AVANTI CALEDONIAN BROADBAND LIMITED

Company number: 06580907

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2012

AVANTI CALEDONIAN BROADBAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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AVANTI CALEDONIAN BROADBAND LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D J Williams (Resigned 14/11/2012)
N A D Fox (Resigned 14/11/2012)
M J O'Connor (Resigned 14/11/2012)
N Quinn (Appointed 14/11/2012)
D Whelan (Appointed 14/11/2012)

COMPANY SECRETARY

D Whelan

REGISTERED OFFICE

5A The Esplanade
Sunderland
Tyne and Wear
SR2 7BQ

INDEPENDENT AUDITORS

Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

AVANTI CALEDONIAN BROADBAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors have pleasure in submitting their annual report together with the audited financial statements of the company for the year ended 30 June 2012.

Principal Activities
The principal activity of the company is the provision of satellite broadband services and associated products.

Results and Dividends
The results for the year ended 30 June 2012 are shown on page 5. No equity dividend was paid in the year ended 30 June 2012 (2011:£nil) No final dividend is proposed at the year end. (2011:£nil).

Future developments
The company is part of an overall group which has a strategy of providing broadband coverage to unserved communities, with a primary focus on serving the United Kingdom and Ireland but also creating strategic partnerships with a view towards expansion further afield.

Financial instruments
For a review of the financial risk management and objectives of the group including the exposure of the group to price risk, credit risk, liquidity risk and cash flow risk, refer to note 23 of the group's annual report.

Directors' and Officers' liability insurance
The company maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. At the date upon this report was approved and for the year to 30 June 2012 the Company provided an indemnity in respect of all of the Company's Directors.

Directors
The directors who served during the year and up to the date of signing the financial statements were as follows:

D J Williams (Resigned 14/11/2012)
N A D Fox (Resigned 14/11/2012)
M J O'Connor (Resigned 14/11/2012)
N Quinn (Appointed 14/11/2012)
D Whelan (Appointed 14/11/2012)

Independent Auditors
So far as each of the directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

AVANTI CALEDONIAN BROADBAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012 (continued)

Statement of 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 of the company 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 applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, have been followed, 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 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.

Signed on behalf of the Board of Directors

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D. Whelan
Director
5A The Esplanade
Sunderland
Tyne on Wear SR2 7BQ

Date: 14/08/14

AVANTI CALEDONIAN BROADBAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVANTI CALEDONIAN BROADBAND LIMITED

We have audited the financial statements of Avanti Caledonian Broadband Limited for the year ended 30 June 2012 which comprise the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes. 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 and applied in accordance with the provisions of the Companies Act 2006.

This report is made soley 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
• give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss and cash flows 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where 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.

Kingston Smith LLP

Mark Twum-Ampofo (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 14/08/14

AVANTI CALEDONIAN BROADBAND LIMITED

INCOME STATEMENT
For the year ended 30 June 2012

	Note	Year ended 30 June 2012 £	Year ended 30 June 2011 (As restated) £
Revenue	2	608,761	790,450
Cost of sales		(202,440)	(1,394,757)
Gross profit/(loss)		406,321	(604,307)
Operating expenses	4	(270,264)	(1,663,368)
Profit/ (Loss) before income tax		136,057	(2,267,675)
Income tax (charge)/ credit	6	(681,344)	653,052
Loss for the year		(545,287)	(1,614,623)

All of the company's operations are classified as continuing. There were no gains or losses in the current and prior year other than those included in the above income statement, accordingly no statement of other comprehensive income is presented.

AVANTI CALEDONIAN BROADBAND LIMITED

STATEMENT OF FINANCIAL POSITION as at 30 June 2012

	Note	2012 £	2011 £ (As restated)
ASSETS			
Non-current assets			
Deferred tax asset	7	-	681,344
Current Assets			
Other receivables	8	271,942	271,942
Total Assets		271,942	953,286
LIABILITIES AND EQUITY			
Current Liabilities			
Other payables	9	3,325,129	3,461,186
Total Liabilities		3,325,129	3,461,186
Equity			
Ordinary Shares	10	100	100
Accumulated loss		(3,053,287)	(2,508,000)
Total equity		(3,053,187)	(2,507,900)
Total Liabilities and Equity		271,942	953,286

The financial statements of company number 06580907 were approved by the Board and signed on its behalf

David Whelan

D. Whelan
Director
Date: 14/08/14

The notes on pages 9 to 13 form part of the financial statements.

AVANTI CALEDONIAN BROADBAND LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	Note	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Cash flow from operating activities			
Profit/ (Loss) before income tax		136,057	(2,267,675)
Movement in working capital			
(Decrease)/ Increase in other payables	9	(136,057)	2,267,675
Net cash used in operating activities		-	-
Cash flows from financing activities			
Net cash flows generated from financing activities		-	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year		-	-

AVANTI CALEDONIAN BROADBAND LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Ordinary Shares £	Accumulated Losses £ (As restated)	Total £
2011			
At 1 July 2010	100	(893,377)	(893,277)
Shares issued	-	-	-
Loss for the year	-	(1,688,721)	(1,688,721)
At 30 June 2011 (as originally stated)	100	(2,582,098)	(2,581,998)
Prior year restatement	-	74,098	74,098
At 30 June 2011	100	(2,508,000)	(2,507,900)

	Ordinary Shares	Accumulated Losses £	Total £
2012			
At 1 July 2011 (as restated)	100	(2,508,000)	(2,507,900)
Loss for the year	-	(545,287)	(545,287)
At 30 June 2012	100	(3,053,287)	(3,053,187)

AVANTI CALEDONIAN BROADBAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

1 Accounting Policies

Statement of compliance
The Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU "IFRS", International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and the Companies Act 2006 applicable to companies preparing their financial statements under IFRS.

The principal activity of the company is the provision of satellite broadband services and associated products.

The Company is domiciled and incorporated in the UK, and the registered office is 5A The Esplanade, Sunderland, Tyne and Wear, SR2 7BQ.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and Going Concern
The financial statements have been prepared on the historical cost basis.

Subsequent to the year end, Avanti Communications Group plc sold Avanti Caledonian Broadband Limited to Alphasat Communications Limited. As part of the sale and purchase agreement, the amounts owed by the Company to the Avanti Communications group were written off. At the year end the net balance due to the Avanti Communications group stood at £3,053,187 and this had increased to £3,087,446 at the point the balance was written off.

The Company is now operated as an integral part of the Alphasat Communications group. During 2013 the group completed a cost rationalisation programme which significantly reduced its cost base. Furthermore in February 2014 the group signed a binding contract with its principal partner and the directors are confident that this will significantly improve the profitability of the business going forward.

The group is currently self-financing with no bank debt. The shareholders of the parent company of the group, QSAT Holdings Limited, have confirmed that they will not require repayment of their loans to that company for at least 1 year from the date of signature of these accounts unless sufficient cash reserves are available and on that basis cashflow forecasts prepared by the group indicate that it will be able to meet its liabilities as they fall due during that period and that sufficient funding will be available to the company to allow it to continue to trade. On that basis the directors consider it appropriate to prepare these accounts on a going concern basis.

New standards applied during the year ended 30 June 2012
The following new standards, amendments to standards or interpretations were mandatory for the first time for the financial year
beginning 1 July 2011 but are not currently relevant for the Company, or have had no material impact:

Amendments to various IFRSs and IASs arising from 2010 Annual Improvements to IFRS (effective 1 January 2011)
Amendment to IFRS 7, 'Financial instruments disclosure' (effective 1 July 2011)
IAS 34 (revised), 'Interim financial reporting' (effective 1 January 2011)
Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement' (effective 1 July 2011)
Revised IAS 24 (revised), 'Related party disclosures' (effective 1 January 2011)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2011 and not early adopted
Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income' – The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially recycled to the income statement (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments are generally applicable for annual periods beginning after 1 July 2012.

IFRS 9, 'Financial instruments' – This is the first part of a new standard on classification and measurement of financial assets and financial liabilities, that will replace IAS 39, 'Financial instruments: Recognition and measurement'. The changes proposed will mainly affect financial institutions. The amendments are generally applicable for annual periods beginning after 1 January 2015 subject to EU Endorsement.

1 Accounting Policies (continued)

IFRS 10, 'Consolidated financial statements' and IAS 27 (revised 2011), 'Separate financial statements' – This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The amendments are generally applicable for annual periods beginning after 1 January 2013 subject to EU Endorsement.

IFRS 12, 'Disclosures of interests in other entities' – This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendments are generally applicable for annual periods beginning after 1 January 2013 subject to EU Endorsement.

IAS 27 (revised 2011) 'Separate financial statements' – This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. This will be applicable for periods beginning after 1 January 2013 subject to EU Endorsement.

IFRS 13, 'Fair value measurement' – This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. This will be applicable for periods beginning after 1 January 2013 subject to EU Endorsement.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The Directors do not anticipate that the adoption of any of the above standards, amendments or interpretations will have a material impact on the Company's financial statements on initial application.

The Company continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Company in future accounting periods.

Critical accounting estimates and management judgement
The presentation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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 addressed below.

Revenue Recognition
The company currently earns revenue primarily from the sale of satellite broadband services to our customers.

Broadband satellite communications services revenues are recorded on a straight-line basis over the term of the contract concerned net of discounts, VAT and other similar allowances.

Revenues also include sales of terminals recognised upon installation when the risks and rewards of ownership have transferred to the customer.

Current tax
The charge for taxation is based on taxable profits for the year. Taxable profits differ from profit as reported in the income statement because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates that have been enacted or substantially enacted by the reporting date.

AVANTI CALEDONIAN BROADBAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

1 Accounting Policies (continued)

Deferred tax
Deferred tax is recognised on differences between the carrying amount 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 generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of the deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 taxation authority on either the same taxable Group company; or different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liability simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of directly attributable issue costs.

Trade receivables and other financial assets
Trade and loan receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method where the time value of money is material. Appropriate allowances for estimating irrecoverable amounts are recognised in the Income Statement where there is evidence that the asset is impaired. This impairment would be recognised within operating expenses.

Provisions
Provisions are recognised when the Company has a legal or constructive obligation to transfer economic benefits arising from past events and the amount of the obligation can be estimated reliably. Provisions are not recognised unless the outflow of economic benefits to settle the obligation is more likely than not to occur.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

2 Revenue
Revenue represents net invoiced sales of services provided, net of value added tax, of £608,761 (2011: £790,450)

3 Auditors' remuneration
The auditors' remuneration for the current year of £1,000 (2011: £1,000) is borne by the ultimate parent entity Avanti Communications Group plc during the year.

4 Operating expenses

Costs are presented by the nature of the expense to the company.	2012 £	2011 £
Premises and office costs	71	2,992

5 Employees and key management personnel

The company did not directly have any employees in the current or prior year.

The emoluments during the year of the directors were paid by its then parent company Avanti Communications Group plc which made no recharge to this company. The directors were also directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, their emoluments are included in the aggregate of directors' emoluments disclosed in the Annual Report of the Avanti Communications Group plc.

6 Income tax charge/ (credit)

The tax on the company's profit before tax differs from (2011: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2012	2011
	£	£
Current tax:		
Credit for group relief receivable	-	(173,600)
Total current tax	-	(173,600)
Deferred Tax:		
Origination and reversal of temporary differences	34,695	(450,010)
Deferred tax asset no longer recognised	597,097	-
Impact of change in UK tax rate	49,552	(29,442)
	681,344	(479,452)
	681,344	(653,052)
(a) Analysis of charge/ (credit) in the year:		
Profit/ (Loss) before income tax	(270,264)	(2,267,675)
Tax charge/ (credit) at corporate tax rate of 25.5% (2011: 27.5%)	34,695	(623,610)
Effect of change in tax rate	49,552	(29,442)
Tax losses carried forward not recognised	597,097	-
Income tax Charge/ (credit)	681,344	(653,052)

7 Deferred tax asset

	2012	2011
	£	£
Deferred tax asset	-	681,344

	Opening balance	Charged to income statement	Closing balance
30 June 2012			
Tax assets			
Unused tax losses	681,344	(681,344)	-
Total tax assets	681,344	(681,344)	-
Net deferred tax asset	681,344	(681,344)	-

	Opening balance	Charged to income statement	Closing balance
30 June 2011			
Tax assets			
Unused tax losses	201,892	479,452	681,344
Total tax assets	201,892	479,452	681,344
Net deferred tax asset	201,892	479,452	681,344

The company has tax losses of approximately £2,340,000 carried forward for which no deferred tax asset has been recognised as future profits against which the losses can be offset are not sufficiently certain.

8	**Other receivables**	**2012**	**2011**
		£	**£**
	Group Relief Receivable	271,942	271,942

9	**Other payables**	**2012**	**2011**
		£	**£**
	Amounts owed to group undertakings	3,325,129	3,461,186

10	**Ordinary Shares**	**2012**	**2011**
		£	**£**
	Authorised:		
	100 (2011: 100) ordinary shares of £1 each	100	100
	Issued and unpaid:		
	100 (2011: 100) ordinary shares of £1 each	100	100

11 Ultimate parent company

At the year end the immediate parent undertaking was Avanti Broadband Limited, a company domiciled and incorporated in England and Wales. The ultimate parent undertaking and controlling party was Avanti Communications Group plc, a company incorporated in England and Wales. Avanti Communications Group plc was the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2012. The consolidated financial statements of Avanti Communications Group plc are available from 74 Rivington Street, London EC2A 3AY.

12 Related parties

Transactions between the company and its immediate parent Avanti Broadband Limited in the form of management fees and recharges for the year ended 30 June 2012 were as follows:

	2012	**2011**
	£	**£**
Avanti Broadband Limited	271,215	1,634,435

13 Post Balance Sheet Events

On 18 October 2012 the ordinary shares of Avanti Caledonian Broadband Limited were transferred to Alphasat Communications Limited, a company incorporated in the Republic of Ireland. As part of the sale all previous intercompany balances were written off including the balances shown in these accounts under 'Amounts owed to group undertakings' and 'Group relief receivable'.

14 Prior year adjustment

The 2011 financial statements incorrectly recorded tax losses surrendered to group companies and, as a result, the deferred tax asset.

	As previously stated	Prior year adjustment	As restated
Income statement			
Income tax (expense)/credit	578,954	74,098	653,052
Profit/(loss) for the year	(1,688,721)	74,098	(1,614,623)
Statement of financial position			
Deferred tax asset	780,845	(99,501)	681,344
Other receivables	98,342	173,600	271,942
Accumulated loss	(2,582,098)	74,098	(2,508,000)