

Ardenta Limited

Report and Financial Statements

Year ended

30 June 2017

Company Number 04181041

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Ardenta Limited
Report and financial statements
for the year ended 30 June 2017

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Directors

M Robert
N Fairhurst

Registered office

21 Southampton Row, London, WC1B 5HA

Company number

04181041

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

**Ardenta Limited
Report of the Directors
for the year ended 30 June 2017**

The Directors present their report together with the audited financial statements for the year ended 30 June 2017.

Principal activity

On 15 July 2016, Claranet Limited, part of the Claranet Group, acquired the entire share capital of Ardenta Limited.

Ardenta Limited ('Ardenta') is a UK-based managed hosting specialist which is able to deliver mission critical web applications to customers' infrastructure. Ardenta, together with Claranet Limited and other subsidiaries (the 'UK Group') comprises operations in the UK.

The UK Group's strategy is to build customer trust through ensuring that its services are reliable, its people are experts, its communications and relationships are transparent and its financial position remains strong.

Services provided

Our mission is to help our customers do amazing things by enabling application availability, performance and security. The UK Group designs and implements a full suite of IT solutions - from managed hosting and cloud services, to managed networks and connectivity, to managed communications services:

Hosting & Application services	Network services	Communication services	Security services
Managed customer-facing applications	Internet connectivity	Voice Services	Penetration testing
Managed back-office applications	Private network services	E-mail services	Incident response and training
Database management		Hosting IP Telephony	Compliance and audits
Managed hosting		Collaboration services	Vulnerability assessments
Colocation hosting			
Infrastructure as a Service ("IaaS")			

Results and dividends

The Company's financial year has been aligned with the rest of the Claranet Group in 2016.

In order to align the Company's financial statements with the Claranet Group, management have prepared this report and financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, for the first time.

The company paid dividends of £nil during the year (2016 8 months : £135,000; £1.35 per share).

The Directors do not recommend the payment of a dividend.

Directors

The Directors of the Company during the year were:

M Robert (appointed 15 July 2016)
N Fairhurst (appointed 15 July 2016)
S M Hanson (resigned 15 July 2016)
N C P Truby (resigned 15 July 2016)

**Ardenta Limited
Report of the Directors
for the year ended 30 June 2017**

Directors responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 financial statements comply with the requirements of 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

Auditor

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP were appointed auditor during the period and have expressed their willingness to continue in office. A resolution to re-appoint them as auditor will be proposed at the next annual general meeting in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to small companies subject to the small companies regime.

On behalf of the Board



M Robert
Director

30 November 2017

Ardenta Limited
Independent auditor's report to members of Ardenta Limited

Opinion

We have audited the financial statements of Ardenta Limited ("the Company") for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash flows, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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 Auditor's 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 opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Ardenta Limited
Independent auditor's report to members of Ardenta Limited

Matters on which we are required to report by exception

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 Director's report.

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; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

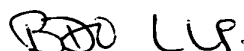
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company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

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

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.

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

 BDO LLP

Anthony Perkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

United Kingdom

30 November 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ardenta Limited
Statement of Comprehensive Income
for the year ended 30 June 2017

		Year ended 30 Jun 2017	8 months ended 30 Jun 2016
	Note	£000's	£000's
Revenue		6,092	4,003
Cost of Sales		(1,633)	(1,131)
Gross Profit		4,459	2,872
Administrative expenses	4	(4,116)	(2,253)
Operating profit		343	619
Finance expense	7	(4)	-
Profit before tax		339	619
Taxation	8	111	(124)
Profit and total comprehensive income for the year		450	495

All amounts relate to continuing activities

The notes on pages 9 to 28 form part of these financial statements

Ardenta Limited
Statement of Financial Position
as at 30 June 2017

Company Number 04181041

	<i>Note</i>	<u>30 Jun 2017</u> £000's	<u>30 Jun 2017</u> £000's	<u>30 Jun 2016</u> £000's	<u>30 Jun 2016</u> £000's
ASSETS					
Non current assets					
Property, plant and equipment	9	387		712	
Investments	10	-		1	
Deferred tax asset	15	38		-	
Other receivables	11	<u>2,406</u>		<u>-</u>	
			2,831		713
CURRENT ASSETS					
Trade and other receivables	11	1,431		1,333	
Cash and cash equivalents	12	<u>189</u>		<u>2,324</u>	
			1,620		3,657
TOTAL ASSETS			<u>4,451</u>		<u>4,370</u>
LIABILITIES					
Current liabilities					
Trade and other payables	13	(215)		(654)	
Deferred revenue	13	<u>(1,230)</u>		<u>(1,126)</u>	
			(1,445)		(1,780)
Non current liabilities					
Deferred tax liability	15	<u>-</u>		<u>(67)</u>	
					(67)
TOTAL LIABILITIES			<u>(1,445)</u>		<u>(1,847)</u>
Net assets			<u>3,006</u>		<u>2,523</u>
CAPITAL AND RESERVES					
Share capital	16		1		1
Share premium			33		-
Retained earnings			2,972		2,522
Total equity			<u>3,006</u>		<u>2,523</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2017.

Signed on behalf of the Board of Directors

M Robert
Director



The notes on pages 9 to 28 form part of these financial statements.

Ardenta Limited
Statement of Cash Flows
for the year ended 30 June 2017

	<i>Note</i>	<u>30 Jun 2017</u> £000's	<u>30 Jun 2017</u> £000's	<u>8 months ended</u> <u>30 Jun 2016</u> £000's	<u>8 months ended</u> <u>30 Jun 2016</u> £000's
Operating activities					
Profit for the year			450		495
Adjustments for:					
Depreciation	9	581		143	
Impairment of investments		1		7	
Loss on disposal of assets		-		1	
Finance expense	7	4		-	
Taxation	8	(111)		124	
			<u>475</u>		<u>275</u>
Operating profit before working capital changes			925		770
(Increase) in trade and other receivables		(98)		(330)	
(Decrease) / Increase in trade and other payables		(243)		193	
			<u>(341)</u>		<u>(137)</u>
Cash generated from operations before taxes			584		633
Corporation tax Paid			(86)		(91)
Net cash generated from operating activities			498		542
Investing activities					
Purchase of property, plant and equipment	9	(256)		(214)	
Net cash used in investing activities			(256)		(214)
Financing activities					
Intercompany funding	11	(2,406)		156	
Interest paid		(4)		-	
Dividends paid		-		(135)	
Exercise of Share Options	16	33		-	
Net cash used in financing activities			(2,377)		21
Net (decrease)/Increase in cash and cash equivalents			(2,135)		349
Cash and cash equivalents at beginning of period	12		2,324		1,975
Cash and cash equivalents at end of period	12		189		2,324

The notes on pages 9 to 28 form part of these financial statements

Ardenta Limited
Statement of Changes in Equity
for the year ended 30 June 2017

	Share capital £000's	Share premium £000's	Retained earnings £000's	Total equity £000's
Balance as at 1 November 2015	1	-	2,162	2,163
Profit for the period	-	-	495	495
Dividends paid	-	-	(135)	(135)
Balance as at 30 June 2016	1	-	2,522	2,523
Balance as at 1 July 2016	1	-	2,522	2,523
Share options exercised	-	33	-	33
Profit for the year	-	-	450	450
Dividends paid	-	-	-	-
Balance as at 30 June 2017	1	33	2,972	3,006

The nature of each reserve is disclosed in note 17

The notes on pages 9 to 28 form part of these financial statements.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

1 Accounting policies

The financial statements as at and for the year ended 30 June 2017 are those of Ardenta Limited (the "Company"). The Company is a private company limited by shares and incorporated and domiciled in the United Kingdom.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, and in preparing an opening International Financial Reporting Standards ("IFRS") Statement of Financial Position as at 1 November 2015. See Note 21 for the impact of the first time adoption of IFRS.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS").

The financial statements are presented in GBP which is also the Company's functional currency. Amounts are rounded to the nearest thousand unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the Financial Statements and their effect are disclosed in Note 2.

Going concern

The Directors have prepared the financial statements on a going concern basis. In assessing whether the going concern basis is appropriate, the Directors take into account all of the available information about the foreseeable future, which is at least 12 months from the date of signing these financial statements.

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate given the wider group's forecast profits and operating cashflows, and the banking facilities available to the group.

The Directors continue to monitor the Company and the group's funding strategy and have prepared detailed forecasts for future years to 2022. These forecasts underpin the going concern basis for the Company and the wider group.

At the date of approval of these financial statements the Directors believe that the Company will continue to operate successfully for the foreseeable future and be able to meet its liabilities as and when they fall due.

Changes in accounting policies

a) New standards, amendments to published standards and interpretations to existing standards effective from 1 July 2016.

No new standards, amendments to published standards or interpretations of existing standards effective from 1 July 2016 had a material impact on the financial statements.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

1 Accounting policies (continued)

Changes in accounting policies (continued)

b) Standards and interpretations issued but not yet effective

IFRS 15 - Revenue from Contracts with Customers (Issued 28 May 2014, applicable from January 2018).

The standard specifies how and when to recognise revenue as well as requiring relevant disclosures. The standard requires an entity recognises revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, with associated disclosures.

IFRS 16 - Leasing (Issued 13 January 2016, applicable from January 2019 subject to adoption by the EU).

The standard provides a single lessee accounting model to be applied to all leases. Lessees recognise a right-of-use asset and a lease liability on the commencement of a lease.

IFRS 9 - Financial Instruments (Issued 1 July 2014, applicable from January 2018).

The standard is applicable to financial assets and liabilities and covers the classification, measurement, impairments and de-recognition of financial assets and liabilities together with a new hedge accounting model.

The Company expects the impact with regard to IFRS 16 to be material to the financial statements. The Company is in the process of assessing the impact of IFRS 15 and IFRS 9. The requirements of IFRS 9 and their implications to the Company financial statements will be assessed both individually and alongside our assessment of any changes that may be identified in regard to IFRS 15. Beyond this it is not currently practical to provide a reasonable financial estimate of the effect of these standards until the assessments have been concluded. Management expects to disclose the financial effect of these standards within the Company's financial statements for the year ended 30 June 2018 and will also continue to monitor practical interpretation of these new standards within the industry prior to full implementation.

A number of other new standards, amendments and interpretations are effective for periods beginning on or after 1 January 2016 and have not yet been applied in preparing these Financial Statements. The Directors do not believe they will have a material impact on the Company.

Revenue

Revenue is stated net of value added tax and represents sales from products and services provided to third parties. Revenue is recognised when it is probable that economic benefits associated with a transaction will flow to the group and the amount of revenue and associated costs can be measured reliably. The recognition criteria for different streams of revenue in the group are provided below:

- Revenue for contracted services is recognised when the service has been provided and, if required by the contract, accepted by third parties;
- Revenue for support agreements is recognised on a time apportionment basis evenly over the term of the agreement;
- Revenue for products is recognised when the significant risks and rewards of ownership have transferred to the buyer;
- Revenue related to charges for usage is recognised in the period to which it relates;
- Revenue from professional services, including fixed price contracts is recognised based on the percentage of completion. This relies on estimates of total expected contract revenue and costs, as well as the reliable measurement of the progress made towards completion.

The element of invoicing related to future periods is deferred and released to the Statement of Comprehensive Income over the relevant period. The revenue and profit before tax are wholly attributable to the principal activity of the Company and derived entirely from UK operations.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are initially measured at cost, which includes the cost of associated warranties of various length purchased at the time of the asset.

Depreciation is applied to all items of property, plant and equipment so as to write down the cost less estimated residual value by equal annual instalments over their expected useful lives.

Prior to acquisition of Ardenta Limited by Claranet Limited, the depreciation policy was as follows:

- Fixtures and fittings	- 20% on cost
- Office equipment	- 20% on cost
- Computer equipment	- 20% on cost

Following the acquisition of Ardenta Limited by Claranet Limited, the depreciation policy was changed to align the company to the rest of the Claranet group of companies, as follows:

- Network and computer equipment	- 33% straight line
- Office and computer equipment	- 33% straight line
- Fixtures and fittings	- 25% straight line

The impact of this change in estimation method is not material.

Impairment of assets

The carrying value of property, plant and equipment and intangible assets, other than goodwill, are reviewed for impairment only when events indicate that the carrying value may be impaired.

Leased assets

Operating lease rentals are charged to the Statement of Comprehensive Income in equal amounts over the term of the lease.

Financial instruments

Financial assets and liabilities are recognised on the Statement of Financial Position when the Company becomes party to the contractual terms of the financial instrument.

Financial assets – Loans and Receivables

Cash and cash equivalents

Cash and cash equivalents includes cash at the bank.

Trade and other receivables

Trade and other receivables do not carry interest and are stated at fair value on initial recognition, and then subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. When there is objective evidence that the Company will be unable to collect all of the amounts due, an impairment provision will be recognised.

For disclosure purposes, the fair values of trade and other receivables are estimated at the present value of future cash flows discounted at the market rate of interest at the reporting date. As trade and other receivables are short term in nature as at reporting date, the carrying value is considered to be a reasonable approximation of fair value.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

1 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities - held at amortised cost

Trade and other payables

Trade and other payables are not interest bearing and are stated at their fair value on initial recognition, and then subsequently at amortised cost.

For disclosure purposes, the fair values of trade and other payables are estimated at the present value of future cash flows discounted at the market rate of interest at the reporting date. As trade and other payables are short term in nature as at reporting date, the carrying value is considered to be a reasonable approximation of fair value.

Share capital

Financial instruments issued by the Company are treated as equity if the holders have only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments. The Company considers its capital to comprise of its ordinary share capital and accumulated retained earnings.

Taxation

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

Current tax

Any tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement 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 balance sheet date.

Deferred taxation

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 which are used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. If it is probable that taxable profits will be available against which deductible temporary differences can be utilised, a deferred tax asset will be recognised.

The deferred tax carrying value is reviewed at each financial year end and is 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 where the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income, unless it related to items charged or credited directly to equity, in which case the deferred tax is also charged or credited to equity.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

2 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment

Property, plant and equipment (NBV £387k - June 2017; £712k - June 2016) is depreciated over its useful life. The useful life is based on management estimates of the period that the asset will generate revenue, and is periodically reviewed for appropriateness.

Deferred Tax

Recognition of a deferred tax asset (£38k: June 2017, liability £67k June 2016) in respect of accelerated capital allowances is based on the assessment of future trading profits around which there is always a degree of uncertainty.

Ardenta Limited
Notes forming part of the financial statements
for the year ended 30 June 2017

3 Financial instruments

The Company is exposed to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Fair value of financial instruments

All of the Company's financial instruments are carried at amortised cost.

There is no material difference between the book and fair value of its financial instruments, in the current or prior year, due to the instruments bearing interest at floating rates or being of short term nature.

General objectives, policies and procedures

The Group has overall responsibility of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies, to the key management personnel.

The overall objective of the Company is to set policies that seek to reduce risk as far as possible, without unduly affecting the Company's competitiveness and flexibility.

a) Credit risk

Credit risk refers to the possibility that a financial loss will occur as a result of a customer's liability to meet its financial obligations. This arises principally from the Company's trade and other receivables. Potential customers are subjected to credit verification procedures before credit terms are granted. The quality of existing debt which has not been provided for is considered to be collectable, and procedures are in place to monitor trade receivables on an ongoing basis to minimise exposure to bad debts. Trade receivables are only written off once all methods of collection have been exhausted.

The maximum exposure to credit risk is the trade receivable balance at year end.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

3 Financial instruments (continued)

Trade receivables are summarised as follows

	<u>30 Jun 2017</u> £000's	<u>30 Jun 2016</u> £000's
Up to 30 days	601	532
30 to 90 days	91	-
More than 90 days	4	-
Gross	<u>696</u>	<u>532</u>
Less allowance for impairment	-	-
Net	<u><u>696</u></u>	<u><u>532</u></u>

Allowance for impairment movement in the year:

	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
As at 1 November	-	-
Provided in the period	-	-
Written off during the period	-	-
Total	<u><u>-</u></u>	<u><u>-</u></u>

b) Market risk

Market risk refers to fluctuations in interest rates and exchange rates

Interest rate risk

The Company does not have any risk to movements in interest rates

Exchange rates

The Company is exposed to exchange rate fluctuations with overseas trading partners. The Company reviews its exposure on an ongoing basis and to date it has not entered into any hedging or other derivative financial instruments relating to foreign currencies. The monetary assets and liabilities of the Company are held predominantly in sterling.

The Company's currency exposures comprise only those exposures that give rise to net currency gains and losses to be recognised in the Statement of Comprehensive Income.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

3 Financial instruments (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn.

The Company seeks to manage liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. At the year end, banking facilities were held with RBS plc and HSBC Bank plc. The Company believes that there will be no immediate call on its liabilities.

The table below analyses the Company's financial assets and liabilities by remaining contractual maturities, at the year end date specified. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 3 months £000's	3 to 12 months £000's	1 to 5 years £000's	Total £000's
As at 30 June 2017				
Trade and other receivables	800	4	-	804
Cash and cash equivalents	189	-	-	189
Amounts owed by immediate parent undertaking	-	-	2,406	2,406
Trade and other payables	(215)	-	-	(215)
Total	774	4	2,406	3,184
	Up to 3 months £000's	3 to 12 months £000's	1 to 5 years £000's	Total £000's
As at 30 June 2016				
Trade and other receivables	706	-	-	706
Cash and cash equivalents	2,324	-	-	2,324
Trade and other payables	(654)	-	-	(654)
Total	2,376	-	-	2,376

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

4 Expenses by nature

	<u>30 Jun 2017</u>	<u>8 months ended</u> <u>30 Jun 2016</u>
	£000's	£000's
Non-Exceptionals		
Advertising and marketing	34	37
Staff costs (note 5)	995	1,280
Other staff costs (including contractor costs)	5	-
Business and travel entertainment	25	38
Premises costs	19	94
Management recharges	1,812	-
Other administrative expenses	371	653
Depreciation	582	143
Profit/loss on sale of tangible assets	-	1
Impairment of investments	1	7
	<u>3,844</u>	<u>2,253</u>
Exceptionals		
Restructuring - management recharges	269	-
Other restructuring costs	3	-
	<u>272</u>	<u>-</u>
Total administration expenses	<u>4,116</u>	<u>2,253</u>

Auditor's remuneration consists of:

	<u>30 Jun 2017</u>	<u>8 months ended</u> <u>30 Jun 2016</u>
	£000's	£000's
Audit services	10	14
Audit services - non audit	-	5
Total fees payable	<u>10</u>	<u>19</u>

5 Staff costs

	<u>30 Jun 2017</u>	<u>8 months ended</u> <u>30 Jun 2016</u>
	£000's	£000's
Staff costs consist of:		
Wages and salaries	812	1,154
Social security costs	54	126
Total	<u>866</u>	<u>1,280</u>
Exceptional redundancy costs	129	-
	<u>995</u>	<u>1,280</u>

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

5 Staff costs (continued)

The average number of employees during the year split by function.

	<u>30 Jun 2017</u>	<u>8 months ended 30 Jun 2016</u>
Sales and administration	28	33
	<u>28</u>	<u>33</u>

6 Key management personnel

Since 15 July 2016 the key management personnel, who have authority for planning, directing and controlling the activities of the company are Nigel Fairhurst and Michel Robert. Prior to 15 July 2016 the key management personnel were the former directors, Neil Truby and Scott Hanson.

	<u>30 Jun 2017</u> £000's	<u>8 months ended 30 Jun 2016</u> £000's
Short term employee benefits		
Salaries including bonuses	-	5
Post-employment benefits		
Defined contribution pension costs	-	-
Total key management personnel costs	<u>-</u>	<u>5</u>

7 Finance expense

	<u>30 Jun 2017</u> £000's	<u>8 months ended 30 Jun 2016</u> £000's
Other interest payable	4	-
Total finance expense	<u>4</u>	<u>-</u>

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

8 Taxation

	30 Jun 2017	8 months ended 30 Jun 2016
	£000's	£000's
UK corporation tax		
Current year	-	125
Adjustments in respect of previous periods	(6)	-
Total current tax (credit)/expense	(6)	125
Deferred tax		
Origination and reversal of temporary differences	(105)	(1)
Deferred tax credit	(105)	(1)
Total tax (credit) / expense	(111)	124
Tax expense reconciliation		
Profit before taxation	<u>339</u>	<u>619</u>
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19.75% (2016 - 20%)	67	125
Effect of:		
Expenses not deductible for tax purposes	47	5
Capital allowances in excess of depreciation	(12)	(13)
Profits surrendered for nil consideration	(226)	-
Adjustments in respect of previous periods	6	2
Impact on deferred tax arising from changes in tax rates	10	-
Short term timing differences leading to an increase in taxation	-	6
Other reconciling items	(3)	(1)
Total current tax (credit)/expense	(111)	124

Ardena Limited
Notes to the financial statements
for the year ended 30 June 2017

9 Property, plant and equipment

	Network and computer equipment	Office equipment	Computer Equipment	Fixtures and fittings	Totals
	£000's	£000's	£000's	£000's	£000's
Cost					
At 1 November 2015	-	29	1,314	14	1,357
Additions	-	-	214	-	214
Disposals	-	-	(11)	-	(11)
At 30 June 2016	-	29	1,517	14	1,560
Additions	256	-	-	-	256
Transfers between categories	1,517	(29)	(1,517)	29	-
At 30 June 2017	<u>1,773</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>1,816</u>
Depreciation					
At 1 November 2015	-	8	693	14	715
Depreciation charge	-	4	139	-	143
Eliminated on disposals	-	-	(10)	-	(10)
At 30 June 2016	-	12	822	14	848
Depreciation charge	573	-	-	8	581
Transfers between categories	822	(12)	(822)	12	-
At 30 June 2017	<u>1,395</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>1,429</u>
NBV					
At 30 June 2017	<u>378</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>387</u>
At 30 June 2016	<u>-</u>	<u>17</u>	<u>695</u>	<u>-</u>	<u>712</u>
At 31 October 2015	<u>-</u>	<u>21</u>	<u>621</u>	<u>-</u>	<u>642</u>

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

10 Fixed asset investments

	Investments in subsidiary companies £000's
Cost or valuation	
At 1 November 2015	164
Investment recovered through dividends	(156)
At 30 June 2016	8
Dissolved	(8)
At 30 June 2017	-
Impairment	
At 1 November 2015	-
Impairment in the period	7
At 30 June 2016	7
Released	(7)
At 30 June 2017	-
Net book value	
At 30 June 2017	-
At 30 June 2016	1
At 1 November 2015	164

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of share	Holding
Ardenta Networks Limited	Ordinary	100%

On 17 January 2017 the company was formally dissolved via voluntary strike-off

11 Trade and other receivables

	<u>30 Jun 2017</u> £000's	<u>30 Jun 2016</u> £000's
Trade receivables	696	532
Bad debt provision	-	-
Trade receivables	696	532
Prepayments and accrued income	716	627
Social security and other taxes	6	-
Corporation Tax	13	-
Other debtors	-	174
Other receivables	735	801
Total trade and other receivables due within one year	1,431	1,333

Ardenta Limited
Notes to the financial statements
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11 Trade and other receivables (continued)

The fair values of trade and other receivables above are the same as the carrying values as credit risk has been addressed as part of impairment provisioning and due to the short nature of the amounts receivable, they are not subject to other on-going fluctuations in market rates.

	<u>30 Jun 2017</u> £000's	<u>30 Jun 2016</u> £000's
Amounts falling due in more than one year:		
Amounts owed by parent undertaking	2,406	-
Total other receivables due in more than one year	<u>2,406</u>	<u>-</u>

12 Cash and cash equivalents

	<u>30 Jun 2017</u> £000's	<u>30 Jun 2016</u> £000's
Cash and cash equivalents	189	2,324
Total cash and cash equivalents	<u>189</u>	<u>2,324</u>

13 Trade and other payables due within one year

	<u>30 Jun 2017</u> £000's	<u>30 Jun 2016</u> £000's
Trade creditors	73	153
Social security and other taxes	-	71
Corporation Tax	-	78
Accruals	142	189
Loan notes	-	163
	<u>215</u>	<u>654</u>
Deferred revenue		
Deferred revenue	1,230	1,126
	<u>1,230</u>	<u>1,126</u>
Trade and other payables due within a year	<u>1,445</u>	<u>1,780</u>

Settlement of trade and other payables is in accordance with the Company's terms of trade established with our suppliers. The fair value of trade and other payables are the same as the carrying values.

Ardenta Limited
Notes to the financial statements
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14 Operating lease commitments

	Land and buildings	Land and buildings
	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	£000's	£000's
Within 1 year	-	11
In two to five years	-	-
Total operating leases	-	11

15 Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% (2016 - 18%)

Deferred tax assets have been recognised in respect of all accelerated capital allowances and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered

The movement in the deferred tax account is shown below:

	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	£000's	£000's
Opening balance as at 1 July 2016 / 1 November 2015	(67)	(68)
Current year/period credit	105	1
Closing balance as at 30 June	<u>38</u>	<u>(67)</u>

This is represented by:

	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	£000's	£000's
Provided deferred tax:		
Accelerated capital allowances	38	(72)
Short term timing differences	-	5
Total deferred taxation asset / (liability)	<u>38</u>	<u>(67)</u>

Ardenta Limited
Notes to the financial statements
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16 Share Capital

	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	Number	Number	£000's	£000's
Ordinary shares of £0.01 each	100,000	100,000	1	1
Ordinary B shares of £0.01 each	1,340	1,340	-	-
Ordinary A shares of £0.01 each	4,210	-	-	-
	<u>105,550</u>	<u>101,340</u>	<u>1</u>	<u>1</u>

All ordinary shares in issue are fully paid, carry equal voting rights and share equally in dividends and any surplus on winding up

The company paid dividends of £nil during the year (2016 8 months : £135,000).

During the year the Company issued 4,210 Ordinary A shares of £0.01 each.

17 Reserves

The retained earnings reserve contains cumulative net gains and losses recognised in the Statement of Comprehensive Income

Prior to the acquisition by Claranet Limited, Ardenta operated a shared based remuneration scheme in the form of an Enterprise Management Incentive (EMI) share option scheme for certain directors and employees. The options in existence at the date of the acquisition by Claranet Limited were exercised and the scheme therefore ceased to exist from that date. The exercise of the share options resulted in a share premium account being created.

The number of shares exercised under the EMI scheme was 4,210 for a price of £33,334, resulting in a share premium account being created, representing the additional cash received for the shares above the £0.01 par value.

18 Capital risk management

Ardenta Limited considers its equity shareholders' funds as capital (Share Capital £1,176 (2016: £1,134); Retained Earnings £2,972m (2016: £2,522m)). In managing its capital the Company's primary objectives are to safeguard and support the business as a going concern through the business cycle and ensure its continued ability to provide a growing return for its equity shareholders. In order to achieve this objective, the Board seeks to establish and maintain a gearing ratio that balances risk and returns at an acceptable level and also maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

19 Related party transactions

Key management personnel remuneration is disclosed in Note 6.

The following balances were receivable balances held with entities that are 100% owned by the ultimate parent, Claranet International Limited. These balances are included within Other Receivables due in more than one year.

	<u>30 Jun 2017</u>	<u>30 Jun 2016</u>
	£000's	£000's
Claranet Limited	2,406	-
Total amount owed	<u>2,406</u>	<u>-</u>

Ardenta Limited
Notes to the financial statements
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20 Ultimate parent company

The Directors consider Claranet International Limited, a company incorporated in Jersey, to be the ultimate parent undertaking. Claranet International Limited is controlled by entities established for the benefit of the Nasser family. By virtue of their interests in the ultimate parent undertaking, the Company is therefore considered to be controlled by the entities established for the benefit of the Nasser family.

The Company's immediate parent undertaking is Claranet Limited.

The Directors consider the parent undertaking of the largest group, for which group financial statements are produced, to be Claranet Group Limited. Claranet Limited is the parent of the smallest group for which group financial statements are produced. This Company is included in the consolidated financial statements of both Claranet Group Limited and Claranet Limited, copies of which are available from Companies House.

21 Reconciliation of comparative information to previously reported information

The comparative information presented in respect of the 8 months to 30 June 2016 has been restated from that previously reported. These restatements relate to the first time adoption of International Financial Reporting Standards as adopted by the EU.

Adoption of International Financial Reporting Standards

The accounting policies were changed on 1 July 2016 to comply with adopted IFRS. In accordance with IFRS "First time adoption of International Financial Reporting Standards", 1 November 2015 has been used as the date of transition to adopted IFRS. The revised accounting policies are described in Note 1 above. The adoption of IFRS did not impact materially the previously reported results of the company.

The presentation and form of the UK GAAP financial statements has been changed to be in compliance with :

IAS1 (Presentation of Financial Statements)

IAS7 (Cash Flow Statements) - the IFRS cash flow statement, prepared under IAS7, shows cash flows from operating activities, investing activities and financing activities. No cash flow reconciliations are provided as other than reclassifying the cash flows into new disclosure categories, there are no significant differences between UK GAAP and IFRS cash flow presentation.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

21 Reconciliation of comparative information to previously reported information

Reconciliation of Company Statement of Comprehensive Income

	Previously stated under UK GAAP	Effect of admin expense re-class	Restated under IFRS
For the period ended 30 June 2016	£000's	£000's	£000's
Revenue	4,003	-	4,003
Cost of Sales	(a) (1,921)	790	(1,131)
Gross Profit	2,082	790	2,872
Administrative Expenses	(a) (1,463)	(790)	(2,253)
Profit on Ordinary Activities before Interest and Tax	619	-	619
Finance Expense	-	-	-
Profit before Tax	619	-	619
Taxation	(124)	-	(124)
Profit and Total Comprehensive Income for the year	495	-	495

(a) Reclassification of costs to administrative expenses

To align the classification of certain costs within the Statement of Comprehensive Income with that of the rest of the Claranet Group the following reclassifications have been made 1) operation staff costs (2016: £760,000) reclassified from cost of sales to administrative expenses.

Ardenta Limited
Notes to the financial statements
for the year ended 30 June 2017

21 Reconciliation of comparative information to previously reported information (continued)

Reconciliation of Company Statement of Financial Position

	Previously stated under UK GAAP	Adjustments	Restated under IFRS
As at 30 June 2016	£000's	£000's	£000's
ASSETS			
Non Current Assets			
Property, Plant and Equipment	712	-	712
Investments	1	-	1
	<u>713</u>	<u>-</u>	<u>713</u>
Current Assets			
Trade and Other Receivables	1,333	-	1,333
Cash and Cash Equivalents	2,324	-	2,324
	<u>3,657</u>	<u>-</u>	<u>3,657</u>
TOTAL ASSETS	<u>4,370</u>	<u>-</u>	<u>4,370</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	(1,617)	-	(1,617)
Loans and Borrowings	(163)	-	(163)
	<u>(1,780)</u>	<u>-</u>	<u>(1,780)</u>
Non Current Liabilities			
Deferred Tax Liability	(67)	-	(67)
TOTAL LIABILITIES	<u>(1,847)</u>	<u>-</u>	<u>(1,847)</u>
Net Assets	<u>2,523</u>	<u>-</u>	<u>2,523</u>
CAPITAL AND RESERVES			
Share Capital	1	-	1
Retained Earnings	2,522	-	2,522
Share Based Payment Reserve	<u>-</u>	<u>-</u>	<u>-</u>
Total Equity	<u>2,523</u>	<u>-</u>	<u>2,523</u>

Ardenta Limited
Notes to the financial statements
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21 Reconciliation of comparative information to previously reported information (continued)

Reconciliation of Company Statement of Financial Position

	Previously stated under UK GAAP	Adjustments	Restated under IFRS
As at 31 October 2015	£000's	£000's	£000's
ASSETS			
Non Current Assets			
Property, Plant and Equipment	642	-	642
Investments	164	-	164
	<u>806</u>	<u>-</u>	<u>806</u>
Current Assets			
Trade and Other Receivables	1,003	-	1,003
Cash and Cash Equivalents	1,975	-	1,975
	<u>2,978</u>	<u>-</u>	<u>2,978</u>
TOTAL ASSETS	<u>3,784</u>	<u>-</u>	<u>3,784</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	(1,391)	-	(1,391)
Loans and Borrowings	(163)	-	(163)
	<u>(1,554)</u>	<u>-</u>	<u>(1,554)</u>
Non Current Liabilities			
Deferred Tax Liability	(68)	-	(68)
TOTAL LIABILITIES	<u>(1,622)</u>	<u>-</u>	<u>(1,622)</u>
Net Assets	<u>2,162</u>	<u>-</u>	<u>2,162</u>
CAPITAL AND RESERVES			
Share Capital	1	-	1
Retained Earnings	2,161	-	2,161
Share Based Payment Reserve	-	-	-
Total Equity	<u>2,162</u>	<u>-</u>	<u>2,162</u>