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Vodafone Automotive UK Limited

Annual Report and Financial Statements

Year Ended

31 March 2022

Company Number 03751493

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Vodafone Automotive UK Limited

Company Information

Directors	M Harvey HR Watson T Charlton H Grewe A Milton
Company secretary	Vodafone Enterprise Corporate Secretaries Limited
Registered number	03751493
Registered office	Vodafone House The Connection Newbury Berkshire RG14 2FN
Independent auditors	Ernst & Young LLP 2 St Peter's Square Manchester M2 3DF

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Vodafone Automotive UK Limited

Contents

Vodafone Automotive UK Limited

Strategic report
For the year ended 31 March 2022

The directors present their Strategic report on the affairs of Vodafone Automotive UK Limited ("the company") together with the audited financial statements of the company for the year ended 31 March 2022.

Principal activities

The principal activities of the company during the year were the provision of telematic products and services, and the sale of other electronic equipment for application in the automotive and automotive insurance sectors.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks are uncertainties affecting the company which are considered to relate to competition, and purchase of materials from Europe in EUR/€.

Brexit
The impact of Brexit creates a risk to supply of goods from the EU. This was mitigated by a plan to increase volumes prior to 31 December 2020 to avoid delays at port impacting customer delivery. Monthly stock forecasts are prepared and managed with Group input in order to ensure a 3-month view of the UK business demand is visible. Import and export process have been reviewed in order to ensure compliance with new rules in place from 1 January 2021.

COVID-19
The impact of the coronavirus creates a number of potential business risks, which the company is managing. The company acknowledges the negative impact on the economy of COVID-19 however since March 2020 the business has seen positive results, although a decline in revenues, which have delivered increased margins and profitability. Risks to employee safety are managed by a rigorous focus on SHE policies following government guidance on hygiene practices and social distancing. Liquidity risks arising from interruption to counterparties normal business operations are managed through the preparation of cash forecasts, which are updated weekly, to provide management with a 3-month view of business cash requirements. Risks to supply have been mitigated by a reduction of volume in the Usage Based Insurance ("UBI") area during lockdown which has enabled the business to maintain sufficient stock levels once installations commenced. This therefore reduced the impact of delayed supply arriving from Group during the pandemic. Recessionary impacts are managed through strategic planning at group level through close and highly frequent interactions of Group, and local teams to share information and execute actions quickly and efficiently.

Ukraine/Russia conflict
The current conflict creates a risk to the company although it is considered low. The company has one Ukraine supplier, which to date, has seen no disruption to service. Our customer for this service is based in the UK and therefore we have seen no impact to our revenues or cashflows in this regard.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of interest rate, credit and foreign exchange risk.

Interest rate risk

The company has no borrowings and therefore interest rate risk in this respect does not exist.

Credit risk

The company has a policy of credit checking potential customers before sales are made and is cautious with setting credit limits. The credit limits are managed by a competent credit controller and can only be exceeded with written permission from the Head of Finance. UBI has significantly increased debtor balances; these accounts are monitored closely for change in credit limits and meeting payment terms. Any non-adherence would be reported to the Senior Leadership Team.

Vodafone Automotive UK Limited

Strategic report (continued)
For the year ended 31 March 2022

Financial risk management (continued)

Credit risk (continued)

The company uses a major high street bank for its normal banking activities. As a wholly owned subsidiary, cash surpluses are placed with the parent.

Foreign exchange risk

A high proportion of the company's hardware and services are purchased from its parent and denominated in Euro. The Head of Finance monitors currency fluctuations and takes actions to protect the budget rate as necessary, considering timing of payments to Group companies. A number of customers are now contracted in Euros to offset some of this risk.

Business model

The company acts as a distributor for the goods and services of its parent, Vodafone Telematics SA ("Vodafone Telematics"), and also for the products of Vodafone Telematics' parent, Vodafone Group Plc. It has its own secure operating centre so that it can deliver alarm monitoring and tracking services in house rather than through third party providers.

The company wholly owns the NavTrak brand of premium stolen vehicle recovery products, which it manufactures and services through very carefully selected partners in the UK.

Finally, the company markets and provides service for other premium telematics products which support the commercial fleet and insurance markets.

Business review and results

Details of the company's performance and financial position are given in the attached financial statements, revenues of which are stated under IFRS 15 along with any comparatives. The company has seen an increase in revenue of 15% in 2022 (2021 - decline of 22%) which was mainly driven by the increase in UBI volumes following the relaxation of COVID rules in the UK. This has led to an increase in gross margin to 46.6% (2021 - 46.2%). Overheads have reduced slightly mainly due to delays in staff resourcing with the aim of keeping costs flat year on year. This has resulted in an operating profit of £4,331,314 (2021 - £2,867,778).

The net assets of the company at 31 March 2022 were £13,119,560 (31 March 2021 - £9,506,394).

The company's strategy remains to become the most trusted provider of vehicle safety and security solutions to its many corporate partners through its high quality and technically advanced products and services. We are anticipating a period of positive growth over the next 2 years, especially in the Fleet sector.

As in previous years we look forward to supporting our automotive and other corporate customers to achieve their telematics goals.

Key performance indicators

The majority of the company's revenue is derived from subscription income for providing telematics services. It is therefore essential that it understands key metrics such as vehicle theft recovery rates, renewal rates from subscribers, and various service indicators the most important of which is customer satisfaction.

These key indicators are measured routinely and any deterioration managed vigorously. This is a mature market for the company so all indicators are good and have remained static in recent years.

The distribution business relies on product availability. This needs to be immediate for the company's aftermarket dealers so the key performance indicator is stock availability with particular emphasis on stock outs.

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Key performance indicators (continued)

For vehicle manufacturing or importing customers the requirement is reliable delivery according to agreed lead times for which the most important indicators are production planning and manufacturing efficiency. These KPI's have not moved significantly between 2021 and 2022.

The company also measured key profitability indicators such as gross margin on its entire product range, monthly EBITDA margin (earnings before interest, tax depreciation and amortisation as a percentage of turnover) for each profit stream against budget and various indicators of cash generation.

	Gross Margin 2022 %	EBITDA Margin 2022 %	Gross Margin 2021 %	EBITDA Margin 2021 %
Stolen Vehicle Tracking	**67**	**59**	68	50
Electronic Services	**25**	**(25)**	22	(10)
Usage Based Insurance	**(13)**	**(11)**	(16)	(38)
Vodafone Business Fleet	**33**	**23**	35	35
Overall	**47**	**21**	46	17

172(1) Statement

In accordance with section 172 of the Companies Act 2006 each of the directors acts in the way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

All board meeting papers are required to address each of the matters noted below, if relevant, and adequate time is provided in board meetings for the directors to discuss these matters and request clarification or further information from management.

- The probable consequences of any decisions in the long-term
- The interests of the workforce
- The need to foster the company's business relationships with suppliers, customers and other key stakeholders
- The potential impact of the company's operations on communities and the environment
- The need to protect Vodafone's reputation for high standards of business conduct

Engagement with stakeholders

Valerie Gooding is the Workforce Engagement Lead for Vodafone Group Plc, the ultimate beneficial owner of the company, and supports the Vodafone Group's comprehensive employee engagement programme.

Two of the appointed directors of Vodafone Automotive UK Ltd regularly engage with employees and would be informed in a timely manner of any employee matters of concern by line managers or Human Resources.

The directors believe this approach enables consistent and meaningful employee engagement across the Vodafone Group, whilst ensuring the directors remain informed about all employee matters relevant to the company.

The ways in which the Vodafone Group, including Vodafone Automotive UK, has engaged with employees throughout the year is described in detail in the Vodafone Group Plc Annual Report 2022 on pages 21-22 (available to view online at https://investors.vodafone.com).

Decisions made by the company can impact one or more of our key stakeholder groups in quite different ways.

Engagement with stakeholders (continued)

This requires a considered and balanced approach to decision-making, ensuring high-quality information is provided to the directors in a timely manner, and diversity of thought and open discussion amongst directors is encouraged during meetings.

Principal decisions are assessed as material to the Vodafone Group's strategy. Our key stakeholder groups are identified as most likely to be affected by the principal decisions of the company and include our customers, our people, our suppliers, our local communities and non-governmental organisations, regulators and governments and our investors. Further details of the company's interaction with stakeholders is provided in the Vodafone Group Plc Annual Report 2022 on pages 21-23 (available to view online at https://investors.vodafone.com).

Future developments

The company has recently seen a decline in the UBI business which is intended to be offset with new business pipeline. The company will continue with its ongoing plan to improve profitability in the UBI area that will be achieved by a change in product mix, with a focus on greener solutions, which will continue to reduce hardware and installation costs.

The company has aggressive revenue growth plans in the Fleet Telematics sector over the next few years with a new product: Vodafone Business Fleet. The solution offers a Standard or Pro Service option to meet customer demand providing an end to end fleet management solution. The solution transmits diagnostic data as well as information on vehicle location and driving behaviour, helping customers identify ways that they can reduce fuel consumption and cut their carbon footprint. It can alert fleet operators to accidents, breakdowns and theft - helping to improve driver safety and cut insurance costs.

Vodafone has many years of IoT experience and our solution is both secure and robust. We have Secure Operating Centres specialising in the automotive sector in 44 European countries.

This report was approved by the board on 17 October 2022 and signed on its behalf by:

DocuSigned by:
Alan Milton
080AA91FD3B448F

A Milton
Director

Vodafone Automotive UK Limited

Directors' report
For the year ended 31 March 2022

The directors present their report and the audited financial statements of the company for the year ended 31 March 2022.

Principal activities

The principal activities of the company are set out on page 1 of the Strategic report.

Results and dividends

The results for the year are set out in the Statement of comprehensive income on page 12.

No ordinary dividends were paid during the year (2021 - £Nil). The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Harvey
HR Watson
T Charlton
H Grewe
A Milton

Qualifying third party indemnity provisions

At 31 March 2022 third party indemnity provision for the benefit of the company's directors was in force.

Items disclosed in the Strategic report

The directors have addressed the matters of the business review, future developments of the business, financial risk management objective and policies, information on exposure to interest rate risk, credit risk and foreign exchange risk and engagement with stakeholders in the Strategic report.

Going concern

The financial statements are prepared on a going concern basis. At 31 March 2022, the company had cash of £892,891 (2021 - £1,254,520) and net current assets (excluding long term receivables and non-monetary current liabilities (contract liabilities) of £21,246,467 (2021 - £13,939,623). Subsequent to the reporting end date, the company has continued to fund its working capital requirements out of cash flows generated from operations without the use of intergroup or external borrowing facilities. As a result of the COVID-19 pandemic, the UK has seen increased uncertainty and market turmoil albeit there has not been a significant negative impact on the performance of the company due to the long term nature of its trading arrangements with a large number of customers. The directors have prepared cash flows including scenario analysis to model a base case scenario and a severe but plausible downside scenario up until 31 March 2024. Under all scenarios the company is forecast to have sufficient cash to meet its obligations as they fall due without the need for additional funding or financial support. Following this detailed exercise and considering the results of the base case forecast and sensitivities, the directors are satisfied that the liquidity maintenance requirements will be met for a period of 12 months from the date of the approval of these financial statements.

We acknowledge the negative impact on the economy of COVID-19 however since March 2020 the business has seen positive results and an increase in revenues which have delivered increased margins and profitability. A strong cashflow has enabled the business to meet its liabilities as they fall due and no concerns are evident. The directors therefore consider it appropriate to prepare these financial statements on a going concern basis.

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Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 October 2022 and signed on its behalf by:

DocuSigned by:
Alan Milton
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A Milton
Director

Vodafone Automotive UK Limited

Directors' responsibilities statement
For the year ended 31 March 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report to the members of Vodafone Automotive UK Limited

Qualified opinion

We have audited the financial statements of Vodafone Automotive UK Limited for the year ended 31 March 2022 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our qualified opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Given we were appointed as auditor of the company on 28 May 2021, we did not observe the counting of physical inventories at the end of the year-ended 31 March 2020. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of *£2,549,000 held at 31 March 2020.* Consequently, we were unable to determine whether there was any consequential effect on the cost of sales for the year ended 31 March 2021 and the audit opinion on the financial statements for the year ended 31 March 2021 was modified accordingly. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and corresponding figures.

In addition, were any adjustment to the comparative cost of sales balances to be required, the Strategic report and Directors' report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit *of the financial statements section of our report. We are independent of the company in accordance with the* ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £2,549,000 held at 31 March 2020 and any consequential effect on the cost of sales for the year ended 31 March 2021. We have concluded that where the other information refers to the inventory balance as at 31 March 2021 and cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Independent auditors' report to the members of Vodafone Automotive UK Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 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 auditor's 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures *in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct tax regulations in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management, including those charged with governance, to understand how the company maintains and communicates its policies and procedures in these areas and to understand the controls put in place to reduce the risk of non-compliance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying the controls which are in place at the entity level and whether the design of these controls is sufficient for the prevention and detection of fraud.
- We consider there to be a fraud risk around the management override of control and revenue and deferred revenue being recorded in the correct period, particularly in and around year-end. Procedures performed included but were not limited to testing all material transaction around the period end back to source documentation to ensure they had been recorded in the correct period. And in respect of the risk of management override we perform tailored journal entry testing to identify a subset of the whole population that might pertain to fraud risk areas, perform procedures on revenue to a lower testing threshold.

Auditors' responsibilities for the audit of the financial statements (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. For both direct and other laws and regulations, our procedures involved; making enquiries with those charged with governance and senior management for their awareness of non-compliance with laws and regulations, inquiring about policies that have been established to prevent non-compliance with laws and regulations by officers and employees and how the company monitors this.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
A376997A86654EE

Tehseen Ali (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

Date: 18 October 2022

Vodafone Automotive UK Limited

Statement of comprehensive income
For the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	**22,047,611**	19,112,935
Cost of sales		**(11,765,020)**	(10,292,188)
Gross profit		**10,282,591**	8,820,747
Distribution costs		**(88)**	(18,588)
Administrative expenses		**(5,951,189)**	(5,934,381)
Operating profit	5	**4,331,314**	2,867,778
Interest receivable and similar income	8	**23,539**	64,131
Interest payable and similar expenses	9	**(6,729)**	(5,729)
Profit before taxation		**4,348,124**	2,926,180
Taxation on profit	10	**(734,995)**	(148,326)
Profit and total comprehensive income for the year		**3,613,129**	2,777,854

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 36 form part of these financial statements.

Vodafone Automotive UK Limited
Registered number:03751493

Balance sheet
As at 31 March 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	11		**121,878**		263,474
Tangible assets	12		**552,044**		546,056
			673,922		809,530
Current assets					
Stocks	13	**874,544**		1,441,847	
Debtors: amounts falling due after more than one year	14	**510,608**		4,002,524	
Debtors: amounts falling due within one year	14	**23,574,304**		13,997,554	
Cash at bank and in hand		**892,891**		1,254,520	
		25,852,347		20,696,445	
Creditors: amounts falling due within one year					
Trade creditors and other payables	15	**(9,907,926)**		(9,926,195)	
Taxation and social security		**(1,412,652)**		(809,217)	
Net current assets			**14,531,769**		9,961,033
Total assets less current liabilities			**15,205,691**		10,770,563
Creditors: amounts falling due after more than one year	16		**(2,086,131)**		(1,264,169)
Net assets			**13,119,560**		9,506,394
Capital and reserves					
Called up share capital	19,20		**1,379,100**		1,379,063
Profit and loss account	20		**11,740,460**		8,127,331
Total equity			**13,119,560**		9,506,394

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Alan Milton

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A Milton
Director
Date: 17 October 2022

The notes on pages 15 to 36 form part of these financial statements.

Vodafone Automotive UK Limited

Statement of changes in equity
For the year ended 31 March 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	**1,379,063**	**5,349,477**	**6,728,540**
Comprehensive income for the year			
Profit for the year	**-**	**2,777,854**	**2,777,854**
Total comprehensive income for the year	**-**	**2,777,854**	**2,777,854**
At 1 April 2021	**1,379,063**	**8,127,331**	**9,506,394**
Comprehensive income for the year			
Profit for the year	**-**	**3,613,129**	**3,613,129**
Total comprehensive income for the year	**-**	**3,613,129**	**3,613,129**
Contributions by and distributions to owners			
Shares issued	**37**	**-**	**37**
Total transactions with owners	**37**	**-**	**37**
At 31 March 2022	**1,379,100**	**11,740,460**	**13,119,560**

The notes on pages 15 to 36 form part of these financial statements.

Vodafone Automotive UK Limited

Notes to the financial statements
For the year ended 31 March 2022

1. General information

Vodafone Automotive UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN.

The company provides telematics products and services and the sales of other electronic equipment for application in the automotive and automotive insurance sectors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The principle accounting policies adopted are set out below and have been applied consistently.

2.2 *Financial reporting standard 101 - reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Vodafone Group plc in which the entity is consolidated;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52 and 58 (provided details of indebtedness required by 61(1) of Schedule 1 to the Regulations is present), the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
    - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
    - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

Where required, equivalent disclosures are given in the group financial statements of Vodafone Group Plc. The group financial statements of Vodafone Group Plc are available to the public and can be obtained as set out in note 23.

2.3 Going concern

The financial statements are prepared on a going concern basis. At 31 March 2022, the company had cash of £892,891 (2021 - £1,254,520) and net current assets (excluding long term receivables and non-monetary current liabilities (contract liabilities) of £21,246,467 (2021 - £13,939,623). Subsequent to the reporting end date, the company has continued to fund its working capital requirements out of cash flows generated from operations without the use of intergroup or external borrowing facilities. As a result of the COVID-19 pandemic, the UK has seen increased uncertainty and market turmoil albeit there has not been a significant negative impact on the performance of the company due to the long term nature of its trading arrangements with a large number of customers. The directors have prepared cash flows including scenario analysis to model a base case scenario and a severe but plausible downside scenario up until 31 March 2023. Under all scenarios the company is forecast to have sufficient cash to meet its obligations as they fall due without the need for additional funding or financial support. Following this detailed exercise and considering the results of the base case forecast and sensitivities, the directors are satisfied that the liquidity maintenance requirements will be met for a period of 12 months from the date of the approval of these financial statements.

We acknowledge the negative impact on the economy of COVID-19 however since March 2020 the business has seen positive results and an increase in revenues, which have delivered increased margins and profitability. A strong cashflow has enabled the business to meet its liabilities as they fall due and no concerns are evident. The directors therefore consider it appropriate to prepare these financial statements on a going concern basis.

2.4 New standards, amendments and IFRIC interpretations

There were a number of narrow scope amendments to existing standards which were effective for reporting periods beginning on or after 1 January 2021:

- COVID-19 Related Rent Concessions beyond 30 June 2021 (amendments to IFRS 16); and
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

None of these had a material impact on the company.

On 31 March 2021, the IASB issued another amendment to IFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021, which extended the practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment COVID-19-Related Rent Concessions. No rent reliefs or rent concessions were taken by the company following the COVID-19 pandemic and therefore the company did not adopt these amendments.

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised based on the relative standalone selling price of performance obligations in customer contracts for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Under IFRS 15, turnover is recognised when goods and services are delivered to customers. Goods and service may be delivered to a customer at different times under the same contract, therefore the amount payable is allocated between goods and services based on the transaction price, usually stipulated in the customer contract. This requires identification of separate performance obligations for each element and revenue is therefore recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income. Subscription income is recorded within contract liabilities and recognised evenly within turnover, over the term of the contract.

Sale of goods
Revenue from the sale of hardware is recognised at the point in time when control of the asset is transferred to the customer, generally, on delivery of the equipment at the customer's (or end users) location. The normal credit terms are 30 to 120 days from invoice date.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Such as the installation of the hardware (where applicable) and subscribed telematics services (where applicable). In determining the transaction price for the sale for hardware this is based on a cost plus method in the absence of standalone selling prices.

2.6 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in profit or loss for the period.

2.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2. Accounting policies (continued)

2.9 Interest income

Interest income is recognised using the effective interest rate method.

2.10 Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable losses differs from net losses as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on 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, and is accounted for using the balance sheet 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 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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable 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 is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.11 Intangible assets other than goodwill

Intangible fixed assets are stated at cost, net of accumulated amortisation and any provision for impairment. Cost includes the original purchase cost of the asset. Amortisation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following bases:

Research and development	-	33.33%
Website	-	33.33%

Residual value is calculated on prices prevailing at the date of acquisition. Research and development relates to the cost of assets acquired under the Bentley research and development project and ADR10 project.

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2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Buildings	-	10.00%	Straight line
Short-term leasehold property	-		
Fixtures and fittings	-	14.28%	Straight line
Plant and equipment	-	10.00%	Straight line
Computers	-	33.00%	Straight line
Motor vehicles	-	33.00%	Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in profit or loss.

2.13 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and 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 of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Accounting policies (continued)

2.14 Leases

Identifying Leases
The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:
(a) There is an identified asset;
(b) The company obtains substantially all the economic benefits from use of the asset; and
(c) The company has the right to direct the use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the company obtains substantially all of the economic benefits from use of the asset, the company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease measurement
Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantees;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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2. Accounting policies (continued)

2.14 Leases (continued)

Lease measurement (continued)
Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it doesn't allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

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2. Accounting policies (continued)

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first in, first out basis, and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.17 Financial assets

The company classifies its financial assets depending on the purpose for which the asset was acquired. The company does not have any assets classified at fair value through profit or loss or fair value through other comprehensive income. The company's financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents.

Amortised cost
The company classifies trade debtors, loans and other receivables at amortised cost as the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment provisions for current trade debtors are recognised based on the simplified approach within IFRS 9 in the determination of expected credit losses. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision. The expected credit loss is considered to be immaterial.

Impairment provisions for amounts due from group undertakings are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity.

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2. Accounting policies (continued)

2.18 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

2.19 Contract liabilities

Contract liabilities arise where payments are made by customers in advance and the risk and rewards of ownership are yet to be transferred to the customer. Contract liabilities are released on a systematic basis over the life of the contract.

3. Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Fixed assets
The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological changes advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of tangible fixed assets and note 2.12 for the useful economic lives for each class of asset.

3. Critical accounting estimates and judgements (continued)

Deferred tax asset
The company has tax timing differences and income tax losses available to carry forward that could give rise to a deferred tax asset. A deferred tax asset is recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. Management considers the future profitability of the company in establishing the deferred tax asset. See note 18 for the calculations and assumptions made.

Recoverability of debtors
The company has a policy to provide for doubtful debts for balances that are overdue by 3 months or more, this is reviewed on a monthly basis and any balances that are of concern are raised with the Senior Management Team. See note 14 for amount of debtors outstanding at the reporting date and value of impairment recognised.

Incremental borrowing rates used to measure lease liabilities
Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (notes 15 and 16) and the corresponding right-of-use assets (note 12).

To determine the incremental borrowing rate the company used rates provided by Vodafone Group. The company used an incremental borrowing rate of 3.48%.

In the course of preparing the financial statements the company has applied the following judgement in the process of applying the accounting policies which have a significant effect on the amount recognised in the financial statements.

Substitution rights
The company leases a number of cars which the supplier is able to substitute for alternative vehicles. The company has determined these rights of substitution are substantive and has therefore determined the vehicle leases do not meet the definition of a "lease" under IFRS 16. The rental paid on vehicles is expensed in the Statement of comprehensive income.

4. *Turnover*

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Stolen vehicle tracking	**13,206,805**	13,066,219
Electronic services	**989,098**	787,444
Usage backed insurance	**6,875,208**	5,146,725
Vodafone Business Fleet	**819,997**	70,044
Other	**156,503**	42,503
	22,047,611	19,112,935

4. Turnover (continued)

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	**21,390,638**	18,676,912
European Union	**656,973**	436,023
	22,047,611	19,112,935

	2022 £	2021 £
Contract liabilities		
At 1 April	**8,486,309**	8,961,430
At 31 March	**8,658,170**	8,486,309

In addition, the following information is provided for contract liabilities:

	2022 £	2021 £
Amounts included in contract liabilities at the beginning of the period that were recognised as turnover during the period	**4,309,566**	7,592,727

Contract liabilities are included in "creditors" on the face of the Balance sheet and included in deferred income in notes 15 and 16. Deferred income related to service revenue which is paid in advance, usually for a 12-month period but up to 60 months. Timing of performance obligations are not related to timing of payments - obligations relate to the period of service paid for in advance. There are no contract assets in 2022 and 2021.

Vodafone Automotive UK Limited

Notes to the financial statements
For the year ended 31 March 2022

5. Operating profit

The operating profit is stated after (crediting)/charging:

	2022 £	2021 £
Net exchange losses/(gains)	**2,846**	(41,264)
Auditors remuneration for audit services	**40,250**	52,969
Depreciation of tangible fixed assets	**122,019**	167,850
(Profit)/loss on disposal of fixed assets	**(460)**	97,885
Amortisation of intangible assets	**143,049**	173,483
Amortisation of right-of-use assets	**56,360**	48,167
Expense relating to variable lease payments not included in the measurement of the lease liabilities	**2,983**	3,908
(Reversal of impairment)/impairment of debtors	**(28,503)**	86,459
Cost of inventories recognised as an expense	**5,100,321**	4,212,223
Write down of inventories recognised as an expense	**183,678**	394,397
Staff costs (note 6)	**4,739,530**	4,608,694

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	**4,194,405**	4,109,935
Social security costs	**328,012**	291,069
Cost of defined contribution scheme	**217,113**	207,690
	4,739,530	4,608,694

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Operations	**66**	63
Sales and distribution	**8**	8
Administration	**21**	24
	95	95

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7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	**214,435**	205,669
Company contributions to defined contribution pension schemes	**15,925**	15,759
	230,360	221,428

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £125,190 (2021 - £122,004).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,434 (2021 - £9,364).

During the year Nil directors received shares under the long term incentive schemes (2021 - Nil). During the year, 1 director, being the highest paid director, exercised shares (2021 - 1).

8. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from group companies	**23,539**	61,435
Other interest receivable	**-**	2,696
	23,539	64,131

The company's financing facilities are with fellow group companies. All loans accrue interest on a monthly basis. The Agreements may be terminated, and the Loan becomes due for repayment, upon minimum 52 weeks' notice by the Lender.

9. Interest payable and similar expenses

	2022 £	2021 £
Other interest	**784**	52
Interest on lease liabilities	**5,945**	5,677
	6,729	5,729

Vodafone Automotive UK Limited

Notes to the financial statements
For the year ended 31 March 2022

10. Taxation on profit

	2022 £	2021 £
Corporation tax		
Current tax on profit for the year	**34,444**	20,239
Adjustments in respect of prior periods	**558,635**	-
	593,079	20,239
Foreign tax		
Foreign tax on income for the year	**-**	5,396
Total current tax	**593,079**	25,635
Deferred tax		
Origination and reversal of timing differences	**1,079,194**	122,691
Adjustments in respect of prior periods	**(555,725)**	-
Effect of tax rate change on opening balances	**(381,553)**	-
Total deferred tax	**141,916**	122,691
Taxation on profit on ordinary activities	**734,995**	148,326

Vodafone Automotive UK Limited

Notes to the financial statements
For the year ended 31 March 2022

10. Taxation on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	**4,348,124**	2,926,180
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**826,144**	555,974
Effects of:		
Fixed asset differences	**23,715**	12,036
Expenses not deductible for tax purposes	**4,859**	4,506
Income not taxable for tax purposes	**(87)**	-
Other differences	-	(1,025)
Group relief claimed	**(34,444)**	-
Payment for group relief	**34,444**	-
Foreign tax credits	-	5,396
Adjustments to tax charge in respect of prior periods	**558,635**	-
Adjustments to tax charge in respect of prior periods - deferred tax	**(555,725)**	-
Deferred tax movement	**(122,546)**	-
Deferred tax not recognised	-	(428,561)
Total tax charge for the year	**734,995**	148,326

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10. Taxation on profit (continued)

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. On 23 September 2022, it was announced that this change is to be reversed, with the rate remaining at 19%, however this has not yet been substantively enacted.

Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 25%.

There are no other factors that may affect future tax charges.

11. Intangible assets

	Development costs £	Website £	Total £
Cost			
At 1 April 2021	**669,575**	**136,696**	**806,271**
Additions - external	**1,453**	**-**	**1,453**
Disposals	**(1,415)**	**(31,885)**	**(33,300)**
At 31 March 2022	**669,613**	**104,811**	**774,424**
Accumulated amortisation			
At 1 April 2021	**424,081**	**118,716**	**542,797**
Charge for the year	**132,583**	**10,466**	**143,049**
On disposals	**(1,415)**	**(31,885)**	**(33,300)**
At 31 March 2022	**555,249**	**97,297**	**652,546**
Carrying amount			
At 31 March 2022	**114,364**	**7,514**	**121,878**
At 31 March 2021	245,494	17,980	263,474

Amortisation is included within administrative expenses in the Statement of comprehensive income.

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12. Tangible fixed assets

	Buildings £	Fixtures and fittings £	Plant and equipment £	Computers £	Motor vehicles £	Assets under construction £	Right-of-use assets £	Total £
Cost								
At 1 April 2021	594,842	424,999	104,408	400,965	1,850	-	246,933	1,773,997
Additions	-	11,321	-	5,062	-	38,262	129,722	184,367
Disposals	-	(1,024)	-	(6,368)	(1,850)	-	-	(9,242)
At 31 March 2022	594,842	435,296	104,408	399,659	-	38,262	376,655	1,949,122
Accumulated depreciation and impairment								
At 1 April 2021	343,184	356,514	63,830	364,975	1,850	-	97,588	1,227,941
Charge for the year	53,894	39,322	10,033	18,770	-	-	56,360	178,379
Disposals	-	(1,024)	-	(6,368)	(1,850)	-	-	(9,242)
At 31 March 2022	397,078	394,812	73,863	377,377	-	-	153,948	1,397,078
Net book value								
At 31 March 2022	197,764	40,484	30,545	22,282	-	38,262	222,707	552,044
At 31 March 2021	251,658	68,485	40,578	35,990	-	-	149,345	546,056

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12. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance sheet is as follows:

	2022 £	2021 £
Tangible fixed assets owned	**329,337**	396,711
Right-of-use tangible fixed assets	**222,707**	149,345
	552,044	546,056

Information about right-of-use assets is summarised below:

Net book value

	2022 £	2021 £
Property	**82,874**	124,311
Office and computer equipment	**19,639**	25,034
Motor vehicles	**120,194**	-
	222,707	149,345

Depreciation charge for the year ended

	2022 £	2021 £
Property	**41,437**	41,437
Office and computer equipment	**5,395**	6,730
Motor vehicles	**9,528**	-
	56,360	48,167

13. Stocks

	2022 £	2021 £
Finished goods	**874,544**	1,441,847

There is no material difference between the balance sheet value of stocks and their replacement value.

Stock is stated after a provision for impairment of £327,033 (2021 - £714,013).

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14. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by group undertakings	-	3,350,000
Deferred tax asset (see note 18)	**510,608**	652,524
	510,608	4,002,524

	2022 £	2021 £
Due within one year		
Trade debtors	**1,878,015**	1,559,509
Amounts owed by group undertakings	**568,889**	618,783
Other group receivables	**20,577,270**	11,451,020
Prepayments and accrued income	**550,130**	368,031
Tax recoverable	-	211
	23,574,304	13,997,554

Trade debtors are stated after impairment of £70,741 (2021 - £102,495).

Amounts due from group undertakings include formal loan balances of £Nil (2021 - £3,350,000) with a variable interest rate based on LIBOR. Other amounts due from group undertakings, including the cash pooling agreement, are interest free and repayable on demand.

15. *Trade creditors and other payables*

	2022 £	2021 £
Trade creditors	**491,786**	444,426
Amounts owed to group undertakings	**1,648,340**	1,314,162
Lease liabilities	**78,832**	46,123
Accruals and deferred income	**7,688,968**	8,121,484
	9,907,926	9,926,195

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Contract liabilities
Accruals and deferred income includes contract liabilities of £6,714,698 (2021 - £7,328,589).

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16. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Lease liabilities	**142,659**	106,449
Accruals and deferred income	**1,943,472**	1,157,720
	2,086,131	1,264,169

Contract liabilities
Accruals and deferred income includes contract liabilities of £1,943,472 (2021 - £1,157,720).

All lease liabilities are due within five years.

17. Leases

Company as a lessee

The company leases property for which the periodic rent is fixed over the lease term. The lease includes service charges which are variable lease payments, these are not included in the calculation of the lease liability as they are not dependent on an index or a rate. The lease includes break clauses, however at 31 March 2022 the company was unable to exercise these as they require a 6 month notice period.

The company also leases certain items of plant and equipment, these include fixed period charges and also certain variable payments which are not included in the calculation of the lease liability as they are not dependent on an index or a rate. The lease term for these leases has been calculated to be the minimum lease period, after this period it has been determined that the company and the lessor is able to cancel the lease with an insignificant penalty.

Right-of-use assets are included within tangible assets in the Balance sheet and Lease liabilities are included within Trade creditors and other payables and Creditors: amounts falling due after more than one year.

The total cash outflow for leases during the year was £66,748 (2021 - £50,817).

18. Deferred taxation

	2022 £	2021 £
At beginning of year	**652,524**	775,215
Charged to profit or loss	**(141,916)**	(122,691)
At end of year	**510,608**	652,524

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	**353,320**	324,130
Tax losses carried forward	**152,508**	325,199
Short term timing differences	**4,780**	3,195
	510,608	652,524

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The company did not recognise deferred income tax assets of £Nil at the reporting date (2021 - £Nil) in respect of losses amounting to £610,031 (2021 - £1,711,573) that can be carried forward against future taxable income. The tax rate used for deferred tax is 25% (2021 - 19%).

19. Share capital

	2022 £	2021 £
Authorised, called up and fully paid		
1,379,100 (2021 - 1,379,063) Ordinary shares of £1.00 each	**1,379,100**	1,379,063

Ordinary shares carry one vote per share and each share gives equal rights.

20. Capital and reserves

The company's capital and reserves are made up as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

The Profit and loss account represents cumulative profits, losses and total other recognised gains or losses made by the company, including contributions by, and distributions to, the parent company.

21. Retirement benefit scheme

Defined contribution schemes
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to profit or loss in respect of defined contribution plans is £217,113 (2021 - £207,690). At 31 March 2022, an amount of £27,822 (2021 - £24,860) was owed to the pension fund and is included in accruals and deferred income in the Balance sheet.

22. Related party transactions

During the year the company made subscription sales of £1,734 (2021 - £2,101) to members of key management personnel of the entity's parent undertaking. The amount outstanding at the year end was £Nil (2021 - £Nil) and were made on normal terms and an arms length basis.

23. Controlling party

The immediate parent undertaking is Vodafone Automotive Telematics SRL a company registered in Italy.

The ultimate parent undertaking and controlling party is Vodafone Group Plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Vodafone Group Plc consolidated financial statements can be obtained at www.vodafone.com.