Financial position and resources

Consolidated statement of financial position

	2011 £m	2010 £m
Non-current assets		
Intangible assets	68,558	74,258
Property, plant and equipment	20,181	20,642
Investments in associates	38,105	36,377
Other non-current assets	7,373	11,489
	134,217	**142,766**
Current assets	17,003	14,219
Total assets	**151,220**	**156,985**
Total equity shareholders' funds	87,555	90,381
Total non-controlling interests	6	429
Total equity	**87,561**	**90,810**
Liabilities		
Borrowings		
Long-term	28,375	28,632
Short-term	9,906	11,163
Taxation liabilities		
Deferred tax liabilities	6,486	7,377
Current taxation liabilities	2,262	2,874
Other non-current liabilities	1,373	1,550
Other current liabilities	15,257	14,579
Total liabilities	**63,659**	**66,175**
Total equity and liabilities	**151,220**	**156,985**

Assets

Intangible assets

At 31 March 2011 our intangible assets were £68.6 billion (2010: £74.3 billion) with goodwill comprising the largest element at £45.2 billion (2010: £51.8 billion). The decrease primarily resulted from impairment losses of £6.2 billion, amortisation of £3.5 billion and unfavourable foreign exchange rate movements of £0.9 billion partially offset by £4.7 billion of additions. Refer to note 10 to the consolidated financial statements for further information on the impairment charge.

Property, plant and equipment

Property, plant and equipment decreased from £20.6 billion at 31 March 2010 to £20.2 billion at 31 March 2011 predominantly as a result of £4.7 billion of additions offset by £4.4 billion of depreciation charges and unfavourable foreign exchange rate movements of £0.6 billion.

Investments in associates

Investments in associates increased from £36.4 billion at 31 March 2010 to £38.1 billion at 31 March 2011 primarily due to our share of the results of associates, after deductions of interest, tax and non-controlling interest, which contributed £5.1 billion to the increase, mainly arising from our investment in Verizon Wireless, partially offset by £1.4 billion of dividends received and unfavourable foreign exchange movements of £1.9 billion.

Other non-current assets

Other non-current assets decreased to £7.4 billion at 31 March 2011 (2010: £11.5 billion) mainly due to other investments which totalled £1.4 billion at 31 March 2011 compared to £7.6 billion at 31 March 2010. The decrease was primarily as a result of the disposal of our 3.2% interest in China Mobile Limited and our interests in SoftBank investments.

Current assets

Current assets increased to £17.0 billion at 31 March 2011 from £14.2 billion at 31 March 2010 due to an increase in cash and short-term investments resulting from the disposal of our interests in SoftBank and the element of the proceeds from the disposal of our 3.2% interest in China Mobile Limited not utilised for the share buyback programme.

Total equity and liabilities

Total equity shareholders' funds

Total equity shareholders' funds decreased from £90.4 billion at 31 March 2010 to £87.6 billion at 31 March 2011. The profit for the year of £8.0 billion was more than offset by equity dividends of £4.5 billion, an other comprehensive loss of £4.5 billion and the share buyback of £2.1 billion.

Borrowings

Long-term borrowings and short-term borrowings decreased to £38.3 billion at 31 March 2011 from £39.8 billion at 31 March 2010 mainly as a result of foreign exchange rate movements and bond repayments during the year.

Taxation liabilities

Current tax liabilities decreased from £2.9 billion at 31 March 2010 to £2.3 billion at 31 March 2011 mainly as a result of lower outstanding tax liabilities in the US as a result of accelerated tax depreciation and the resolution of long-standing tax disputes.

Other current liabilities

Other current liabilities increased from £14.6 billion at 31 March 2010 to £15.3 billion at 31 March 2011. Trade payables at 31 March 2011 were equivalent to 37 days (2010: 31 days) outstanding, calculated by reference to the amount owed to suppliers as a proportion of the amounts invoiced by suppliers during the year. It is our policy to agree terms of transactions, including payment terms, with suppliers and it is our normal practice that payment is made accordingly.

Contractual obligations and contingencies

A summary of our principal contractual financial obligations is shown below. Further details on the items included can be found in the notes to the consolidated financial statements. Details of the Group's contingent liabilities are included in note 28 to the consolidated financial statements.

	Payments due by period £m				
Contractual obligations[1]	Total	<1 year	1-3 years	3-5 years	>5 years
Borrowings[2]	45,226	10,864	8,727	10,093	15,542
Operating lease commitments[3]	6,513	1,225	1,704	1,240	2,344
Capital commitments[3][4]	2,124	1,885	228	11	–
Purchase commitments[5]	5,937	3,619	1,835	142	341
Total contractual cash obligations[1]	**59,800**	**17,593**	**12,494**	**11,486**	**18,227**

Notes:
(1) The above table of contractual obligations includes commitments in respect of options over interests in Group businesses held by non-controlling shareholders (see "Option agreements and similar arrangements") and obligations to pay dividends to non-controlling shareholders (see "Dividends from associates and to non-controlling shareholders"). The table excludes current and deferred tax liabilities and obligations under post employment benefit schemes, details of which are provided in notes 6 and 23 to the consolidated financial statements respectively. The table also excludes the contractual obligations of associates.
(2) See note 22 to the consolidated financial statements.
(3) See note 27 to the consolidated financial statements.
(4) Primarily related to network infrastructure.
(5) In addition to the purchase commitments disclosed above, Vodafone Netherlands has announced its intention to acquire BelCompany BV, one of the largest telecom retailers in the Netherlands, from the Macintosh Retail Group for €120 million. The transaction is subject to regulatory and other approvals.

Equity dividends

The table below sets out the amounts of interim, final and total cash dividends paid or, in the case of the final dividend for the 2011 financial year, proposed, in respect of each financial year.

	Pence per ordinary share		
Year ended 31 March	Interim	Final	Total
2007	2.35	4.41	6.76
2008	2.49	5.02	7.51
2009	2.57	5.20	7.77
2010	2.66	5.65	8.31
2011	2.85	6.05[1]	8.90

Note:
(1) The final dividend for the year ended 31 March 2011 was proposed on 17 May 2011 and is payable on 5 August 2011 to holders on record as of 3 June 2011. For american depositary share ('ADS') holders the dividend will be payable in US dollars under the terms of the ADS depositary agreement. Dividend payments on ordinary shares will be paid by direct credit into a nominated bank or building society account or, alternatively, into the Company's dividend reinvestment plan. The Company no longer pays dividends in respect of ordinary shares by cheque.

Financial position and resources continued

We provide returns to shareholders through dividends and have historically paid dividends semi-annually, with a regular interim dividend in respect of the first six months of the financial year payable in February and a final dividend payable in August. The directors expect that we will continue to pay dividends semi-annually.

In November 2010 the directors announced an interim dividend of 2.85 pence per share representing a 7.1% increase over last year's interim dividend. The directors are proposing a final dividend of 6.05 pence per share representing a 7.1% increase over last year's final dividend. Total dividends for the year increased by 7.1% to 8.90 pence per share.

In May 2010 the directors issued a dividend per share growth target of at least 7% per annum for each of the financial years in the period ending 31 March 2013, assuming no material adverse foreign exchange rate movements. We expect that total dividends per share will therefore be no less than 10.18p for the 2013 financial year. See page 44 for the assumptions underlying this expectation.

Liquidity and capital resources

The major sources of Group liquidity for the 2011 and 2010 financial years were cash generated from operations, dividends from associates and borrowings through short-term and long-term issuances in the capital markets. We do not use non-consolidated special purpose entities as a source of liquidity or for other financing purposes.

Our key sources of liquidity for the foreseeable future are likely to be cash generated from operations and borrowings through long-term and short-term issuances in the capital markets as well as committed bank facilities.

Our liquidity and working capital may be affected by a material decrease in cash flow due to factors such as reduced operating cash flow resulting from further possible business disposals, increased competition, litigation, timing of tax payments and the resolution of outstanding tax issues, regulatory rulings, delays in the development of new services and networks, licence and spectrum payments, inability to receive expected revenue from the introduction of new services, reduced dividends from associates and investments or increased dividend payments to non-controlling shareholders. Please see the section titled "Principal risk factors and uncertainties" on pages 45 and 46.

We are also party to a number of agreements that may result in a cash outflow in future periods. These agreements are discussed further in "Option agreements and similar arrangements" at the end of this section.

Wherever possible, surplus funds in the Group (except in Albania, Egypt, India and Vodacom) are transferred to the centralised treasury department through repayment of borrowings, deposits, investments, share purchases and dividends. These are then loaned internally or contributed as equity to fund our operations, used to retire external debt, invested externally or used to pay dividends.

Cash flows

Free cash flow decreased by 2.7% to £7,049 million primarily due to higher taxation payments and dividends to non-controlling shareholders in subsidiaries partially offset by improved cash generated from operations and lower payments for capital expenditure.

Cash generated by operations increased by 0.4% to £15,392 million primarily driven by foreign exchange rate movements and working capital improvements. Cash capital expenditure decreased by £328 million primarily due to lower expenditure in India. We invested £2,982 million in licences and spectrum including £1,725 million in India and £1,210 million in Germany.

Payments for taxation increased by 14.3% to £2,597 million primarily due to the absence of the one-time benefit of additional tax deductions which were available in Italy in the previous year.

Dividends received from associates and investments were stable at £1,509 million.

Net interest payments decreased by 5.5% to £1,328 million primarily due to lower average net debt.

	2011 £m	2010 £m	%
Cash generated by operations	15,392	15,337	0.4
Cash capital expenditure[1]	(5,658)	(5,986)	
Disposal of intangible assets and property, plant and equipment	51	48	
Operating free cash flow	**9,785**	**9,399**	**4.1**
Taxation	(2,597)	(2,273)	
Dividends received from associates and investments[2]	1,509	1,577	
Dividends paid to non-controlling shareholders in subsidiaries	(320)	(56)	
Interest received and paid	(1,328)	(1,406)	
Free cash flow	**7,049**	**7,241**	**(2.7)**
Other amounts[3]	45	–	
Licence and spectrum payments	(2,982)	(989)	
Acquisitions and disposals[4]	(183)	(2,683)	
Contributions from non-controlling shareholders in subsidiaries[5]	–	613	
Equity dividends paid	(4,468)	(4,139)	
Purchase of treasury shares	(2,087)	–	
Foreign exchange	834	1,038	
Other[6]	5,250	(174)	
Net debt decrease	**3,458**	**907**	
Opening net debt	(33,316)	(34,223)	
Closing net debt	**(29,858)**	**(33,316)**	**(10.4)**

Notes:
(1) Cash paid for purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments.
(2) Year ended 31 March 2011 includes £373 million (2010:£389 million) from our interest in SFR and £1,024 million (2010: £1,034 million) from our interest in Verizon Wireless.
(3) Comprises items in respect of: the UK CFC settlement (£800 million), tax relating to the disposal of China Mobile Limited (£208 million), the SoftBank disposal (£1,409 million) and the court deposit made in respect of the India tax case (£356 million). The latter is included within the line item "Purchase of interests in subsidiaries and joint ventures, net of cash acquired" in the consolidated statement of cash flows.
(4) Year ended 31 March 2011 includes net cash and cash equivalents paid of £183 million (2010: £1,777 million) and assumed debt of £nil (2010: £906 million).
(5) Year ended 31 March 2010 includes £613 million in relation to Qatar.
(6) Year ended 31 March 2011 includes £4,264 million in relation to the disposal of our 3.2% interest in China Mobile Limited.

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 such as with SFR, our associate in France. Similarly, we do not have existing obligations under shareholders' agreements to pay dividends to non-controlling interest partners of our subsidiaries or joint ventures, except as specified below.

Included in the dividends received from associates and investments is an amount of £1,024 million (2010: £1,034 million) received from Verizon Wireless. Until April 2005 Verizon Wireless' distributions were determined by the terms of the partnership agreement distribution policy and comprised income distributions and tax distributions. Since April 2005 only tax distributions have been issued. Following the announcement of Verizon Wireless' acquisition of Alltel, certain additional tax distributions were agreed in addition to the tax distributions required by the partnership agreement. Taken together with recent revisions to the tax distribution provisions in the partnership agreement, current projections forecast that tax distributions will cover the US tax liabilities arising from our partnership interest in Verizon Wireless.

Under the terms of the partnership agreement the Verizon Wireless board has no obligation to effect additional distributions above the level of the tax distributions. However, the Verizon Wireless board has agreed that it will review distributions from Verizon Wireless on a regular basis. When considering whether distributions will be made each year, the Verizon Wireless board will take into account its debt position, the relationship between debt levels and maturities, and overall market conditions in the context of the five year business plan. It is expected that Verizon Wireless' free cash flow will be deployed in servicing and reducing debt in the near term.

During the year ended 31 March 2011 cash dividends totalling £373 million (2010: £389 million) were received from SFR. Following SFR's purchase of Neuf Cegetel it was agreed that SFR would partially fund debt repayments by a reduction in dividends between 2009 and 2011 inclusive. In April 2011 we announced an agreement to dispose of our 44% interest in SFR. We will also receive a final dividend from SFR of €200 million (£176 million) on completion of the transaction. Future cash flows will be reduced by the loss of dividends from SFR.

Verizon Communications Inc. has an indirect 23.1% shareholding in Vodafone Italy and under the shareholders' agreement the shareholders have agreed to take steps to cause Vodafone Italy to pay dividends at least annually, provided that such dividends will not impair the financial condition or prospects of Vodafone Italy including, without limitation, its credit standing. During the 2011 financial year Vodafone Italy paid dividends net of withholding tax totalling €325 million to Verizon Communications Inc.

Given Vodacom's strong financial position and cash flow generation, the Vodacom board has decided to increase its dividend payout ratio from 40% to approximately 60% of headline earnings for the year ended March 2011.

Acquisitions

We invested £183 million (2010: £1,777 million), net of cash and cash equivalents acquired, in acquisition activities during the year.

Other significant transactions

On 10 September 2010 we sold our entire 3.2% interest in China Mobile Limited for a total consideration of £4.3 billion before tax and transaction costs. Future cash flows will be reduced by the loss of dividends from China Mobile Limited.

On 9 November 2010 we agreed to sell to SoftBank Corp. of Japan our interests which were originally received as part of the proceeds from the sale of Vodafone Japan in 2006, for a total consideration of ¥412.5 billion (£3.1 billion). ¥212.5 billion (£1.6 billion) of the consideration was received in December 2010 and ¥200 billion (£1.5 billion) is expected to be received in April 2012.

On 30 March 2011 the Essar Group exercised its underwritten put option over 22.0% of Vodafone Essar Limited ('VEL') following which, on 31 March 2011, we exercised our call option over the remaining 11.0% of VEL owned by the Essar Group. The consideration due under these two options is US$5 billion (£3.1 billion). The Group does not believe that there is any legal requirement to withhold tax in respect of these transactions but as discussed in detail under 'Legal proceedings' on page 122, if the Authority for Advanced Rulings directs tax to be withheld, this amount is anticipated to be approximately an additional US$1 billion.

On 3 April 2011 we announced an agreement to sell our entire 44% interest in SFR to Vivendi for a cash consideration of €7.75 billion (£6.8 billion). Subject to customary competition authority and regulatory approvals, the transaction is expected to complete during the second calendar quarter of 2011.

Treasury shares

The Companies Act 2006 permits companies to purchase their own shares out of distributable reserves and to hold shares in treasury. While held in treasury, no voting rights or pre-emption rights accrue and no dividends are paid in respect of treasury shares. Treasury shares may be sold for cash, transferred (in certain circumstances) for the purposes of an employee share scheme or cancelled. If treasury shares are sold, such sales are deemed to be a new issue of shares and will accordingly count towards the 5% of share capital which the Company is permitted to issue on a non pre-emptive basis in any one year as approved by its shareholders at the AGM. The proceeds of any sale of treasury shares up to the amount of the original purchase price, calculated on a weighted average price method, is attributed to distributable profits which would not occur in the case of the sale of non-treasury shares. Any excess above the original purchase price must be transferred to the share premium account.

Following the disposal of our 3.2% interest in China Mobile Limited on 10 September 2010, we initiated a £2.8 billion share buyback programme under the authority granted by our shareholders at the 2010 AGM. In addition to ordinary market purchases, the Group placed irrevocable purchase instructions with a number of banks to enable the banks to buy back shares on our behalf when we may otherwise have been prohibited from buying in the market. Details of the shares purchased to date, including those purchased under irrevocable instructions, are shown below:

Date of share purchase	Number of shares purchased[1] '000	Average price paid per share inclusive of transaction costs Pence	Total number of shares purchased under share repurchase programme[2] '000	Maximum value of shares that may yet be purchased under the programme[3] £m
September 2010	115,400	161.78	115,400	2,613
October 2010	187,500	165.50	302,900	2,303
November 2010	209,400	170.21	512,300	1,947
December 2010	162,900	167.44	675,200	1,674
January 2011	177,090	176.67	852,290	1,361
February 2011	134,700	179.23	986,990	1,120
March 2011	250,900	177.26	1,237,890	675
April 2011	135,100	176.81	1,372,990	436
May 2011	127,000	170.14	1,499,990	268
Total	**1,499,990[4]**	**172.01**	**1,499,990**	**220**

Notes:
(1) The nominal value of shares purchased is 11 $^{3}/_{7}$ US cents each.
(2) No shares were purchased outside the publicly announced share buyback programme.
(3) In accordance with shareholder authority granted at the 2010 AGM.
(4) The total number of shares purchased represents 2.9% of our issued share capital at 16 May 2011.

The aggregate amount of consideration paid by the Company for the shares at 16 May 2011 was £2,580 million.

Following the announcement of the agreement to dispose of our 44% interest in SFR on 3 April 2011, we also announced that we will return £4 billion of the net proceeds to shareholders by way of a share buyback programme. This programme will commence following completion of the existing £2.8 billion programme.

Shares purchased are held in treasury in accordance with sections 724 to 732 of the Companies Act 2006 and are cancelled in accordance with the Association of British Insurers guidelines. The movement in treasury shares during the year is shown below:

	Number Million	£m
1 April 2010	5,146	7,810
Reissue of shares	(150)	(232)
Purchase of shares	1,238	2,125
Cancelled shares	(1,000)	(1,532)
31 March 2011	**5,234**	**8,171**

Funding

We have maintained a robust liquidity position throughout the year thereby enabling us to service shareholder returns, debt and expansion through capital investment. This position has been achieved through continued delivery of strong operating cash flows, the impact of the working capital reduction programme, issuances of short-term and long-term debt, and non-recourse borrowing assumed in respect of the emerging market businesses. It has not been necessary for us to draw down on our syndicated committed bank facilities during the year.

Financial position and resources continued

Net debt

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

	2011 £m	2010 £m
Cash and cash equivalents[1]	**6,252**	**4,423**
Short-term borrowings:		
Bonds	(2,470)	(1,174)
Commercial paper[2]	(1,660)	(2,563)
Put options over non-controlling interests	(3,113)	(3,274)
Bank loans	(2,070)	(3,460)
Other short-term borrowings[1]	(593)	(692)
	(9,906)	**(11,163)**
Long-term borrowings:		
Put options over non-controlling interests	(78)	(131)
Bonds, loans and other long-term borrowings	(28,297)	(28,501)
	(28,375)	**(28,632)**
Other financial instruments[3]	2,171	2,056
Net debt	**(29,858)**	**(33,316)**

Notes:
(1) At 31 March 2011 the amount includes £531 million (2010: £604 million) in relation to cash received under collateral support agreements.
(2) At 31 March 2011 US$551 million was drawn under the US commercial paper programme and €1,490 million was drawn under the euro commercial paper programme.
(3) Comprises i) mark-to-market adjustments on derivative financial instruments which are included as a component of trade and other receivables (2011: £2,045 million; 2010: £2,128 million) and trade and other payables (2011: £548 million; 2010: £460 million) and ii) short-term investments in index linked government bonds and collateral support agreements included as a component of other investments (2011: £674 million; 2010: £388 million). These government bonds have less than six years to maturity, can be readily converted into cash via the repurchase market and are held on an effective floating rate basis.

At 31 March 2011 we had £6,252 million of cash and cash equivalents which are held in accordance with our treasury policy.

We hold cash and liquid investments in accordance with the counterparty and settlement risk limits of the Board approved treasury policy. The main forms of liquid investments at 31 March 2011 were money market funds, UK index linked government bonds and bank deposits.

Net debt decreased by £3,458 million to £29,858 million primarily due to the sale of our interests in SoftBank and the element of the proceeds from the sale of our 3.2% interest in China Mobile Limited which was not committed to the share buyback programme. The £7,049 million free cash flow generated during the year was primarily used to fund £4,468 million of dividend payments to shareholders as well as spectrum purchases in Germany and India. Net debt represented 32.8% of our market capitalisation at 31 March 2011 compared with 41.6% at 31 March 2010. Average net debt at month end accounting dates over the 12 month period ended 31 March 2011 was £31.4 billion and ranged between £28.4 billion and £34.9 billion during the year.

The cash received from collateral support agreements mainly reflects the value of our interest rate swap portfolio which is substantially net present value positive. See note 21 to the consolidated financial statements for further details on these agreements.

Commercial paper programmes

We currently have US and euro commercial paper programmes of US$15 billion and £5 billion respectively which are available to be used to meet short-term liquidity requirements. At 31 March 2011 an amount external to the Group of €1,490 million (£1,317 million) was drawn under the euro commercial paper programme and US$551 million (£343 million) was drawn down under the US commercial paper programme, with such funds being provided by counterparties external to the Group. At 31 March 2010 US$245 million (£161 million) was drawn under the US commercial paper programme and €2,491 million (£2,219 million), £161 million and US$33 million (£22 million) was drawn under the euro commercial paper programme. The commercial paper facilities were supported by US$4.2 billion (£2.6 billion) and €4.2 billion (£3.7 billion) of syndicated committed bank facilities (see "Committed facilities"), which mature on 9 March 2016 and 1 July 2015 respectively. 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 2011 the total amounts in issue under these programmes split by currency were US$14.3 billion, £2.6 billion, €10.6 billion and £0.2 billion sterling equivalent of other currencies.

In the year ended 31 March 2011 bonds with a nominal value equivalent of £0.7 billion at the relevant 31 March 2011 foreign exchange rates were issued under the US shelf and the euro medium-term note programme. The bonds issued during the year were:

Date of bond issue	Maturity of bond	Nominal amount Million	Sterling equivalent Million
August 2010	August 2011	US$100	64
March 2011	March 2016	US$600	374
March 2011	March 2021	US$500	311

At 31 March 2011 we had bonds outstanding with a nominal value of £20,987 million (2010: £21,963 million).

Committed facilities

The following table summarises the committed bank facilities available to us at 31 March 2011.

Committed bank facilities	Amounts drawn
1 July 2010 €4.2 billion syndicated revolving credit facility, maturing 1 July 2015	No drawings have been made against this facility. The facility supports our commercial paper programmes and may be used for general corporate purposes including acquisitions.
9 March 2011 US$4.2 billion syndicated revolving credit facility, maturing 9 March 2016	No drawings have been made against this facility. The facility supports our commercial paper programmes and may be used for general corporate purposes including acquisitions.
16 November 2006 €0.4 billion loan facility, maturing 14 February 2014	This facility was drawn down in full on 14 February 2007. The facility is available for financing capital expenditure in our Turkish operating company.
28 July 2008 €0.4 billion loan facility, maturing 12 August 2015	This facility was drawn down in full on 12 August 2008. The facility is available for financing the roll-out of converged fixed mobile broadband telecommunications network in Italy.
15 September 2009 €0.4 billion loan facility, maturing 30 July 2017	This facility was drawn down in full on 30 July 2010. The facility is available for financing capital expenditure in our German operations.
29 September 2009 US$0.7 billion export credit agency loan facility, final maturity date 19 September 2018	An initial drawing was made of US$120 million on 3 November 2010. The facility is available for financing eligible Swedish goods and services.

Under the terms and conditions of the €4.2 billion and US$4.2 billion syndicated committed bank facilities lenders have the right, but not the obligation, to cancel their commitments and have outstanding advances repaid no sooner than 30 days after notification of a change of control. This is in addition to the rights of lenders to cancel their commitment if we commit an event of default; however, it should be noted that a material adverse change clause does not apply.

The facility agreements provide for certain structural changes that do not affect the obligations to be specifically excluded from the definition of a change of control.

The terms and conditions of the €0.4 billion loan facility maturing on 14 February 2014 are similar to those of the €4.2 billion and US$4.2 billion syndicated committed bank facilities with the addition that, should our Turkish operating company spend less than the equivalent of €0.8 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 50% of the capital expenditure.

The terms and conditions of the €0.4 billion loan facility maturing 12 August 2015 are similar to those of the €4.2 billion and US$4.2 billion syndicated committed bank facilities with the addition that, should our Italian operating company spend less than the equivalent of €1.5 billion on capital expenditure, we will be required to repay the drawn amount of the facility that exceeds 18% of the capital expenditure.

The loan facility agreed on 15 September 2009 provides €0.4 billion of seven year term finance for the Group's virtual digital subscriber line ('VDSL') project in Germany. The terms and conditions are similar to those of the €4.2 billion and US$4.2 billion syndicated committed bank facilities with the addition that should the Group's German operating company spend less than the equivalent of €0.8 billion on VDSL related capital expenditure, the Group will be required to repay the drawn amount of the facility that exceeds 50% of the VDSL capital expenditure.

The Group entered into an export credit agency loan agreement on 29 September 2009 for US$0.7 billion. The terms and conditions of the facility are similar to those of the €4.2 billion and US$4.2 billion syndicated committed bank facilities with the addition that the Company is permitted to draw down under the facility based on the eligible spend with Ericsson up until the final drawdown date of 30 June 2011. Quarterly repayments of any drawn balance commenced on 30 June 2010 with a final maturity date of 19 September 2018.

Furthermore, certain of our subsidiaries are funded by external facilities which are non-recourse to any member of the Group other than the borrower due to the level of country risk involved. These facilities may only be used to fund their operations. At 31 March 2011 Vodafone Essar had facilities of INR 281 billion (£3.9 billion) of which INR 262 billion (£3.7 billion) is drawn. Vodafone Egypt has a partly drawn EGP 1.2 billion (£121 million) syndicated bank facility of EGP 4.0 billion (£418 million) that matures in March 2014. Vodacom had fully drawn facilities of ZAR 8.1 billion (£741 million), US$120 million (£73 million) and TZS 87 billion (£36 million), Vodafone Americas has a US$1.4 billion (£871 million) US private placement with a maturity of 17 August 2015 and Ghana had a fully drawn facility of US$75 million (£47 million) with a final maturity of 15 March 2018.

In aggregate we have committed facilities of approximately £15,703 million, of which £7,247 million was undrawn and £8,456 million was drawn at 31 March 2011.

We believe that we have sufficient funding for our expected working capital requirements for at least the next 12 months. Further details regarding the maturity, currency and interest rates of the Group's gross borrowings at 31 March 2011 are included in note 22 to the consolidated financial statements.

Financial assets and liabilities

Analyses of financial assets and liabilities including the maturity profile of debt, currency and interest rate structure are included in notes 18 and 22 to the consolidated financial statements. Details of our treasury management and policies are included within note 21 to the consolidated financial statements.

Option agreements and similar arrangements

Potential cash outflows

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

Our aggregate direct and indirect interest in Vodafone Essar Limited ('VEL'), our Indian operating company, is 59.9% at 31 March 2011. We have call options to acquire shareholdings in companies which indirectly own a further 7.1% interest in VEL. The shareholders of these companies also have put options which, if exercised, would require us to purchase the remaining shares in the respective company. If these options were exercised, which can only be done in accordance with Indian law prevailing at the time of exercise, we would have a direct and indirect interest of 67.0% in VEL. On 30 March 2011 the Essar Group exercised its underwritten put option over 22.0% of VEL following which, on 31 March 2011, we exercised our call option over the remaining 11.0% of VEL owned by the Essar Group. The consideration due under these two options is US$5 billion (£3.1 billion). The Group does not believe that there is any legal requirement to withhold tax in respect of these transactions but as discussed on page 122, if the Authority for Advanced Rulings directs tax to be withheld, this amount is anticipated to be approximately an additional US$1 billion.

Off-balance sheet arrangements

On 7 January 2011 State Bank of India provided a guarantee on our behalf of INR 85 billion (£1.2 billion) to the Supreme Court of India in relation to the ongoing litigation in respect of the purchase of Vodafone Essar Limited as disclosed on page 122. We have counter indemnified State Bank of India for any amounts payable under this guarantee.

Other than this guarantee we do not have any material off-balance sheet arrangements as defined in item 5.E.2. of the SEC's Form 20-F. Please refer to notes 27 and 28 to the consolidated financial statements for a discussion of our commitments and contingent liabilities.

Quantitative and qualitative disclosures about market risk

A discussion of our financial risk management objectives and policies and the exposure of the Group to liquidity, market and credit risk is included within note 21 to the consolidated financial statements.