

Change in US GAAP Accounting

Vodafone Group Plc 22 February 2005 22 February 2005 CHANGE IN US GAAP ACCOUNTING FOR INTANGIBLE ASSETS - NO IMPACT ON VODAFONE'S RESULTS UNDER UK GAAP OR IFRS As previously announced, on 29 September 2004 the Staff of the United States Securities and Exchange Commission ("SEC") announced new guidance on the interpretation of accounting principles generally accepted in the United States ("US GAAP") in relation to accounting for intangible assets. The new SEC guidance does not affect Vodafone Group Plc's ("Vodafone") results, cash flows, or the carrying values of any of its assets under UK GAAP or, in the future, under IFRS. Furthermore, the Group's dividend distribution policy and share purchase programme are unaffected by the new SEC guidance. Historically, under US GAAP, Vodafone has assigned to mobile licences the residual purchase price in business combinations in excess of the fair values of all assets and liabilities other than mobile licences and goodwill. This approach has been on the basis that mobile licences were indistinguishable from goodwill. For US GAAP purposes only, the adoption of the new SEC guidance requires Vodafone to distinguish between mobile licences and goodwill. However, the new guidance does not permit the amount historically recorded as mobile licences to be subsequently reallocated between mobile licences and goodwill. This has resulted in a reduction of the carrying value of Vodafone's indirect interest in the Verizon Wireless licences under US GAAP of £6.2 billion, net of £5.2 billion related tax. Consequently, the reduction in the carrying value of Vodafone's investment in Verizon Wireless under US GAAP was not as a result of a change in Vodafone's view of the financial prospects of Verizon Wireless. - ends - For further information: Vodafone Group Simon Lewis, Group Corporate Affairs Director Tel: +44 (0) 1635 673310 Investor Relations Media Relations Charles Butterworth Bobby Leach Darren Jones Ben Padovan Sarah Moriarty Tel: +44 (0) 1635 673310 Tel: +44 (0) 1635 673310 Tavistock Communications Lulu Bridges John West Tel: +44 (0) 20 7920 3150 Notes to editors: For US GAAP reporting, Vodafone and certain other telecom and media companies have historically used the residual method to assign values to licences in business combinations and, since the adoption of FASB Statement No. 142 Goodwill and Other Intangibles Assets (Statement 142), in impairment testing of indefinite lived intangible assets. Under the residual method, Vodafone has assigned to mobile licences the residual purchase price in business combinations in excess of the fair values of all assets and liabilities other than mobile licences and goodwill. In their announcement, the SEC Staff stated that the residual method of accounting for intangible assets should no longer be used. The new guidance requires a direct method of valuation where assets are valued separately and without reference to other assets or liabilities. On transition to the new rules, the guidance requires Vodafone to carry its indirect interest in the Verizon Wireless licences at the lower of the current carrying value and the fair value of the licences determined using a direct valuation method. Vodafone performed its transitional impairment test as of 1 January 2005 and recorded a transitional reduction of its indirect interest in the Verizon Wireless licences of £6.2 billion, net of £5.2 billion tax, which will be shown as a cumulative effect of change in accounting principle in its Annual Report on Form 20-F for the year ending 31 March 2005. This information is provided by RNS The company news service from the London Stock Exchange

admin

Change in US GAAP Accounting

439901

A

Tue, 02/22/2005 - 15:00

Company Announcement - General

VOD