferred tax assets on losses in India

The Group recognises a deferred tax asset of €1,641 million (2017: €1,202 million) relating to its Indian business. This includes a deferred tax asset of €1,290 million (2017: €816 million) relating to losses, which do not expire. 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 pages 38 to 45). 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 11 to 13 years.

We do not recognise a deferred tax asset of €399 million (2017: €352 million) in relation to losses where we currently believe that it is not probable these losses will be utilised in the future.

Notes to the consolidated financial statements (continued)

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.

	2018 Millions	2017 Millions	2016 Millions
Weighted average number of shares for basic earnings per share	27,770	27,971	26,692
Effect of dilutive potential shares: restricted shares and share options	87	—	—
Weighted average number of shares for diluted earnings per share	27,857	27,971	26,692

	2018 €m	2017 €m	2016 €m
Earnings/(loss) for earnings per share from continuing operations	4,408	(2,190)	(5,410)
(Loss)/earnings for earnings per share from discontinued operations	(1,969)	(4,107)	5
Earnings/(loss) for basic and diluted earnings per share	2,439	(6,297)	(5,405)

	eurocents	eurocents	eurocents
Basic earnings/(loss) per share from continuing operations	15.87c	(7.83)c	(20.27)c
Basic (loss)/earnings per share from discontinued operations	(7.09)c	(14.68)c	0.02c
Basic earnings/(loss) per share	8.78c	(22.51)c	(20.25)c

	eurocents	eurocents	eurocents
Diluted earnings/(loss) per share from continuing operations	15.82c	(7.83)c	(20.27)c
Diluted (loss)/earnings per share from discontinued operations	(7.06)c	(14.68)c	0.02c
Diluted earnings/(loss) per share	8.76c	(22.51)c	(20.25)c

9. Equity dividends

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

	2018 €m	2017 €m	2016 €m
Declared during the financial year:			
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
Interim dividend for the year ended 31 March 2018: 4.84 eurocents per share (2017: 4.74 eurocents per share, 2016: 3.68 pence per share)	1,291	1,262	1,381
	3,961	3,709	4,233
Proposed after the end of the year and not recognised as a liability:			
Final dividend for the year ended 31 March 2018: 10.23 eurocents per share (2017: 10.03 eurocents per share, 2016: 7.77 pence per share)	2,729	2,670	2,447

10. Intangible assets

The 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. Identifiable intangible assets are recognised at fair value when the Group completes a business combination. The determination of the fair values of the separately identified intangibles, is based, to a considerable extent, on management’s judgement.

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.

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 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 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

Notes to the consolidated financial statements (continued)

10. Intangible assets (continued)

	Goodwill €m	Licences and spectrum €m	Computer software €m	Other €m	Total €m
Cost:					
31 March 2016	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
Disposals ¹	—	(72)	(499)	(30)	(601)
Other	—	—	(97)	—	(97)
31 March 2017	90,221	30,775	16,962	7,430	145,388
Exchange movements	(313)	(855)	(233)	(72)	(1,473)
Arising on acquisition	5	—	—	—	5
Disposal of subsidiaries	—	(1,712)	(222)	—	(1,934)
Additions	—	747	2,261	3	3,011
Disposals	—	(158)	(1,381)	(6)	(1,545)
Other	—	—	26	(10)	16
31 March 2018	89,913	28,797	17,413	7,345	143,468
Accumulated impairment losses and amortisation:					
31 March 2016	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 ¹	—	(72)	(486)	(30)	(588)
Other	—	—	(87)	—	(87)
31 March 2017	63,413	16,954	12,148	6,653	99,168
Exchange movements	(234)	(398)	(183)	(65)	(880)
Disposal of subsidiaries	—	(779)	(173)	—	(952)
Amortisation charge for the year	—	1,758	2,105	536	4,399
Disposals	—	(158)	(1,357)	(6)	(1,521)
Other	—	—	1	(4)	(3)
31 March 2018	63,179	17,377	12,541	7,114	100,211
Net book value:					
31 March 2017	26,808	13,821	4,814	777	46,220
31 March 2018	26,734	11,420	4,872	231	43,257

Note:

¹ Disposals of licences and spectrum comprise the removal of fully amortised assets that have expired.

For licences and spectrum and other intangible assets, amortisation is included within the cost of sales line within the consolidated income statement.

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

	Expiry date	2018 €m	2017 €m
Germany	2020/2021/2025/2033	4,053	4,726
Italy	2018/2021/2029	1,896	1,442
UK	2023/2033/2038	2,316	2,818
Qatar	2028/2029	—	1,164

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 204 and 205.

11. Property, plant and equipment

The Group makes 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
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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.

Notes to the consolidated financial statements (continued)

11. Property, plant and equipment (continued)

	Land and buildings €m	Equipment, fixtures and fittings €m	Total €m
Cost:			
31 March 2016	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
Exchange movements	(38)	(1,415)	(1,453)
Additions	88	4,969	5,057
Disposals	(94)	(2,720)	(2,814)
Disposal of subsidiaries	—	(552)	(552)
Other	3	46	49
31 March 2018	2,225	68,532	70,757
Accumulated depreciation and impairment:			
31 March 2016	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
Exchange movements	(17)	(816)	(833)
Charge for the year	123	5,887	6,010
Disposals	(83)	(2,675)	(2,758)
Disposal of subsidiaries	—	(287)	(287)
Other	1	33	34
31 March 2018	1,165	41,267	42,432
Net book value:			
31 March 2017	1,125	29,079	30,204
31 March 2018	1,060	27,265	28,325

The net book value of land and buildings and equipment, fixtures and fittings includes €3 million and €681 million respectively (2017: €3 million and €608 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 €15 million and €1,224 million respectively (2017: €10 million and €1,234 million).

12. Investments in associates and joint arrangements

The Group holds 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 arrangement.

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 2018 rounded to the nearest tenth of one percent.

Notes to the consolidated financial statements (continued)

12. Investments in associates and joint arrangements (continued)

Joint ventures and associates

	2018 €m	2017 €m
Investment in joint ventures	2,097	2,689
Investment in associates	441	449
31 March	2,538	3,138

Joint ventures

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

Name of joint venture	Principal activity	Country of incorporation or registration	Percentage ¹ shareholdings
VodafoneZiggo Group Holding B.V. ³	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 2018 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 and VodafoneZiggo Group Holding B.V. have 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		
	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m
VodafoneZiggo Group Holding B.V.	2,119	2,736	—	(398)	(160)	—	1	2	—	(397)	(158)	—
Indus Towers Limited	893	1,032	982	135	98	101	—	—	—	135	98	101
Vodafone Hutchison Australia Pty Limited	(979)	(1,156)	(1,032)	32	(59)	(153)	—	—	(1)	32	(59)	(154)
Other	64	77	79	(15)	(14)	(39)	—	—	—	(15)	(14)	(39)
Total	2,097	2,689	29	(246)	(135)	(91)	1	2	(1)	(245)	(133)	(92)

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		
	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m
Income statement and statement of comprehensive income									
Revenue	3,972	1,014	—	2,477	2,379	2,277	2,518	2,287	2,354
Depreciation and amortisation	(2,232)	(764)	—	(303)	(407)	(489)	(483)	(473)	(517)
Interest income	6	23	—	16	22	10	3	3	2
Interest expense	(543)	(117)	—	(74)	(91)	(86)	(230)	(240)	(268)
Income tax income/(expense)	287	105	—	(316)	(267)	(186)	1	—	—
(Loss)/profit from continuing operations	(795)	(320)	—	322	234	240	64	(117)	(306)
Other comprehensive income/(expense)	3	3	—	—	—	—	—	—	(2)
Total comprehensive (expense)/income	(792)	(317)	—	322	234	240	64	(117)	(308)
Statement of financial position									
Non-current assets	18,721	20,303		1,598	1,995		3,241	2,317	
Current assets	773	721		520	326		194	892	
Non-current liabilities	(13,303)	(14,015)		(476)	(545)		(4,478)	(1,460)	
Current liabilities	(1,953)	(1,538)		(814)	(825)		(1,125)	(4,301)	
Equity shareholders' funds	(4,238)	(5,471)		(828)	(951)		2,168	2,552	
Cash and cash equivalents within current assets	355	273		15	29		104	68	
Non-current liabilities excluding trade and other payables and provisions	(12,510)	(13,668)		(136)	(188)		(4,453)	(1,435)	
Current liabilities excluding trade and other payables and provisions	(1)	—		(396)	(375)		(464)	(3,563)	

The Group received a dividend from Indus Towers Limited of €138 million in the year to 31 March 2018 (2017: €126 million; 2016: €nil) and a dividend of €220 million from VodafoneZiggo Group Holding B.V. (2017: €76 million; 2016: €nil).

Reconciliation of summarised financial information

The reconciliation of summarised financial information presented to the carrying amount of our interest in joint ventures is set out below:

	VodafoneZiggo Group Holding B.V.		Indus Towers Limited		Vodafone Hutchison Australia Pty Limited	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Equity shareholders' funds	4,238	5,471	828	951	(2,168)	(2,552)
Interest in joint ventures (50%/42%/50%)	2,119	2,736	348	399	(1,084)	(1,276)
Goodwill	—	—	545	633	105	120
Carrying value	2,119	2,736	893	1,032	(979)	(1,156)

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 2018 rounded to the nearest tenth of one percent.

2 The Group also holds two non-voting shares.

3 At 31 March 2018 the fair value of Safaricom Limited was KES 496 billion (€3,996 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		
	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m	2018 €m	2017 €m	2016 €m
Total	441	449	450	187	182	151	—	—	—	187	182	151

Vodacom and Safaricom

On 15 May 2017, the Group announced that its wholly-owned subsidiary, Vodafone International Holdings B.V. ('VIHBV'), had agreed to transfer part of its indirect shareholding in Safaricom Limited ('Safaricom') to Vodacom Group Limited ('Vodacom'), its sub-Saharan African subsidiary. On 18 July 2017, Vodacom shareholders voted in favour of the transaction. The transaction completed on 7 August 2017, with the Group being issued with 233.5 million new shares in Vodacom, increasing Vodafone Group's shareholding in Vodacom from 65.0% to 69.7%. Vodafone retains an indirect stake of 5% in Safaricom.

On 5 September 2017, the Group announced that VIHBV intended to sell approximately 90 million ordinary shares in Vodacom (the 'Placing Shares') to institutional investors by way of an accelerated bookbuild process (the 'Placing'). The Placing Shares represented 5.2% of Vodacom's ordinary share capital. The objective of the Placing was to ensure that Vodacom meets the free float requirement and to restore Vodafone's shareholding in Vodacom to a percentage that is broadly similar to that which it held prior to implementation of the Safaricom Transaction.

It was further announced on 6 September 2017 that VIHBV had sold an aggregate of 90 million ordinary shares in Vodacom raising gross proceeds of approximately €955 million. Following the completion of the Placing, Vodafone Group indirectly owns 64.5% of Vodacom's ordinary share capital. Vodafone remains committed to Vodacom and intends to retain a controlling majority shareholding in Vodacom for the long-term.

Notes to the consolidated financial statements (continued)

13. Other investments

The Group holds a number of other listed and unlisted investments, mainly comprising managed funds, loan notes, deposits and government bonds.

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 other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income, 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.

	2018 €m	2017 €m
Included within non-current assets:		
Equity securities:		
Listed ¹	3	3
Unlisted ²	44	82
Debt securities:		
Other debt and bonds ²	3,157	3,374
	3,204	3,459

The listed and unlisted equity securities are classified as available-for-sale. Other debt and bonds which are not quoted in an active market, are classified as loans and receivables.

Other debt and bonds includes loan notes of US\$2.5 billion (€2.0 billion), (2017: US\$2.5 billion (€2.3 billion)) 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 €0.9 billion (2017: €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:

	2018 €m	2017 €m
Included within current assets:		
Debt securities:		
Public debt and bonds ¹	2,517	2,284
Other debt and bonds ²	4,896	2,727
Cash and other investments held in restricted deposits	1,382	1,109
	8,795	6,120

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 €3,087 million (2017: €2,039 million) of assets held for trading in managed investment funds with liquidity of up to 90 days; €830 million (2017: €506 million) of assets held at amortised cost on an effective interest method paid as collateral on derivative financial instruments and €976 million (2017: €182 million) short-term investments, also classified as loans and receivables at amortised cost, where the underlying assets are supply chain and handset receivables.

Current public debt and bonds include highly liquid German and UK government bonds held for trading of €1,974 million (2017: €1,638 million) of which UK gilts of €1,112 million (2017: €1,172 million) is paid as collateral primarily on derivative financial instruments.

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

Notes:

- For items measured at fair value, the valuation basis is level 1 classification, which comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities.
- For items measured at fair value, the valuation basis is level 2 classification, which 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.

14. Trade and other receivables

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 that are recovered in instalments from customers over an extended period are discounted at market rates and interest is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value. The carrying value of all trade receivables is 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.

	2018 €m	2017 €m
Included within non-current assets:		
Trade receivables	435	362
Amounts owed by associates and joint ventures	1	27
Other receivables	194	130
Prepayments	597	378
Accrued income	350	—
Derivative financial instruments	2,449	3,672
	4,026	4,569
Included within current assets:		
Trade receivables	4,967	4,973
Amounts owed by associates and joint ventures	524	325
Other receivables	895	918
Prepayments	1,152	1,197
Accrued income	2,257	1,838
Derivative financial instruments	180	610
	9,975	9,861

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:

	2018 €m	2017 €m
1 April	1,418	1,385
Reclassification as held for sale	—	(66)
Exchange movements	(78)	(94)
Amounts charged to administrative expenses	528	589
Other	(619)	(396)
31 March	1,249	1,418

The carrying amounts of trade and other receivables approximate their fair value and are predominantly non-interest bearing. The fair values¹ 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.

	2018 €m	2017 €m
Included within derivative financial instruments:		
Fair value through the income statement (held for trading):		
Interest rate swaps	1,610	2,248
Cross-currency interest rate swaps	445	126
Options	25	12
Foreign exchange contracts	44	103
	2,124	2,489
Designated hedge relationships:		
Interest rate swaps	191	212
Cross-currency interest rate swaps	314	1,581
	2,629	4,282

Note

¹ The valuation basis is level 2. This 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.

Notes to the consolidated financial statements (continued)

15. Trade and other payables

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.

	2018 €m	2017 €m
Included within non-current liabilities:		
Other payables	314	30
Accruals	159	154
Deferred income	237	204
Derivative financial instruments	2,133	1,349
	2,843	1,737
Included within current liabilities:		
Trade payables	6,185	6,212
Amounts owed to associates and joint ventures	27	14
Other taxes and social security payable	1,177	1,261
Other payables	1,346	1,220
Accruals	5,579	5,683
Deferred income	1,678	1,716
Derivative financial instruments	250	728
	16,242	16,834

The carrying amounts of trade and other payables approximate their fair value. The fair values¹ 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.

	2018 €m	2017 €m
Included within derivative financial instruments:		
Fair value through the income statement (held for trading):		
Interest rate swaps	412	553
Cross-currency interest rate swaps	812	944
Options	76	63
Foreign exchange contracts	51	76
	1,351	1,636
Designated hedge relationships		
Interest rate swaps	103	61
Cross-currency interest rate swaps	929	380
	2,383	2,077

Note:

¹ The valuation basis is 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.

Other payables included within non-current liabilities include €271 million (2017: €nil) in respect of the re-insurance of a third-party annuity policy related to the Vodafone and CWW Sections of the Vodafone UK Group Pension Scheme.

16. 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. Where the timing of settlement is uncertain amounts are classified as non-current where settlement is expected more than 12 months from the reporting date.

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.

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.

For a discussion of certain legal issues potentially affecting the Group see note 29 “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
31 March 2016	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
Disposal of subsidiaries	(14)	(3)	—	(17)
Exchange movements	(13)	(21)	(4)	(38)
Amounts capitalised in the year	59	—	—	59
Amounts charged to the income statement	—	140	325	465
Utilised in the year – payments	(33)	(57)	(324)	(414)
Amounts released to the income statement	(22)	(171)	(85)	(278)
31 March 2018	583	522	851	1,956

Notes to the consolidated financial statements (continued)

16. Provisions (continued)

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

31 March 2018

	Asset retirement obligations €m	Legal and regulatory €m	Other €m	Total €m
Current liabilities	17	280	594	891
Non-current liabilities	566	242	257	1,065
	583	522	851	1,956

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

17. 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.

	2018		2017	
	Number	€m	Number	€m
Ordinary shares of 20²⁰/21 US cents each allotted, issued and fully paid:¹				
1 April	28,814,142,848	4,796	28,813,396,008	4,796
Allotted during the year ²	660,460	—	746,840	—
31 March	28,814,803,308	4,796	28,814,142,848	4,796

Notes:

- At 31 March 2018 the Group held 2,139,038,029 (2017: 2,192,064,339) treasury shares with a nominal value of €356 million (2017: €365 million). The market value of shares held was €4,738 million (2017: €5,348 million). During the year, 53,026,317 (2017: 62,761,357) treasury shares were reissued under Group share schemes. On 25 August 2017, 729,077,001 treasury shares were issued in settlement of a maturing subordinated mandatory convertible bond issued on 19 February 2016. For further details see note 21 "Liquidity and capital resources".
- Represents US share awards and option scheme awards.

18. 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	2018 €m	2017 €m	2016 €m
Profit/(loss) for the financial year		2,788	(6,079)	(5,122)
Loss/(profit) from discontinued operations	7	1,969	4,107	(5)
Profit/(loss) for the financial year from continuing operations		4,757	(1,972)	(5,127)
Non-operating expense		32	1	3
Investment income		(685)	(474)	(539)
Financing costs		1,074	1,406	2,046
Income tax (credit)/expense	6	(879)	4,764	4,937
Operating profit		4,299	3,725	1,320
Adjustments for:				
Share-based payments		128	95	154
Depreciation and amortisation	10, 11	10,409	11,086	11,697
Loss on disposal of property, plant and equipment and intangible assets	3	36	22	27
Share of result of equity accounted associates and joint ventures	12	59	(47)	(60)
Impairment losses	4	—	—	569
Other (income)/expense		(213)	(1,052)	286
(Increase)/decrease in inventory		(26)	117	(144)
(Increase)/decrease in trade and other receivables	14	(1,118)	308	(684)
Increase/(decrease) in trade and other payables	15	286	(473)	332
Cash generated by operations		13,860	13,781	13,497
Net tax paid		(1,118)	(761)	(807)
Cash flows from discontinued operations		858	1,203	1,646
Net cash flow from operating activities		13,600	14,223	14,336

19. Cash and cash equivalents

The majority of the Group's cash is held in bank deposits or money market funds 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.

	2018 €m	2017 €m
Cash at bank and in hand	2,197	1,856
Money market funds and bank deposits	2,477	6,979
Cash and cash equivalents as presented in the statement of financial position	4,674	8,835
Bank overdrafts	(7)	—
Cash and cash equivalents of discontinued operations	727	467
Cash and cash equivalents as presented in the statement of cash flows	5,394	9,302

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 €1,449 million (2017: €1,132 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)

20. 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. Where they are identified as a hedged item in a designated fair value hedge relationship, fair value adjustments are recognised in accordance with policy (see note 22). 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

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

	Carrying value		Fair value	
	2018 €m	2017 €m	2018 €m	2017 €m
Financial liabilities measured at amortised cost				
Bank loans	1,159	867	1,180	898
Commercial paper	2,712	3,648	2,715	3,650
Bonds ¹	3,062	660	3,057	667
Other liabilities ^{2,3}	3,003	4,632	3,003	4,632
Bonds in designated hedge relationships	415	2,244	409	2,241
Short-term borrowings	10,351	12,051	10,364	12,088
Financial liabilities measured at amortised cost:				
Bank loans	2,157	2,741	2,176	2,769
Bonds ¹	18,804	19,345	18,714	19,286
Other liabilities	278	305	278	305
Bonds in designated hedge relationships	11,669	12,132	11,010	11,349
Long-term borrowings	32,908	34,523	32,178	33,709

Notes:

- 1 Bonds mature between 2018 and 2056 (2017: 2017 and 2056) and have interest rates of 0.0% to 8.125% (2017: 0.0% to 8.125%).
- 2 Includes a €1.8 billion (2017: €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 Amount includes €1,070 million (2017: €2,654 million) in relation to collateral support agreements.

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.

The Group's gross and net debt includes certain bonds which have been designated in hedge relationships, which are carried at €1.7 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 increase the euro equivalent redemption value of the bonds by €0.6 billion.

	Cash flows				Non-cash changes		2018 €m
	2017 €m	Net proceeds/ (repayment) of borrowings €m	Interest paid €m	Net movements in short-term borrowings €m	Net Financing costs ² €m	Reclassification €m	
Assets and liabilities from financing activities ¹	44,369	(224)	(991)	(534)	486	(93)	43,013

Notes:

- 1 This balance comprises gross borrowings of €43,259 million (2017: € 46,574 million) and net derivative financial assets of €246 million (€2,205 million). Net debt disclosed in note 21 additionally includes cash and certain short term investments.
- 2 This amount includes interest, fair value and foreign exchange items which impact the income statement. Financing costs of €1,074 million as disclosed in note 5 primarily additionally include foreign exchange and other movements on items classified as net debt but not borrowings.

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	Bonds in designated hedge relationships €m	Total €m
Within one year	1,251	2,715	3,498	3,002	850	11,316
In one to two years	748	—	393	34	1,423	2,598
In two to three years	507	—	2,893	25	1,518	4,943
In three to four years	569	—	3,869	22	359	4,819
In four to five years	—	—	791	26	2,901	3,718
In more than five years	350	—	14,702	172	9,933	25,157
	3,425	2,715	26,146	3,281	16,984	52,551
Effect of discount/financing rates	(109)	(3)	(4,280)	—	(4,900)	(9,292)
31 March 2018	3,316	2,712	21,866	3,281	12,084	43,259
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

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:

	2018		2017	
	Payable €m	Receivable €m	Payable €m	Receivable €m
Within one year	18,055	18,363	16,541	16,462
In one to two years	3,925	3,875	4,788	5,201
In two to three years	4,904	4,911	3,000	3,141
In three to four years	2,223	2,324	1,913	2,038
In four to five years	3,834	3,687	1,567	1,706
In more than five years	20,702	23,021	18,743	22,491
	53,643	56,181	46,552	51,039

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 €2,292 million (2017: €2,282 million), leaving a €246 million (2017: €2,205 million) net receivable in relation to financial derivatives. This is split €2,383 million (2017: €2,077 million) within trade and other payables and €2,629 million (2017: €4,282 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 2018 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:

	2018		2017	
	Payable €m	Receivable €m	Payable €m	Receivable €m
Sterling	4,459	7,280	1,176	6,576
Euro	27,655	9,609	23,167	5,556
US dollar	6,862	20,615	4,246	19,482
Other	5,568	7,972	5,420	4,813
	44,544	45,476	34,009	36,427

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 €1,972 million (2017: €2,008 million), leaving a €1,040 million (2017: €410 million) net payable in relation to financial derivatives. This is split €1,868 million (2017: €1,400 million) within trade and other payables and €828 million (2017: €1,810 million) within trade and other receivables.

Notes to the consolidated financial statements (continued)

20. Borrowings (continued)

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:

	2018 €m	2017 €m
Within one year	46	68
In two to five years	94	78
In more than five years	172	160
	312	306

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	3,339	—	3,339	—
Euro	36,411	5,766	28,779	1,866
US dollar	2,930	2,899	31	—
Other	579	13	566	—
31 March 2018	43,259	8,678	32,715	1,866
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

Notes:

- 1 The weighted average interest rate for the Group's sterling denominated fixed rate borrowings is 2.5% (2017: 2.5%). The weighted average time for which these rates are fixed is 20.8 years (2017: 16.6 years). The weighted average interest rate for the Group's euro denominated fixed rate borrowings is 2.1% (2017: 2.1%). The weighted average time for which the rates are fixed is 8.0 years (2017: 8.4 years). The weighted average interest rate for the Group's US dollar denominated fixed rate borrowings is 0.0% (2017: 0.2%). The weighted average time for which the rates are fixed is 0.0 years (2017: 0.1 years). The weighted average interest rate for the Group's other currency fixed rate borrowings is 12.3% (2017: 8.5%). The weighted average time for which the rates are fixed is 4.4 years (2017: 12.0 years).
- 2 At 31 March 2018 other borrowings of €1.9 billion (2017: €1.9 billion) include a €1.8 billion (2017: €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.

21. Liquidity and capital resources

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

Net debt

Net debt represented 49% of our market capitalisation at 31 March 2018 compared to 44% at 31 March 2017. Average net debt at month end accounting dates over the 12-month period ended 31 March 2018 was €31.9 billion and ranged between net debt of €30.0 billion and €32.9 billion. Our consolidated net debt position at 31 March was as follows:

	2018 €m	2017 €m
Cash and cash equivalents	4,674	8,835
Short-term borrowings		
Bonds	(3,477)	(2,904)
Commercial paper ¹	(2,712)	(3,648)
Put options over non-controlling interests ²	(1,838)	(1,837)
Bank loans	(1,159)	(867)
Other short-term borrowings ³	(1,165)	(2,795)
	(10,351)	(12,051)
Long-term borrowings		
Bonds, loans and other long-term borrowings	(32,908)	(34,523)
	(32,908)	(34,523)
Other financial instruments		
Derivative financial instruments included in trade and other receivables (note 14)	2,629	4,282
Derivative financial instruments included in trade and other payables (note 15)	(2,383)	(2,077)
Short-term investments (note 13) ⁴	6,152	3,981
Cash collateral	718	384
	7,116	6,570
Net debt	(31,469)	(31,169)

Notes:

- At 31 March 2018 US\$570 million (2017: US\$1,484 million) was drawn under the US commercial paper programme and €2,249 million (2017: €2,262 million) were drawn under the euro commercial paper programme.
- Includes a €1.8 billion (2017: €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.
- At 31 March 2018 the amount includes €1,070 million (2017: €2,654 million) in relation to cash received under collateral support agreements.
- At 31 March 2018 the amount primarily includes €3,087 million (31 March 2017: €2,039 million) in managed investment funds, €1,974 million (2017: €1,638 million) in government bonds of which UK gilts of €1,112 million (2017: €1,172 million) are used primarily as collateral in relation derivative financial instruments, and €976 million (31 March 2017: €182 million) short-term investments where the underlying assets are supply chain and handset receivables.

At 31 March 2018 we had €4,674 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 2018 were managed investment funds, money market funds, 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 22 "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 2018 amounts external to the Group of €2,249 million were drawn under the euro commercial paper programme and US\$570 million (€464 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 (€3.3 billion) and €3.8 billion of syndicated committed bank facilities (see "Committed facilities" below). No amounts had been drawn under either bank facility.

Bonds

We have a €30 billion euro medium-term note programme and a US shelf programme which are used to meet medium to long-term funding requirements. At 31 March 2018 the total amounts in issue under these programmes split by currency were US\$9.9 billion, €18.4 billion, €3.6 billion, AUD 1.2 billion, HKD 2.1 billion, NOK 2.2 billion, CHF 0.7 billion, JPY 10 billion.

At 31 March 2018 the Group had bonds outstanding with a nominal value of €32.3 billion. During the year ended 31 March 2018 bonds with a nominal value equivalent of €4.2 billion were issued under the euro medium-term note programme.

On 25 February 2016 the Group issued £2.9 billion (€3.5 billion) of subordinated mandatory convertible bonds ('MCB') issued in two tranches, with the first £1.4 billion (€1.7 billion) maturing during the year 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. These were recognised as compound instruments with nominal values of £2.8 billion (€3.5 billion) recognised as a component of shareholders' funds in equity and the fair value of future coupons of £0.1 billion (€0.1 billion) recognised as a financial liability in borrowings.

Notes to the consolidated financial statements (continued)

21. Liquidity and capital resources (continued)

The first tranche of the MCB converted to 729.1 million shares on 25 August 2017, reissued from treasury shares, at a conversion price of €1.9751. This reflected the conversion price at issue (€2.1730) adjusted for the pound sterling equivalent of aggregate dividends paid in August 2016, February 2017, and August 2017. At March 2018 conversion price of €1.9387, additionally reflecting dividends paid in February 2018, the remaining tranche would convert to 743 million Vodafone Group Plc shares representing approximately 3% of Vodafone's share capital.

The Group has hedged its exposure under the MCB 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 of the remaining tranche, the hedging strategy will provide a hedge for the repurchase price.

Own shares

The Group held a maximum of 2,192,064,339 of its own shares during the year which represented 8.0% of issued share capital at that time.

Committed facilities

In aggregate we have committed facilities of approximately €9,568 million, of which €7,168 million was undrawn and €2,400 million was drawn at 31 March 2018. The following table summarises the committed bank facilities available to us at 31 March 2018.

Facility	Amount €m	Drawn	Maturity ¹
Syndicated revolving credit facilities			
EUR facility	3,840	—	11 January 2023 ²
USD facility	3,328	—	27 February 2022 ²
Loan facilities, capped at 50% of operating company capital expenditure in:			
Canada	651	651	02 June 2018
UK and Ireland	568	568	12 December 2021
Germany (VDSL spend)	350	350	16 March 2023
Italy	400	400	05 June 2020
Turkey and Romania	300	300	18 September 2019
Turkey	100	100	04 December 2020
Other	31	31	19 September 2018
	9,568	2,400	

Notes:

- 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.
- €0.1 billion/US\$0.1 billion of the facility expires one year ahead of maturity.

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 2018 Vodafone Egypt had undrawn revolving credit facilities of EGP3 billion (€138 million). Vodacom had fully drawn facilities of US\$75 million (€61 million) and facilities of ZAR0.48 billion (€33 million) of which ZAR0.46 billion (€32 million) was drawn. Vodafone Ghana had fully drawn facilities of US\$143 million (€116 million) and GHS60 million (€11 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 743 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 2018 was €506 million. No provision has been made in respect of these guarantees as the likelihood of a cash outflow has been assessed as remote.

Supplier Financing arrangements

The Group offers certain suppliers the opportunity to use a supply chain financing scheme ('SCF') which allows them to be paid earlier than the invoice due date. The Group evaluates supplier arrangements against a number of indicators to assess if the payable continues to hold the characteristics of a trade payable or should be classified as borrowings; these indicators include whether the payment terms exceed customary payment terms in the industry or 180 days. At 31 March 2018 none of the payables subject to supplier financing arrangements met the criteria to be reclassified as borrowings.

22. Capital and financial risk management

This note details the 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.

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)**Net investment hedges**

Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in other comprehensive income. 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 other comprehensive income 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:

	2018 €m	2017 €m
Net debt	31,469	31,169
Equity	68,607	73,719
Capital	100,076	104,888

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 counterparty 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 22 July 2017.

A treasury risk committee comprising of the Group's Chief Financial Officer, Group General Counsel and Company Secretary, Group Deputy Chief Financial Officer, Group Treasury Director and Group Director of Financial Controlling and Operations 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 maximum exposure to credit risk at 31 March to be as follows:

	2018 €m	2017 €m
Bank deposit	2,197	1,856
Cash held in restricted deposits	1,382	1,109
German government bonds	862	—
UK government bonds	1,112	1,638
Money market investments funds	2,477	6,979
Derivative financial instruments	2,629	4,282
Other investments – debt and bonds	8,596	6,747
Trade receivables	5,402	5,335
Other receivables and accrued income	3,410	2,886
	28,067	30,832

The Group invested in UK and German government bonds on the basis they generate a fixed rate return and, are amongst the most creditworthy of investments available.

The Group has three managed investment funds. These funds hold fixed income euro and sterling securities and the average credit quality is high double A.

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

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:

	2018 €m	2017 €m
Cash collateral	1,070	2,654

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 2018 €3,389 million (2017: €3,322 million) of trade receivables were not yet due for payment. Overdue trade receivables consisted of €942 million (2017: €789 million) relating to the Europe region, and €306 million (2017: €423 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:

	2018			2017		
	Gross receivables €m	Less provisions €m	Net receivables €m	Gross receivables €m	Less provisions €m	Net receivables €m
30 days or less	810	(32)	778	730	(27)	703
Between 31 and 60 days	226	(35)	191	125	(23)	102
Between 61 and 180 days	530	(206)	324	648	(258)	390
Greater than 180 days	1,250	(925)	325	1,423	(1,077)	346
	2,816	(1,198)	1,618	2,926	(1,385)	1,541

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 2018 were €528 million (2017: €589 million) (see note 14 "Trade and other receivables").

As discussed in note 29 "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 2018 the Group had €3.8 billion and US\$4.1 billion syndicated committed undrawn bank facilities which support the US\$15 billion and €8 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 11 January 2023. 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 38 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 2018 amounted to €4,674 million (2017: €8,835 million).

Notes to the consolidated financial statements (continued)

22. Capital and financial risk management (continued)**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 2018 there would be an increase in profit before tax by approximately €372 million (2017: approximately €470 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 2018 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 a certain de minimis level.

At 31 March 2018 27% of net debt was denominated in currencies other than euro (9% sterling, 8% US dollar, 7% South African rand and 3% 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 2018 the Group held financial liabilities in a net investment hedge 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 15% (2017: 18%) would result in a decrease in equity of €348 million (2017: €493 million) which would be fully offset by foreign exchange movements on the hedged net assets.

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

	2018 €m	2017 €m
ZAR 15% change (2017: 18%) – Operating profit¹	239	249

Notes:

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

At 31 March 2018 the Group's sensitivity to foreign exchange movements, analysed against a strengthening of the US dollar by 9% (2017: 11%) on its external US dollar exposure, would decrease the profit before tax by €65 million (2017: €100 million). Foreign exchange on certain sterling balances analysed against a 7% (2017: 10%) strengthening of sterling would increase the profit before tax by €208 million (2017: decrease by €262 million).

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 2018 the Group's sensitivity to a movement of 10% (2017: 7%) in its share price would result in an increase or decrease in profit before tax of approximately €164 million (2017: €236 million).

Fair value and carrying value information

The carrying value and valuation basis of the Group's financial assets are set out in notes 13, 14 and 19. For all financial assets held at amortised cost the carrying values approximate fair value.

The carrying value and valuation basis of the Group's financial liabilities are set out in notes 15 and 20. The carrying values approximate fair value for the Group's trade payables and other payables categories. For other financial liabilities a comparison of fair value and carrying value is disclosed in note 20.

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.

	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Related amounts not set off in the balance sheet		
				Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	2,629	—	2,629	(1,467)	(1,070)	92
Derivative financial liabilities	(2,383)	—	(2,383)	1,467	718	(198)
Total	246	—	246	—	(352)	(106)

	Gross amount €m	Amount set off €m	Amounts presented in balance sheet €m	Related amounts not set off in the balance sheet		
				Right of set off with derivative counterparties €m	Cash collateral €m	Net amount €m
Derivative financial assets	4,282	—	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)

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.

23. 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:

	2018 €m	2017 €m	2016 €m
Salaries and fees	4	4	5
Incentive schemes ¹	3	2	4
Other benefits ²	1	1	1
	8	7	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 2018 by one Director who served during the year was <€0.1 million (2017: one Director, €0.7 million; 2016: one Director, €0.2 million).

Key management compensation

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

	2018 €m	2017 €m	2016 €m
Short-term employee benefits	27	24	30
Share-based payments	30	25	26
	57	49	56

Notes to the consolidated financial statements (continued)

24. 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.

	2018 Employees	2017 Employees	2016 Employees
By activity:			
Operations	17,094	18,207	18,869
Selling and distribution	35,025	38,252	38,325
Customer care and administration	54,016	55,097	54,490
	106,135	111,556	111,684
By segment:			
Germany	13,718	14,478	14,862
Italy	6,606	6,601	6,676
Spain	5,015	5,118	5,935
UK	12,379	13,238	13,323
Other Europe	11,760	15,801	16,058
Europe	49,478	55,236	56,854
India (Discontinued operations)	11,086	13,187	13,346
Vodacom	7,524	7,590	7,515
Other Africa, Middle East and Asia-Pacific	13,606	14,183	14,262
Africa, Middle East and Asia-Pacific	32,216	34,960	35,123
Common Functions	24,441	21,360	19,707
Total	106,135	111,556	111,684

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

	2018 €m	2017 €m	2016 €m
Wages and salaries	4,179	4,630	4,759
Social security costs	547	582	621
Other pension costs (note 25)	222	212	270
Share-based payments (note 26)	128	95	154
	5,076	5,519	5,804
India (Discontinued operations)	219	217	212
Total	5,295	5,736	6,016

25. Post employment benefits

The Group operates 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 from 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.

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

Background

At 31 March 2018 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

	2018 €m	2017 €m	2016 €m
Defined contribution schemes	178	192	214
Defined benefit schemes	44	20	56
Total amount charged to income statement (note 24)	222	212	270

Defined benefit schemes

The Group's retirement policy is to provide competitive pension provision, in each operating country, in line with the market median for that location. The 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 ('CWW Section'). Both sections are closed to new entrants and to future accrual. The Group also operates funded and 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.

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. On 19 October 2017, the 31 March 2016 triennial actuarial valuation for the Vodafone Section and CWW Section of the Vodafone UK plan, which is used to judge the funding the Group needs to put into the scheme, was concluded.

This valuation showed a net deficit of £279 million (€317 million) on the scheme's funding basis, comprising of a £339 million (€385 million) deficit for the Vodafone Section offset by a £60 million (€68 million) surplus for the CWW Section. These scheme specific actuarial valuations will always be different to the IAS 19 accounting deficit, which is an accounting rule concerning employee benefits and shown on the Group's consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

25. Post employment benefits (continued)

The Group and Trustees of the scheme agreed a funding plan to address the valuation deficit in the Vodafone Section over the period to 31 March 2025 and made a cash contribution on 19 October 2017 of £185 million (€209 million) into the Vodafone Section and a further cash payment in accordance with the arrangements set under the previous valuation of £58 million (€66 million) into the CWW Section. These cash payments were invested into annuity policies issued by a third party insurance company which in turn entered into a reinsurance policy covering these risks with the Group's captive insurance company. No further contributions are due in respect of the deficit revealed at the 2016 valuation.

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 €61 million will be paid into the Group's defined benefit pension schemes during the year ending 31 March 2019. The Group has also provided certain guarantees in respect of the Vodafone UK plan; further details are provided in note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

The investment strategy for the UK schemes is controlled by the trustees in consultation with the Company and the schemes have no direct investments in the Group's equity securities or in property or other assets currently used by the Group. The allocation of assets between different classes of investment is reviewed regularly and is a key factor in the trustee's investment policy. The trustees aim to achieve the scheme's investment objectives through investing partly in a diversified mix of growth assets which, over the long term are expected to grow in value by more than the low risk assets. The low risk assets include cash and gilts, inflation and interest rate hedging and in substantial insured pensioner annuity policies in both the Vodafone Section and CWW Sections of the Vodafone UK plan. A number of investment managers are appointed to promote diversification by assets, organisation and investment style and current market conditions and trends are regularly assessed, which may lead to adjustments in the asset allocation.

Actuarial assumptions

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

	2018 %	2017 %	2016 %
Weighted average actuarial assumptions used at 31 March¹:			
Rate of inflation ²	2.9	3.0	2.8
Rate of increase in salaries	2.7	2.6	2.6
Discount rate	2.5	2.6	3.2

Notes:

1 Figures shown represent a weighted average assumption of the individual schemes.

2 The rate of increases in pensions in payment and deferred revaluation are dependent on 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 23.2/26.5 years (2017: 24.1/25.4 years; 2016: 24.0/25.3 years) for a male/female pensioner currently aged 65 years and 26.1/29.3 (2017: 26.7/28.3 years; 2016: 26.6/28.1 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:

	2018 €m	2017 €m	2016 €m
Current service cost	34	43	45
Past service costs	2	(27)	—
Net interest charge	8	4	11
Total included within staff costs	44	20	56
Actuarial losses/(gains) recognised in the SOCI	94	274	(216)

Duration of the benefit obligations

The weighted average duration of the defined benefit obligation at 31 March 2018 is 22.8 years (2017: 22.9 years; 2016: 22.3 years).

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 2016	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)
Service cost	—	(36)	(36)
Interest income/(cost)	167	(175)	(8)
Return on plan assets excluding interest income	(37)	—	(37)
Actuarial losses arising from changes in demographic assumptions	—	(46)	(46)
Actuarial losses arising from changes in financial assumptions	—	(12)	(12)
Actuarial gains arising from experience adjustments	—	1	1
Employer cash contributions	301	—	301
Member cash contributions	8	(8)	—
Benefits paid	(289)	289	—
Exchange rate movements	(156)	166	10
Other movements	(6)	17	11
31 March 2018	6,697	(7,107)	(410)

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

	2018 €m	2017 €m	2016 €m	2015 €m	2014 €m
Analysis of net (deficit)/assets:					
Total fair value of scheme assets	6,697	6,709	6,229	6,857	4,652
Present value of funded scheme liabilities	(7,028)	(7,222)	(6,487)	(7,316)	(5,237)
Net deficit for funded schemes	(331)	(513)	(258)	(459)	(585)
Present value of unfunded scheme liabilities	(79)	(81)	(83)	(91)	(80)
Net deficit	(410)	(594)	(341)	(550)	(665)
Net deficit is analysed as:					
Assets ¹	110	57	224	234	42
Liabilities	(520)	(651)	(565)	(784)	(707)

Note:

1 Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as 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. The International Accounting Standards Board (IASB) published an Exposure Draft in June 2015 that would amend IFRIC 14 IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction. However, in 2017 the IASB stated that they are carrying out "further work to assess whether it can establish a more principles-based approach in IFRIC 14 for an entity to assess and measure its right to a refund of a surplus". As such, it is not clear at this stage how and when IFRIC 14 may be revised, and we will assess the impact of any changes when the revised version is published.

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. As part of 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					Vodafone Section				
	2018 €m	2017 €m	2016 €m	2015 €m	2014 €m	2018 €m	2017 €m	2016 €m	2015 €m	2014 €m
Analysis of net assets/(deficit):										
Total fair value of scheme assets	2,760	2,894	2,762	3,114	2,155	2,773	2,654	2,408	2,645	1,626
Present value of scheme liabilities	(2,655)	(2,842)	(2,543)	(2,884)	(2,097)	(2,945)	(2,962)	(2,548)	(2,951)	(2,030)
Net assets/(deficit)	105	52	219	230	58	(172)	(308)	(140)	(306)	(404)
Net assets/(deficit) are analysed as:										
Assets	105	52	219	230	58	—	—	—	—	—
Liabilities	—	—	—	—	—	(172)	(308)	(140)	(306)	(404)

Notes to the consolidated financial statements (continued)

25. Post employment benefits (continued)

Fair value of scheme assets

	2018 €m	2017 €m
Cash and cash equivalents	95	104
Equity investments:		
With quoted prices in an active market	1,407	1,938
Without quoted prices in an active market	360	413
Debt instruments:		
With quoted prices in an active market	4,149	3,982
Without quoted prices in an active market	590	461
Property:		
With quoted prices in an active market	27	30
Without quoted prices in an active market	78	78
Derivatives: ¹		
With quoted prices in an active market	(1,146)	(1,218)
Without quoted prices in an active market	44	(1)
Investment fund	275	299
Annuity policies – Without quoted prices in an active market	818	623
Total	6,697	6,709

Note:

¹ Derivatives include collateral held in the form of cash.

The fair value of scheme assets, which have been measured at fair value in accordance with IFRS 13 “Fair Value Measurement”, are analysed by asset category above and are subdivided by assets that have a quoted market price in an active market and those that do not, such as investment funds. Where available, the fair values are quoted prices (e.g. listed equity, sovereign debt and corporate bonds). Unlisted investments without quoted prices in an active market (e.g. private equity) are included at values provided by the fund manager in accordance with relevant guidance. Other significant assets are valued based on observable inputs such as yield curves. The Vodafone UK Plan annuity policies include two new buy-in arrangements with Legal & General Assurance Society Limited entered into during the year ended 31 March 2018 following the cash contributions made by the Group. These policies fully match the pension obligations of those pensioners insured and therefore are set equal to the present value of the related obligations. Investment funds of €275 million at 31 March 2018 include €259 million of investments in diversified alternate beta funds held in the Vodafone Section of the Vodafone UK plan.

The actual return on plan assets over the year to 31 March 2018 was a gain of €130 million (2017: €1,008 million).

Sensitivity analysis

Measurement of the Group's defined benefit retirement obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 31 March 2018.

	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 ¹	(556)	633	(4)	5	833	(713)	223	(220)

Note:

¹ 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 year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. The rate of inflation assumption sensitivity factors in the impact of changes to all assumptions relating to inflation including the rate of increase in salaries, pension increases and deferred revaluations.

26. Share-based payments

The Group has 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 2018. There were no options outstanding under the Vodafone Global Incentive Plan at the year-end.

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 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

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. Individuals who hold shares in the plan will continue to receive dividend shares.

Notes to the consolidated financial statements (continued)

26. Share-based payments (continued)

Movements in outstanding ordinary share options

	Ordinary share options		
	2018 Millions	2017 Millions	2016 Millions
1 April	41	24	25
Granted during the year	11	31	7
Forfeited during the year	(2)	(1)	(1)
Exercised during the year	(5)	(7)	(5)
Expired during the year	(5)	(6)	(2)
31 March	40	41	24
Weighted average exercise price:			
1 April	£1.61	£1.62	£1.49
Granted during the year	£1.72	£1.61	£1.89
Forfeited during the year	£1.65	£1.66	£1.54
Exercised during the year	£1.57	£1.50	£1.42
Expired during the year	£1.65	£1.75	£1.59
31 March	£1.64	£1.61	£1.62

Summary of options outstanding and exercisable at 31 March 2018

	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	40	£1.64	21	—	—	—

Share awards

Movements in non-vested shares are as follows:

	2018		2017		2016	
	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	178	£1.91	198	£1.77	217	£1.56
Granted	74	£1.95	74	£1.97	63	£2.22
Vested	(42)	£1.76	(47)	£1.77	(32)	£1.80
Forfeited	(28)	£1.58	(47)	£1.57	(50)	£1.40
31 March	182	£2.04	178	£1.91	198	£1.77

Other information

The total fair value of shares vested during the year ended 31 March 2018 was £74 million (2017: £83 million; 2016: £58 million).

The compensation cost included in the consolidated income statement in respect of share options and share plans was €128 million (2017: €95 million; 2016: €154 million) which is comprised principally of equity-settled transactions.

The average share price for the year ended 31 March 2018 was 216.2 pence (2017: 216.2 pence; 2016: 224.2 pence).

27. Acquisitions and disposals

We completed a number of acquisitions and disposals during the year. The note below provides details of these transactions as well as those in the prior year including, most significantly, the combination of our operations in the Netherlands with those of Liberty Global plc to form VodafoneZiggo, a 50:50 joint venture. 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.

Disposals

Vodafone And Qatar Foundation L.L.C ('Vodafone Qatar')

On 29 March 2018, the Group sold its 51% interest in Vodafone And Qatar Foundation L.L.C for consideration of QAR1,350 million (€299 million). The Group recognised a net gain on disposal of €113 million reported in other income and expense.

VodafoneZiggo Group Holding B.V. ('VodafoneZiggo')

On 31 December 2016, we combined our operations in the Netherlands with those of Liberty Global plc to create VodafoneZiggo Group Holding B.V., 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 VodafoneZiggo⁴	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)

28. 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:

	2018 €m	2017 €m
Within one year	2,686	2,522
In more than one year but less than two years	1,633	1,487
In more than two years but less than three years	1,155	1,136
In more than three years but less than four years	903	882
In more than four years but less than five years	717	709
In more than five years	2,600	2,693
	9,694	9,429

The total of future minimum sublease payments expected to be received under non-cancellable subleases is €859 million (2017: €584 million).

Capital commitments

	Company and subsidiaries		Share of joint operations		Group	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Contracts placed for future capital expenditure not provided in the financial statements ¹	2,630	2,052	76	88	2,706	2,140

Note:

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

Acquisition commitments

Vodafone India

On 20 March 2017, Vodafone announced the agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular Limited ('Idea'), which is listed on the Indian Stock Exchanges, with the combined company to be jointly controlled by Vodafone and the Aditya Birla Group ('ABG'). Vodafone will own 45.1% of the combined company after transferring a stake of 4.9% to the Aditya Birla Group for approximately INR39 billion (approximately US\$579 million) in cash concurrent with completion of the merger. ABG 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 ABG'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 ABG 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 has a break-fee of INR33 billion (US\$500 million) that would become payable under certain circumstances.

On 4 January 2018 Idea announced its intention to raise up to INR67.5 billion (€882 million) of equity, which was achieved through a INR32.5 billion (€425 million) preferential allotment to the ABG entities and an additional INR35.0 billion (€457 million) of equity raised through a qualified institutions placement. The proceeds from this capital raise, in addition to the INR78.5 billion (€1.0 billion) of proceeds from the announced disposals of Vodafone India's and Idea's standalone tower businesses, would be used to strengthen the balance sheet of the merged entity (Vodafone India and Idea).

As a consequence of the change in shareholding in Idea following the capital raise, ABG and Vodafone have agreed that ABG will buy a minimum of 2.5% of the merged entity from Vodafone, or such higher stake required in order for ABG to ultimately own at least 26% of the merged entity. Consequently, Vodafone will receive minimum proceeds of INR19.6 billion (€256 million) from such sale and Vodafone's ownership in the combined entity is expected to be not more than 47.5% at completion. Vodafone's stake in the combined entity in excess of 45.1% will not be subject to any lock-up after closing and Vodafone will be free to sell the relevant shares without restrictions. Based on ABG's shareholding in Idea as at 31 March 2018, ABG will need to acquire approximately 4.8% of the merged entity from Vodafone at completion in order to own at least 26% of the merged entity. This would result in Vodafone having an approximate 45.2% shareholding. The aforementioned changes to the capital structure were already contemplated in the scheme of arrangement for the merger, which has been approved by the Competition Commission of India, the shareholders and creditors of both Idea and Vodafone India, and the relevant National Company Law Tribunals. Foreign investment and Department of Telecommunications approvals are currently pending. As such, Vodafone now expects the merger to be completed in June 2018.

As per the agreement entered into on 20 March 2017, Vodafone India's contribution of net debt to the merged entity and Vodafone Group's funding requirement will be dependent on Idea's net debt at completion of the merger, as well as customary closing adjustments, but is not affected by proceeds received in relation to the announced disposals of Vodafone India's and Idea's standalone towers and a potential monetisation of Idea's 11.15% stake in Indus Towers. Vodafone will contribute INR24.8 billion (€323 million) more net debt than Idea at completion.

On 31 March 2018, Vodafone India completed the sale of its standalone tower business in India to ATC Telecom Infrastructure Private Limited ('ATC') for an enterprise value of INR38.5 billion (€478 million). The receipt of these proceeds prior to completion of the proposed merger of Vodafone India and Idea was anticipated and provided for in the merger agreement and hence does not affect the agreed terms of the merger, including the amount of debt which Vodafone will contribute to the combined company at completion. Completion of Idea's sale of its standalone tower business to ATC for INR40.0 billion is expected in the first half of this calendar year.

Following the completion of Idea's equity raise in February 2018, under the terms of the merger agreement with Idea the Group intends to inject up to €1 billion of incremental equity into India, net of the proceeds of the sale of a stake in the JV to the Aditya Birla Group, prior to completion.

Vodafone Greece

On 23 January 2018, Vodafone announced that Vodafone Greece had agreed to acquire CYTA Telecommunications Hellas S.A., a provider of fixed and mobile telecommunication services in Greece, for a total enterprise value of €118 million. The acquisition is subject to a number of conditions, including antitrust clearance by the relevant competent authorities.

Vodafone to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania

On 9 May 2018, Vodafone announced that it had agreed to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania for an enterprise value of €18.4 billion. See note 31 "Subsequent events" for further details.

Notes to the consolidated financial statements (continued)

29. 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.

	2018 €m	2017 €m
Performance bonds ¹	993	2,413
Other guarantees and contingent liabilities ²	4,036	3,576

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. The Group's share of these loan balances is included in the net investment in joint venture (see note 12 "Investments in joint ventures").

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 25.

The Group has covenanted to provide security in favour of both the Vodafone Sections and CWW Section of the Scheme whilst a deficit remains. 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 2018 the Scheme retains security over €536 million (notional value) for the Vodafone Section and €57 million (notional value) for the CWW Section. 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 €1.7 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 €1.7 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 €114 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 Group; 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 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. On 19 June 2017, the tribunal decided to try both these jurisdictional objections along with the merits of VIHBV's claim in a hearing now scheduled for February 2019. More recent attempts by the Indian Government to have the jurisdiction arguments heard separately have also failed. VIHBV will file its response to India's defence in July 2018 and India will respond in December 2018.

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 appointed a second arbitrator as required under the UK BIT under protest.

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 22 August 2017, the Indian Government obtained an injunction from the Delhi High Court preventing Vodafone from progressing the UK BIT arbitration. Vodafone was not present when India obtained this injunction and applied to dismiss it. On 26 October 2017, the Delhi High Court varied its order to permit Vodafone to participate in the formation of the UK BIT tribunal. It now consists of Marcelo Kohen, an Argentinian national and professor of international law in Geneva (appointed by India), Neil Kaplan, a British national (appointed by Vodafone Group Plc) and Professor Campbell McLachlan QC, a New Zealand national (appointed by the parties as presiding arbitrator). No further steps in the arbitration were permitted pending a decision on India's injunction. On 7 May 2018, the Delhi High Court dismissed the injunction. The Indian Government has the right to appeal the decision.

On 12 February 2016, VIH BV 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 VIH BV's indirectly held assets in India, would be taken if the demand was not satisfied. On 29 September 2017, VIH BV received an electronically generated demand in respect of alleged principal, interest and penalties in the amount of INR190.7 billion. This demand does not appear to have included any element for alleged accrued interest liability.

Separate proceedings in the Bombay High Court taken against VIH BV 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. VIH BV and Vodafone Group Plc will continue to defend vigorously any allegation that VIH BV 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 €2.4 billion plus interest, and penalties of up to 300% of the principal.

VISPL tax claims

VISPL has been assessed as owing tax of approximately €264 million (plus interest of €422 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 VIH BV 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 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').

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 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.

Notes to the consolidated financial statements (continued)

29. Contingent liabilities and legal proceedings (continued)**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 €1.67 billion. The Department of Telecommunications ('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 initial challenge of the appropriateness of Spain as a venue for this dispute was denied. Vodafone Group Plc appealed the denial and was partially successful. In a decision dated 30 October 2017, the court ruled that while it did have jurisdiction to hear the infringement case relating to the Spanish patent, it was not competent to hear TOT's contractual and competition law claims. This decision is subject to appeal. TOT's application for an injunction was unsuccessful and TOT is appealing. A trial has now been set to commence on 10 September 2018.

Germany: Mannesmann and Kabel Deutschland takeover – class actions

Since 2001, the German courts have been determining the adequacy of the mandatory cash offer made to minority shareholders in Vodafone's takeover of Mannesmann. The German courts were also asked to consider whether "squeeze out" compensation was 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 have resulted in a pay-out of €19 million. The German courts also ruled that the "squeeze out" compensation should amount to €251.31 per share, which would have resulted in a pay-out of €43.8 million. Vodafone appealed these decisions and in March 2018 the Court ruled in Vodafone's favour that the original compensation had been adequate. There is no right of appeal.

Similar proceedings were initiated by 80 Kabel Deutschland shareholders. These proceedings 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 on 6 October 2016, the Court examined the Kabel Deutschland business plan which formed the main basis for the calculation of the offer per share. The next hearings are scheduled for June 2018.

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) sought 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) 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 also filed an appeal which was successful. British Telecom (Italy) were ordered to repay to Vodafone Italy the €12 million with interest and legal costs. An appeal to the Supreme Court is still possible.

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 appealed this decision to the Supreme Court and a decision is not expected for two to three years.

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–9 million.

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.

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. On 15 February 2018, Consumentenbond (a claims agency) issued a press release stating that Consumentenbond has initiated collective claim proceedings against VodafoneZiggo, Tele2, T-Mobile and now KPN.

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 US\$256 million. Each party has appointed an arbitrator and the arbitrators have appointed a third arbitrator to act as chairman of the tribunal. A trial was scheduled for March 2018 but GHI failed to pay its share of the arbitration fees resulting in a decision by the Court in February 2018 that GHI’s claims were considered withdrawn.

South Africa: Makate v Vodacom (Proprietary) Limited (‘Vodacom’)

Negotiations in accordance with the Constitutional Court order to determine a reasonable compensation for Mr. Makate for a business idea that led to a product known as “Please Call Me” have deadlocked and the matter has been referred to the Group’s Chief Executive Officer to determine reasonable compensation in accordance with the Constitutional Court order.

30. 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 25 “Post employment benefits” and note 23 “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.

	2018 €m	2017 €m	2016 €m
Sales of goods and services to associates	19	37	39
Purchase of goods and services from associates	1	90	118
Sales of goods and services to joint arrangements	194	19	21
Purchase of goods and services from joint arrangements	199	183	92
Net interest income receivable from joint arrangements ¹	120	87	92
Trade balances owed:			
by associates	4	—	1
to associates	2	1	4
by joint arrangements	107	158	232
to joint arrangements	28	15	71
Other balances owed by joint arrangements ¹	1,328	1,209	108
Other balances owed to joint arrangements ¹	150	127	106

Note:

¹ Amounts arise primarily through VodafoneZiggo, Vodafone Hutchison Australia 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.

Notes to the consolidated financial statements (continued)

30. Related party transactions (continued)

Transactions with Directors other than compensation

During the three years ended 31 March 2018, and as of 15 May 2018, 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 2018 and as of 15 May 2018, 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.

31. Subsequent events

Vodafone UK

On 5 April 2018, Vodafone announced that Vodafone UK had acquired 50 MHz of spectrum in the 3400 MHz band for mobile data services in Ofcom's auction for a total cost of £378.2 million (€433.4 million). The spectrum acquired has a 20 year term and is convertible to perpetual licences thereafter.

Indus Towers

On 25 April 2018, Vodafone, Bharti Airtel Limited ('Bharti Airtel') and Idea announced the merger of Indus Towers Limited ('Indus Towers') into Bharti Infratel Limited ('Bharti Infratel'), creating a combined company that will own the respective businesses of Bharti Infratel and Indus Towers. Indus Towers is currently jointly owned by Bharti Infratel (42%), Vodafone (42%), Idea Group (11.15%) and Providence (4.85%). Bharti Airtel and Vodafone will jointly control the combined company, in accordance with the terms of a new shareholders' agreement.

Idea Group has the option to either sell its 11.15% shareholding in Indus Towers for cash or receive new shares in the combined company. Providence has the option to elect to receive cash or shares for 3.35% of its 4.85% shareholding in Indus Towers, with the balance exchanged for shares.

Vodafone will be issued with 783.1 million new shares in the combined company, in exchange for its 42% shareholding in Indus Towers. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash and (b) Idea Group decides to sell its full 11.15% shareholding in Indus Towers for cash, these shares would be equivalent to a 29.4% shareholding in the combined company. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash, and (b) Idea Group decides to sell its full 11.15% shareholding in Indus Towers for cash, Bharti Airtel's shareholding will be diluted from 53.5% in Bharti Infratel today to 37.2% in the combined company. The final number of shares issued to Vodafone and the cash paid or shares issued to Idea Group and Providence, will be subject to closing adjustments, including but not limited to movements in net debt and working capital for Bharti Infratel and Indus Towers.

The transaction is conditional on regulatory and other approvals and is expected to close before the end of the financial year ending 31 March 2019.

Vodafone to acquire Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania

On 9 May 2018, Vodafone announced that it had agreed to acquire Unitymedia GmbH ('Unitymedia') in Germany and Liberty Global's operations (excluding its 'Direct Home' business) in the Czech Republic ('UPC Czech'), Hungary ('UPC Hungary'), and Romania ('UPC Romania'), for a total enterprise value of €18.4 billion (the 'Transaction'). This is expected to comprise approximately €10.8 billion of cash consideration paid to Liberty Global and €7.6 billion of existing Liberty debt, subject to completion adjustments.

UPC Czech, UPC Hungary and UPC Romania will be acquired on a cash-free, debt-free basis, while it is expected that Unitymedia's existing bond structure (€4.5 billion outstanding as of 9 May 2018) will be retained and refinanced over time, with €2.2 billion of Unitymedia's term loans to be refinanced shortly after completion.

The €10.8 billion of cash consideration payable to Liberty Global and the refinancing of Unitymedia's term loans will be financed using Vodafone's existing cash, around €10 billion of new debt facilities (including hybrid debt securities) and around €3 billion of mandatory convertible bonds, which will be issued prior to completion. The cash consideration payable to Liberty Global will be subject to adjustments for net debt and other items at completion.

A break fee of €250 million will be payable by Vodafone, in certain circumstances, if the Transaction does not complete.

The Transaction is subject to review by and approval from the European Commission. It is anticipated that completion will take place around the middle of calendar 2019.

32. 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 2018 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	% of share class held by Group Companies	Share class
Albania		
Autostrada Tirane-Durres, Rruga: "Pavaresia", Nr 61, Kashar, Tirana, Albania		
Vodafone Albania Sh.A	100.00	Ordinary shares
Vodafone M-PESA SH.PK.	100.00	Ordinary shares

Angola

Rua Fernao de Sousa, Condominio do Benga, 10A, Vila Alice, Luanda, Angola		
Vodacom Business (Angola) Limitada ²	63.87	Ordinary shares

Argentina

Cerrito 348, 5to B, C1010AAH, Buenos Aires, Argentina		
CWGNL S.A.	100.00	Ordinary shares

Australia

C/-KPMG Level 38 Tower Three, International Towers Sydney, 300 Barangaroo Avenue, Sydney NSW 2000, Australia		
Quickcomm Pty Limited	100.00	Ordinary shares, Redeemable convertible preference shares
Level 1, 177 Pacific Highway, 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
Mills Oakley, Level 12, 400 George Street, Sydney NSW 2000, Australia		
Vodafone Enterprise Australia Pty Limited	100.00	Ordinary shares

Austria

c/o Stoltzka & Partner Rechtsanwälte OG, Kärntner Ring 12, 3. Stock, 1010, Wien, Austria		
Vodafone Enterprise Austria GmbH	100.00	Ordinary shares

Bahrain

RSM Bahrain, 3rd floor Falcon Tower, Diplomatic Area, Manama, PO BOX 11816, Bahrain		
Vodafone Enterprise Bahrain W.L.L.	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
Belgium		
Malta House, rue Archimède 25, 1000 Bruxelles, Belgium		
Vodafone Belgium SA/NV	100.00	Ordinary shares

Brazil

Avenida Cidade Jardim, 400, 7th and 20th Floors, Jardim Paulistano, Sao Paul, Brazil, 01454-000		
Vodafone Serviços Empresariais Brasil Ltda.	100.00	Ordinary shares
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 Telemática Ltda.	70.00	Ordinary shares
Rua Boa Vista, 01014-907, 254, 13th Floor, Suite 38, Centro, City of São Paulo, State of São Paulo, Brazil		
Vodafone Empresa Brasil Telecomunicações Ltda	100.00	Ordinary shares

Bulgaria

10 Tsar Osvoboditel Blvd., 3rd Floor, Spredets Region, Sofia, 1000, 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 ²	64.52	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 S.A.	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
China		

Building 21, 11, Kangding St., BDA, Beijing, 100176 – China, China		
Vodafone Automotive Technologies (Beijing) Co, Ltd	100.00	Ordinary shares
Floor 36, 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 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
Unit 558-560, 5/F Standard Chartered Bank Tower, No.201 Century Avenue, Pudong District, Shanghai, 200120, China		
Vodafone Enterprise Communications Technical Service (Shanghai) Co., Ltd.	100.00	Ordinary shares

Congo, The Democratic Republic of the

292 Avenue de la Justice, Commune de la Gombe, Kinshasa, Congo		
Vodacash S.A. ²	32.90	Ordinary shares
Vodacom Congo (RDC) SA ^{2,3}	32.90	Ordinary shares

Cote d'Ivoire

No 62, Rue du Docteur Blanchard, Zone 4C, Abidjan, Cote d'Ivoire		
Vodacom Business Cote D'Ivoire S.A.R.L. ²	64.52	Ordinary shares

Cyprus

Ali Riza 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, 155 00, Czech Republic		
Oskar Mobil S.R.O.	100.00	Basic capital shares
Vodafone Czech Republic A.S.	100.00	Ordinary shares
Vodafone Enterprise Europe (UK) Limited – CZECH BRANCH	100.00	Branch

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

Company name	% of share class held by Group Companies	Share class
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Denmark

Tuborg Boulevard 12, 2900, Hellerup, Denmark		
Vodafone Enterprise Denmark A/S	100.00	Ordinary (DKK) shares

Egypt

17 Port Said Street, Maadi El Sarayat, Cairo, Egypt		
Vodafone International Services LLC	54.93	Ordinary shares
37 Kaser El Nil St, 4th. Floor, Cairo, Egypt		
Starnet	54.90	Ordinary shares
54 El Batal Ahmed Abed El Aziz, Mohandseen, Giza, Egypt		
Sarmady Communications	54.91	Ordinary shares
Site No 15/3C, Central Axis, 6th October City, Egypt		
Vodafone Egypt Telecommunications S.A.E.	54.93	Ordinary shares
Vodafone For Trading	54.87	Ordinary shares
Smart Village C3 Vodafone Building, Egypt		
Vodafone Data	54.93	Ordinary shares

Finland

c/o Eversheds Asianajotoimisto Oy, Fabianinkatu 29 B, Helsinki, 00100, Finland		
Vodafone Enterprise Finland OY	100.00	Ordinary shares

France

1300 route de Cretes, Le WTC, Bat 11, 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 Egée, 9/11 Allée de l'Arche, 92671 Courbevoie La Défense Cedex – France		
Vodafone Enterprise France SAS	100.00	New Euro shares

Germany

Altes Forsthaus 2, 67661, Kaiserslautern, Germany		
TKS Telepost Kabel-Service Kaiserslautern Beteiligungs GmbH ⁴	76.70	Ordinary shares
TKS Telepost Kabel-Service Kaiserslautern GmbH & Co. KG ⁴	76.70	Ordinary shares
Betastraße 6-8, 85774 Unterföhring, Germany		
Kabel Deutschland Holding AG ⁴	76.70	Ordinary shares
Kabel Deutschland Holding Erste Beteiligungs GmbH ⁴	76.70	Ordinary shares
Kabel Deutschland Holding Zweite Beteiligungs GmbH ⁴	76.70	Ordinary shares
Kabel Deutschland Neunte Beteiligungs GmbH	100.00	Ordinary shares
Kabel Deutschland Siebte Beteiligungs GmbH ⁴	76.70	Ordinary shares
Vodafone Kabel Deutschland GmbH ⁴	76.70	Ordinary shares
Vodafone Kabel Deutschland Kundenbetreuung GmbH ⁴	76.70	Ordinary shares
Buschurweg 4, 76870, Kandel, Germany		
Vodafone Automotive Deutschland GmbH	100.00	Ordinary shares
Ferdinand-Braun-Platz 1, 40549, Duesseldorf, Germany		
CRVSH GmbH	100.00	Ordinary shares
Vodafone Enterprise Germany GmbH	100.00	Ordinary shares, Ordinary #2 shares
Vodafone GmbH	100.00	Ordinary A shares, Ordinary B shares
Vodafone Group Services GmbH	100.00	Ordinary shares
Vodafone Institut für Gesellschaft und Kommunikation GmbH	100.00	Ordinary shares
Vodafone Stiftung Deutschland Gemeinnützige GmbH	100.00	Ordinary shares
Vodafone Vierte Verwaltungs AG	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
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Friedrich-Wilhelm-Strasse 2, 38100, Braunschweig, Germany		
KABELCOM Braunschweig Gesellschaft Fur Breitbandkabel-Kommunikation Mit Beschränkter Haftung ⁴	76.70	Ordinary shares
Nobelstrasse 55, 18059, Rostock, Germany		
Urbana Teleunion Rostock GmbH & Co.KG ⁴	53.69	Ordinary shares
Verwaltung "Urbana Teleunion" Rostock GmbH ⁴	38.35	Ordinary shares
Seilerstrasse 18, 38440, Wolfsburg, Germany		
KABELCOM Wolfsburg Gesellschaft Fur Breitbandkabel-Kommunikation Mit Beschränkter Haftung ⁴	76.70	Ordinary shares

Ghana

3rd Floor, The Elizabeth Building, 68 Senchi Link, Airport Residential Area, Accra, Ghana		
Vodacom Business (Ghana) Limited ²	64.52	Ordinary shares and non-voting, irredeemable, non-cumulative preference shares
Telecom House, Nsawam Road, Accra-North, Greater Accra Region, PMB 221, Ghana		
Ghana Telecommunications Company Limited	70.81 100.00	Ordinary shares Preference shares
National Communications Backbone Company Limited	70.81	Ordinary shares
Vodafone Ghana Mobile Financial Services Limited	70.81	Ordinary shares

Greece

1-3 Tzavella str, 152 31 Halandri, Athens, Greece		
Vodafone-Panafon Hellenic Telecommunications Company S.A.	99.87	Ordinary shares
Vodafone Global Enterprise Telecommunications (Hellas) A.E.	100.00	Ordinary shares
12,5 km National Road Athens – Lamia, Metamorfofi / Athens, 14452, Greece		
Vodafone Innovus S.A. ⁶	99.87	Ordinary shares
Pireos 163 & Ehelidon, Athens, 11854, Greece		
360 Connect S.A.	99.87	Ordinary shares

Guernsey

Martello Court, Admiral Park, St. Peter Port, GY1 3HB, Guernsey		
FB Holdings Limited	100.00	Ordinary shares
Le Bunt Holdings Limited	100.00	Ordinary shares
Silver Stream Investments Limited	100.00	Ordinary shares
Roseneath, The Grange, St Peter Port, GY1 2QJ, Guernsey		
VBA Holdings Limited	64.52	Ordinary shares
VBA International Limited	64.52	Ordinary shares, non-voting irredeemable non-convertible non-cumulative Preference

Hong Kong

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

6 Lechner Ödön fasor, Budapest, 1096, Hungary		
Vodafone Magyarorszag Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag	100.00	Series A registered common shares
HU-1087 Budapest, Hungária körút 40-44., Hungary		
VSSB Vodafone Shared Services Budapest Private Limited Company	100.00	Registered ordinary shares

Company name	% of share class held by Group Companies	Share class
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India

10th Floor, Tower A&B, Global Technology Park, (Maple Tree Building), Marathahalli Outer Ring Road, Devarabeesanahalli Village, Varthur Hobli, Bengaluru, Bengaluru, Karnataka, 560103, India		
Cable and Wireless Global (India) Private Limited	100.00	Ordinary shares
Cable & Wireless Networks India Private Limited	100.00	Equity shares
Cable and Wireless (India) Limited (India branch)	100.00	Branch
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, Preference shares
MV Healthcare Services Private Limited	100.00	Equity shares, Preference 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, Preference shares
SMMS Investments Pvt Limited	100.00	Equity shares, Non-convertible cumulative redeemable preference shares
Telecom Investments India Private Limited	100.00	Equity shares, Preference 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
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
C-48, Okhla Industrial Estate, Phase – II, New Delhi, 110020, India		
Vodafone Towers Limited	100.00	Equity shares
Indiabulls Finance Center, 1201, 12 Floor, Tower 1, Senapati Bapat Road, Elphinstone (West), Maharashtra, 400013, India		
Scorpios Beverages Pvt. Ltd	100.00	Equity shares
Vodafone India Services Private Limited	100.00	Ordinary shares
Peninsula Corporate Park, Ganpatro Kadam Marg, Lower Parel, Mumbai, Maharashtra, 400013, India		
Mobile Commerce Solutions Limited	100.00	Equity shares
Vodafone Foundation	100.00	Equity shares
Vodafone India Digital Limited	100.00	Equity shares
Vodafone India Limited	100.00	Equity shares
Vodafone India Ventures Limited	100.00	Ordinary shares
Vodafone Mobile Services Limited	100.00	Equity shares
Vodafone m-pesa Limited	100.00	Equity shares
Vodafone Technology Solutions Limited	100.00	Equity shares

Plot No 54, Marol Co-op Industrial Area, Makwana, Off Andheri Kurla Road, Andheri East, Mumbai, Mumbai, Maharashtra, 400059, India		
You Broadband India Limited	100.00	Equity shares
You System Integration Private Limited	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

Company name	% of share class held by Group Companies	Share class
Vodafone House, Corporate Road, Prahladnagar, Off S. G. Highway, Ahmedabad, Gujarat, 380051, India		
Vodafone Business Services Limited	100.00	Equity shares
Ireland		
2nd Floor, The Iveagh Building, The Park, Carrickmines, Dublin 18, Ireland		
Eudokia Limited	100.00	Ordinary shares
Mountainview, Leopardstown, Dublin 18, Ireland		
Cable & Wireless GN Limited	100.00	Ordinary shares
Stentor Limited	100.00	Ordinary shares
VF Ireland Property Holdings Limited	100.00	Ordinary shares
Vodafone Enterprise Global Limited	100.00	Ordinary shares
Vodafone Global Network Limited	100.00	Ordinary shares
Vodafone Group Services Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Distribution Limited	100.00	Ordinary shares
Vodafone Ireland Limited	100.00	Ordinary shares
Vodafone Ireland Marketing Limited	100.00	Ordinary shares
Vodafone Ireland Retail Limited	100.00	Ordinary shares
Italy		
Piazzale Luigi Cadorna, 4, 20123, Milano, Italy		
Vodafone Global Enterprise (Italy) S.R.L.	100.00	Ordinary shares
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 Jervis 13, 10015, Ivrea, Tourin, Italy		
VEI S.r.l.	100.00	Partnership Interest shares
Vodafone Italia S.p.A.	100.00	Ordinary shares
Via Lorenteggio 240, 20147, Milan, Italy		
Vodafone Enterprise Italy S.r.l.	100.00	Euro shares
Vodafone Gestioni S.p.A.	100.00	Ordinary shares
Vodafone Servizi E Tecnologie S.R.L.	100.00	Equity shares
Japan		
15th Floor, The Imperial Hotel Tower, 1-1, Uchisaiwaicho 1-chome, Chiyoda-ku, Tokyo, 100-0005, Japan		
Vodafone Enterprise U.K. (Japanese Branch)	100.00	Branch
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
The Imperial Hotel Tower, 15F, 1-1-1 Uchisaiwai-cho, Chiyoda, Tokyo, 100-0011, Japan		
Vodafone Global Enterprise (Japan) K.K.	100.00	Ordinary shares
Jersey		
44 Esplanade, St Helier, JE49WG, Jersey		
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	Limited liability shares
Vodafone Jersey Finance	100.00	Ordinary shares, B shares, C shares, D shares, F shares, G shares
Vodafone Jersey Yen Holdings Unlimited	100.00	Limited Liability shares

Company name	% of share class held by Group Companies	Share class
Kenya		
6th Floor, ABC Towers, ABC Place, Waiyaki Way, Nairobi, 00100, Kenya		
Vodafone Kenya Limited ²	68.95	Ordinary shares
M-PESA Holding Co. Limited	100.00	Equity shares
The Riverfront, 4th floor, Prof. David Wasawo Drive, Off Riverside Drive, Nairobi, Kenya		
Vodacom Business (Kenya) Limited ²	51.62	Ordinary shares, Ordinary B shares
Korea, Republic of		
3rd Floor, 54 Gongse-ro, Gieheung-gu, Yongin-si, Gyeonggi-do, Korea, Republic of		
Vodafone Automotive Korea Limited	100.00	Ordinary shares
ASEM Tower level 37, 517 Yeongdong-daero, Gangnam-gu, Seoul, 135-798, Korea, Republic of		
Vodafone Enterprise Korea Limited	100.00	Ordinary shares
Lesotho		
Vodacom Park, 585 Mabile Road, 3rd Floor, Maseru, Lesotho		
Vodacom Lesotho (Pty) Limited ²	51.62	Ordinary shares
Luxembourg		
13 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street GP S.à r.L.	100.00	Ordinary shares
15 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
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 Enterprise Luxembourg S.A.	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 Procurement Company S.à r.L.	100.00	Ordinary shares
Vodafone Real Estate S.à r.L.	100.00	Ordinary shares
Vodafone Roaming Services S.à r.L.	100.00	Ordinary shares
Vodafone Services Company S.à r.L.	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' Ordinary shares, 'B' Ordinary shares	
Multi Risk Limited	100.00 'A' Ordinary shares, 'B' Ordinary shares	
Vodafone Malta Limited	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
Mauritius		
DTOS Ltd, 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius		
Mobile Wallet VM1 ²	64.52	Ordinary shares
Mobile Wallet VM2 ²	64.52	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
Suite 214, 2nd Floor, Grand Bay Business Park, Grand Bay, Mauritius		
VBA (Mauritius) Limited ²	64.52	Ordinary shares, Redeemable preference shares
Vodacom International Limited ²	64.52	Ordinary shares, Non-cumulative preference shares
Mexico		
Insurgentes Sur #1377 8th Floor, Colonia Insurgentes Mixcoac, Mexico City, Mexico 03920		
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 ²	54.84 64.52	Ordinary shares Redeemable preference shares
Vodafone M-Pesa, S.A ²	54.84	Ordinary shares
Netherlands		
Rivium Quadrant 173, 15th Floor, 2909 LC, Capelle aan den IJssel, Netherlands		
Vodafone Enterprise Netherlands B.V.	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
New Zealand		
74 Taharoto Road, Takapuna, Auckland, 0622, New Zealand		
Vodafone Mobile NZ Limited	100.00	Ordinary shares
Vodafone New Zealand Foundation Limited	100.00	Ordinary shares
Vodafone New Zealand Holdings Limited	100.00	Ordinary shares
Vodafone New Zealand Limited	100.00	Ordinary shares
Vodafone Next Generation Services Limited	100.00	Ordinary shares

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

Company name	% of share class held by Group Companies	Share class
8 Butler Street, Timaru, 7910, New Zealand		
BayCity Communications Limited	70.00	Ordinary shares
BayCity Dairy Limited	70.00	Ordinary shares
Farmside Limited	70.00	Ordinary shares
Farmside Technologies Limited	70.00	Ordinary shares
MyFarmside Limited	70.00	Ordinary shares

Nigeria

3A Aja Nwachukwu Close, Ikoyi, Lagos, Nigeria		
Spar Aerospace (Nigeria) Limited ²	64.52	Ordinary shares
Vodacom Business Africa (Nigeria) Limited ²	64.52	Ordinary shares, 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
Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom		
Vodafone Limited (Norway Branch)	100.00	Branch

Portugal

Av. D. João II, n° 36 – 8° Piso, 1998 – 017, Parque das Nações, 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 – 10°, 1069-211, Lisboa, Portugal		
Vodafone Enterprise Spain, S.L.U. – PORTUGAL BRANCH	100.00	Branch

Romania

201 Barbu Vacarescu, 8th Floor, 1st District, Bucharest, Romania, 020276, Romania		
Vodafone Romania S.A	100.00	Ordinary shares
Sectorul 2, Strada Barbu Văcărescu, Nr. 201, Etaj 1, București, Romania		
Vodafone România M – Payments SRL	100.00	Ordinary shares
Vodafone România Technologies SRL	100.00	Ordinary shares
Sectorul 4, Strada Oltenitei, Nr. 2, Etaj 3, București, Romania		
Vodafone Shared Services Romania SRL	100.00	Ordinary shares

Russian Federation

4A, Atarbekova Street, Moscow, 107076, Russian Federation		
Vodafone Global Enterprise Russia LLC	100.00	Equity shares
Build. 2, 14/10, Chayanova str., 125047, Moscow, Russian Federation		
Cable & Wireless CIS Svyaz LLC	100.00	Charter capital shares

Seychelles

F20, 1st Floor, Eden Plaza, Eden Island, Seychelles		
Cavalry Holdings Ltd ²	31.61	Ordinary A shares
East Africa Investments (Mauritius) Limited ²	31.61	Ordinary A shares

Sierra Leone

12 White Street, Brookfield, Off Railway Line, Freetown, Sierra Leone		
VBA International (SL) Limited ²	64.52	Ordinary shares

Company name	% of share class held by Group Companies	Share class
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Singapore

Asia Square Tower 2, 12 Marina View, #17-01, Singapore, 018961, Singapore		
Vodafone Enterprise Singapore Pte.Ltd	100.00	Ordinary shares

Slovakia

Zochova 6-8, Bratislava, 811 03, Slovakia		
Vodafone Global Network Limited – Slovakia Branch	100.00	Branch

South Africa

15 Burnside Island, 410 Jan Smuts Avenue, Craighall, 2024, South Africa		
XLink Communications (Proprietary) Limited ²	60.49	Ordinary A Shares
319 Frere Road, Glenwood, 4001, South Africa		
Cable and Wireless Worldwide South Africa (Pty) Ltd	100.00	Ordinary shares
76 Maude Street, Sandton, Johannesburg, 2196, South Africa		
Waterberg Lodge (Proprietary) Limited ²	30.25	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 shares
Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685, South Africa		
GS Telecom (Pty) Limited ²	64.52	Ordinary shares
Jupicol (Proprietary) Limited ²	42.34	Ordinary shares
Mezzanine Ware Proprietary Limited (RF) ²	54.44	Ordinary shares
Motifpros 1 (Proprietary) Limited ²	60.49	Ordinary shares
Scarlet Ibis Investments 23 (Pty) Limited ²	60.49	Ordinary shares
Storage Technology Services (Pty) Limited ²	30.85	Ordinary shares
Vodacom (Pty) Limited ²	60.49	Ordinary shares
Vodacom Business Africa Group (Pty) Limited ²	64.52	Ordinary shares
Vodacom Financial Services (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Group Limited ²	64.52	Ordinary shares
Vodacom Insurance Administration Company (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Insurance Company (RF) Limited ²	60.49	Ordinary shares
Vodacom International Holdings (Pty) Limited ²	64.52	Ordinary shares
Vodacom Life Assurance Company (RF) Limited ²	60.49	Ordinary shares
Vodacom Payment Services (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Properties No 1 (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Properties No.2 (Pty) Limited ²	60.49	Ordinary shares
Wheatfields Investments 276 (Proprietary) Limited ²	64.52	Ordinary shares

Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand, 1685, South Africa		
GS Telecom (Pty) Limited ²	64.52	Ordinary shares
Jupicol (Proprietary) Limited ²	42.34	Ordinary shares
Mezzanine Ware Proprietary Limited (RF) ²	54.44	Ordinary shares
Motifpros 1 (Proprietary) Limited ²	60.49	Ordinary shares
Scarlet Ibis Investments 23 (Pty) Limited ²	60.49	Ordinary shares
Storage Technology Services (Pty) Limited ²	30.85	Ordinary shares
Vodacom (Pty) Limited ²	60.49	Ordinary shares
Vodacom Business Africa Group (Pty) Limited ²	64.52	Ordinary shares
Vodacom Financial Services (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Group Limited ²	64.52	Ordinary shares
Vodacom Insurance Administration Company (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Insurance Company (RF) Limited ²	60.49	Ordinary shares
Vodacom International Holdings (Pty) Limited ²	64.52	Ordinary shares
Vodacom Life Assurance Company (RF) Limited ²	60.49	Ordinary shares
Vodacom Payment Services (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Properties No 1 (Proprietary) Limited ²	60.49	Ordinary shares
Vodacom Properties No.2 (Pty) Limited ²	60.49	Ordinary shares
Wheatfields Investments 276 (Proprietary) Limited ²	64.52	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		
Vodafone Enabler España, S.L.	100.00	Ordinary shares
Vodafone Enterprise Spain SLU	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 Servicios S.L.U.	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
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Sweden

c/o Hellström advokatbyrå, Box 7305, 103 90, Stockholm, Sweden		
Vodafone Enterprise Sweden AB	100.00	Ordinary shares

Switzerland

Schiffbaustrasse 2, 8005, Zurich, Switzerland		
Vodafone Enterprise Switzerland AG	100.00	Ordinary shares
Schoenburgstrasse 41, 3013, Bern, Switzerland		
Vodafone International 1 S.a.r.l. Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone Investments Luxembourg S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone Luxembourg 5 S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Vodafone Luxembourg S.à r.l., Luxembourg, Zweigniederlassung Bern	100.00	Branch
Via Francini 10, 6850 Mendrisio, Switzerland		
Vodafone Automotive Telematics S.A	100.00	Ordinary shares
World Trade Center, Lia Lugano 13, 6982, Agno, Ticino, Switzerland		
Vodafone Enterprise Switzerland AG – AGNO BRANCH	100.00	Branch

Taiwan

13F, No. 156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City, 10596, Taiwan		
Vodafone Global Enterprise Taiwan Limited	100.00	Ordinary shares

Tanzania, United Republic of

3rd Floor, Maktaba (Library), ComplexBibi, Titi Mohaned Road, Dar es Salaam, Tanzania, United Republic of		
Gateway Communications Tanzania Limited ²	63.87	Ordinary shares
15 Floor, Vodacom Tower, Ursino Estate, Plot No. 23, Bagamoyo Road, Dar es Salaam, Tanzania, United Republic of		
M-Pesa Limited ²	39.74	Ordinary shares
Shared Networks Tanzania Limited ²	39.75	Ordinary shares
Vodacom Tanzania Limited Zanzibar ²	39.75	Ordinary shares
Vodacom Tanzania Public Limited Company ²	39.75	Ordinary shares
Plot no. 77, Kipawa, Nyerere Road, PO Box 40954, Dar es Sala, Tanzania, United Republic of		
Mirambo Limited ²	31.61	Ordinary shares

Turkey

Büyükdere Caddesi, No: 251, Maslak, Şişli / İstanbul, Turkey, 34398, Turkey		
Vodafone Bilgi Ve İletişim Hizmetleri AŞ	100.00	Registered shares
Vodafone Digitim Hizmetleri A.Ş.	100.00	Registered shares
Vodafone Elektronik Para Ve Ödeme Hizmetleri A.Ş.	100.00	Registered shares
Vodafone Holding A.Ş.	100.00	Registered shares
Vodafone Net İletişim Hizmetleri A.Ş.	100.00	Ordinary shares
Vodafone Telekomunikasyon A.Ş	100.00	Registered shares
İTÜ Ayazağa Kampüsü, Koru Yolu, Arı Teknokent Arı 3 Binası, Maslak, İstanbul, 586553, Turkey		
Vodafone Teknoloji Hizmetleri A.Ş.	100.00	Registered shares

Ukraine

Bohdana Khmelnytskogo Str. 19-21, Kyiv, Ukraine		
LLC Vodafone Enterprise Ukraine	100.00	Ordinary shares

Company name	% of share class held by Group Companies	Share class
United Arab Emirates		
Office 101, 1st Floor, DIC Building 1, Dubai Internet City, Dubai, United Arab Emirates		
Vodafone Enterprise Europe (UK) Limited – DUBAI BRANCH	100.00	Branch
United Kingdom		
1-2 Berkeley Square, 99 Berkeley Street, Glasgow, G3 7HR, Scotland		
Thus Group Holdings Limited	100.00	Ordinary shares
Thus Group Limited	100.00	Ordinary shares
Thus Profit Sharing Trustees Limited	100.00	Ordinary shares
Imperial House, 4 – 10 Donegall Square East, Belfast, BT1 5HD		
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, Redeemable Preference
Quarry Corner, Dundonald, Belfast, BT16 1UD, Northern Ireland		
Energis (Ireland) Limited	100.00	A Ordinary shares, B Ordinary shares, C Ordinary shares
Shuttleworth 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 ²	64.52	Ordinary shares
Vodacom Business Africa Group Services Limited ²	64.52	Ordinary shares, preference shares
Vodacom UK Limited ²	64.52	Ordinary shares, Ordinary A shares, Ordinary B shares, Irredeemable preference shares
Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom		
AAA (Euro) 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, 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
C.S.P. Solutions Limited	100.00	Ordinary shares
Cable & Wireless Aspac Holdings 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 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 UK Holdings Limited	100.00	Ordinary shares
Cable & Wireless UK Services Limited	100.00	Ordinary shares
Cable & Wireless Worldwide 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
CWW Operations Limited	100.00	Ordinary shares
Dataroom Limited	100.00	Ordinary shares, Ordinary A shares
Emtel Europe Limited	100.00	Ordinary shares
Energis Communications Limited	100.00	Ordinary shares
Energis Squared 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
Global Cellular Rental Limited	50.00	Ordinary shares
Internet Network Services Limited	100.00	Ordinary shares
Isis Telecommunications Management Limited	100.00	A Ordinary shares, B Ordinary shares, C 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 Services Limited	100.00	Ordinary shares
Mobile Phone Centre Limited	100.00	Ordinary shares
Nat Comm Air Limited	100.00	Ordinary 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 (Dissolved 1 May 2018)	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
Talkmobile Limited	100.00	Ordinary shares
Ternhill Communications Limited	100.00	Ordinary shares, Non-convertible Redeemable Preference shares
The Eastern Leasing Company 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; Zero coupon redeemable preference
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 Solutions Limited	100.00	Ordinary shares
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 Enterprise U.K.	100.00	Ordinary shares
Vodafone Euro Hedging Limited	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, Ordinary deferred
Vodafone Finance UK Limited	100.00	Ordinary shares
Vodafone Financial Operations	100.00	Ordinary shares
Vodafone Global Content Services Limited	100.00	Ordinary shares, 5% fixed rate non-voting preference shares
Vodafone Global Enterprise Limited	100.00	Ordinary shares; Deferred, B Deferred
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

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

Company name	% of share class held by Group Companies	Share class
Vodafone Leasing Limited	100.00	Ordinary shares
Vodafone Limited	100.00	Ordinary shares
Vodafone M.C. Mobile Services Limited	100.00	Ordinary shares, A Preference
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 One Pound shares
Vodafone Mobile Network Limited	100.00	A-ordinary shares, Ordinary one pound 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, Redeemable preference 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, Cumulative preference
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	B Ordinary shares, Redeemable preference shares

Company name	% of share class held by Group Companies	Share class
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United States

560 Lexington Avenue, 8th Floor, New York, NY 10022

Bluefish Communications Inc.	100.00	Common stock shares, Preference shares
Cable & Wireless Americas Systems, Inc.	100.00	Common stock shares
Cable & Wireless a-Services, Inc.	100.00	Common shares
Vodafone Americas Virginia Inc.	100.00	Common stock shares
Vodafone US Inc.	100.00	Common stock shares

Zambia

Orange Park, Plot 35185, Alick Nkhata Road, Lusaka, Zambia

Africonnect (Zambia) Limited ²	64.52	Ordinary shares, Redeemable preference Shares
	50.00	D Ordinary shares

Associated undertakings and joint arrangements

Company Name	% of share class 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, Class B shares, Redeemable preference
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

Jankovcova 1037/49, 170 00 Praha 7-Holešovice, Czech Republic		
HBO Netherlands Channels s.r.o.	25.00	Ordinary shares
U Rajske zahrady 1912/3, Praha 3, 130 00, Czech Republic		
COOP Mobil s.r.o.	33.33	Ordinary shares

Egypt

Piece No. 1215, Plot Of Land No. 1/14A, 6th October City, Egypt		
Wataneya Telecommunications S.A.E	50.00	Ordinary shares

Greece

43-45 Valtetsiou Str., Athens, Greece		
Safenet N.P.A.	25.00	Ordinary shares
Marathonos Ave 18 km & Pylou, Pallini, Attica, Pallini, Attica, 15351, Greece		
Victus Networks S.A.	50.00	Ordinary shares

India

A-19, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi, New Delhi, Delhi, 110044, India		
FireFly Networks Limited	50.00	Equity shares
Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase -II, New Delhi – 110070, India		
Indus Towers Limited	42.00	Equity shares

Ireland

Two Gateway, East Wall Road, Dublin 3, Ireland		
Siro Limited	50.00	Ordinary shares

Italy

Via per Carpi 26/B, 42015, Correggio (RE), Italy		
VND S.p.A.	35.00	Ordinary shares

Kenya

LR No. 13263, Safaricom House, Waiyaki Way, PO Box 66827-00800, Nairobi, Kenya		
Safaricom PLC ⁵	22.58	Ordinary shares

Luxembourg

15 rue Edward Steichen, Luxembourg, 2540, Luxembourg		
Tomorrow Street SCA	50.00	Ordinary B shares, Ordinary C shares

Company Name	% of share class held by Group Companies	Share Class
Netherlands		
Assendorperdijk 2, 8012 EH Zwolle, The Netherlands		
Zoranet Connectivity Services B.V.	50.00	Ordinary shares
Atoomweg 100, 3542 AB Utrecht, The Netherlands		
Amsterdamse Beheer- en Consultingmaatschappij B.V.	50.00	Ordinary shares
Torensplits II 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
Vodafone Ziggo Group B.V.	50.00	Ordinary shares
VZ Financing I B.V.	50.00	Ordinary shares
VZ Financing II B.V.	50.00	Ordinary shares
Ziggo B.V.	50.00	Ordinary shares
Ziggo Bond Finance B.V.	50.00	Ordinary shares
Ziggo Deelnemingen B.V.	50.00	Ordinary shares
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 Real Estate B.V.	50.00	Ordinary shares
Ziggo Secured Finance B.V.	50.00	Ordinary shares
Ziggo Secured Finance 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

Avenue Ceramique 300, 6221 KX Maastricht, The Netherlands		
Vodafone Libertel B.V.	50.00	Ordinary shares
Barbara Strozilaan 101, 1083 HN Amsterdam		
Coöperatie Nederland Coöperatief U.A.	25.00	Partnership Interest
Boeingavenue 53, 1119 PE Schiphol-Rijk, The Netherlands		
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
Vodafone Ziggo Group Holding B.V.	50.00	Ordinary shares

Fred. Roeskestrata 123, 1076 EE Amsterdam, The Netherlands		
HBO Netherlands Distribution B.V.	25.00	Ordinary shares
Koningin Wilhelminaplein 2-4, 1062 HK Amsterdam, The Netherlands		
Liberty Global Content Netherlands B.V.	50.00	Ordinary shares
Monitorweg 1, 1322 BJ Almere, The Netherlands		
Esprit Telecom B.V.	50.00	Ordinary shares
XB Facilities B.V.	50.00	Ordinary shares
Simon Carmiggeltstraat 6, 1011 DJ Amsterdam		
Vodafone Financial Services B.V.	50.00	Ordinary shares
Winschoterdiep 60, 9723 AB Groningen, The 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

Company Name	% of share class held by Group Companies	Share Class
New Zealand		
C/- The Office Of Minterellisonruddwatts, Level 20, Lumley Centre, 88 Shortland Street, Auckland, 1010, New Zealand		
Rural Connectivity Group Limited	33.33	Ordinary shares
Level 1, Building C, 14-22 Triton Drive, Albany, New Zealand		
TNAS Limited	50.00	Ordinary shares
Level 5, 151 Victoria Street West, Auckland 1010, New Zealand		
Centurion GSM Limited	25.00	Ordinary shares

Portugal

Av. D. João II, no. 34, 1998 – 031, Parque das Nações, 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 Nações, Lisboa, Portugal		
SPORT TV PORTUGAL, S.A.	25.00	Nominative shares

Romania

Floor 3, Module 2, Connected Buildings III, Nr. 10A, Dimitrie Pompei Boulevard, Bucharest, Sector 2, Romania		
Netgrid Telecom SRL	50.00	Ordinary shares

Russian Federation

401, Building 3, 11, Promyshlennaya Street, Moscow 115 516		
Autoconnex Limited	35.00	Ordinary shares

United Kingdom

83 Baker Street, London, W1U 6AG, United Kingdom		
Digital Mobile Spectrum Limited	25.00	Ordinary shares
Griffin House, 161 Hammersmith Road, London, W6 8BS, United Kingdom		
Cable & Wireless Trade Mark Management Limited	50.00	Ordinary B shares
The Exchange Building 1330, Arlington Business Park, Theale, Berks, RG7 4SA, United Kingdom		
Cornerstone Telecommunications Infrastructure Limited	50.00	Ordinary shares

United States

2711 Centerville Road, Suite 400, Wilmington, DE 19808 Delaware		
LG Financing Partnership	50.00	Partnership Interest
Ziggo Financing Partnership	50.00	Partnership Interest
Ziggo Secured Finance Partnership	50.00	Partnership Interest

Notes:

- 1 Directly held by Vodafone Group Plc.
- 2 Shareholding is indirect through Vodacom Group Limited. The indirect shareholding is calculated using the 64.52% ownership interest in Vodacom.
- 3 The Group has rights that enable it to control the strategic and operating decisions of Vodacom Congo (RDC) S.A.
- 4 Shareholding is indirect through Vodafone Kabel Deutschland GmbH.
- 5 At 31 March 2018 the fair value of Safaricom Plc was KES 1.2 trillion (€9,963 million) based on the closing quoted share price on the Nairobi Stock Exchange.
- 6 Name changed from Zelitron S.A. on 12 April 2018.

Notes to the consolidated financial statements (continued)

32. Related undertakings (continued)

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.	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Summary comprehensive income information						
Revenue	5,692	5,294	962	1,333	468	510
Profit/(loss) for the financial year	934	768	206	194	(40)	(67)
Other comprehensive (expense)/income	(8)	(10)	—	—	—	—
Total comprehensive income/(expense)	926	758	206	194	(40)	(67)
Other financial information						
Profit/(loss) for the financial year allocated to non-controlling interests	342	257	93	82	(31)	(52)
Dividends paid to non-controlling interests	309	258	1	153	—	—
Summary financial position information						
Non-current assets	6,433	6,213	985	1,038	—	1,550
Current assets	2,389	2,023	407	352	—	137
Total assets	8,822	8,236	1,392	1,390	—	1,687
Non-current liabilities	(2,151)	(2,368)	(46)	(25)	—	(266)
Current liabilities	(2,104)	(1,825)	(522)	(656)	—	(226)
Total assets less total liabilities	4,567	4,043	824	709	—	1,195
Equity shareholders' funds	3,595	3,379	491	433	—	275
Non-controlling interests	972	664	333	276	—	920
Total equity	4,567	4,043	824	709	—	1,195
Statement of cash flows						
Net cash flow from operating activities	1,727	1,702	307	520	115	134
Net cash flow from investing activities	(541)	(788)	(145)	(609)	(119)	(93)
Net cash flow from financing activities	(879)	(777)	(55)	(328)	(33)	(32)
Net cash flow	307	137	107	(417)	(37)	9
Cash and cash equivalents brought forward	619	464	57	619	43	31
Exchange gain/(loss) on cash and cash equivalents	(39)	18	(5)	(145)	(6)	3
Cash and Cash Equivalents	887	619	159	57	—	43

The voting rights held by the Group equal the Group's percentage shareholding as shown on pages 169 to 175.

33. Subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 March 2018.

Name	Registration number	Name	Registration number
Cable & Wireless Aspac Holdings Limited	4705342	Vodafone Europe UK	5798451
Cable & Wireless CIS Services Limited	2964774	Vodafone European Investments	3961908
Cable & Wireless Europe Holdings Limited	4659719	Vodafone European Portal Limited	3973442
Cable & Wireless Global Business Services Limited	3537591	Vodafone Finance Luxembourg Limited	5754479
Cable & Wireless Global Holding Limited	3740694	Vodafone Finance Sweden	2139168
Cable & Wireless UK Holdings Limited	3840888	Vodafone Finance UK Limited	3922620
Cable & Wireless Worldwide Limited	7029206	Vodafone Financial Operations	4016558
Cable & Wireless Worldwide Voice Messaging Limited	1981417	Vodafone Global Content Services Limited	4064873
Cable and Wireless Nominee Limited	3249884	Vodafone Holdings Luxembourg Limited	4200970
Central Communications Group Limited	4625248	Vodafone Intermediate Enterprises Limited	3869137
Energis (Ireland) Limited	NI035793	Vodafone International 2 Limited	BR009978
Energis Communications Limited	2630471	Vodafone International Holdings Limited	2797426
Energis Squared Limited	3037442	Vodafone International Operations Limited	2797438
Internet Network Services Limited	3047165	Vodafone Investment UK	5798385
Legend Communications Limited	3923166	Vodafone Investments Limited	1530514
MetroHoldings Limited	3511122	Vodafone IP Licensing Limited	6846238
ML Integration Group Limited	3252903	Vodafone Marketing UK	6858585
ML Integration Services Limited	4087040	Vodafone Mobile Communications Limited	3942221
Singlepoint (4U) Limited	2795597	Vodafone Mobile Enterprises Limited	3961390
The Eastern Leasing Company Limited	1672832	Vodafone Mobile Network Limited	3961482
Thus Group Holdings Limited	SC192666	Vodafone Nominees Limited	1172051
Thus Group Limited	SC226738	Vodafone Oceania Limited	3973427
Vizzavi Finance Limited	80499	Vodafone Overseas Finance Limited	4171115
Voda Limited	1847509	Vodafone Overseas Holdings Limited	2809758
Vodafone (New Zealand) Hedging Limited	4158469	Vodafone Panafon UK	6326918
Vodafone 2	4083193	Vodafone Property Investments Limited	3903420
Vodafone 4 UK	6357658	Vodafone Retail (Holdings) Limited	3381659
Vodafone 5 Limited	6688527	Vodafone Retail Limited	1759785
Vodafone 5 UK	2960479	Vodafone UK Limited	2227940
Vodafone Americas 4	6389457	Vodafone Worldwide Holdings Limited	3294074
Vodafone Benelux Limited	4200960	Vodafone Yen Finance Limited	4373166
Vodafone Business Solutions Limited	2186565	Vodafone-Central Limited	1913537
Vodafone Cellular Limited	896318	Vodaphone Limited	2373469
Vodafone Connect Limited	2225919	Vodata Limited	2502373
Vodafone Consolidated Holdings Limited	5754561	Woodend Holdings Limited	SC128335
Vodafone Distribution Holdings Limited	3357115	Your Communications Group Limited	4171876
Vodafone Enterprise Equipment Limited	1648524	London Hydraulic Power Company (The)	ZC000055
Vodafone Enterprise Europe (UK) Limited	3137479	Vodafone Enterprise Corporate Secretaries Ltd (formerly Intercell Limited)	2303594
Vodafone Euro Hedging Limited	3954207	Vodafone Corporate Secretaries Limited	2357692
Vodafone Euro Hedging Two	4055111		

Other unaudited financial information

Prior year operating results

This section presents our operating performance for the 2017 financial year compared to the 2016 financial year, providing commentary on how the revenue and the adjusted EBITDA performance of the Group and its operating segments developed over those years. The results for both years 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	2017 €m	2016 €m	Reported	% change Organic*
Revenue	34,550	11,773	1,390	(82)	47,631	49,810	(4.4)	1.2
Service revenue	31,975	9,956	1,138	(82)	42,987	44,618	(3.7)	1.9
Other revenue	2,575	1,817	252	—	4,644	5,192		
Adjusted EBITDA	10,283	3,854	12	—	14,149	14,155	—	5.8
Depreciation and amortisation	(8,344)	(1,829)	(6)	—	(10,179)	(10,386)		
Adjusted EBIT	1,939	2,025	6	—	3,970	3,769	5.3	7.0
Share of result in associates and joint ventures	(49)	213	—	—	164	60		
Adjusted operating profit	1,890	2,238	6	—	4,134	3,829	8.0	11.8
Adjustments for:								
Impairment loss					—	(569)		
Restructuring costs					(415)	(316)		
Amortisation of acquired customer bases and brand intangible assets					(1,046)	(1,338)		
Other income/(expense) ⁴					1,052	(286)		
Operating profit					3,725	1,320		

Notes:

- 1 Group revenue and service revenue includes the results of Europe, AMAP, Other (which includes the results of partner markets) and eliminations. 2017 results reflect average foreign exchange rates of €1:€0.84, €1:INR 73.58, €1:ZAR 15.43, €1:TRY 3.51 and €1:EGP 13.60.
- 2 Service revenue, adjusted EBITDA, adjusted EBIT and adjusted operating profit are alternative performance measures which 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 207 for reconciliations to the closest respective equivalent GAAP measure and "Definition of terms" on page 222 for further details.
- 3 The "Other" segment primarily represents the results of shareholder recharges received from Vodafone Netherlands, VodafoneZiggo and Vodafone India, partner markets and the net result of unallocated central Group costs.
- 4 Includes a €1.3 billion gain (2016: €nil) on the formation of the VodafoneZiggo joint venture in the Netherlands.

Revenue

Group revenue decreased 4.4% to €47.6 billion and service revenue decreased by 3.7% to €43.0 billion.

In Europe, organic service revenue increased 0.6%* and in AMAP, organic service revenue increased by 7.7%*. Further details on the performance of these regions is set out below.

Adjusted EBITDA

Group adjusted EBITDA remained stable at €14.1 billion, with organic growth in Europe and AMAP more than offset by foreign exchange movements and M&A and other activity. The Group's adjusted EBITDA margin improved by 1.3 percentage points to 29.7%. On an organic basis, adjusted EBITDA rose 5.8%* and the Group's adjusted EBITDA margin increased by 1.2* percentage points driven by organic margin improvements in both Europe and AMAP.

Adjusted EBIT

Adjusted EBIT increased by 5.3% to €4.0 billion as adjusted EBITDA growth outpaced the increase in depreciation and amortisation. On an organic basis adjusted EBIT increased by 7.0%* for the year.

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 207). The items that are included in operating profit but are excluded from adjusted operating profit are discussed below.

No impairment losses were recognised in the current year in respect of the Group's continuing operations (2016: €569 million in Romania). Further detail is provided in note 4 to the Group's consolidated financial statements.

Restructuring costs of €415 million (2016: €316 million) primarily reflect discrete cost efficiency actions taken during the year in Germany and the UK.

Amortisation of intangible assets in relation to customer bases and brands are recognised under accounting rules after we acquire businesses and decreased to €1,046 million (2016: €1,338 million) due to the acquisitions of KDG, Vodafone Italy and Ono.

Including the above items, operating profit increased by €2.4 billion to €3.7 billion, due to a €1.3 billion gain on the formation of the VodafoneZiggo joint venture in the Netherlands which for accounting purposes was characterised as a part disposal of the Group's interest in Vodafone Netherlands, €0.5 billion lower depreciation and amortisation charges, partially as a result of the treatment of our Netherlands operation as an asset held for sale during the year and the €0.6 billion impairment charge recognised in the year ended 31 March 2016.

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 207 for further details and reconciliations to the respective closest equivalent GAAP measure.

Europe

	Germany €m	Italy €m	UK €m	Spain €m	Other Europe €m	Eliminations €m	Europe €m	% change Reported	% change Organic*
Year ended 31 March 2017									
Revenue	10,600	6,101	6,925	4,973	6,128	(177)	34,550	(5.2)	(0.4)
Service revenue	10,006	5,247	6,632	4,507	5,756	(173)	31,975	(4.2)	0.6
Other revenue	594	854	293	466	372	(4)	2,575		
Adjusted EBITDA	3,617	2,229	1,212	1,360	1,865	–	10,283	(1.9)	3.1
Adjusted operating profit	568	948	(542)	180	736	–	1,890	(1.9)	(5.0)
Adjusted EBITDA margin	34.1%	36.5%	17.5%	27.3%	30.4%		29.8%		
Year ended 31 March 2016									
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%		

Revenue decreased by 5.2%. Foreign exchange movements contributed a 2.8 percentage point negative impact and M&A and other activity contributed a 2.0 percentage point negative impact. On an organic basis, service revenue increased by 0.6%*, reflecting customer growth in mobile and fixed line ('fixed') and stabilising contract ARPU across all our major markets, more than offsetting the regulatory headwinds. Ex-regulation, service revenue growth was 1.6%*.

Adjusted EBITDA decreased 1.9%, including a 2.9 percentage point negative impact from M&A and other activity and a 2.1 percentage point negative impact from foreign exchange movements. On an organic basis, adjusted EBITDA increased 3.1%*, driven by tight cost control through our "Fit for Growth" programme.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – Europe	(5.2)	2.0	2.8	(0.4)
Service revenue				
Germany	1.9	–	–	1.9
Italy	2.3	–	–	2.3
UK	(17.0)	1.4	12.3	(3.3)
Spain	0.9	–	–	0.9
Other Europe	(6.1)	8.4	(0.1)	2.2
Europe	(4.2)	1.8	3.0	0.6
Adjusted EBITDA				
Germany	4.5	–	–	4.5
Italy	10.6	–	–	10.6
UK	(31.0)	5.1	10.1	(15.8)
Spain	8.8	–	–	8.8
Other Europe	(6.8)	10.1	(0.1)	3.2
Europe	(1.9)	2.9	2.1	3.1
Europe adjusted operating profit	(1.9)	(2.4)	(0.7)	(5.0)

Germany

Service revenue grew 1.9%* for the year (Q3: 1.8%*, Q4: 1.2%*) driven by customer growth in both mobile and fixed and stabilising mobile contract ARPU, which more than offset regulatory drags. The slowdown in the final quarter reflected the full impact of the mobile and fixed termination cuts, (a 1.3 percentage point year-on-year headwind), as well as the lapping of an accounting reclassification in fixed in the prior financial year.

Mobile service revenue grew 0.1%* (Q3: flat*, Q4: -0.4%*) as a higher customer base was offset by regulatory headwinds. Excluding regulation (including the MTR cut from 1 December and the decline in roaming revenues), mobile service revenue grew 1.6%* (Q3: 1.1%*, Q4: 1.8%*). Aided by "more-for-more" propositions and successful "Giga moves" campaigns, consumer mobile contract ARPU returned to growth in Q4, while contract net additions accelerated in the second half (Q4: 123,000 Q3: 61,000) supported by a reduction in churn and higher activity in direct channels. The Enterprise mobile market remained competitive, however ARPU declines moderated throughout the year. Our 4G customer base surpassed 10 million by the period end, as we reached 90% 4G population coverage.

Fixed service revenues increased 4.8%* (Q3: 4.8%*, Q4 3.7%*) driven by strong broadband customer growth, with 433,000 net customer additions (Q4: 123,000), of which 320,000 were on cable and the remainder on DSL. Our "GigaKombi" convergence offer, launched in the summer last year, continues to gain traction, reaching 357,000 accounts by year end. We also launched our "GigaTV" advanced digital TV service in February 2017, and our TV customer base reached 7.7 million at the end of the period. Following upgrades to our superior coax-fibre cable network during the year, we now offer 400 Mbps speeds to almost 6 million households (out of our total NGN footprint of 12.6 million).

Adjusted EBITDA grew 4.5%* with the adjusted EBITDA margin improving by 1.5 percentage points to 34.1%. Margin expansion was driven by revenue growth, our focus on more profitable direct channels and a reduction of underlying operating costs. This was supported by exceeding our full year cost and capex target synergies of €300 million from the integration of Kabel Deutschland.

Italy

Service revenue grew 2.3%* for the year (Q3: 3.0%*, Q4: 2.8%*) supported by mobile and fixed ARPU growth and an acceleration in consumer fixed performance.

Mobile service revenue grew 1.5%* (Q3: 1.4%*, Q4: 1.4%*) driven by ARPU growth in prepaid following changes to our tariff plans and improved data monetisation through targeted "more-for-more" offers. In Q4, the prepaid pricing environment became increasingly competitive, particularly in the below-the-line channels, however customer losses moderated somewhat compared to Q3. As at 31 March 2017 we had reached over 97% population coverage on our 4G network and had 9.0 million 4G customers, adding 2.5 million customers within the year.

Other unaudited financial information (continued)

Prior year operating results (continued)

Fixed service revenue was up 6.8%* (Q3: 11.9%*, Q4: 10.2%*) driven by strong customer growth and ARPU improvement across all segments during the second half of the financial year. We added 224,000 broadband customers (Q3: 70,000, Q4: 75,000) during the year, and in total we now have 2.2 million broadband customers of which 0.7 million are on fibre. We also launched our advanced digital "Vodafone TV" proposition in March 2017, which is gaining good early traction.

Adjusted EBITDA grew significantly faster than revenues at 10.6%*, with a 3.0 percentage point improvement in adjusted EBITDA margin to 36.5%. This was driven by a strong revenue performance and tight cost control, with absolute declines in both customer and operating costs during the year.

UK

Our UK operational performance was disrupted during the year by mistakes made during the implementation of a new billing system in the final calendar quarter of 2015. We have now resolved these challenges, with billing accuracy improving to 99.9% and customer service levels now above those achieved prior to the implementation of the new system. In the fourth quarter we delivered our best ever network performance, which is reflected in our ranking as the best voice provider and the co-leader for data in the latest independent P3 test.

Our financial performance lagged behind this operational recovery. Service revenue declined 3.3%* (Q3: -3.2%*, Q4: -4.8%*) reflecting the impact of operational challenges, increased competition in Enterprise and lower roaming revenues. The slowdown in the final quarter mainly reflected a strong prior year comparator in carrier services and Enterprise.

Mobile service revenue declined 3.3%* (Q3: -3.9%*, Q4: -3.9%*) as a result of higher churn, an increase in the SIM only mix driving lower ARPU, increased competition in Enterprise and lower roaming and MVNO revenues. Improved operational performance contributed to lower contract churn rates and growth in branded contract customers during the final quarter. We have 9.5 million 4G customers at the end of the period, with 4G coverage at 96% (Ofcom definition: 98%).

Fixed service revenue declined 3.4%* (Q3: -0.9%*, Q4: -7.5%*). Excluding carrier service revenue, fixed service revenue declined 2.5%* in Q4, reflecting a strong comparator together with the ongoing effect of two large contract losses during the year as we balanced our growth objectives with a focus on customer profitability. We continued to gain good momentum in consumer broadband with 216,000 customers by the end of the period (Q4: 33,000 net additions), of which 163,000 are consumer customers.

Adjusted EBITDA declined 15.8%* excluding the benefit of one-off settlements with other network operators in the prior year, with a 3.3 percentage point decline in adjusted EBITDA margin. The decline was driven by lower revenues, increased costs as a result of sterling weakness post Brexit, regulatory headwinds and reallocation of costs across Vodafone Group. These headwinds were partially offset by a reduction in underlying operating costs. Excluding the reallocation of central costs, sterling weakness and one-off settlements, adjusted EBITDA declined at a high-single digit rate both for the year and in H2.

Spain

Service revenue grew 0.9%* (Q3: 0.8%*, Q4: 1.3%*). Excluding the impact of handset financing, service revenue grew by 4.0%* in the year (Q3: 4.1%*, Q4: 3.8%*). This performance improvement was driven by our strong commercial momentum in mobile and fixed, supported by our "more-for-more" propositions at the start of the year.

We maintained our leadership in both consumer and enterprise NPS, widening the gap versus our competitors during the year. Vodafone One, our fully integrated fixed, mobile and TV service, reached 2.4 million customers at the end of the period, up from 1.5 million a year ago. Our commercial momentum has remained strong throughout the year with 337,000 mobile contract net additions (Q3: 97,000, Q4: 96,000) and 209,000 fixed broadband net additions (Q3: 93,000, Q4: 75,000). Our fixed performance accelerated in the second half of the year as we focused on cross selling services to our mobile base. Our TV base reached 1.3 million (246,000 net additions during the year), reflecting the improvement in our content packages.

Our market-leading 4G coverage reached 93% at the end of the period and we now have 7.6 million 4G customers. In March 2017, we reached a commercial wholesale agreement with Telefónica to access its fibre network in both regulated and deregulated areas, which expands our NGN footprint to 18.7 million homes passed (almost 65% population coverage), of which 10.2 million are on our own network.

Adjusted EBITDA grew 8.8%*, and adjusted EBITDA margin improved by 2.1 percentage points to 27.3%. This improvement was driven by service revenue growth, lower mobile handset subsidies and a lower operating cost base; these more than offset sharply higher content costs.

Other Europe

Service revenue grew by 2.2%* (Q3: 1.8%*, Q4: 1.3%*), with all of the larger markets growing in Q4 (excluding the MTR impact in Ireland). Adjusted EBITDA grew 3.2%* and adjusted EBITDA margin improved by 0.1 percentage points, reflecting good cost control.

In Ireland, service revenue was flat* for the year but grew 2.0% excluding MTRs (Q4: -1.2%*, 2.3% ex. MTRs) supported by ongoing fixed customer growth. Portugal service revenue grew 1.7%* (Q4: 2.2%*), with strong fixed customer growth as our FTTH roll-out reached 2.7 million homes, which was partially offset by mobile service revenue declines (which moderated throughout the year). In Greece, service revenue grew 0.5%* (Q4: 0.2%*) driven by growth in consumer fixed service revenue.

VodafoneZiggo

The joint venture between Vodafone Netherlands and Ziggo (VodafoneZiggo, in which Vodafone owns a 50% stake) was formed on 31 December 2016. Note that VodafoneZiggo's quarterly reports for credit investors are published on a US GAAP basis, whereas Vodafone Group reports the results of the joint venture on an IFRS basis.

VodafoneZiggo experienced a decline in local currency revenue of 2% in Q4. The decline in local currency mobile service revenue (Q4: -7%) reflected increasing competition, particularly in the SoHo segment. Cable subscription revenues stabilised in Q4, as increased ARPU offset a decline in the customer base, and in the B2B segment (mid and large-sized enterprises) revenues grew 1%, supported by mobile growth.

Excluding the impact of the divestment of Vodafone "Thuis", we added 16,000 postpaid mobile customers in the quarter, supported by our successful promotional campaign. We also added 11,000 broadband RGU additions in the quarter, with significantly fewer video subscriber losses (an outflow of 18,500 RGUs) compared to the prior year.

Adjusted EBITDA in local currency declined by 6% in Q4, as lower revenues and higher mobile acquisition and content costs were only partially offset by underlying cost reductions. During the quarter, Vodafone received €76 million in dividends from the joint venture and €14 million in interest payments on the shareholder loan.

Africa, Middle East and Asia-Pacific

	Vodacom €m	Other AMAP €m	Eliminations €m	AMAP €m	% change	
					Reported	Organic*
Year ended 31 March 2017						
Revenue	5,294	6,479	—	11,773	(1.0)	7.4
Service revenue	4,447	5,509	—	9,956	(0.9)	7.7
Other revenue	847	970	—	1,817		
Adjusted EBITDA	2,063	1,791	—	3,854	4.0	13.2
Adjusted operating profit	1,381	857	—	2,238	15.3	25.2
Adjusted EBITDA margin	39.0%	27.6%		32.7%		
Year ended 31 March 2016						
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%		

Revenue decreased 1.0%, with strong organic growth offset by an 8.6 percentage point adverse impact from foreign exchange movements, particularly with regards to the South African rand, Turkish lira and Egyptian pound. On an organic basis service revenue was up 7.7%* driven by strong commercial momentum in South Africa, Turkey and Egypt.

Adjusted EBITDA increased 4.0%, including a 9.2 percentage point adverse impact from foreign exchange movements. On an organic basis, adjusted EBITDA grew 13.2%*, driven by service revenue growth and a continued focus on cost control and efficiencies to offset inflationary pressures.

	Reported change %	Other activity (including M&A) pps	Foreign exchange pps	Organic* change %
Revenue – AMAP	(1.0)	(0.2)	8.6	7.4
Service revenue				
Vodacom	0.6	—	3.5	4.1
Other AMAP	(2.0)	—	12.8	10.8
AMAP	(0.9)	—	8.6	7.7
Adjusted EBITDA				
Vodacom	1.7	—	3.2	4.9
Other AMAP	6.7	—	18.0	24.7
AMAP	4.0	—	9.2	13.2
AMAP adjusted operating profit	15.3	—	9.9	25.2

Vodacom

Vodacom Group service revenue increased 4.1%* (Q3: 4.0%*, Q4: 3.8%*), supported by strong customer additions, data usage and enterprise growth in South Africa. Vodacom's International operations were impacted by a change in customer registration requirements in the prior year, which slowed customer growth during the period.

In South Africa service revenue grew 5.6%* (Q3: 5.6%*, Q4: 5.6%*), with continued strong customer growth in both the prepaid and contract base supported by our effective segmentation strategy. We added 3.2 million prepaid mobile customers (Q4: 1.2 million) in the year and contract churn remained at historically low levels. Data revenue growth remained strong at 20% for the year, supported by growth in active data customers (19.5 million), data bundle sales (almost 500 million sold during the year, up 45%), and higher usage. Voice revenue fell by 3.7%*, with the pace of decline slowing in the final quarter due to the success of our personalised voice bundle strategy on our "Just 4 You" platform.

Our market-leading network has now reached 76% 4G coverage (up from 58% in the prior year), and we have 6.0 million 4G customers.

Vodacom's international operations outside South Africa, which now represent 22.5% of Vodacom Group service revenue, grew 2.3%* (Q3: 1.9%*, Q4: 0.5%*) supported by commercial actions such as the introduction of "Just 4 You" personalised offers across all markets. Commercial momentum stabilised towards the end of the year as we began to lap the changes in customer registration requirements in Tanzania, the DRC and Mozambique, while political and economic disruptions adversely impacted the DRC's performance. M-Pesa customers totalled 10 million in Q4 (up from 6.8 million the prior year).

Vodacom Group adjusted EBITDA grew 4.9%*, with a 0.9 percentage point adjusted EBITDA margin improvement to 39.0%. In South Africa, margin improvement was supported by a subsidy shift towards data enabled devices, improved channel efficiencies, rationalisation of offices and network cost savings. International margins declined modestly as revenue growth was lower than underlying cost inflation.

Other AMAP

Service revenue grew by 10.8%* (Q3: 10.5%*, Q4: 9.8%*), with strong local currency growth in Turkey, Egypt and Ghana.

Service revenue in Turkey was up 16.0%* (Q3: 15.0%*, Q4: 13.9%*), supported by good growth in consumer contract, strong fixed customer momentum and a robust performance in Enterprise. Adjusted EBITDA grew 29.9%*, with an adjusted EBITDA margin improvement of 2.5 percentage points to 21.2% driven by lower commercial spend and improved operating cost control.

Egypt service revenue grew by 15.6%* (Q3: 19.6%*, Q4: 22.8%*) as rising data penetration drove higher ARPU. Adjusted EBITDA grew 22.7%*, with a 2.6 percentage point adjusted EBITDA margin improvement to 44.4% as revenue growth and cost discipline more than offset high inflationary pressures.

In New Zealand, service revenue was up 0.8%* (Q3: flat*, Q4: 0.3%*) with strong fixed performance and mobile customer growth across both consumer and Enterprise. 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 reserved the right to appeal the decision.

Other unaudited financial information (continued)

Prior year operating results (continued)

Associates and joint ventures

Safaricom, Vodafone's 40% associate, which is the number one mobile operator in Kenya, achieved local currency service revenue growth of 14.8% for the year and local currency adjusted EBITDA growth of 24.6% (20.6% excluding a current year benefit), driven by data and M-Pesa. 40 out of 47 targeted regions (counties) now have 4G coverage. During the year the Group received €214 million in dividends from Safaricom.

Vodafone Hutchison Australia ('VHA'), in which Vodafone owns a 50% stake, continued to perform solidly in a competitive environment. VHA continued to grow service revenue (excluding MTRs), driven by growth in our contract customer base and ARPU. Local currency adjusted EBITDA grew 19.0%, driven by an increase in underlying revenue and strong commercial cost discipline.

Indus Towers, the Indian towers company in which Vodafone has a 42% interest, will be excluded from the perimeter of the Idea merger. Indus achieved local currency revenue growth of 6.2% and adjusted EBITDA growth of 0.3% for the year. Indus owned 122,730 towers as at 31 March 2017, with a tenancy ratio of 2.35x. Our share of Indus' adjusted EBITDA for the year was €410 million and its contribution to Vodafone Group adjusted operating profit was €98 million. During the year the Group received €126 million in dividends from Indus Towers.

India¹

On 20 March 2017, Vodafone announced an agreement to combine its subsidiary, Vodafone India (excluding its 42% stake in Indus Towers), with Idea Cellular. The transaction is subject to regulatory approvals and is expected to close during calendar 2018. The combined company will be jointly controlled by Vodafone and the Aditya Birla Group. Vodafone India has been classified as discontinued operations for Group reporting purposes. From an operational perspective, the Group remains highly focused on the management of the business and committed to its success, both prior to the completion of the merger and thereafter. The results of Vodafone India are detailed below.

	2017 €m	2016 €m	% change	
			Reported	Organic*
Revenue	5,853	6,161	(5.0)	
Service revenue	5,834	6,135	(4.9)	(0.7)
Other revenue	19	26		
Direct costs	(1,583)	(1,835)		
Customer costs	(313)	(287)		
Operating expenses	(2,361)	(2,224)		
Adjusted EBITDA	1,596	1,815	(12.1)	(10.5)
Depreciation and amortisation	(1,116)	(1,276)		
Adjusted operating profit	480	539	(10.9)	
Adjustments for:				
Impairment loss ²	(4,515)	—		
Other	(136)	(116)		
Operating (loss)/profit	(4,171)	423		
Adjusted EBITDA margin	27.3%	29.5%		

Notes:

- ¹ In accordance with IFRS, the results of Vodafone India are classified as discontinued operations.
- ² Year ended 31 March 2017 includes a gross impairment charge of €4.5 billion (2016: €nil) recorded in respect of the Group's investment in India, 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.

With effect from 1 April 2016, the Group changed the reporting of certain dealer commissions in India. Annual and quarterly organic growth rates for the year ended 31 March 2017 of Vodafone India have been amended to exclude the impact of this change, which had no effect on earnings or cash flows.

Service revenue declined 0.7%* (Q3: -1.9%*, Q4: -11.5%*) as a result of heightened competitive pressure following free services offered by the new entrant during the second half of the year. The slowdown in Q4, as expected, was due to the ongoing impact of free services, which dragged on data and voice pricing, compounded by the leap year benefit in the prior period. However, we grew our overall customer base during the year and retained our high value customers.

Data browsing revenue declined by 16%* in Q4 compared to +0.6%* in Q3. Our active data customer base returned to growth in the quarter, increasing to 66.9 million (Q3: 65.0 million), mainly reflecting a 2.7 million increase in our 3G/4G customer base to 37.7 million (adding 10 million customers in the year). Unit prices declined 38% year-on-year (Q3: -11%), although this helped to stimulate 40% growth in monthly data usage per 3G/4G customer to 636 MB (Q3: 505 MB).

Voice revenue declined 13%* in Q4 (Q3: -3.0%*) as the benefit of higher incoming volumes and a larger customer base was offset by a 22% year-on-year decline in voice prices as the market moved to unlimited voice propositions. Total mobile customers increased 4.4 million in the quarter, giving a closing customer base of 209 million.

Following the Indian spectrum auction in October, we now offer 4G services in 18 circles, up from 9 circles prior to the auction. These circles cover around 92% of service revenues and 96% of our data revenues.

Adjusted EBITDA declined 10.5%*, with a 2.2 percentage point deterioration in adjusted EBITDA margin to 27.3%. This reflected lower revenues in the second half of the year and higher costs as a result of 4G network expansion, partially offset by lower intra circle roaming fees and an underlying reduction in operating costs.

In the first half of the 2017 financial year, the Group recorded a noncash impairment of €6.4 billion (€5.0 billion net of tax), 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 impairment charge for the year reduced to €4.5 billion (€3.7 billion net of tax).

Company statement of financial position of Vodafone Group Plc

at 31 March

	Note	2018 €m	2017 €m
Fixed assets			
Shares in Group undertakings	2	83,728	83,991
Current assets			
Debtors: amounts falling due after more than one year	3	2,480	3,692
Debtors: amounts falling due within one year	3	221,233	217,590
Other investments	4	1,945	1,678
Cash at bank and in hand		174	322
		225,832	223,282
Creditors: amounts falling due within one year	5	(229,396)	(219,924)
Net current (liabilities)/assets		(3,564)	3,358
Total assets less current liabilities		80,164	87,349
Creditors: amounts falling due after more than one year	5	(34,332)	(35,369)
		45,832	51,980
Capital and reserves			
Called up share capital	6	4,796	4,796
Share premium account		20,380	20,379
Capital redemption reserve		111	111
Other reserves		2,646	4,385
Own shares held		(8,598)	(8,739)
Profit and loss account ¹		26,497	31,048
Total equity shareholders' funds		45,832	51,980

Note:

1 The loss for the financial year dealt with in the financial statements of the Company is €253 million (2017: profit of €1,134 million).

The Company financial statements on pages 183 to 190 were approved by the Board of Directors and authorised for issue on 15 May 2018 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 2016	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 ⁴	—	—	—	112	—	—	112
Contribution received relating to share-based payments	—	—	—	(150)	—	—	(150)
Other movements ⁵	—	—	—	—	—	129	129
31 March 2017	4,796	20,379	111	4,385	(8,739)	31,048	51,980
Issue or reissue of shares ⁶	—	1	—	(1,742)	1,876	—	135
Loss for the financial year	—	—	—	—	—	(253)	(253)
Dividends	—	—	—	—	—	(3,961)	(3,961)
Capital contribution given relating to share-based payments ⁴	—	—	—	130	—	—	130
Contribution received relating to share-based payments	—	—	—	(127)	—	—	(127)
Repurchase of treasury shares ⁷	—	—	—	—	(1,735)	—	(1,735)
Other movements ⁵	—	—	—	—	—	(337)	(337)
31 March 2018	4,796	20,380	111	2,646	(8,598)	26,497	45,832

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 €8 million tax credit (2017: €9 million credit).

5 Includes the impact of the Company's cash flow hedges with €1,811 million net loss deferred to other comprehensive income during the year (2017: €787 million net gain; 2016: €337 million net gain) and €1,460 million net loss (2017: €654 million net gain; 2016: €294 million net gain) recycled to the income statement. These hedges primarily relate to foreign exchange exposure on fixed borrowings, with interest cash flows unwinding to the income statement over the life of the hedges and any foreign exchange on nominal balances impacting income statement at maturity (up to 2056).

6 Includes the reissue of 729.1 million of shares (€1,742 million) in August 2017 in order to satisfy the first tranche of the mandatory convertible bond.

7 This represents the irrevocable and non-discretionary share buyback programme announced on 25 August 2017.

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.

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.
- The requirements in IAS 36 to disclose valuation technique and assumptions used in determining recoverable amount.

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.

Notes to the Company financial statements (continued)

1. Basis of preparation (continued)

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 temporary differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting period date. Temporary 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 2018 and 31 March 2017.

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.

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

	2018 €m	2017 €m
Cost:		
1 April	91,902	91,940
Capital contributions arising from share-based payments	130	112
Contributions received in relation to share-based payments	(127)	(150)
31 March	91,905	91,902
Amounts provided for:		
1 April	7,911	7,343
Impairment losses	266	568
31 March	8,177	7,911
Net book value:		
31 March	83,728	83,991

At 31 March 2018 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 32 "Related undertakings" to the consolidated financial statements.

3. Debtors

	2018 €m	2017 €m
Amounts falling due within one year:		
Amounts owed by subsidiaries ¹	220,871	216,686
Taxation recoverable	–	134
Other debtors	199	173
Derivative financial instruments ²	163	597
	221,233	217,590
Amounts falling due after more than one year:		
Derivative financial instruments ²	2,449	3,672
Deferred tax	31	20
	2,480	3,692

Notes:

1 Amounts owed by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand.

2 Amounts falling due within one year include amounts in relation to cross-currency swaps €67 million (2017: €463 million), interest rate swaps €30 million (2017: €31 million), options €22 million (2017: €nil) and foreign exchange contracts €44 million (2017: €103 million). The amounts falling due in more than one year includes amounts in relation to cross-currency swaps €690 million (2017: €1,243 million), interest rate swaps €1,755 million (2017: €2,417 million) and options €4 million (2017: €12 million).

Notes to the Company financial statements (continued)

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.

	2018 €m	2017 €m
Investments ¹	1,945	1,678

Note:

¹ Investments include collateral paid on derivative financial instruments of €718 million (2017: €506 million) and €1,225 million (2017: €1,172 million) of gilts and deposits 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.

	2018 €m	2017 €m
Amounts falling due within one year:		
Bank loans and other loans	8,367	10,353
Amounts owed to subsidiaries ¹	220,625	208,671
Derivative financial instruments ²	229	717
Taxation payable	9	—
Other creditors	120	108
Accruals and deferred income	46	75
	229,396	219,924
Amounts falling due after more than one year:		
Other loans	32,199	34,020
Derivative financial instruments ²	2,133	1,349
	34,332	35,369

Notes:

¹ Amounts owed to subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand.

² Amounts falling due within one year include amounts in relation to cross-currency swaps €116 million (2017: €590 million) of which €nil (2017: €301 million) relates to transactions with joint ventures, interest rate swaps of €33 million (2017: €48 million), options of €29 million (2017: €3 million) and foreign exchange contracts of €51 million (2017: €76 million). The amounts falling due in more than one year include amounts in relation to cross-currency swaps of €1,626 million (2017: €735 million) of which €263 million (2017: €nil) relates to transactions with joint ventures, interest rate swaps of €460 million (2017: €554 million) and options of €47 million (2017: €60 million).

Included in amounts falling due after more than one year are other loans of €19,326 million which are due in more than five years from 1 April 2018 and are payable otherwise than by instalments. Interest payable on these loans ranges from 0.035% to 7.875%.

Details of bond and other debt issuances are set out in note 21 "Liquidity and capital resources" in the consolidated financial statements.

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.

	2018		2017	
	Number	€m	Number	€m
Ordinary shares of 20²⁰/₂₁ US cents each allotted, issued and fully paid:^{1,2}				
1 April	28,814,142,848	4,796	28,813,396,008	4,796
Allotted during the year ³	660,460	—	746,840	—
31 March	28,814,803,308	4,796	28,814,142,848	4,796

Notes:

1 50,000 (2017: 50,000) 7% cumulative fixed rate shares of £1 each were allotted, issued and fully paid by the Company.

2 At 31 March 2018 the Company held 2,139,038,029 (2017: 2,192,064,339) treasury shares with a nominal value of €356 million (2017: €365 million). The market value of shares held was €4,738 million (2017: €5,348 million). During the year, 53,026,317 (2017: 62,761,357) treasury shares were reissued under Group share schemes. On 25 August 2017, 729,077,001 treasury shares were issued in settlement of a maturing subordinated mandatory convertible bond issued on 19 February 2016. For further details see note 21 "Liquidity and capital resources" in the consolidated financial statements.

3 Represents US share awards and option scheme awards

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 2018, the Company had 40 million ordinary share options outstanding (2017: 41 million).

The Company has made capital contributions to its subsidiaries in relation to share-based payments. At 31 March 2018, the cumulative capital contribution net of payments received from subsidiaries was €56 million (2017: €53 million). During the year ended 31 March 2018, the total capital contribution arising from share-based payments was €130 million (2017: €112 million), with payments of €127 million (2017: €150 million) received from subsidiaries.

Full details of share-based payments, share option schemes and share plans are disclosed in note 26 "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 104 do not reflect the profits available for distribution in the Group.

Notes to the Company financial statements (continued)

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.

	2018 €m	2017 €m
Declared during the financial year:		
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
Interim dividend for the year ended 31 March 2018: 4.84 eurocents per share (2017: 4.74 eurocents per share, 2016: 3.68 pence per share)	1,291	1,262
	3,961	3,709
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the year ended 31 March 2018: 10.23 eurocents per share (2017: 10.03 eurocents per share, 2016: 7.77 pence per share)	2,729	2,670

10. Contingent liabilities and legal proceedings

	2018 €m	2017 €m
Other guarantees and contingent liabilities	1,961	3,420

Other guarantees and contingent liabilities

Other guarantees principally comprise the Company'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.

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 25 "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 29 "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 29 "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 €2.5 million (2017: €2.2 million) and for non-audit services was €0.1 million (2017: €0.9 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 the "Annual Report on Remuneration" on pages 79 to 87.

The Company had two (2017: 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	7 June 2018
Record date for final dividend	8 June 2018
Trading update for the quarter ending 30 June 2018	25 July 2018
AGM	27 July 2018
Final dividend payment	3 August 2018
Half-year financial results for the six-months ending 30 September 2018	13 November 2018
Ex-dividend date for interim dividend	22 November 2018
Record date for interim dividend	23 November 2018
Interim dividend payment	1 February 2019

Dividends

See pages 30 and 130 for details on dividend amount per share.

Euro dividends

Dividends are 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 depository 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.

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 from our ADS depository bank, Deutsche Bank.

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, Computershare Investor Services PLC, through a low cost dealing arrangement. For ADS holders, Deutsche Bank, through its transfer agent, American Stock Transfer & Trust Company, LLC (AST) maintains the DB Global Direct Investor Services Program which is a direct purchase and sale plan for depository receipts with a dividend reinvestment facility.

See vodafone.com/dividends for further information about dividend payments or, alternatively please contact our registrar, Computershare or AST for ADS holders as applicable. See page 192 for their contact information.

Taxation of dividends

See pages 194 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 bank mandate 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 www.investorcentre.co.uk.

Shareholders with any queries regarding their holding should contact Computershare. See page 192 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 our impact on the environment and our costs. 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 Computershare at www.investorcentre.co.uk or contact them via the telephone number provided on page 192. See vodafone.com/investor for further information about this service.

AGM

Our thirty-fourth AGM will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on 27 July 2018 at 11.00 am. The AGM 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 Financial 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.

Shareholder information (continued)

Unaudited 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.

Contact details for Computershare and AST

The Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road, Bristol BS99 6ZZ, United Kingdom
Telephone: +44 (0)370 702 0198
www.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 holders

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 2018 was 194.20 pence (31 March 2017: 208.10 pence). The closing share price on 14 May 2018 was 207.20 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.

Year ended 31 March	London Stock Exchange Pounds per ordinary share		NASDAQ Dollars per ADS	
	High	Low	High	Low
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
2018	2.38	1.91	32.67	25.59

Quarter	High	Low	High	Low
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	2.32	1.99	30.26	25.59
Second quarter	2.27	2.05	29.90	28.06
Third quarter	2.36	2.09	31.93	28.06
Fourth quarter	2.38	1.91	32.67	27.36
2018/2019				
First quarter ¹	2.14	1.94	30.07	28.37

Month	London Stock Exchange Pounds per ordinary share		NASDAQ Dollars per ADS	
	High	Low	High	Low
November 2017	2.30	2.16	30.96	28.81
December 2017	2.36	2.24	31.93	30.48
January 2018	2.38	2.24	32.67	31.32
February 2018	2.20	2.00	31.05	28.25
March 2018	2.08	1.91	29.04	27.36
April 2018	2.14	1.94	30.07	27.42
May 2018 ¹	2.13	2.07	29.13	28.37

Note:

¹ Covering period up to 14 May 2018.

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.

Currency (=€1)	31 March		
	2018	2017	% Change
Average:			
Sterling	0.88	0.84	4.8
US dollar	1.17	1.10	6.4
At 31 March:			
Sterling	0.88	0.85	3.5
US dollar	1.23	1.07	15.0

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
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
2018	1.23	1.17	1.25	1.06

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 2017	1.19	1.16
December 2017	1.20	1.17
January 2018	1.25	1.19
February 2018	1.25	1.22
March 2018	1.24	1.22
April 2018	1.24	1.21
May 2018	1.20	1.19

On 14 May 2018 (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\$1.20 and €1 = £0.88.

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.

ADS holders are not shareholders in 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 194.

Shareholders as at 31 March 2018

Number of ordinary shares held	Number of accounts	% of total issued shares
1–1,000	306,097	0.24
1,001–5,000	43,247	0.35
5,001–50,000	12,317	0.56
50,001–100,000	507	0.14
100,001–500,000	786	0.69
More than 500,000	1,217	98.02
	364,171	100

Ownership location (as a percentage of shares held)

as at 31 March	2018	2017
UK	35.0	38.4
Europe (excluding UK)	15.0	14.2
North America	42.7	40.7
Rest of World	7.3	6.7

Major shareholders

As at 14 May 2018, Deutsche Bank as custodian of our ADR programme, held approximately 17.79% of our ordinary shares of 20^{20/21} US cents each as nominee. At this date, the total number of ADRs outstanding was 474,789,483 and 1,489 holders of ordinary shares had registered addresses in the United States and held a total of approximately 0.00824% of the ordinary shares of the Company.

At 31 March 2018 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
BlackRock, Inc.	6.90%

No changes in the interests disclosed under DTR 5 have been notified to the Company between 31 March 2018 and 14 May 2018.

As far as the Company has been notified under DTR 5, between 1 April 2015 and 14 May 2018, no shareholder, other than described above, held 3% or more of the voting rights attributable to the ordinary shares of the Company other than Deutsche Bank, as custodian of our ADR programme, and Bank of New York Mellon as custodian of our ADR programme prior to 27 February 2017.

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. As at 14 May 2018 the Directors are not aware 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 195 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 as 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.

Shareholder information (continued)

Unaudited information

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 2017 AGM and the Company concluded an irrevocable and non-discretionary share buy-back programme on 15 November 2017. Under this programme the Company purchased 729,077,008 ordinary shares of 20²⁰/21 US cents each, equal to the limit the Company announced for the programme on 25 August 2017, for an aggregate consideration of €1.7 billion. The number of shares purchased represented 2.73% of the Company's issued share capital excluding treasury shares as at 31 March 2018 which was below the number permitted to be purchased by the Company pursuant to the authority granted by the shareholders at the 2017 AGM.

At each AGM all Directors who were elected or last re-elected at or before the AGM 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 73 to 78.

Rights attaching to the Company's shares

At 31 March 2018, the issued share capital of the Company was comprised of 50,000 7% cumulative fixed rate shares of £1.00 each and 26,675,765,279 ordinary shares (excluding treasury shares) of 20²⁰/21 US cents each. As at 31 March 2018, 2,139,038,029 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 who hold shares under the Vodafone Group Share Incentive Plan or in a vested nominee share account are able to vote through the respective plan's trustees. Note there is now a vested share account with Computershare (in respect of shares arising from a SAYE exercise) and Equatex (MyShareBank).

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 2017 AGM the amount of relevant securities fixed by shareholders under (i) above and the amount of equity securities specified by shareholders under (ii) above were in line with the Pre-Emption Group's Statement of Principles. Further details of such proposals are provided in the 2018 Notice of AGM.

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 the Disclosure Guidance and Transparency Rules.

General meetings and notices

Subject to the Articles of Association, AGMs 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 AGM 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 AGM 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 its results or operations except for:

- its US\$4.1 billion and €3.8 billion revolving credit facilities which are discussed in note 21 "Liquidity and capital resources" to the consolidated financial statements;
- its subscription agreements for the €1.6 billion of subordinated mandatory convertible bonds placed on 25 February 2016 as discussed in note 21 "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 28 "Commitments" to the consolidated financial statements;
- the Implementation Agreement dated 20 March 2017 between Vodafone India Limited and Idea Cellular Limited and such other parties as listed in the agreement; and
- the Sale and Purchase Agreement dated 9 May 2018 relating to the sale of Liberty Global plc's businesses in Germany, Romania, Hungary and the Czech Republic.

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 stock (by vote or value); 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.

Shareholder information (continued)

Unaudited information

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 and such practice 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 197).

Taxation of dividends

UK taxation

Under current UK law, there is no requirement to withhold 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 resident 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 dividend allowance (currently £2,000 per tax year) which is taxed at a nil rate. Dividend income is treated as the highest part of an individual shareholder's income and the dividend allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the allowance.

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 or euro payments made determined at the spot pound sterling/US dollar rate or the spot euro/US dollar rate, as applicable, 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 or euros 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 US holder may be entitled, subject to certain limitations, to a foreign tax credit in respect of such taxes.

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 receipt 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” ratably 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 27 "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 28 "Commitments" for further details.
- On 31 March 2018, Vodafone India completed the sale of its standalone tower business in India to ATC Telecom Infrastructure Private Limited ("ATC") for an enterprise value of INR 38.5 billion (€478 million). Completion of Idea's sale of its standalone tower business to ATC for INR 40.0 billion is expected in the first half of this calendar year. See note 28 "Commitments" for further details.
- On 26 February 2018, we announced that Qatar Foundation would acquire Vodafone Europe B.V.'s 51% stake in the joint venture company, Vodafone and Qatar Foundation LLC, that controls Vodafone Qatar for a total cash consideration of QAR1,350 million (€301 million). The transaction was completed on 29 March 2018. See note 27 "Acquisitions and disposals" for further details.
- On 25 April 2018, Vodafone, Bharti Airtel Limited ('Bharti Airtel') and Idea announced the merger of Indus Towers Limited ('Indus Towers') into Bharti Infratel Limited ('Bharti Infratel'), creating a combined company that will own the respective businesses of Bharti Infratel and Indus Towers. Bharti Airtel and Vodafone will jointly control the combined company, in accordance with the terms of a new shareholders' agreement. See note 31 "Subsequent events" for further details.
- On 9 May 2018, Vodafone announced that it had agreed to acquire Unitymedia GmbH in Germany and Liberty Global's operations (excluding its "Direct Home" business) in the Czech Republic, Hungary and Romania, for a total enterprise value of €18.4 billion. This is expected to comprise approximately €10.8 billion of cash consideration paid to Liberty Global and €7.6 billion of existing Liberty debt, subject to completion adjustments. See note 31 "Subsequent events" for further details.

Details of other significant transactions that occurred after 31 March 2018 and before the signing of this Annual Report on 15 May 2018 are included in note 31 "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 regional level and in the European Union ('EU'), in which we had significant interests during the year ended 31 March 2018. 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 June 2017 the requirement to implement "Roam Like at Home" came into force. As a result, all of our EU customers are able to use their home tariff whilst roaming in the EU, subject to fair use limits.

In September 2017 the European Commission (the 'Commission') published the Proposed Free Flow of Data Regulation which aims to facilitate the cross-border provision within the EU of data storage and processing services such as cloud computing, big data analytics and IoT and the new EU cybersecurity strategy and Cybersecurity Act, which aims to give a bigger role and more resources to the EU Agency for Network and Information Security and establish a new framework at EU level for the cybersecurity certification of ICT products and services.

In April 2018 the Commission released its strategy on how to prepare the EU to compete in the global race for artificial intelligence. New proposals have been made in relation to platforms, with proposed regulation of platform to business relationships and initiatives addressing fake news and liability for content.

The European Electronic Communications Code ('Communications Code') discussions are ongoing between the European Parliament, European Council and the Commission and are expected to be finalised by the end of 2018. The Communications Code covers access regulation, spectrum, end user rights, universal service, and the institutional set-up and governance. Key proposals still being debated include access to passive infrastructure, symmetrical regulation and treatment of regulated co-investment, retail pricing of intra-EU international calls and level of EU oversight on Member State Spectrum management policy.

The proposals on consumer protection, copyright and audio-visual services which are likely to impact e-commerce and the distribution of content across the European Single Market in a variety of areas are ongoing. These include proposals for new Directives on Digital and Tangible Goods, a New Deal for Consumers which includes proposals on better enforcement of consumer rights and New Directives on Audio-visual Media Services and copyright. New Regulation on cross-border portability of online content services on copyright, has now entered into application in the Member States which will allow consumers access to online TV and Video on Demand subscriptions while travelling across Europe.

The Commission's legislative proposal for an e-Privacy Regulation, which will update the existing e-Privacy Directive with specific rules applicable to the electronic communications sector is ongoing.

The General Data Protection Regulation ('GDPR') replaced the 1995 Data Protection Directive (Directive 95/46/EC) when it came into force on 25 May 2018. The GDPR harmonises data protection requirements across the EU, strengthening protection for EU citizens and improve organisation's accountability when holding their personal data.

Europe region

Germany

In May 2017 the national regulatory authority ('BNetzA') initiated the market review process for wholesale access at fixed locations (market 3 of the Commission market recommendation) currently covering both unbundled local loop ('ULL') and virtual unbundled local access ('VULA') as well as bitstream wholesale products. The modification of Fibre to the Home ('FTTH') regulation currently included in market 3 regulation has not excluded the possibility that access to the incumbent's FTTH network may only be regulated by a light touch approach (e.g. retail minus) or fully deregulated.

In June 2017 BNetzA assessed the demand for spectrum at 2.0 GHz and 3.5 GHz for mobile services. An auction is expected for year-end 2018.

In August 2017 BNetzA published its decision regarding the reference offer on the migration of very high-rate digital subscriber line unbundled local loop ('VDSL ULL') and the introduction VULA product at street cabinets in view of Deutsche Telekom's Vectoring deployment in nearshore areas. Vodafone Germany's VDSL ULL customers are due to be migrated on to the substitute bitstream products from mid-2018.

In December 2017 Vodafone Germany purchased 1x42MHz spectrum in the 3.5GHz band from Telefónica Germany. The rights to this spectrum expire in 2021.

In February 2018 BNetzA initiated a national consultation concerning principles and guidelines for infrastructure pricing within the context of the German Digital Network Law ('DigiNetz-Gesetz'). Results of this consultation are not expected before mid-2018.

Italy

In September 2017 Vodafone Italy was assigned the city of Milan for their proposed 5G pilot.

In November 2017 the national regulatory authority ('AGCOM') announced an enforcement action against Vodafone Italy for failure to comply with a resolution requiring telecoms operators to adhere to monthly billing cycles. In February 2018 the Italian Competition Authority ('ICA') also opened an antitrust investigation into Vodafone Italy, three of its competitors and the industry trade association, alleging that the operators infringed competition law by agreeing not to comply with the AGCOM resolution and exchanging information on future pricing strategies in response to a subsequent law which has forced the operators to revert to monthly billing. Vodafone Italy has appealed against AGCOM's enforcement action and the hearing is due to take place in October 2018. Vodafone is also defending itself against the ICA investigation and has revised its pricing strategy going forward.

For information on litigation in Italy, see note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

United Kingdom

In November 2017 the Competition Appeal Tribunal published its full reasoning behind its decision on BT's Appeal of the national regulatory authority's ('Ofcom') 2016 Business Connectivity Market Review. BT has put on hold the launch of its Dark Fibre Access Product and Ofcom put in place temporary conditions to continue regulation where Ofcom's previous decisions were unchallenged.

In December 2017 the Court of Appeal upheld BT/EE's appeal against Ofcom in setting the Annual Licence Fees for 900MHz and 1800MHz spectrum. As a result, we expect Ofcom to re-consult on these fees in the near future.

In February 2018 Ofcom notified the commission of its proposed MTR change effective from 1 April 2018 to 31 March 2021. The current rate will change from 0.495 pence per minute to 0.489 pence per minute from 1 June 2018, and annually thereafter fall by approximately CPI-4% (current rate of CPI = 2.5%). Ofcom also clarified that all inbound calls will be subject to the charge control, including calls originated from non-EEA countries.

Regulation (continued)

Unaudited information

In March 2018 Ofcom notified Vodafone UK that it had opened an investigation into its Vodafone Passes tariffs. Ofcom is investigating whether the use of traffic management is compliant with Net Neutrality regulations.

In April 2018 Vodafone UK acquired 1x50MHz spectrum in the 3.5GHz band at a cost of £380 million, expiring in April 2038.

Hutchison 3G's appeal to the EU's General Court against the Commission's competition authority ('DGCOMP') decision to prohibit the proposed Hutchison 3G acquisition of Telefónica UK ('O2') is ongoing. The Court has granted EE leave to intervene to support the Commission.

Under the Digital Economy Act, Vodafone UK has to implement bill capping functionality by October 2018. The cap will be chosen by the customer and any expenditure above the chosen cap, without the customer's explicit prior opt-in, cannot be charged.

Spain

In June 2017 the Spanish Supreme Court dismissed the appeals brought by Vodafone Spain and other stakeholders against the Royal Decree on the so-called "TV Tax" created by Law 8/2009 that requires the financing of the RTVE Corporation to be supported by 1.5% of private TV networks', and 0.9% of telecom operators', gross operating revenues. In February 2018 the National Audience presented its preliminary ruling before the European Court of Justice ('ECJ') on the compatibility of the TV Tax with Article 6 of Authorisation Directive which is currently under review by the ECJ.

In September 2017 the National Audience court declared the fines that had been previously 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'), as void. The national regulatory authority's ('CNMC') has appealed against this ruling in the Supreme Court.

In December 2017 a draft Ministerial Order was issued for its rural LTE plan that requires holders of spectrum in the 800 MHz to achieve joint coverage in areas with less than 5,000 inhabitants, with a minimum speed of 30 Mbps for 90% of population, before 1st January 2020. The Final Order is expected by June 2018.

In February 2018 CNMC's new MTRs came into force, reducing the current rate of 1.09 eurocents per minute to 0.64 eurocents per minute by January 2020.

In March 2018 CNMC's proposed Regulatory Economic Replicability Test ('ERT') was adopted as part of Telefónica's obligations on its fibre network under the Resolution on markets 3 and 4. This mechanism will calculate maximum wholesale price for the access component of wholesale broadband services ('NEBA') and NEBA Local ('VULA') services. Telefónica's new wholesale price of €17.57 per month was approved by CNMC in April 2018.

Netherlands

The national regulatory authority ('ACM') did not file an appeal against the Court of Rotterdam's April 2017 ruling that the European rules prevail over the net neutrality provision in the Dutch Telecommunications Act and amended the act accordingly.

In July 2017 VodafoneZiggo's request for a preliminary injunction against the new MTR of 0.581 eurocents per minute for the period 2017-2020 was dismissed by the court. The new tariffs entered into force in July 2017. For the period 2013 to 2016 the existing tariffs remained unchanged, based on Bottom-Up Long Run Incremental Cost Plus ('BULRIC+'). In July 2017 VodafoneZiggo filed an appeal against ACM's MTR/FTR market decision. The appeal court is expected to deliver its verdict after June 2018.

In February 2018 ACM published a draft decision based on its analysis of the Wholesale Fixed Access market, in which it aims to regulate VodafoneZiggo (cable access) in addition to continuing existing regulation on KPN. The public consultation closed in April 2018 and ACM will notify the Commission of its decision after June 2018.

In April 2018 Liberty Global and Vodafone formally re-notified the UPC/Ziggo merger to the Commission following the annulment of the original clearance decision by the European Court. The parties met with the Commission on 25 April where the Commission explained their position and what needed to be done in order to obtain clearance. The decision is due on 30 May 2018.

In April 2018 the Commission commenced an investigation in relation to the acquisition of sports rights, including VodafoneZiggo's TV channel, Ziggo Sport. The Commission stated that it is concerned that the companies involved may have violated EU antitrust rules that prohibit cartels and restrictive business practices in relation to the acquisition of sports rights. As well as VodafoneZiggo, Fox Sports and media buying agents IMG, MP & Silva and B4 Capital all confirmed that they were visited by the Commission. VodafoneZiggo are fully cooperating with the commission's investigation.

Ireland

In May 2017 Vodafone Ireland acquired 105MHz spectrum in the cities and 85MHz spectrum in the regions for the 3.6GHz band at a cost of €18 million, expiring in July 2032. Discussions are ongoing with the regulator on transition plans.

In June 2017 the national regulatory authority ('ComReg') issued the findings of their review of the processes for regulatory governance of the incumbent operator in Ireland. A follow up consultation is planned for the second half of 2018. The markets 3a and 3b review for broadband is ongoing and a move to cost-oriented pricing has been proposed.

Portugal

In January 2018 the national regulatory authority ('ANACOM') launched a public consultation on wholesale markets for voice call termination where it proposes to reduce the MTR from 0.75 to 0.43 eurocents per minute and set a glide path for additional annual decreases to 0.36 eurocents per minute in July 2020.

In February 2018 ANACOM issued a draft decision on zero rating practices in Portugal which concludes that some offers in the Portuguese market are in breach of the Net Neutrality Regulation and Roaming Regulation. Vodafone Portugal submitted its response during the public consultation that closed in April and ANACOM's final decision is expected before the end of 2018.

In March 2018 ANACOM launched a public consultation to assess and prepare the allocation of spectrum for 5G.

Vodafone Portugal continues to challenge payment notices totalling €34.8 million issued by ANACOM regarding 2012-2014 extraordinary compensation of Universal Service net costs.

Romania

In June 2017 the national regulatory authority ('ANCOM') launched a consultation process for 5G spectrum allocation in Romania and industry responses were published by ANCOM at the beginning of September 2017. Auctions are expected in 2019 but timing has not been confirmed.

In July 2017 ANCOM published its draft market review analysis of the relevant markets for fixed and mobile call termination and proposed to maintain the current level of termination rates however following objections from the Commission, MTRs will be reduced using the EU benchmark, from 0.96 to 0.84 eurocent per minute from 1 May 2018, until the new LRIC model results are available.

Greece

In August 2017 the national regulatory authority ('EETT') announced the MTR for calls originating within the EU was reduced from 1.072 to 0.982 eurocents per minute and remained effective until the end of 2017. A glide path further reduced the MTR to 0.958 eurocents per minute from 1 January 2018 and then 0.946 eurocents per minute from 1 January 2019 until further review.

In September 2017 EETT held a formal hearing for Vodafone Greece and Cosmote to present their views in response to the complaint brought by Wind for alleged abuse of dominance commencing in 2012, in relation to international mobile calls from Greece to Albania. Subsequent to this oral hearing Vodafone Greece submitted their written response to the EETT in January 2018.

In November 2017 Vodafone Greece launched its VULA Fibre to the Cabinet (FTTC) regulated services as part of its 28-month Next Generation Access (NGA) roll-out plan and the VULA-FTTH launch is scheduled for mid-2018. EETT's final decision regarding the VULA specifications and provisions is expected to be issued and notified to the Commission by May 2018. EETT is developing a BULRIC+ model for calculating the wholesale copper and fibre access prices (including Vodafone Greece's wholesale VULA services through both FTTC and FTTH).

In November 2017 Vodafone Greece renewed 2x15MHz spectrum in the 1800MHz band, that was due to expire in February 2018, at the reserve price of €59.1 million, for a 17 years and 10-month licence.

In December 2017 EETT announced that "Regulation on General Authorization" will become effective from 3 June 2018, regulating how customers' contracts are set up, managed, terminated and renewed. Vodafone Greece has requested an extension of one year for the implementation deadline.

In March 2018 EETT announced its decision that the Universal Service costs for the years 2010 & 2011 represented an unfair burden on the designated provider and the net cost should be between all the operators. Vodafone Greece has appealed against EETT's decisions.

Czech Republic

In November 2017 the national competition authority (UOHS) published the findings of the retail mobile telecoms market sector inquiry and concluded there was no anti-competitive conduct found and mobile operators are compliant with competition law. However, it did not exclude the possibility of future ex-ante regulation imposed by the national regulatory authority (CTU). CTU's mobile market analysis continues and in their initial finding concluded that the mobile wholesale access market is susceptible to ex ante regulation.

In April 2018 Vodafone Czech Republic's existing 900MHz and 1800MHz spectrum licences were extended until June 2029 for a one-off fee of €6.5 million.

DG COMP's investigation into a network sharing agreement between O2 CZ/CETIN and T-Mobile CZ is ongoing.

Hungary

In December 2017 the national regulatory authority (NMHH) published the market 3a and 3b review decision for wholesale access at fixed locations. NMHH has withdrawn the obligations in an area covering almost 20% of the population where there is a satisfactory competition level. In non-competitive areas it has imposed an obligation to provide VULA access and has introduced BULRIC+ access pricing for all of the access products.

The investigation into the 800MHz network and spectrum sharing of Magyar Telekom and Telenor is ongoing.

A new spectrum cap to de-incentivise spectrum pooling has not been implemented. This was proposed by NMHH in response to the Magyar Telekom and Telenor 900MHz band spectrum share approval and to address the 700MHz auction scheduled for 2019.

Albania

In February 2018 the national regulatory authority (AKEP) concluded its analysis of the mobile market and concluded all three operators are SMPs in their respective mobile voice call termination markets. AKEP has launched a public consultation recommending asymmetric MTRs in favour of Albtelecom and Telekom.

In March 2018 Vodafone Albania acquired 50% of the spectrum made available by PLUS exiting the market.

In March 2018 AKEP launched a public consultation on granting usage rights for the 800 MHz spectrum band.

In April 2018 AKEP issued its decision to impose on operators the obligation to switch their bundles from 28 to 30 days starting from 1 June 2018.

Malta

In March 2018 the Maltese Government announced its intention to introduce SIM registration requirements for all new and existing accounts.

In April 2018 Vodafone Malta acquired 2x10MHz spectrum in the 800MHz band and 2x30+25MHz spectrum in the 2.6GHz band at a cost of €619,500 per annum, expiring in April 2033.

Africa, Middle East and Asia-Pacific region

India

In August 2017 the national regulatory authority (TRAI) amended its Quality of Service Regulations for assessment of Drop Call Rate and increased financial penalties for non-compliance.

In September 2017 DoT issued Indian Telegraph (Amendment) Rules 2017 that from 1 October 2018 requires Original Equipment Manufacturers (OEMs) to mandatorily seek pre-sale testing and certification of all imported and domestically manufactured telecom equipment by accredited labs in India.

In September 2017 TRAI issued its revised Interconnect Usage Charge (IUC) Regulation, reducing the MTR from INR0.14 per minute to INR 0.06 per minute, effective from 1 October 2017 until 31 December 2019 and Bill & Keep from 1 January 2020. Vodafone India has challenged this Regulation in the Bombay High Court. The next hearing is due on 11 June 2018. Vodafone India's petition in the Delhi High Court against TRAI's previous IUC regulation of February 2015 that reduced the MTR to INR 0.14 is next listed on 24 May 2018.

In January 2018 the pleadings in the Delhi High Court on Vodafone India's challenge against TRAI's recommended fine for alleged failure to provide adequate points of interconnection to Reliance Jio (RJIL) have been completed. As the issue is already before the Division Bench in the case of Idea Cellular it is now adjourned until 10 August 2018. Vodafone India's challenge against RJIL's zero/free mobile tariff offers being non-compliant with TRAI's tariff requirements for interconnect usage charges is pending in the Delhi High Court and the next hearing is scheduled in August 2018.

In February 2018 TRAI has issued Telecommunication Tariff Order (TTO) 63rd Amendment and Significant Market Power (SMP) will now be determined on the basis of subscriber base and gross revenue for purposes of predatory pricing, and segmented offers are to be reported and published. Vodafone India have challenged the TTO requirement in the Madras High Court and on 19 March 2018 the Court ordered TRAI not to take any coercive or penal action for non-publishing of segmented tariffs.

In February 2018 TRAI has submitted its recommendations on the formulation of its revised National Telecom Policy. The draft National Digital Communications Policy was issued by the DoT for comments and the policy is expected to be finalized by June 2018.

In March 2018 Vodafone India challenged TRAI's reduction of International Termination Charges from INR 0.53 to INR 0.30 per minute in Mumbai High Court. The court will hear the matter along with the petitions also filed by Airtel and Idea, with the next hearing due on 19 June 2018.

Regulation (continued)

Unaudited information

In March 2018 DoT issued amendments to licences for revised spectrum caps and payment of deferred payment liabilities against the spectrum won by such licensees in the years 2012 to 2016. The overall spectrum cap limit has been increased from 25% to 35%. The intra-band cap of 50% has been removed and a cap of overall 50% on combined spectrum holding in sub 1 GHz bands has been imposed (700 MHz, 800 MHz, and 900 MHz). No cap has been affixed for individual or combined spectrum holding in above 1 GHz band.

In May 2018 the Telecom Commission approved a set of TRAI recommendations creating a regulatory framework for internet telephony, the proliferation of broadband via public Wi-Fi networks, the introduction of in-flight connectivity (‘IFC’) service provider licences, the creation of a telecoms ombudsman under TRAI and for the broadcasting sector, ease of doing business proposals. The next step is for the development of the necessary frameworks and amendments to existing laws for the recommendations to come into effect. TRAI’s recommendations on net neutrality that were issued in November 2017 were not part of Telecom Commission’s May agenda and their review date is yet to be confirmed.

The Telecom Tribunal (‘TDSAT’) hearing for Vodafone India’s challenge against the financial demands by the Department of Telecommunications (‘DoT’) for approving the transfer of Vodafone India telecom is still pending.

For information on the proposed Vodafone Idea merger, see note 28 “Commitments”.

For information on litigation in India, see note 29 “Contingent liabilities and legal proceedings” to the consolidated financial statements.

Vodacom: South Africa

In June 2017 the national regulatory authority (‘ICASA’) gave notice of its intention to conduct an inquiry to identify priority markets in the Electronic Communications Sector (‘ECS’). The purpose of the enquiry is to identify relevant wholesale and retail markets or market segments in the ECS that are generally prone to ex ante regulations, and to determine from these markets and market segments those that the authority intends to prioritise for market reviews and potential regulation. The report is not expected to be published before September 2019.

In August 2017 the Competition Commission (‘CompCom’) indicated that they will conduct a market inquiry into the market(s) for data services in South Africa (“the Data Services Market Inquiry”) covering all relevant players in the value chain who contribute to or influence prices of data services in South Africa. The review is ongoing.

In September 2017 ICASA published an amendment to Termination Rate Regulations extending the MTRs and FTRs until 30 September 2018. ICASA is in the process of constructing cost models that will inform MTRs and FTRs to be applied from October 2018, and the glide-path that will apply thereafter.

In November 2017 the Minister of Telecommunications and Postal Services published an invitation to provide comments on the Electronic Communications Amendment Bill (‘Bill’), which stems from the ICT Policy White Paper published in October 2016. The Department of Telecommunications and Postal Services will submit the final Bill for adoption by the Cabinet and Parliament.

In April 2018 ICASA introduced End User and Subscriber Service Charter Amendment Regulations 2018, which includes regulation on data transfer and rollover requirements for data bundles.

The timeframe for ICASA’s Invitation to Apply (‘ITA’) spectrum licensing process in the 700MHz, 800MHz and 2.6GHz bands remains deferred whilst the judicial review process in the High Court is ongoing.

ICASA’s inquiry into Equity Ownership by Historically Disadvantaged Groups (‘HDG’) is ongoing. The purpose of the inquiry is to determine ICASA’s approach to the implementation the ICT Sector Code, and ICASA’s promotion of B-BBEE and equity ownership by HDG’s. Currently the authority for regulating B-BBEE lies with the Department of Trade and Industry, and ICASA’s present role has been restricted to implementing the requirement of the B-BBEE Act and associated regulations. ICASA has announced that a public hearing will be held on 16 and 17 May 2018, after which they will publish their findings.

Vodacom: Democratic Republic of Congo

In June 2017 the Tax Authority commenced investigations on whether Vodacom Congo’s 2G licence renewal in December 2015 was legally obtained. Vodacom Congo has made representations to show that the process followed and fees paid in renewing the licence were in accordance with the law.

In September 2017, the Public Prosecutor commenced its SIM registration investigation with all MNOs. The outcome of the investigation has not yet been communicated.

In March 2018 an ordinance law was signed that included the extension of 10% excise duty on telecommunications services that are provided free to the end user, such as promotions with free minutes, data usage and messaging. Vodacom DRC is participating in industry association engagement with the DRC government to clarify aspects of the law.

Vodacom DRC continues to participate in industry association engagement with the DRC government to clarify aspects of the law and apply for any necessary exemptions on the requirements, applying to all industries from March 2018, that all sub-contracts must be with Congolese owned and registered companies only.

Vodacom: Tanzania

In July 2017 Vodacom Tanzania acquired 2x7MHz and 2x14MHz spectrum in the 3.5GHz band at a cost of US\$70,000, expiring in July 2031.

In July 2017 Vodacom Tanzania received a non-compliance order and US\$900,000 penalty from the national regulatory authority (‘TCRA’) in relation to SIM registration tests conducted in December 2016. In December 2017 Vodacom Tanzania received a further non-compliance order in relation to tests conducted in September 2017. Vodacom Tanzania has submitted its defence and awaits TCRA’s final decision. Vodacom Tanzania continues to work with TCRA and industry to execute the SIM registration compliance actions.

In December 2017 TCRA published a new MTR of TZS15.60 per minute from 1 January 2018. The glide path reduces the MTR to TZS2.00 per minute by January 2022. Vodacom Tanzania has filed an appeal with the Fair Competition Commission.

In January 2018 Lawful Enforcement Regulations were issued introducing a lawful intercept system.

In February 2018 Vodacom Tanzania’s application for the Payment System Licence was approved by the Central Bank of Tanzania along with permission to continue providing mobile money services pending the processing of the Electronic Money Issuer Licence application.

In March 2018 TCRA announced its intention to auction 2x20 MHz spectrum in the 700 MHz band in June 2018.

In March 2018 TCRA commenced a review to determine if there is significant market power in the mobile financial services and telecommunications markets. Findings are due by December 2018.

Vodacom: Mozambique

In July 2017 the national regulatory authority ('INCM') notified Vodacom Mozambique to comply with the National Security Authority implementation of interception capability on Mobile Operators.

In November 2017 INCM completed the cost study on MTRs and the glide path sets the MTR at Mt0.43 per minute from 1 January 2018 reducing to Mt0.36 by 1 January 2020.

Vodacom Mozambique has submitted an application to INCM for the renewal of its 2G licence that expires in August 2018.

INCM has announced its intention to auction 800 MHz, 1800 MHz, and 2.1GHz in the second half of 2018.

INCM has so far issued draft Licensing, Infrastructure Sharing, and Competition Law Regulations for consultation under the requirements of the Communications Act 2016.

Vodacom: Lesotho

In January 2018 the Central Bank granted Vodacom Lesotho an annual mobile financial services licence.

The national regulatory authority ('LCA') sector review is ongoing and the draft paper raises concerns in relation to a two-player market structure. Vodacom Lesotho has submitted comments on the draft paper and results of the sector review are expected later in 2018.

International roaming in Africa

Vodacom has participated throughout the East Africa Community ('EAC') Roaming consultation process and have submitted an impact assessment to the Tanzania Ministry of Communications in September 2016 and presented views at the February 2017 East African Legislative Assembly conference. There have been no further initiatives from the TCRA on EAC Roaming, and Vodacom Tanzania has not participated in the proposed EAC Roaming Regulation rates to date.

CRASA will commission a cost model review to inform regulation of wholesale and retail roaming rates across the Region. The study is expected to start in September 2018 with an introductory stakeholders' session expected to be scheduled by June 2018.

Turkey

In December 2017 Basket Law 7061 for Tax Regime changes was issued. Telecommunication tax changes include the harmonisation of the Special Communication Tax ('SCT') rate to 7.5% across mobile and fixed services (data, voice and SMS), and that VAT and SCT applied to roaming charges will be limited to the margin between costs and revenue.

In December 2017 the national regulatory authority ('ICTA') initiated the market review process for Broadband Market 3a and 3b including remedies for margin squeeze test and VULA. Vodafone Turkey has submitted its response and the review is expected to be completed by the end of 2018.

ICTA's 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 April 2017 Vodafone Hutchison Australia ('VHA') acquired 2x5MHz national spectrum in the 700MHz band at a cost of AU\$285 million, expiring in December 2030.

In June 2017 VHA made a submission to the National Broadband Network's ('NBN') access pricing review. VHA's submission urged significant and urgent changes to the NBN pricing regime which it argued was distorting retail service providers' incentives to efficiently use the NBN's infrastructure.

In December 2017 the NBN announced new pricing arrangements for retail service providers in response to its access pricing review. This has allowed VHA to restructure its pricing to increase demand for faster speed tier plans.

In December 2017 VHA purchased 2x5MHz spectrum in the 1800 MHz band in Regional Western Australia and 2x10MHz spectrum in the 2.1GHz band in Hobart and Darwin for a total cost of AU\$7,237,000.

In April 2018 the ACCC published the final report on its market study of the communications sector which included recommendations on a range of competition and consumer issues. The study determined that strong price competition exists in fixed and mobile despite considerable concentration of players including Telstra's dominance in regional Australia.

Egypt

In October 2017 a price increase of 25% was implemented on all airtime tariffs by all operators including Vodafone Egypt. The increase had been approved by the national regulatory authority ('NTRA') in response to the inflationary effect of the Egyptian pound devaluation.

The arbitration case with Etisalat Misr concerning the Administrative Court ruling in favour of Vodafone Egypt regarding NTRA's authority to set MTRs between operators is still pending. The arbitration tribunal is expected to set a date for the ruling following cross-examinations and witness statements during May 2018.

For information on litigation in Egypt, see note 29 "Contingent liabilities and legal proceedings" to the consolidated financial statements.

Ghana

In January 2018 Vodafone Ghana paid 30% of the judgment debt (€4.8 million) in line with a Conditional Stay of Execution in relation to a High Court decision, affirmed by a panel of the Court of Appeal, on a parcel of land located at Afransi in the Central Region of Ghana. This land was originally granted to Ghana Telecom by the Ghana Lands Commission. The Twidan Royal family of Gomaa Afransi stool contested Vodafone Ghana's title to the land in Court and secured a Judgment Debt equivalent to c€13.6 million. Vodafone is currently preparing to file its submission on the appeal against the substantive judgment of the High Court.

New Zealand

In August 2017 the New Zealand Government introduced the Telecommunications (New Regulatory Framework) Amendment Bill that, from December 2019, will establish regulated access to the existing Ultra-Fast Broadband fibre to the premises ('FTTP') initiative, and deregulate copper access where FTTP exists. The Bill will also streamline processes to amend regulation in the mobile market, and increase regulatory oversight of retail service quality.

In August 2017 the New Zealand Government awarded contracts to expand broadband coverage in rural areas and address mobile blackspots, with a subsidy of NZ\$150 million. The Rural Connectivity Group, a joint venture between Vodafone New Zealand, Spark and 2Degrees, was awarded a contract to build a minimum of 400 new cell sites that will expand coverage and deliver fixed wireless and mobile services over the next five years.

Safaricom: Kenya

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

CA is yet to release its response to the comments submitted by operators to their initial study on competition within the Telecommunication sector.

Qatar

In March 2018 Vodafone Qatar's mobile licence was extended to 28 June 2068.

In March 2018 Qatar Foundation completed its acquisition of Vodafone's stake in the joint venture company that controls Vodafone Qatar.

Regulation (continued)

Unaudited information

Overview of spectrum licences at 31 March 2018

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)	1x42 (2021)
						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)	1x50 (2038)
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	1x105 ⁴ (2032)
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 (2035)			
Czech Republic	n/a	2x10 (2029)	2x10 (2021)	n/a	2x27 (2029)	2x20 (2025)	2x20 (2029)	n/a
Hungary	n/a	2x10 (2029)	2x10 (2022) ⁵	n/a	2x15 (2022) ⁵	2x15 (2019)	2x20+25 (2029)	2x30 (2034)
			2x1 (2029) ⁵					
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)		
			2x4 ⁶ (2024)		2x5 ⁶ (2024)	2x5 ⁶ (2021)		
Malta	n/a	2x10 (2033)	2x15 (2026)	n/a	2x25 (2026)	2x20+5 (2020)	2x30+25 (2033)	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 ⁷	n/a	n/a	(2021–2036) ⁷	n/a	(2021–2036) ⁷	(2030–2036) ⁷	n/a	n/a
Vodacom: South Africa ⁸	n/a	n/a	2x11 ⁸	n/a	2x12 ⁸	2x15+5 ⁸	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 ⁹	n/a	2x20 ⁹	2x22 ⁹	n/a	2x30 ⁹	2x15 ⁹	1x40 ⁹	1x42 ⁹
Mozambique	n/a	n/a	2x8 (2018) ¹⁰	n/a	2x8 (2018) ¹⁰	2x15+10 (2023)	n/a	n/a
Tanzania	n/a	n/a	2x8 (2031)	n/a	2x10 (2031)	2x15 (2031)	n/a	2x7+2x14 (2031)
Turkey	n/a	2x10 (2029)	2x11 (2023)	n/a	2x10 (2029)	2x15+5 (2029)	2x15+10 (2029)	n/a
			2x1 ² (2029)					
Australia ¹¹	n/a	2x10 (850MHz) (2028)	2x8 (annual)	n/a	2x30 (2028)	2x25+5 (2032)	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) ¹²	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) ¹³	n/a	n/a
Qatar (Sold March 2018)	n/a	2x10 (2029)	2x11 (2028)	n/a	2x20 (2028)	2x15 (2028)	2x20 (Trial)	n/a
					2x5 ² (2029)			

Notes:

- Single (or unpaired) blocks of spectrum are used for asymmetric data (non-voice) use; block quantity has been rounded to the nearest whole number.
- Blocks within the same spectrum band but with different licence expiry dates are separately identified.
- UK – 900MHz, 1800MHz and 2.1GHz – indefinite licence with a five year notice of revocation.
- Ireland – 105MHz in cities, 85MHz in regions.
- Hungary – 900MHz and 1800MHz – conditional options to extend these licences to 2034.
- Albania – spectrum acquired from PLUS' exit from market.
- India comprises 22 separate service area licences with a variety of expiry dates.
- 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.
- Vodacom's Lesotho spectrum licences are renewed annually. N.B. 1x40MHz in 2.6GHz column is actually 2.3GHz.
- Licence renewal due 31 May 2018.
- Australia – table refers to Sydney/Melbourne only. In total VHA has:
 - 700MHz band – 2x5 MHz across Australia.
 - 850MHz band – 2x10MHz in Sydney/Melbourne/Brisbane/Adelaide/Perth and 2x5MHz across the rest of Australia.
 - 900MHz band – 2x8MHz across Australia.
 - 800MHz band – 2x30MHz in Sydney/Melbourne, 2x25MHz in Brisbane/Adelaide/Perth/Canberra, 2x15MHz in South-West Western Australia, 2x10MHz in Victoria/North Queensland and 2x5MHz in Darwin/Tasmania/South Queensland.
 - 2.1GHz band (excluding short-term 2.1GHz licences), VHA holds 2x25 MHz in Sydney/Melbourne, 2x20MHz in Brisbane/Adelaide/Perth, 2x20MHz Darwin/Hobart, 2x10 MHz in Canberra and 2x5MHz in regional Australia.
- Kenya – awaiting confirmation of full licence terms.
- 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	2016	2017	2018 ¹	1 April 2018 ²
Europe				
Germany (€ cents)	1.66	1.10	1.07	0.95 (1 Dec 2018)
Italy (€ cents)	0.98	0.98	0.98	0.95 (1 Jan 2019)
UK (GB £ pence)	0.68	0.50	0.50	0.49 (1 Jun 2018)
Spain (€ cents)	1.09	1.09	0.70	0.66 (1 Dec 2018)
Netherlands (€ cents)	1.86	1.86	0.581 ³	
Ireland (€ cents)	2.60	0.84	0.79	
Portugal (€ cents)	0.83	0.79	0.75	
Romania (€ cents)	0.96	0.96	0.96	0.84 (1 May 2018)
Greece (€ cents)	1.08	1.07	0.96	0.95 (1 Jan 2019)
Czech Republic (CZK)	0.27	0.248	0.248	
Hungary (HUF)	1.71	1.71	1.71	
Albania (ALL)	1.48	1.48	1.48	1.22 (1 Sep 2018)
Malta (€ cents)	0.40	0.40	0.40	
Africa, Middle East and Asia-Pacific				
India (rupees)	0.14	0.14 ⁴	0.06 ⁴	
Vodacom: South Africa (ZAR)	0.16	0.13	0.13	
Vodacom: Democratic Republic of Congo (USD cents)	3.40	2.70	2.40	2.20 (1 Jan 2019)
Lesotho (LSL/ZAR)	0.32	0.26	0.20	
Mozambique (MZN/USD cents)	0.86	0.44	0.48	0.39 (1 Jan 2019)
Tanzania (TZN)	28.57	26.96	15.60	
Turkey (lira)	0.03	0.03	0.03	
Australia (AUD cents)	1.70	1.70	1.70	
Egypt (PTS/piastres)	10.00	10.00	11.00	
New Zealand (NZD cents)	3.56	3.56	3.56	
Safaricom: Kenya (shilling)	0.99	0.99	0.99	
Ghana (peswas)	5.00	5.00	5.00	
Qatar (dirhams) (Sold March 2018)	9.00	7.62	7.62	

Notes:

1 All MTRs are based on end of financial year values.

2 MTR changes already announced to be implemented after 1 April 2018 are included at the current rate or where a glide-path or a final decision has been determined by the national regulatory authority.

3 NL – an appeal process against ACM's MTR/FTR market decision began with a decision not expected until June 2018 at the earliest

4 IN – 2018 MTR has been challenged this Regulation in the Bombay High Court. The next hearing is due 11 June 2018. Vodafone India's petition in Delhi High Court against TRAI's previous IUC regulation of February 2015, that had reduced the MTR to INR 0.14 is next listed on 24 May 2018.

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 "Our financial performance" section on pages 22 to 29 and the "Prior year operating results" on pages 178 to 182.

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is 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, 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 EBIT, 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 and adjusted EBITDA margin to the closest equivalent GAAP measure, operating profit, is provided in note 2 "Segmental analysis" to the consolidated financial statements and page 217 respectively.

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 "Our financial performance" section on page 22. 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 "Our financial performance" section on page 24.

Cash flow measures and capital additions

In presenting and discussing our reported results, free cash flow (pre-spectrum), 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 (pre-spectrum) and free cash flow allows us and external parties to evaluate our liquidity and the cash generated by our operations. Free cash flow (pre-spectrum) 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.

Alternative performance measures (continued)

Unaudited information

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

	2018 €m	2017 €m	2016 €m
Cash generated by operations (refer to note 18)	13,860	13,781	13,497
Capital additions	(7,321)	(7,675)	(10,561)
Working capital movement in respect of capital additions	171	(822)	(140)
Disposal of property, plant and equipment	41	43	164
Restructuring costs	250	266	252
Other	—	34	(4)
Operating free cash flow	7,001	5,627	3,208
Taxation	(1,010)	(761)	(738)
Dividends received from associates and investments	489	433	92
Dividends paid to non-controlling shareholders in subsidiaries	(310)	(413)	(309)
Interest received and paid	(753)	(830)	(982)
Free cash flow (pre-spectrum)	5,417	4,056	1,271
Licence and spectrum payments	(1,123)	(474)	(3,182)
Restructuring payments	(250)	(266)	(252)
Free cash flow	4,044	3,316	(2,163)

2018 financial year guidance

The adjusted EBITDA and free cash flow guidance measures for the year ended 31 March 2018 were forward-looking alternative performance measures based on the Group's assessment of the global macroeconomic outlook and foreign exchange rates of €1:ZAR14.6, €1:£0.85, €1:TRY4.0 and €1:EGP19.1. 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 2018 financial year guidance basis is shown below.

	2018 €m	2017 €m	Adjusted EBITDA Growth %	Free cash flow (pre-spectrum) 2018 €m
Reported	14,737	14,149	4.2	5,417
Other activity (including M&A)	—	(476)		19
Foreign exchange	266	(248)		142
Guidance basis	15,003	13,425	11.8	5,578

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 19 contain forward-looking non-GAAP financial information which at this time cannot be quantitatively reconciled to comparable GAAP financial information.

Organic growth and change at constant exchange rates

All amounts in this document marked with an "*" represent "organic growth", which presents performance on a comparable basis in terms of merger and acquisition activity and foreign exchange rates. "Change at constant exchange rates" presents performance on a comparable basis in terms of foreign exchange rates only. Whilst neither of these measures are intended to be a substitute for reported growth, nor are they superior to reported growth, we believe that these measures provide useful and necessary information to investors and other interested parties for the following reasons:

- They provide additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- They are used for internal performance analysis; and
- They facilitate 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 exclude the results of Vodafone India (excluding its 42% stake in Indus Towers), which are now reported in discontinued operations, and 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. In addition, operating segment organic service revenue growth rates for the quarter ended 31 December 2017 and the quarter and year ended 31 March 2018 have been amended to exclude the adverse impact of changes to intercompany interconnect rates.

For all periods during the year ended 31 March 2016, Group and operating segment organic growth rates were also adjusted to exclude the beneficial impact of settlements of historical interconnect rate dispute in the UK in both the year ended 31 March 2016 and 31 March 2015 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 during the year ended 31 March 2015. For all periods during the year ended 31 March 2017, Group and operating segment organic growth rates were also adjusted to exclude the beneficial impact of a settlement of historical interconnect rate dispute in the UK in the year ended 31 March 2016. For all periods during the year ended 31 March 2018, operating segment organic service revenue growth rates have been adjusted to exclude the adverse impact of changes to intercompany interconnect rates.

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.

	2018 €m	2017 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2018						
Revenue						
Europe	33,888	34,550	(1.9)	4.1	0.8	3.0
AMAP	11,462	11,773	(2.6)	0.5	11.5	9.4
Of which: Turkey	2,845	3,052	(6.8)	0.1	21.2	14.5
Of which: Egypt	961	1,329	(27.7)	—	48.0	20.3
Other	1,408	1,390				
Eliminations	(187)	(82)				
Total	46,571	47,631	(2.2)	2.7	3.3	3.8
<i>India</i>	<i>4,670</i>	<i>5,853</i>	<i>(20.2)</i>	<i>—</i>	<i>1.7</i>	<i>(18.5)</i>
Adjusted EBITDA						
Germany	4,010	3,617	10.9	(0.1)	(0.1)	10.7
Italy	2,329	2,229	4.5	0.1	—	4.6
UK	1,762	1,212	45.4	(1.2)	7.6	51.8
Spain	1,420	1,360	4.4	0.6	—	5.0
Other Europe	1,515	1,865	(18.8)	26.8	(0.3)	7.7
Europe	11,036	10,283	7.3	5.1	0.6	13.0
Vodacom	2,203	2,063	6.8	—	(0.3)	6.5
Other AMAP	1,554	1,791	(13.2)	1.0	24.1	11.9
Of which: Turkey	644	646	(0.3)	0.3	22.6	22.6
Of which: Egypt	413	590	(30.0)	—	44.9	14.9
AMAP	3,757	3,854	(2.5)	0.3	10.8	8.6
Other	(56)	12				
Total	14,737	14,149	4.2	4.3	3.3	11.8
<i>India</i>	<i>1,030</i>	<i>1,596</i>	<i>(35.5)</i>	<i>—</i>	<i>1.0</i>	<i>(34.5)</i>
Percentage point change in adjusted EBITDA margin						
Europe	32.6%	29.8%	2.8	0.2	(0.1)	2.9
AMAP	32.8%	32.7%	0.1	(0.1)	(0.3)	(0.3)
Other AMAP	26.9%	27.6%	(0.7)	(0.1)	1.0	0.2
Of which: Turkey	22.6%	21.2%	1.4	—	0.1	1.5
Of which: Egypt	43.0%	44.4%	(1.4)	—	(0.6)	(2.0)
Group	31.6%	29.7%	1.9	0.3	—	2.2
Adjusted EBIT						
Group	4,827	3,970	21.6	20.7	4.9	47.2
Adjusted operating profit						
Europe	2,895	1,890	53.2	34.8	(1.7)	86.3
AMAP	2,453	2,238	9.6	(1.6)	9.9	17.9
Other	(132)	6				
Total	5,216	4,134	26.2	17.4	5.4	49.0
<i>India</i>	<i>990</i>	<i>480</i>	<i>106.3</i>	<i>0.1</i>	<i>4.3</i>	<i>110.7</i>

Alternative performance measures (continued)

Unaudited information

	2018 €m	2017 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2018 (continued)						
Service revenue						
Germany	10,262	10,006	2.6	—	—	2.6
Mobile service revenue	6,087	6,071	0.3	0.1	—	0.4
Fixed service revenue	4,175	3,935	6.1	—	—	6.1
Italy	5,302	5,247	1.0	0.2	—	1.2
Mobile service revenue	4,310	4,365	(1.3)	0.3	—	(1.0)
Fixed service revenue	992	882	12.5	—	(0.1)	12.4
UK	6,094	6,632	(8.1)	0.1	4.5	(3.5)
Mobile service revenue	4,629	5,079	(8.9)	0.1	4.6	(4.2)
Fixed service revenue	1,465	1,553	(5.7)	—	4.6	(1.1)
Spain	4,587	4,507	1.8	0.3	—	2.1
Other Europe	4,625	5,756	(19.6)	22.9	(0.4)	2.9
Of which: Ireland	949	954	(0.5)	0.3	—	(0.2)
Of which: Portugal	950	911	4.3	0.4	(0.1)	4.6
Of which: Greece	815	789	3.3	0.4	—	3.7
Eliminations	(157)	(173)				
Europe	30,713	31,975	(3.9)	4.0	0.8	0.9
Mobile service revenue	21,778	23,351	(6.7)	4.9	0.8	(1.0)
Fixed service revenue	8,935	8,624	3.6	1.4	0.9	5.9
Vodacom	4,656	4,447	4.7	—	0.3	5.0
Of which: South Africa	3,601	3,396	6.0	—	(1.1)	4.9
Of which: International operations	1,034	1,001	3.3	—	5.0	8.3
Other AMAP	4,845	5,509	(12.1)	1.6	21.2	10.7
Of which: Turkey	2,146	2,310	(7.1)	0.1	21.1	14.1
Of which: Egypt	927	1,278	(27.5)	—	48.2	20.7
Of which: New Zealand	1,099	1,169	(6.0)	—	5.5	(0.5)
AMAP	9,501	9,956	(4.6)	0.6	11.7	7.7
Other	1,037	1,138				
Eliminations	(185)	(82)				
Total service revenue	41,066	42,987	(4.5)	3.1	3.2	1.8
Other revenue	5,505	4,644				
Revenue	46,571	47,631	(2.2)	2.7	3.3	3.8
Other growth metrics						
Group – Enterprise service revenue	12,018	12,735	(5.6)	4.2	2.3	0.9
Europe – Enterprise service revenue	9,504	10,164	(6.5)	5.4	1.2	0.1
AMAP – Enterprise service revenue	2,042	2,098	(2.7)	(0.7)	8.7	5.3
Group – IoT revenue	747	697	7.2	5.5	1.4	14.1
Germany – Operating expenses	(2,537)	(2,597)	(2.3)	—	—	(2.3)
Italy – Operating expenses	(1,265)	(1,346)	(6.0)	—	—	(6.0)
UK – Operating expenses	(1,911)	(2,111)	(9.5)	—	4.6	(4.9)
Spain – Consumer converged revenues	1,804	1,586	13.7	—	—	13.7
Spain – Operating expenses	(1,121)	(1,149)	(2.4)	—	(0.1)	(2.5)
South Africa – Data revenue	1,540	1,352	13.9	—	(1.1)	12.8
South Africa – Voice revenue	1,459	1,505	(3.1)	—	(1.5)	(4.6)
India – Service revenue	4,643	5,834	(20.4)	—	1.7	(18.7)
Excluding the impact of legal settlement:						
Group – Service revenue	41,066	42,987	(4.5)	2.9	3.2	1.6
Germany – Service revenue	10,262	10,006	2.6	(1.0)	—	1.6
Germany – Fixed service revenue	4,175	3,935	6.1	(2.6)	—	3.5
Germany – Adjusted EBITDA	4,010	3,617	10.9	(2.5)	(0.1)	8.3
Excluding the impact of regulation, German legal settlement and handset financing:						
Group – Enterprise service revenue	12,018	12,735	(5.6)	5.4	2.3	2.1
Group – Adjusted EBITDA	14,737	14,149	4.2	0.4	3.3	7.9
Europe – Service revenue	30,713	31,975	(3.9)	5.1	0.8	2.0
Europe – Adjusted EBITDA	11,036	10,283	7.3	—	0.6	7.9
Germany – Service revenue	10,262	10,006	2.6	(0.1)	—	2.5
Germany – Mobile service revenue	6,087	6,071	0.3	1.5	—	1.8
UK – Service revenue	6,094	6,632	(8.1)	3.9	4.5	0.3
UK – Mobile service revenue	4,629	5,079	(8.9)	5.0	4.6	0.7
UK – Adjusted EBITDA	1,762	1,212	45.4	(51.6)	7.6	1.4
UK – Adjusted EBITDA margin	24.9%	17.5%	7.4	(7.2)	0.1	0.3
Group – Adjusted EBITDA margin	31.6%	29.7%	1.9	(0.6)	—	1.3
Ireland – Service revenue	949	954	(0.5)	1.8	—	1.3
India – Service revenue	4,643	5,834	(20.4)	4.7	1.7	(14.0)

	2018 €m	2017 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 March 2018						
Service revenue						
Germany	2,636	2,492	5.8	0.1	—	5.9
Mobile service revenue	1,501	1,500	0.1	0.2	—	0.3
Fixed service revenue	1,135	992	14.4	—	—	14.4
Italy	1,305	1,298	0.5	0.2	—	0.7
Mobile service revenue	1,051	1,069	(1.7)	0.2	—	(1.5)
Fixed service revenue	254	229	10.9	—	0.2	11.1
UK	1,524	1,624	(6.2)	0.1	2.7	(3.4)
Mobile service revenue	1,114	1,218	(8.5)	0.2	2.6	(5.7)
Fixed service revenue	410	406	1.0	—	2.6	3.6
Spain	1,117	1,109	0.7	0.3	—	1.0
Other Europe	1,144	1,102	3.8	0.2	(0.7)	3.3
Of which: Ireland	244	235	3.8	0.3	0.2	4.3
Of which: Portugal	232	226	2.7	0.3	0.1	3.1
Of which: Greece	195	189	3.2	0.1	—	3.3
Eliminations	(35)	(32)				
Europe	7,691	7,593	1.3	—	0.5	1.8
Mobile service revenue	5,305	5,412	(2.0)	—	0.5	(1.5)
Fixed service revenue	2,386	2,181	9.4	—	0.5	9.9
Vodacom	1,197	1,198	(0.1)	—	5.9	5.8
Of which: South Africa	946	937	1.0	(0.1)	4.3	5.2
Of which: International operations	251	252	(0.4)	—	11.5	11.1
Other AMAP	1,163	1,239	(6.1)	1.0	15.3	10.2
Of which: Turkey	505	526	(4.0)	—	18.3	14.3
Of which: Egypt	232	224	3.6	—	15.1	18.7
Of which: New Zealand	265	303	(12.5)	—	11.4	(1.1)
AMAP	2,360	2,437	(3.2)	0.3	10.7	7.8
Other	292	314				
Eliminations	(58)	(23)				
Total service revenue	10,285	10,321	(0.3)	—	2.7	2.4
Other revenue	1,414	1,020				
Revenue	11,699	11,341	3.2	(0.9)	2.9	5.2
Other growth metrics						
Group – Enterprise service revenue	3,054	3,071	(0.6)	(0.1)	2.2	1.5
Group – IoT revenue	203	184	10.3	—	1.5	11.8
South Africa – Data revenue	411	380	8.2	—	4.9	13.1
India – Revenue	993	1,385	(28.3)	—	7.9	(20.4)
India – Service revenue	979	1,379	(29.0)	—	7.8	(21.2)
Excluding the impact of legal settlement:						
Group – Service revenue	10,285	10,321	(0.3)	(1.0)	2.7	1.4
Germany – Service revenue	2,636	2,492	5.8	(4.0)	—	1.8
Germany – Fixed service revenue	1,135	992	14.4	(10.2)	—	4.2
Excluding the impact of regulation, German legal settlement and handset financing:						
Group – Enterprise service revenue	3,054	3,071	(0.6)	0.5	2.2	2.1
Europe – Service revenue	7,691	7,593	1.3	(0.1)	0.5	1.7
UK – Service revenue	1,524	1,624	(6.2)	4.9	2.7	1.4
UK – Mobile service revenue	1,114	1,218	(8.5)	6.6	2.6	0.7
Spain – Service revenue	1,117	1,109	0.7	1.1	—	1.8
India – Service revenue	979	1,379	(29.0)	11.8	7.8	(9.4)

Alternative performance measures (continued)

Unaudited information

	2017 €m	2016 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 December 2017						
Service revenue						
Germany	2,564	2,505	2.4	0.1	—	2.5
Mobile service revenue	1,540	1,516	1.6	0.1	0.1	1.8
Fixed service revenue	1,024	989	3.5	—	—	3.5
Italy	1,324	1,330	(0.5)	0.1	—	(0.4)
Mobile service revenue	1,071	1,105	(3.1)	0.2	—	(2.9)
Fixed service revenue	253	225	12.4	—	(0.4)	12.0
UK	1,496	1,607	(6.9)	0.1	2.0	(4.8)
Mobile service revenue	1,138	1,227	(7.3)	0.1	2.0	(5.2)
Fixed service revenue	358	380	(5.8)	—	2.2	(3.6)
Spain	1,144	1,125	1.7	0.3	—	2.0
Other Europe	1,157	1,537	(24.7)	28.0	(0.4)	2.9
Of which: Ireland	236	236	—	0.3	0.1	0.4
Of which: Portugal	236	228	3.5	0.3	0.1	3.9
Of which: Greece	201	195	3.1	0.2	0.3	3.6
Eliminations	(36)	(41)				
Europe	7,649	8,063	(5.1)	5.1	0.3	0.3
Mobile service revenue	5,427	5,887	(7.8)	6.2	0.3	(1.3)
Fixed service revenue	2,222	2,176	2.1	1.9	0.4	4.4
Vodacom	1,149	1,165	(1.4)	—	6.7	5.3
Of which: South Africa	878	896	(2.0)	—	6.9	4.9
Of which: International operations	267	256	4.3	—	6.1	10.4
Other AMAP	1,189	1,363	(12.8)	—	21.1	8.3
Of which: Turkey	520	581	(10.5)	—	23.7	13.2
Of which: Egypt	235	288	(18.4)	—	37.2	18.8
Of which: New Zealand	264	300	(12.0)	—	10.3	(1.7)
AMAP	2,338	2,528	(7.5)	—	14.3	6.8
Other	255	282				
Eliminations	(53)	(18)				
Total service revenue	10,189	10,855	(6.1)	3.9	3.3	1.1
Other revenue	1,608	1,384				
Revenue	11,797	12,239	(3.6)	3.8	3.5	3.7
Other growth metrics						
Group – Enterprise service revenue	2,999	3,238	(7.4)	5.6	2.2	0.4
Group – IoT revenue	187	170	10.0	7.1	1.7	18.8
South Africa – Data revenue	372	366	1.6	(0.1)	7.2	8.7
India – Revenue	1,067	1,453	(26.6)	—	3.6	(23.0)
India – Service revenue	1,063	1,450	(26.7)	—	3.6	(23.1)
Excluding the impact of legal settlement:						
Germany – Service revenue	2,564	2,505	2.4	0.1	—	2.5
Germany – Fixed service revenue	1,024	989	3.5	—	—	3.5
Excluding the impact of regulation, German legal settlement and handset financing:						
Group – Enterprise service revenue	2,999	3,238	(7.4)	6.8	2.2	1.6
Europe – Service revenue	7,649	8,063	(5.1)	6.7	0.3	1.9
UK – Service revenue	1,496	1,607	(6.9)	5.3	2.0	0.4
UK – Mobile service revenue	1,138	1,227	(7.3)	6.9	2.0	1.6
Spain – Service revenue	1,144	1,125	1.7	0.3	—	2.0
India – Service revenue	1,063	1,450	(26.7)	8.9	3.6	(14.2)

	2017 €m	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
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						
Total	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

Alternative performance measures (continued)

Unaudited information

	2017 €m	2016 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Year ended 31 March 2017 (continued)						
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
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)

	2017 €m	2016 €m	Reported %	Other activity (including M&A) pps	Foreign exchange pps	Organic %
Quarter ended 31 March 2017						
Service revenue						
Germany	2,492	2,462	1.2	—	—	1.2
Mobile service revenue	1,500	1,505	(0.3)	—	(0.1)	(0.4)
Fixed service revenue	992	957	3.7	—	—	3.7
Italy	1,298	1,263	2.8	—	—	2.8
Mobile service revenue	1,069	1,055	1.3	—	0.1	1.4
Fixed service revenue	229	208	10.1	—	0.1	10.2
UK	1,624	1,903	(14.7)	—	9.9	(4.8)
Mobile service revenue	1,218	1,412	(13.7)	—	9.8	(3.9)
Fixed service revenue	406	491	(17.3)	—	9.8	(7.5)
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	(19.3)	—	3.4	(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
Mobile service revenue	1,516	1,517	(0.1)	—	0.1	—
Fixed service revenue	989	943	4.9	—	(0.1)	4.8
Italy	1,330	1,291	3.0	—	—	3.0
Mobile service revenue	1,105	1,090	1.4	—	—	1.4
Fixed service revenue	225	201	11.9	—	—	11.9
UK	1,607	1,998	(19.6)	—	16.4	(3.2)
Mobile service revenue	1,227	1,537	(20.2)	—	16.3	(3.9)
Fixed service revenue	380	461	(17.6)	—	16.7	(0.9)
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						
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	(11)	(106)				
Total	49,810	48,385	2.9	(0.7)	(0.1)	2.1
Service revenue						
Europe	33,381	32,612	2.4	(1.5)	(1.5)	(0.6)
AMAP	10,043	9,770	2.8	1.0	4.2	8.0
Other	1,303	1,356				
Eliminations	(109)	(103)				
Total	44,618	43,635	2.3	(0.8)	(0.4)	1.1
Other revenue	5,192	4,750				
Total	49,810	48,385	2.9	(0.7)	(0.1)	2.1
Adjusted EBITDA						
Europe	10,485	10,077	4.0	(1.3)	(1.0)	1.7
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
Adjusted EBIT						
Total	3,769	4,127	(8.7)	(1.8)	3.2	(7.3)
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)

Adjusted EBITDA margin

	2018 €m	2017 €m	2016 €m	2015 €m
Revenue	46,571	47,631	49,810	48,385
Operating profit	4,299	3,725	1,320	2,073
Depreciation, amortisation and loss on disposal of fixed assets	9,910	10,179	10,386	9,584
Share of adjusted results in equity accounted associates and joint ventures	(389)	(164)	(60)	78
Impairment losses	—	—	569	—
Restructuring costs	156	415	316	204
Amortisation of acquired customer based and brand intangible assets	974	1,046	1,338	1,617
Other income/(expense)	(213)	(1,052)	286	146
Adjusted EBITDA	14,737	14,149	14,155	13,702
Adjusted EBITDA margin	31.6%	29.7%	28.4%	28.3%
Impact of EU roaming, handset and financing settlements	(0.8%)			
Adjusted EBITDA margin excluding impact of EU roaming, handset and financing settlements	30.8%			

Form 20-F cross reference guide

Unaudited information

The information in this document that is referenced in the following table will be included in our Annual Report on Form 20-F for 2018 filed with the SEC (the '2018 Form 20-F'). The information in this document will be updated and supplemented at the time of filing with the SEC or later amended if necessary. No other information in this document is included in the 2018 Form 20-F or incorporated by reference into any filings by us under the Securities Act. Please see "Documents on display" on page 195 for information on how to access the 2018 Form 20-F as filed with the SEC. The 2018 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 2018 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 183 to 190 and pages 94 to 101 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 38 to 45 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.

References in this document to information on websites (and/or social media sites) are included as an aid to their location and such information is not incorporated in, and does not form part of, the 2018 Annual Report on Form 20-F.

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.
Customer value management ('CVM')	The delivery of perceived value to identifiable customer segments that results in a profitable return for the company.
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, 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 207 to 217 "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.
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.

Definition of terms (continued)

Unaudited information

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 207 to 217 “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 include the results of Vodafone India as discontinued operations in all years following the agreement to combine it with Idea Cellular.

At/for the year ended 31 March	2018	2017	2016	2015	2014
Consolidated income statement data (€m)					
Revenue	46,571	47,631	49,810	48,385	40,845
Operating profit/(loss)	4,299	3,725	1,320	2,073	(4,722)
Profit/(loss) before taxation	3,878	2,792	(190)	1,734	(5,960)
Profit/(loss) for financial year from continuing operations	4,757	(1,972)	(5,127)	7,805	13,900
Profit/(loss) for the financial year	2,788	(6,079)	(5,122)	7,477	71,515
Consolidated statement of financial position data (€m)					
Total assets	145,611	154,684	169,107	169,579	147,536
Total equity	68,607	73,719	85,136	93,708	86,919
Total equity shareholders' funds	67,640	72,200	83,325	91,510	85,733
Earnings per share^{1,2}					
Weighted average number of shares (millions)					
– Basic	27,770	27,971	26,692	26,489	26,472
– Diluted	27,857	27,971	26,692	26,629	26,682
Basic earnings/(loss) per ordinary share	8.78c	(22.51)c	(20.25)c	27.48c	269.41c
Diluted earnings/(loss) per ordinary share	8.76c	(22.51)c	(20.25)c	27.33c	267.29c
Basic earnings/(loss) per share from continuing operations	15.87c	(7.83)c	(20.27)c	28.72c	51.77c
Cash dividends^{1,3}					
Amount per ordinary share (eurocents)	15.07c	14.77c	–	–	–
Amount per ADS (eurocents)	15.07c	147.7c	–	–	–
Amount per ordinary share (pence)	–	–	11.45p	11.22p	11.00p
Amount per ADS (pence)	–	–	114.5p	111.2p	110.0p
Amount per ordinary share (US cents)	179.3c	18.52c	16.49c	16.65c	18.31c
Amount per ADS (US cents)	179.3c	182.5c	164.9c	166.5c	183.1c
Other data					
Ratio of earnings to fixed charges ⁴	2.9	2.1	–	2.2	–
Deficiency between fixed charges and earnings (€m) ⁴	–	–	159	–	485

Notes:

- 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.
- 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.
- The final dividend for the year ended 31 March 2018 was proposed by the Directors on 15 May 2018 and is payable on 3 August 2018 to holders of record as of 8 June 2018. The total dividends have been translated into US dollars at 31 March 2018 for purposes of the above disclosure but the dividends are payable in US dollars under the terms of the ADS depositary agreement.
- 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.

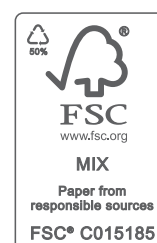
Vodafone, the Vodafone Portrait, the Vodafone Speechmark, Vodafone Broken Speechmark Outline, Vodacom, Vodafone One, The future is exciting. Ready?, M-Pawa and M-Pesa, are trade marks of the Vodafone Group. Other product and company names mentioned herein may be the trade marks of their respective owners.

The content of our website (vodafone.com) should not be considered to form part of this Annual Report or our Annual Report on Form 20-F.

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Sustainability

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Online Annual Report

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