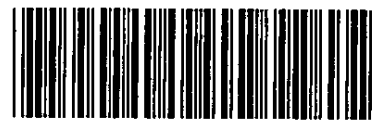


Company Registration No. 08203105 (England and Wales)

**BROADBAND SATELLITE SERVICES LIMITED**  
**ANNUAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2013**

TUESDAY



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# BROADBAND SATELLITE SERVICES LIMITED

## DIRECTORS AND ADVISERS

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|                            |  |  |
|----------------------------|--|--|
| <b>Directors</b>           | R A Howes<br>I A Robinson  | (Appointed 5 September 2012)<br>(Appointed 5 September 2012) |
| <b>Company number</b>      | 08203105   |  |
| <b>Registered office</b>   | Tanners Bank<br>North Shields<br>Tyne & Wear<br>NE30 1JH   |  |
| <b>Registered auditors</b> | Haines Watts<br>Floor 11, Cale Cross House<br>156 Pilgrim Street<br>Newcastle upon Tyne<br>NE1 6SU |  |
| <b>Bankers</b>             | NatWest<br>87 Grey Street<br>Newcastle upon Tyne<br>NE99 1PY                                       |  |

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# **BROADBAND SATELLITE SERVICES LIMITED**

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# **BROADBAND SATELLITE SERVICES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 30 JUNE 2013**

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The directors present their report and financial statements for the period ended 30 June 2013

### **Principal activities and review of the business**

The company was incorporated on 5 September 2012 and commenced trading on 25 October 2012 upon acquisition of the "SatCom Group"

The principal activity of the group is the provision of Satellite Telecommunications airtime and associated hardware products. The principal activity of the company is that of a holding company

2013 was a year of change for Broadband Satellite Services Limited (BSS). In October 2012 the company acquired the business of Satcom Global and other subsidiaries involved in the satellite communications business from One Horizon Group plc

Prior to acquisition the Satcom business had been facing some severe challenges and had shown a significant downturn in turnover and profitability, encountering a severe working capital shortage. The working capital shortage severely impacted on the company's ability to source satellite communications hardware, which in return restricted the company's ability to generate new business.

In addition to these restrictions, markets in the European Union and the US continued to suffer from the impact of the global downturn, with particular emphasis on the challenges faced by the shipping industry. Despite the challenges faced by the company the management remain confident in the opportunity presented by the acquisition.

Satcom Global is one of the largest mobile satellite communications airtime and equipment providers in the world. It is a recognised global brand within the industry renowned for delivering industry leading service levels. The company's global footprint underpins a proven mature business model with significant scale. The infra-structure and network capabilities provide a strong platform with a number of significant growth opportunities. The company has long and established relationships with many high-profile blue chip customers, including international governments.

### **Company Profile**

Satcom Global is a world leader in providing satellite communications equipment and airtime for use in maritime, oil and gas, government, military and emergency/first responder environments. Satcom Global delivers optimised pre-paid and post-paid satellite voice and data communications in a secure managed environment. The company provides an essential service for customers suffering from poor telecommunications infrastructure and limited cellular coverage.

Satcom Global products and services include

- Inmarsat – mobile satellite service delivering broadband data and voice simultaneously through one device, to almost anywhere on the planet
- Iridium – mobile satellite telephones and terminals with voice, fax, data and SMS capability
- Thuraya – broadband data services, handsets for land and maritime customers

Satcom Global has offices in the UK, Europe, Middle East, US, Australia and Asia, with an established dealer network covering all five continents.

# **BROADBAND SATELLITE SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 30 JUNE 2013**

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### **Market Overview**

Mobile satellite services (MSS) are wireless communications services, in many ways similar to mobile phones, with a terminal (equivalent to the phone) which must be used in conjunction with airtime purchased from a network operator. The airtime for mobile satellite services is supplied by several mobile satellite operators, including Inmarsat, Iridium, Thuraya and Globalstar - who operate satellite systems in the L-band frequency. Examples of these services include the Inmarsat FleetBroadband (FBB) service, which provides maritime voice and broadband connectivity at up to 500kbps and the Iridium 9575 phone, which supports handheld voice and low speed data.

Distributors such as Satcom Global supply and support end customers with the specific services created by the MSS operators. The distributors resell or lease the equipment, paying a wholesale rate to the MSS operator for airtime used by the customer. It is important for distributors to be able to provide a range of services from different MSS operators, to best match end customer needs. As a result there is a growing need for independent distribution channels which can provide a full range of options to customers and meet their needs for installation, service and support.

The MSS market is typically segmented into land, maritime and aeronautical services, and within these into voice, low speed data and broadband services. End customers, who include merchant ship operators, airlines, defence forces, journalists, aid agencies and oil companies, may use services across several different segments. As most of the leading MSS operators, including Inmarsat, Iridium and Globalstar are public companies, while Thuraya publishes some information on its overall revenues. Thus it is possible to estimate the total size and growth of each market segment in terms of wholesale revenues. At the end of 2013, management estimate that BSS represents around 4% of the overall market revenues and around 5% of maritime services.

The MSS market is forecast to grow consistently over the next few years, key drivers being the increasing demand for next generation high speed broadband data services. Leading analyst Euroconsult produces an annual Mobile Satellite Communications Markets Survey which estimates the MSS market is forecast to grow at an annual rate of nearly 13%, from 2.4 million terminals in service in 2010 to 7.8 million by 2020.

# **BROADBAND SATELLITE SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 30 JUNE 2013***

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### **Route to market**

Satcom Global customers are either dealers or large end users consisting of governments, military, marine, aid agencies, mining, and oil and gas exploration industries. The Satcom Global group currently has numerous dealers across the globe, including those who hold the necessary security clearances to deal with sensitive government contracts. Satcom Global's current markets are separated into the following categories:

- Government – direct to government agencies
- Enterprise – direct to larger customers / corporates
- B2B – to other service providers and dealers
- Commercial maritime – ship owners / ship agents and offshore

Satcom Global principally provides on demand (post paid) MSS services, with some US provision of VSAT services prior to the disposal of Shared Data Networks LLC. Since 2007, approximately 30% of the Satcom Global revenues have come from US Navy 'DITCO' leases. This was an exclusive supply under a ten year fixed term contract expiring in 2012. Whilst in the past the US Navy contract has been important in giving the business critical mass and significant credentials, it has generally returned a very low margin (2%). The ultimate loss of the contract will therefore have little material impact on profit to the Satcom Global.

Satcom Global serves a diverse range of blue chip customers around the globe. The customer base consists of governments, large corporates, non-governmental organisations, service providers and dealers. The primary markets served by Satcom Global are:

- Government (military & safety)
- Commercial shipping
- Oil & gas
- Non-governmental agencies
- Mining
- Aid Agencies
- Media

The Company is deemed to be the supplier of choice in satellite communications for government customers in many countries. Satcom Global's customers include a number of large service providers who distribute prepaid and post-paid airtime in their respective vertical or geographic markets across the globe. Satcom Global works with approved dealerships who manage smaller accounts and in turn receive a commission based on airtime contracts secured and deals directly with a number of large corporates such as oil and media companies.

### **Results and dividends**

The consolidated profit and loss account for the period is set out on page 9.

The directors do not recommend payment of an ordinary dividend.

# **BROADBAND SATELLITE SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 30 JUNE 2013**

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### **Financial highlights**

Following BSS's acquisition of Satcom Global, the management focused on restructuring of operations and reducing costs and headcount in the process. Significant progress was made in the period and the management are confident the group will return to profitability in 2014.

There were significant challenges in the production of the financial statements, given the geographical diversity of the group and the lack of an existing audit framework in some of the overseas companies. Management acknowledge that the auditors have faced challenges in accessing and verifying some of the accounting information. Action has been taken to appoint appropriate auditors in each of the locations, ensuring the flow of information for future periods.

In June 2013, BSS sold the loss making subsidiary Shared Data Networks (SDN) to Synergy Core LLC. SDN specialised in land based VSat services and did not fit within the future strategic direction of the group. It recorded losses of \$1,418,237 in the period.

The company acquired the IPR of the SABA billing system and Globalnet online platform software. Since acquisition substantial changes have been made to the software, resulting in a more comprehensive platform, enhanced feature sets and automation of services. The platforms are central to the company's continued ability to trade in the MSS market, future expansion plans and the achievement of further cost savings. The directors believe the valuation placed on the software is justified by its value to the business, and critical role in continuing operations and future expansion plans. A full impairment exercise will be conducted in each subsequent period.

With the underlying MSS market forecast to achieve 13% growth per annum until 2020 and wholesale revenues forecast to grow by 7%, management are confident Satcom Global is well positioned to become a major player in the distribution chain. The company is well placed for growth and management are focused on resolving the current working capital issues.

The company has a highly valuable customer base and a skilled team of market professionals in key geographic locations. Our future strategy will be based on a better understanding of our customers, better fulfilment of their needs and creating a better end-user experience. The company continues to invest in the development of proprietary value added services and is committed to driving innovation and creating new solutions tailored to our customers' needs.

### **Directors**

The following directors have held office since 5 September 2012.

R A Howes

(Appointed 5 September 2012)

I A Robinson

(Appointed 5 September 2012)

Prof M Hurley

(Appointed 10 July 2013 and resigned 10 February 2015)

### **Taxation status**

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

### **Auditors**

On 21 June 2013 Haines Watts were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

# BROADBAND SATELLITE SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 30 JUNE 2013**

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### 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group 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 UK Accounting Standards 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



I.A. Robinson  
Director

26 June 2015



# **BROADBAND SATELLITE SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF BROADBAND SATELLITE SERVICES LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Broadband Satellite Services Limited for the period ended 30 June 2013 set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 5, 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 group's and 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 Annual 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.

# **BROADBAND SATELLITE SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF BROADBAND SATELLITE SERVICES LIMITED**

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#### **Basis of disclaimer of opinion on the financial statements**

In seeking to form our opinion on the financial statements we considered the implications of the significant uncertainties disclosed within the financial statements concerning the following matters -

#### **Disagreement of accounting treatment -**

Included within Intangible Assets is an amount of \$2,650,000 representing a movement in the valuation of the Billing System to record the asset at its fair value which is not in accordance with UK GAAP (FRS 10)

#### **Limitations of scope -**

1 We were unable to obtain sufficient evidence of the existence and valuation of Tangible Fixed Assets with a carrying value amounting to \$662,721 held in overseas jurisdictions, due to component auditors not having finalised their audit procedures at the date of signing this report

2 We were unable to obtain sufficient evidence of the valuation of lease debtors amounting to \$804,459, whose contracts were held by an overseas subsidiary

3 We were unable to obtain sufficient evidence of the valuation of trade debtors amounting to \$202,553 in respect of trade debtors held by the Singapore subsidiary

4 We were unable to observe (or place reliance on component auditors) the counting of physical stock in overseas jurisdictions which have a carrying value of \$846,826

5 We were unable to obtain sufficient audit evidence regarding the value of trade creditors in overseas jurisdictions, with a carrying value of \$910,610 due to a lack of available information from component auditors

6 We were unable to obtain sufficient audit evidence regarding amounts owed to former group companies with a carrying value of \$376,863 as a result of ongoing disputes with the former owners of certain subsidiary undertakings

7 We were unable to obtain sufficient audit evidence regarding the value of taxation liabilities due to certain overseas subsidiary undertakings not filing all appropriate returns

8 We were unable to obtain sufficient audit evidence regarding the salary and associated costs, amounting to \$1,746,488 in respect of certain overseas subsidiary undertakings

As a result of the above we have been unable to obtain sufficient appropriate audit evidence concerning the existence and valuation of assets, the existence of stock, the existence and valuation of trade creditors, the valuation of amounts owed to certain former group undertakings and the valuation of amounts owed to overseas government taxation departments

#### **Disclaimer of opinion on financial statements**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements

# **BROADBAND SATELLITE SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF BROADBAND SATELLITE SERVICES LIMITED**

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#### **Emphasis of matter**

##### **Going Concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The group incurred a net loss amounting to \$2,122,445 during the period ended 30 June 2013 and, at that date, the group's total assets amounted to \$529,145 and had net current liabilities of \$16,910,913. These conditions along with other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

##### **Valuation of Billing System**

In forming our opinion, we have considered the adequacy of disclosures made in note 1.6 and note 9 to the financial statements concerning the valuation of the billing system. The valuation is based upon Directors' estimates and assumptions and whilst our audit report is not qualified in this respect, the valuation is so significant to the financial statements that we consider it necessary to bring this matter to your attention.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period 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:

- the parent company 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



**Steven Richardson FCA (Senior Statutory Auditor)**  
for and on behalf of Haines Watts

30 June 2015

**Chartered Accountants and  
Statutory Auditor**

Floor 11, Cale Cross House  
156 Pilgrim Street  
Newcastle upon Tyne  
NE1 6SU

# BROADBAND SATELLITE SERVICES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2013

|  | Notes          | Period<br>ended<br>30 June<br>2013<br>\$ |
|--|----------------|--|
| <b>Turnover</b>                                    | <b>2 and 3</b> |  |
| Continuing operations                              |                | 39,296,315                               |
| Discontinued activities                            |                | <u>227,584</u>                           |
|  |                | 39,523,899                               |
| Cost of sales                                      |                | <u>(32,312,540)</u>                      |
| <b>Gross profit</b>                                |                | 7,211,359                                |
| Administrative expenses                            |                | (8,206,112)                              |
| Other operating income                             |                | <u>92,814</u>                            |
| <b>Operating loss</b>                              | <b>5</b>       |  |
| Continuing operations                              |                | 516,298                                  |
| Discontinued activities                            |                | <u>(1,418,237)</u>                       |
|  |                | (901,939)                                |
| Other interest receivable and similar income       |                | 172                                      |
| Interest payable and similar charges               | <b>6</b>       | <u>(1,169,705)</u>                       |
| <b>Loss on ordinary activities before taxation</b> |                | (2,071,472)                              |
| Tax on (loss)/profit on ordinary activities        | <b>7</b>       | <u>(50,973)</u>                          |
| <b>Loss on ordinary activities after taxation</b>  |                | <u><u>(2,122,445)</u></u>                |

# **BROADBAND SATELLITE SERVICES LIMITED**

## **STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 30 JUNE 2013**

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|   | <b>Period<br/>ended<br/>30 June<br/>2013<br/>\$</b> |
|---|---|
| <b>Loss for the financial period</b>                            | <b>(2,122,445)</b>                                  |
| <b>Unrealised surplus on billing system</b>                     | <b>2,650,000</b>                                    |
| <b>Total recognised gains and losses relating to the period</b> | <b><u>527,555</u></b>                               |

# BROADBAND SATELLITE SERVICES LIMITED

## BALANCE SHEETS

AS AT 30 JUNE 2013

|  | Notes | Group<br>2013<br>\$ | Company<br>2013<br>\$ |
|--|-------|---------------------|-----------------------|
| <b>Fixed assets</b>  |       |                     |                       |
| Intangible assets  | 9     | 16,607,362          | -                     |
| Tangible assets  | 10    | 1,226,500           | -                     |
| Investments  | 11    | -                   | 411,164               |
|  |       | <u>17,833,862</u>   | <u>411,164</u>        |
| <b>Current assets</b>  |       |                     |                       |
| Stocks   | 12    | 1,187,274           | -                     |
| Debtors  | 13    | 9,859,335           | 238,496               |
| Cash at bank and in hand                                       |       | 800,467             | 7,822                 |
|  |       | <u>11,847,076</u>   | <u>246,318</u>        |
| <b>Creditors: amounts falling due within one year</b>          | 14    | <u>(28,757,989)</u> | <u>(645,920)</u>      |
| <b>Net current liabilities</b>                                 |       | <u>(16,910,913)</u> | <u>(399,602)</u>      |
| <b>Total assets less current liabilities</b>                   |       | <u>922,949</u>      | <u>11,562</u>         |
| <b>Creditors: amounts falling due after more than one year</b> | 15    | <u>(393,804)</u>    | <u>-</u>              |
|  |       | <u>529,145</u>      | <u>11,562</u>         |
| <b>Capital and reserves</b>                                    |       |                     |                       |
| Called up share capital  | 16    | 1,590               | 1,590                 |
| Revaluation reserve  | 17    | 2,650,000           | -                     |
| Profit and loss account  | 17    | (2,122,445)         | 9,972                 |
| <b>Shareholders' funds</b>                                     | 18    | <u>529,145</u>      | <u>11,562</u>         |

Approved by the Board and authorised for issue on 26 June 2015

  
I A Robinson  
Director

Company Registration No. 08203105

# BROADBAND SATELLITE SERVICES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

|  |             | Period<br>ended<br>30 June<br>2013<br>\$ |
|--|-------------|--|
| <b>Net cash inflow/(outflow) from operating activities</b>                           |             | 8,351,759                                |
| <b>Returns on investments and servicing of finance</b>                               |             |  |
| Interest received  | 172         |  |
| Interest paid  | (1,169,705) |  |
| <b>Net cash outflow for returns on investments and servicing of finance</b>          |             | (1,169,533)                              |
| <b>Taxation</b>  |             | 108,416                                  |
| <b>Capital expenditure</b>   |             |  |
| Payments to acquire intangible assets  | (8,850,000) |  |
| Payments to acquire tangible assets  | (280,729)   |  |
| Receipts from sales of intangible assets   | 333         |  |
| Receipts from sales of tangible assets   | 480,923     |  |
| <b>Net cash outflow for capital expenditure</b>                                      |             | (8,649,473)                              |
| <b>Acquisitions and disposals</b>  |             |  |
| Purchase of subsidiary undertakings (net of cash acquired)                           | 1,257,417   |  |
| <b>Net cash inflow/(outflow) for acquisitions and disposals</b>                      |             | 1,257,417                                |
| <b>Net cash inflow/(outflow) before management of liquid resources and financing</b> |             | (101,414)                                |
| <b>Financing</b>   |             |  |
| Issue of ordinary share capital  | 1,590       |  |
| Issue of shares  | 1,590       |  |
| Other new long term loans  | 553,231     |  |
| Other new short term loans   | 590,280     |  |
| Repayment of other long term loans   | (186,530)   |  |
| Capital element of hire purchase contracts   | (56,690)    |  |
| <b>Decrease in debt</b>  | 900,291     |  |
| <b>Net cash inflow/(outflow) from financing</b>                                      |             | 901,881                                  |
| <b>Increase in cash in the period</b>  |             | 800,467                                  |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

|          |  |                  |                               |                     |
|----------|--|------------------|-------------------------------|---------------------|
| <b>1</b> | <b>Reconciliation of operating loss to net cash inflow from operating activities</b> |                  |                               | <b>2013</b>         |
|          |  |                  |                               | \$                  |
|          | Operating (loss)/profit  |                  |                               | (901,939)           |
|          | Depreciation of tangible assets  |                  |                               | 824,160             |
|          | Amortisation of intangible assets  |                  |                               | 196,624             |
|          | (Increase)/decrease in stocks  |                  |                               | 637,734             |
|          | Increase in debtors  |                  |                               | (3,645,899)         |
|          | Increase in creditors within one year  |                  |                               | 11,241,079          |
|          | <b>Net cash inflow/(outflow) from operating activities</b>                           |                  |                               | <b>8,351,759</b>    |
| <b>2</b> | <b>Analysis of net debt</b>  | <b>Cash flow</b> | <b>Other non-cash changes</b> | <b>30 June 2013</b> |
|          |  | \$               | \$                            | \$                  |
|          | Net cash   |                  |                               |                     |
|          | Cash at bank and in hand   | 800,467          | -                             | 800,467             |
|          | Finance leases   | 56,690           | (140,318)                     | (83,628)            |
|          | Debts falling due within one year  | (590,280)        | -                             | (590,280)           |
|          | Debts falling due after one year   | (366,701)        | -                             | (366,701)           |
|          |  | (900,291)        | (140,318)                     | (1,040,609)         |
|          | <b>Net debt</b>  | <b>(99,824)</b>  | <b>(140,318)</b>              | <b>(240,142)</b>    |
| <b>3</b> | <b>Reconciliation of net cash flow to movement in net debt</b>                       |                  |                               | <b>2013</b>         |
|          |  |                  |                               | \$                  |
|          | Increase in cash in the period   |                  |                               | 800,467             |
|          | Cash inflow from increase in debt and lease financing                                |                  |                               | (900,291)           |
|          | Change in net debt resulting from cash flows   |                  |                               | (99,824)            |
|          | New finance lease  |                  |                               | (140,318)           |
|          | <b>Movement in net debt in the period</b>  |                  |                               | <b>(240,142)</b>    |
|          | Opening net debt   |                  |                               | -                   |
|          | <b>Closing net debt</b>  |                  |                               | <b>(240,142)</b>    |



# **BROADBAND SATELLITE SERVICES LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of the billing system

The group has incurred significant trading losses since the initial acquisitions of the former SatCom group of companies, leading to a net current liabilities position at the balance sheet date amounting to \$16,910,913. As a result of this the group has experienced a number of challenging issues which have left certain subsidiaries with serious cash flow issues

The group undertook a restructuring the group debt and the process is still ongoing at the date of signing the audit report. Subsequent to the year end, a subsidiary refinanced in excess of \$11.7M of trade liabilities as a long term loan in order to reduce the burden of ongoing cash flows

Despite this, the group is continuing to face an uncertain future. The directors have prepared revised cash flow forecasts which show positive cash flows and profitability in the coming 12 months. These forecasts include the provision of additional working capital facilities from external finance sources. This process is now well advanced but, as yet, unfinalised which creates conditions that may indicate the existence of material uncertainty and may cast significant doubt about the company's ability to continue as a going concern.

However, the directors are confident that this funding will materialise, and the information provided supports such optimism, and the group is now producing positive cash flows and have seen a movement towards profitability in the year to 30 June 2014 enabling them to satisfy their liabilities in the coming financial period.

As a result, the financial statements have been prepared on a going concern basis, the validity of which is dependant on the support of the company's bankers and major suppliers and securing the additional funding as noted above.

Were this not the case, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2013. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### **1.4 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised on the basis of the extent of right to consideration.

#### **1.5 Goodwill**

Acquired goodwill is written off in equal annual installments over its estimated useful economic life, which is considered to be 20 years.

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 1 Accounting policies (Continued)

#### 1.6 Billing System

The Billing System has been included at Director's valuation. The billing system is considered to have an infinite life and hence is not amortised. Instead, it is subject to an annual impairment review with any appropriate adjustments being reflected in the financial statements.

#### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

|                                |                            |
|--------------------------------|----------------------------|
| Leasehold land and buildings   | 5 years straight line      |
| Plant and machinery            | 3 - 5 years straight line  |
| Fixtures, fittings & equipment | 5 - 10 years straight line |
| Motor vehicles                 | 5 years straight line      |

#### 1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.10 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.11 Long term contracts

Amounts recoverable on long term contracts represents the value of items held under finance lease agreements with customers, stated at the net sales value of the total agreement less any interim payments received.

#### 1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.14 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

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### 1 Accounting policies (Continued)

### 2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is set out as below

#### Turnover

|                              | 2013<br>\$        |
|------------------------------|-------------------|
| <b>Class of business</b>     |                   |
| Hardware and equipment sales | 4,181,650         |
| Airtime                      | 35,137,287        |
| Repairs and engineering      | 103,588           |
| Carriage                     | 61,811            |
| Other sales                  | 39,563            |
|                              | <u>39,523,899</u> |

### 3 Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below.

|                             | 2013<br>\$        |
|-----------------------------|-------------------|
| <b>Geographical segment</b> |                   |
| Americas                    | 15,829,199        |
| Asia                        | 10,580,915        |
| Europe and Middle East      | 8,757,478         |
| Oceania                     | 4,356,307         |
|                             | <u>39,523,899</u> |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 4 Cost of sales and net operating expenses

|                         | 2013              |                  |                   |
|-------------------------|-------------------|------------------|-------------------|
|                         | Continuing        | Discontinued     | Total             |
|                         | \$                | \$               | \$                |
| Cost of sales           | 32,170,717        | 141,823          | 32,312,540        |
| Distribution costs      | (128)             | 128              | -                 |
| Administrative expenses | 6,702,242         | 1,503,870        | 8,206,112         |
| Other operating income  | (92,814)          | -                | (92,814)          |
|                         | <u>38,780,017</u> | <u>1,645,821</u> | <u>40,425,838</u> |

### 5 Operating loss

2013  
\$

|  |                |
|--|----------------|
| Operating loss is stated after charging  |                |
| Amortisation of intangible assets  | 196,624        |
| Depreciation of tangible assets  | 824,160        |
| Loss on foreign exchange transactions  | 236,706        |
| Operating lease rentals  | 450,541        |
| Fees payable to the group's auditor for the audit of the group's annual accounts (company \$5,415) | 29,395         |
| and after crediting  |                |
| Profit on foreign exchange transactions  | <u>(7,982)</u> |

### 6 Interest payable

2013  
\$

|   |                  |
|---|------------------|
| On bank loans and overdrafts                      | 7                |
| On other loans wholly repayable within five years | 36,568           |
| Hire purchase interest                            | 12,338           |
| On overdue tax                                    | 5,450            |
| Supplier interest                                 | 1,115,342        |
|   | <u>1,169,705</u> |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

|          |  |               |
|----------|--|---------------|
| <b>7</b> | <b>Taxation</b>  | <b>2013</b>   |
|          |  | <b>\$</b>     |
|          | Foreign corporation tax  |               |
|          | Foreign corporation tax  | 50,973        |
|          | <b>Total current tax</b>   | <b>50,973</b> |
|          |  |               |
|          | <b>Factors affecting the tax charge for the period</b>   |               |
|          | Loss on ordinary activities before taxation  | (2,071,472)   |
|          |  |               |
|          | Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%   | (414,294)     |
|          |  |               |
|          | Effects of   |               |
|          | Depreciation add back  | 204,157       |
|          | Foreign tax adjustments  | 50,973        |
|          | Other tax adjustments  | 210,137       |
|          |  | 465,267       |
|          |  |               |
|          | <b>Current tax charge for the period</b>   | <b>50,973</b> |
|          |  |               |
| <b>8</b> | <b>Profit for the financial period</b>   |               |
|          | As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial period is made up as follows |               |
|          |  |               |
|          |  | <b>2013</b>   |
|          |  | <b>\$</b>     |
|          |  |               |
|          | Holding company's profit for the financial period  | 9,972         |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 9 Intangible fixed assets Group

|   | Billing<br>System | Goodwill  | SAP System | Total      |
|---|-------------------|-----------|------------|------------|
|   | \$                | \$        | \$         | \$         |
| <b>Cost or valuation</b>  |                   |           |            |            |
| At 5 September 2012   | -                 | -         | -          | -          |
| Revaluation/Transfer of acquisition of subsidiary                 | 2,650,000         | -         | 248,429    | 2,898,429  |
| Additions   | 8,850,000         | 5,202,153 | -          | 14,052,153 |
| Disposals   | -                 | -         | (333)      | (333)      |
| At 30 June 2013   | 11,500,000        | 5,202,153 | 248,096    | 16,950,249 |
| <b>Amortisation</b>   |                   |           |            |            |
| At 5 September 2012   | -                 | -         | -          | -          |
| Accumulated depreciation transferred on acquisition of subsidiary | -                 | -         | 146,263    | 146,263    |
| Charge for the period   | -                 | 173,405   | 23,219     | 196,624    |
| At 30 June 2013   | -                 | 173,405   | 169,482    | 342,887    |
| <b>Net book value</b>   |                   |           |            |            |
| At 30 June 2013   | 11,500,000        | 5,028,748 | 78,614     | 16,607,362 |

The Group has significant goodwill and other intangible assets. As explained in our accounting policy, intangible assets with an indefinite life are reviewed annually for impairment and all intangible assets are reviewed for impairment whenever there is an indication that those assets may be impaired.

The judgements in relation to impairment testing relate to the assumptions used in calculating the value in use of the cash-generating units ('CGUs') or assets being tested for impairment. The key assumptions applied in the calculation relate to the future performance expectations of the business.

The starting point for the determination of the value in use workings is the last submitted financial statements of plc entities in a similar sector.

These have then been weighted and adapted to consider the specific requirements of the group and are as follows -

WACC - 12.03%  
Term Used - 10 years

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 10 Tangible fixed assets

| Group  | Leasehold<br>land and<br>buildings<br>\$ | Plant and<br>machinery<br>\$ | Fixtures,<br>fittings &<br>equipment<br>\$ | Motor<br>vehicles<br>\$ | Total<br>\$ |
|--|--|------------------------------|--|-------------------------|-------------|
| <b>Cost or valuation</b>   |  |                              |  |                         |             |
| At 5 September 2012  | -  | -                            | -  | -                       | -           |
| Cost of assets transferred on subsidiary<br>acquisitions           | 316,623                                  | 7,763,187                    | 837,706                                    | 38,937                  | 8,956,453   |
| Additions  | 2,949                                    | 191,466                      | 72,722                                     | 14,058                  | 281,195     |
| Disposals  | (281,560)                                | (2,985,691)                  | (211,626)                                  | (33,785)                | (3,512,662) |
| At 30 June 2013  | 38,012                                   | 4,968,962                    | 698,802                                    | 19,210                  | 5,724,986   |
| <b>Depreciation</b>  |  |                              |  |                         |             |
| At 5 September 2012  | -  | -                            | -  | -                       | -           |
| Accumulated depreciation transferred<br>on subsidiary acquisitions | 199,308                                  | 5,857,203                    | 613,318                                    | 36,236                  | 6,706,065   |
| On disposals   | (170,365)                                | (2,647,854)                  | (182,099)                                  | (31,421)                | (3,031,739) |
| Charge for the period  | 9,069                                    | 541,016                      | 259,680                                    | 14,395                  | 824,160     |
| At 30 June 2013  | 38,012                                   | 3,750,365                    | 690,899                                    | 19,210                  | 4,498,486   |
| <b>Net book value</b>  |  |                              |  |                         |             |
| At 30 June 2013  | -  | 1,218,597                    | 7,903                                      | -                       | 1,226,500   |

Included above are assets held under finance leases or hire purchase contracts as follows

|   | Plant and<br>machinery<br>\$ | Fixtures,<br>fittings &<br>equipment<br>\$ | Motor<br>vehicles<br>\$ | Total<br>\$ |
|---|------------------------------|--|-------------------------|-------------|
| <b>Net book values</b>                    |                              |  |                         |             |
| At 30 June 2013                           | 164,918                      | -  | -                       | 164,918     |
| <b>Depreciation charge for the period</b> |                              |  |                         |             |
| 30 June 2013                              | 34,386                       | -  | -                       | 34,386      |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 11 Fixed asset investments Company

|                       | Shares in<br>group<br>undertakings<br>\$ |
|-----------------------|--|
| <b>Cost</b>           |  |
| At 5 September 2012   | -  |
| Additions             | 411,164                                  |
| At 30 June 2013       | 411,164                                  |
| <b>Net book value</b> |  |
| At 30 June 2013       | 411,164                                  |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

| Company  | Country of registration or<br>incorporation | Class    | Shares held<br>% |
|--|---|----------|------------------|
| <b>Subsidiary undertakings</b>                       |   |          |                  |
| SatCom Distribution Limited                          | United Kingdom                              | Ordinary | 100 00           |
| SatCom Global Limited                                | United Kingdom                              | Ordinary | 100 00           |
| SatCom Distribution Inc                              | USA   | Ordinary | 100 00           |
| SatCom Global Inc                                    | USA   | Ordinary | 100 00           |
| O'Gara Satellite Systems Inc                         | USA   | Ordinary | 100 00           |
| Kensington Limited                                   | Thailand                                    | Ordinary | 100 00           |
| Horizon Mobile Communications (HK) Ltd               | British Virgin Islands                      | Ordinary | 100.00           |
| SatCom Global Pte Ltd                                | Singapore                                   | Ordinary | 100.00           |
| Horizon Mobile Communications Co Ltd                 | Thailand                                    | Ordinary | 100 00           |
| Distribution (Asia) Limited                          | Hong Kong                                   | Ordinary | 100 00           |
| SatCom Global FZE                                    | UAE   | Ordinary | 100 00           |
| Horizon Mobile Communications Co Ltd                 | Japan                                       | Ordinary | 100 00           |
| Horizon Mobile Communications (Australia)<br>Pty Ltd | Australia                                   | Ordinary | 100 00           |
| Horizon Mobile Communications Inc                    | USA   | Ordinary | 100 00           |
| SatCom Distribution Middle East LLC                  | UAE   | Ordinary | 100 00           |
| HMC America Ltd                                      | USA   | Ordinary | 100 00           |
| HMC GP Corporation                                   | USA   | Ordinary | 100 00           |



# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 11 Fixed asset investments

(Continued)

The principal activity of these undertakings for the last relevant financial year was as follows

|   | Principal activity           |
|---|------------------------------|
| SatCom Distribution Limited                       | Intermediate holding company |
| SatCom Global Limited                             | Satellite communications     |
| SatCom Distribution Inc                           | Intermediate holding company |
| SatCom Global Inc                                 | Satellite communications     |
| O'Gara Satellite Systems Inc                      | Satellite communications     |
| Kensington Limited                                | Intermediate holding company |
| Horizon Mobile Communications (HK) Ltd            | Satellite communications     |
| SatCom Global Pte Ltd                             | Satellite communications     |
| Horizon Mobile Communications Co Ltd              | Satellite communications     |
| Distribution (Asia) Limited                       | Satellite communications     |
| SatCom Global FZE                                 | Satellite communications     |
| Horizon Mobile Communications Co Ltd              | Satellite communications     |
| Horizon Mobile Communications (Australia) Pty Ltd | Satellite communications     |
| Horizon Mobile Communications Inc                 | Dormant                      |
| SatCom Distribution Middle East LLC               | Dormant                      |
| HMC America Ltd                                   | Dormant                      |
| HMC GP Corporation                                | Dormant                      |

### 12 Stocks

|                        | Group<br>2013<br>\$ | Company<br>2013<br>\$ |
|------------------------|---------------------|-----------------------|
| Hardware and equipment | 1,187,274           | -                     |

### 13 Debtors

|  | Group<br>2013<br>\$ | Company<br>2013<br>\$ |
|--|---------------------|-----------------------|
| Trade debtors                              | 5,401,784           | -                     |
| Amounts recoverable on long term contracts | 953,136             | -                     |
| Amounts owed by group undertakings         | -                   | 39,150                |
| Other debtors                              | 151,282             | 199,346               |
| Prepayments and accrued income             | 3,353,133           | -                     |
|  | 9,859,335           | 238,496               |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 14 Creditors : amounts falling due within one year

|   | Group<br>2013<br>\$ | Company<br>2013<br>\$ |
|---|---------------------|-----------------------|
| Net obligations under finance lease and hire purchase contracts | 56,525              | -                     |
| Trade creditors   | 21,218,929          | 99,382                |
| Amounts owed to group undertakings                              | -                   | 21,756                |
| Corporation tax   | 159,389             | -                     |
| Other taxes and social security costs                           | 412,997             | -                     |
| Other creditors   | 2,124,957           | 495,028               |
| Accruals and deferred income                                    | 4,785,192           | 29,754                |
|   | <u>28,757,989</u>   | <u>645,920</u>        |

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 15 Creditors - amounts falling due after more than one year

|  | Group<br>2013<br>\$ | Company<br>2013<br>\$ |
|--|---------------------|-----------------------|
| Other loans  | 366,701             | -                     |
| Net obligations under finance leases and hire purchase agreements  | 27,103              | -                     |
|  | <u>393,804</u>      | <u>-</u>              |
| <b>Analysis of loans</b>   |                     |                       |
| Wholly repayable within five years   | 956,981             | -                     |
| Included in current liabilities  | (590,280)           | -                     |
|  | <u>366,701</u>      | <u>-</u>              |
| <b>Loan maturity analysis</b>  |                     |                       |
| In more than one year but not more than two years  | 590,280             | -                     |
| In more than two years but not more than five years  | 366,701             | -                     |
|  | <u>956,981</u>      | <u>-</u>              |
| Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned |                     |                       |
| <b>Net obligations under finance leases and hire purchase contracts</b>  |                     |                       |
| Repayable within one year  | 56,525              | -                     |
|  | <u>56,525</u>       | <u>-</u>              |
| Included in liabilities falling due within one year  | (56,525)            | -                     |
|  | <u>-</u>            | <u>-</u>              |

|                                    |                    |
|------------------------------------|--------------------|
| <b>16 Share capital</b>            | <b>2013<br/>\$</b> |
| Allotted, called up and fully paid |                    |
| 1,590 Ordinary shares of \$1 each  | <u>1,590</u>       |

On 5 September 2012, the company issued 1,000 Ordinary £1 shares at par value

The Share Capital of the company represents 1,000 Ordinary £1 shares converted to the functional currency of US\$ on incorporation at the rate prevailing of \$1.59 £1

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 17 Statement of movements on reserves Group

|                             | Revaluation<br>reserve | Profit<br>and loss<br>account |
|-----------------------------|------------------------|-------------------------------|
|                             | \$                     | \$                            |
| Loss for the period         | -                      | (2,122,445)                   |
| Revaluation during the year | 2,650,000              | -                             |
| Balance at 30 June 2013     | 2,650,000              | (2,122,445)                   |

### Company

|                       | Profit<br>and loss<br>account |
|-----------------------|-------------------------------|
|                       | \$                            |
| Profit for the period | 9,972                         |

### 18 Reconciliation of movements in shareholders' funds Group

|                                     | 2013<br>\$  |
|-------------------------------------|-------------|
| Loss for the financial period       | (2,122,445) |
| Other recognised gains and losses   | 2,650,000   |
| Proceeds from issue of shares       | 1,590       |
| Net addition to shareholders' funds | 529,145     |
| Opening shareholders' funds         | -           |
| Closing shareholders' funds         | 529,145     |

### Company

|                                     | 2013<br>\$ |
|-------------------------------------|------------|
| Profit for the financial period     | 9,972      |
| Proceeds from issue of shares       | 1,590      |
| Net addition to shareholders' funds | 11,562     |
| Opening shareholders' funds         | -          |
| Closing shareholders' funds         | 11,562     |

# BROADBAND SATELLITE SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2013

### 19 Financial commitments

At 30 June 2013 the group had annual commitments under non-cancellable operating leases as follows

|                                | Land and<br>buildings<br>2013<br>\$ |
|--------------------------------|-------------------------------------|
| Expiry date<br>Within one year | 165,482                             |

### 20 Employees

#### Number of employees

The average monthly number of employees (including directors) during the period was

|                              | 2013<br>Number |
|------------------------------|----------------|
| Management                   | 2              |
| Operations                   | 27             |
| Finance & billing            | 32             |
| Customer support             | 31             |
| Development & infrastructure | 12             |
| Sales & marketing            | 4              |
|                              | 108            |

#### Employment costs

|                       | 2013<br>\$ |
|-----------------------|------------|
| Wages and salaries    | 3,395,957  |
| Social security costs | 231,832    |
|                       | 3,627,789  |

### 21 Control

In the opinion of the directors, the group is controlled by R A Howes and I A Robinson, by virtue of their interest in the share capital of the holding company

# **BROADBAND SATELLITE SERVICES LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 30 JUNE 2013**

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### **22 Post Balance Sheet Events**

#### **Group**

Subsequent to the year end, the group acquired AND Holdings Limited (and its subsidiaries) for \$1.5M. In addition, the group underwent a restructure which allowed it to refinance certain trade creditors into a long-term loan and improve the working capital and cash flow position of the group.

#### **Company**

The company has no post balance sheet events which require disclosure.

### **23 Related party relationships and transactions**

#### **Group**

During the period under review, the company was provided with working capital and other financial assistance by AND Group Limited, a company which was under common ownership. The balance outstanding at the year end and included within creditors' amounts due within one year amounts to \$495,028.

## Income and Expenditure

|                          | 2011-12         | 2010-11           |
|--------------------------|-----------------|-------------------|
| <b>Income</b>            |                 |                   |
| Donations                | £460.00         | £267.09           |
| Interest                 |                 |                   |
| <b>Total</b>             | <b>£460.00</b>  | <b>£267.09</b>    |
| <b>Expenditure</b>       |                 |                   |
| Operating expenses       | £120 00         | £120.00           |
| Tax on interest          | £-              | £-                |
| Animal care              | £408.25         | £387 30           |
| Legal costs              | £460.00         | £800 00           |
| Publicity                | £-              | £-                |
| <b>Total</b>             | <b>£988.25</b>  | <b>£1,307.30</b>  |
| <b>Surplus/(Deficit)</b> | <b>-£528.25</b> | <b>-£1,040.21</b> |

## Audit exemption Statement

For the year ending 30/03/2012 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

## Directors responsibilities

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting periods and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies' subject to the small companies regime.

M. Page  
Director



| <b>Balance Sheet</b>                         | <b>2011-12</b>       | <b>2010-11</b>         |
|--|----------------------|------------------------|
| <b>Fixed Assets</b>                          |                      |                        |
| Tangible                                     | -                    | -                      |
| <b>Current Assets</b>                        |                      |                        |
| Debtors                                      | -                    | -                      |
| Stock  | -                    | -                      |
| Cash at bank                                 | 678.44               | 1,206.69               |
| <b>Total current assets</b>                  | <b><u>678.44</u></b> | <b><u>1,206.69</u></b> |
| <b>Creditors</b>                             |                      |                        |
| Amount falling due within one year           |                      | -                      |
| Net current assets                           | 678.44               | 1,206.69               |
| <b>Total assets less current liabilities</b> | <b><u>678.44</u></b> | <b><u>1206.69</u></b>  |
| Provisions for liabilities                   |                      |                        |
| <b>Total Net Assets/(liabilities)</b>        | <b><u>678.44</u></b> | <b><u>1206.69</u></b>  |
| <b>Reserves</b>                              |                      |                        |
| Legal fund                                   | (0.25)               | (8.00)                 |
| Brought forward                              | 1,206.69             | 2,254.90               |
| Income and expenditure account               | (528.00)             | (1,040.21)             |
| <b>Total</b>                                 | <b><u>678.44</u></b> | <b><u>1,206.69</u></b> |

Signed on behalf of the Board



M. Page  
Director