



LETTER OF COMMENT NO. 44



vodafone

8 April 2009

International Accounting Standards Board
30 Cannon Street
London
EC4M-6HX
United Kingdom

Re: Discussion Paper *Preliminary Views on Financial Statement Presentation*

Dear Sir/Madam

We are pleased to submit our response to the request of the International Accounting Standards Board (IASB) for comments on its proposed changes to the presentation of the financial statements.

Vodafone is a leading international mobile telecommunications company with worldwide revenue of approximately £40 billion for the 2008 calendar year. Vodafone currently has equity interests in 27 countries across five continents and over 40 partner networks worldwide.

In the main, we are supportive of the IASB's goal of improving the usefulness of the information provided in the financial statements. We do, however, have reservation about three items in the proposal, as outlined below:

Adoption of the direct method in the statement of cash flows:

It is our understanding that the majority of our financial statement users prefer an indirect method of presenting cash flows in the statement of cash flows. Although we agree that direct presentation provides some information that may be useful to certain readers of the accounts, we are not convinced that it will improve the usefulness of the financial statements for the majority of users.

As a global organisation, Vodafone has multiple subsidiaries operating in multiple currencies using different accounting systems. The Group's underlying accounting and consolidation systems are not designed to capture cash flows on a transactional basis as required under the direct method reporting convention. As a result:

- Adopting the direct method in the statement of cash flows will increase the complexity of data management for the Group. Direct cash flows are not used in internal reporting or to manage the business.
- Significant costs to the Group are expected upon adoption and include the following:
 - Cost of upgrading the underlying accounting and consolidation systems
 - Training costs
 - Increased external audit costs to validate the new system as well as retroactive restatement of prior year cash flow data

We believe the cost of implementation will outweigh the benefits.

Introduction of a new schedule to reconcile cash flows to comprehensive income:

We agree that a schedule to reconcile cash flows to comprehensive income is a good concept for certain items. However, we do not believe such reconciliation should be mandated for every line item. We would instead support the presentation of a more principles-based, targeted disclosure focusing on describing reconciling items deemed important through the eyes of management.

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We are also concerned that the majority of items may be allocated to the 'accruals, allocations and other' column, *which we believe does not provide useful information for decision making*. Further, under our existing system configurations, it would be difficult and costly to obtain the information required.

Our preference would be to reconcile a limited number of line items in the statement of financial position that would provide decision-useful information to investors. For instance, we disclose a reconciliation of operating cash flow to net debt in our Annual Report as there is a clear user need for this reconciliation.

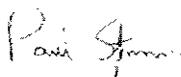
Level of detail required in the primary financial statements:

We believe that the proposed level of disaggregation will result in lengthy and confusing primary financial statements that would obscure messages and thereby reduce the usefulness of the information provided. We believe the proposed level of disaggregation would be better presented in the note disclosures to avoid cluttering the primary financial statements.

Although we agree that presenting similar assets and liabilities that are measured on different bases separately may result in more useful information under certain circumstances, it would significantly increase the number of lines and captions in the statement of financial position, thus making the primary statement lengthy and less understandable. We believe it would be sufficient to present this information in a note disclosure.

Please feel free to contact me if you would like to discuss our comments.

Yours sincerely,



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