



# **Kelvin Connect Limited**

**Registered number SC230448**

## **Annual Report and Financial Statements**

**Year ended 30 June 2013**

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**Kelvin Connect Limited**

Registered number SC230448

**Annual Report and Financial Statements**

Year ended 30 June 2013

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**General Information****Directors**

Mrs J Berry  
Mr C Elliot  
Mr D Evans  
Mr S Hardy  
Mr J Lewis  
Mr A McClelland  
Mr N Rees  
Dr M Sage

**Company secretary**

Ms L Bryson

**Registered office**

McGrigors LLP  
Johnstone House  
52-54 Rose Street  
Aberdeen  
Scotland  
AB10 1UD

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
9 Greyfriars Road  
Reading  
RG1 1JG

**Bankers**

HSBC Bank Plc  
8 Canada Square  
London  
E14 5HQ

Bank of Scotland  
110 St Vincent Street  
Glasgow  
G2 5ER

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## **Directors' Report**

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2013.

### **Corporate Structure**

Kelvin Connect Limited ("Kelvin Connect" or "the Company") is a private limited company incorporated, domiciled and registered in the United Kingdom under the number SC230448. The registered address is McGrigors LLP, Johnstone House, 52-54 Rose Street, Aberdeen, Scotland, AB10 1UD.

The Company is wholly owned by Airwave Solutions Limited ("Airwave"), a private limited company registered in England. Airwave owns and operates the largest public safety radio communications network in the world, delivering critical voice and data communications to UK's public safety organisations. Airwave Solutions Limited is wholly owned by Macquarie European Infrastructure Fund II ("MEIFI").

### **Principal Activities**

The principal activities of Kelvin Connect Limited include the provision of process transformation to the police and health sectors through the research, development and sale of computer software and supporting managed service solutions.

### **Review of the Business**

#### **Operating review**

Kelvin Connect Limited continues to develop and implement market leading mobile information capture and management solutions within organisations with a large mobile workforce, focusing on the police and health sectors. The solutions are designed to enable process transformation by overcoming the complexities of viewing and capturing information in a mobile environment and of entering information into a variety of disparate IT systems.

The solutions implemented deliver tangible business benefits by streamlining back office through delivering paperless solutions, removing office based working for the front line resource allowing greater visibility and productivity from increasingly limited resources.

The importance of effective and rapid sharing of information within organisations and into other partners or agencies is supported by the solutions the Company is presently delivering, working to support the need for collaboration and inter-operability. The technologies to support the delivery of the solution address the increasing consumer world options provided by mobile devices, from the use of hand-held PDAs or smart phone devices to laptops and tablet devices.

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## Directors' Report (continued)

### Review of the Business (continued)

#### Financial performance for the year

The Company results for the year are set out below and in more detail in the attached financial statements.

	Note	2013 £	2012 £
Total revenue and other income	2(a)	<b>986,243</b>	1,033,154
Earnings before depreciation interest tax and amortisation (EBITDA)	2(c)	<b>(1,304,984)</b>	(1,252,389)
Total loss attributable to owners of the Company		<b>(1,352,137)</b>	(1,003,404)

Total revenue for the year was £986,243, representing a 5% decrease on prior year due to the upfront hardware sales element of sales contracts taken in the previous financial year. Gross margin has decreased due to this reduction in revenue together with a higher amortisation charge on the Company's growing intangible asset base.

EBITDA was a loss of £1,304,984, increased marginally from the prior year and in line with the reduction in revenue described above.

The loss after tax was £1,352,137, an increase of £348,733 on the prior period due to the EBITDA position described above and the impact of an increased amortisation charge.

Net liabilities have increased from £2,353,852 at 30 June 2012 to £3,705,989 at 30 June 2013 as a result of the retained loss for the year.

#### Going concern

The Directors, having reviewed the Company's liquid resources, access to borrowings facilities, and its future cash flow forecasts, have a reasonable expectation that the Company has adequate resources to continue as a going concern.

The Company has net current liabilities at 30 June 2013. The financial statements have been prepared on a going concern basis as the Directors have received written confirmation from the Directors of the parent company, Airwave Solutions Limited of its intention to provide continuing financial support to the Company for a period of not less than one year from the date of approval of these financial statements. Therefore these financial statements have been prepared on a going concern basis.

#### Strategy / Future developments

The Company will continue to develop its products and focus on increasing uptake within the police and health sectors to enable transformation of back office processes and realisation of customer efficiencies and cost savings.

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**Directors' Report (continued)****Review of the Business (continued)****Employees****Our people**

Our people are important to us and we believe that every person who works at Kelvin Connect has a vital role to play in delivering the highest levels of cost effective and service to our customers. Our people are committed, customer focused, take pride in what they do and have a passion for delivering the highest standards, no matter what the situation. We continually work on improving the engagement and motivation of our people as we know this leads to better business performance and higher levels of customer service.

We recognise that the quality of our leadership is critical to our future success and ensure our leaders at all levels understand what is expected of them in leading and developing their teams. We support them in their own development through a formal management and leadership development programmes.

**Learning and development**

We constantly look to improve our customers' experience by actively investing in our people to ensure they have the skills, tools and experience needed to carry out their roles to the best of their ability, through on-the-job experience, secondment opportunities, coaching and mentoring and formal training programmes. Individual development needs are identified as part of twice yearly performance reviews, regular one to ones and personal development planning with their managers.

**Engagement and communication**

We are committed to keeping our people informed and taking their views into account when we are making decisions that are likely to affect them. Communications and engagement with our people continues to be undertaken using various media including, social media, our in-house magazine, our intranet, town hall meetings, e-zines and monthly teleconferences with our Executives and other business leaders. We value the views of our people and run quarterly surveys where we ask our people to tell us how they feel about their job, their team, their manager, senior leaders in the business and Airwave.

**Reward and recognition**

Because we value our people, we ensure that rewards are fair in relation to external market comparisons. We participate in a market review of salaries every year. Our managers are rewarded for their contribution to the success of the business.

**Equal opportunities**

We are an equal opportunities employer and feel strongly that our people should have an equal chance of advancement, access to opportunity, and the training and development needed, irrespective of their gender (including sex, marital status, gender reassignment and pregnancy), race, (including colour, nationality, national origin and ethnic origin), sexual orientation, religion or belief, age, disability or caring responsibilities.

We employ and provide a suitable environment for people with disabilities and all reasonable facilities are provided for people with disabilities to pursue their careers without difficulty or disadvantage. We are committed to eliminating discrimination and encouraging diversity amongst our people, partners, suppliers and customers. We oppose all forms of unlawful and unfair discrimination.

**Health and safety**

The health and safety of our people remains of paramount importance and we continue to seek improvements by focusing on educating our people and our managers in order to reduce risk and improve health.

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**Directors' Report (continued)****Review of the Business (continued)****Principal risks and uncertainties**

The management of the Kelvin Connect business and the execution of its strategy are subject to a number of risks and uncertainties. The key risks facing the business are set out below.

**Operational risk management, policies and exposure****Product performance risk**

The Company's products are critical to customers in the police and health sectors. There is a risk that the non-performance of the products prevents the customers from fulfilling their duties. This risk is managed through rigorous testing, controlled implementation and through the provision of adequate support services.

**Price risk**

The Company's fixed costs are predominately internal labour costs therefore has limited exposure to price fluctuations.

**Financial risk management objectives, policies and exposure**

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, foreign exchange risk and capital risk. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

**Credit risk**

The Company's principal credit risks are attributable to cash and cash equivalents and trade receivables. Cash and cash equivalent credit risk is monitored on an overall basis through the application of counterparty credit limits which are dependent on the long-term credit rating of the counterparty. The Company has limited exposure to trade receivable credit risk as the majority of its customers are public safety organisations.

**Liquidity risk**

The Company is not yet cash generating and is therefore dependent on funding from its parent company. The Company prepares regular cash forecasts and is provided parent company funding where required. The parent has provided and continues to provide its ongoing support. The Company has no external borrowings.

**Exchange rate risk**

Management monitor exchange rate risk but as yet there is no current significant foreign currency exchange exposure.

**Capital risk**

The Company is funded through a mix of equity and shareholder debt provided to the Company in order to develop its products and grow the business.

Additional shareholder funds may be drawn in order to satisfy the Company's capital requirements. Whilst shareholder debt is repayable on demand, the Company has received and continues to receive the ongoing support of the shareholder and is not expected to repay the loan within 12 months.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, whilst providing returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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## Directors' Report (continued)

### Review of the Business (continued)

#### Key performance indicators

The Company has performed well this year on its objectives and key performance indicators.

	Note	2013 £	2012 £	Definition, method of calculation and analysis
Total revenue	2(a)	<b>986,423</b>	1,033,154	Revenue comprises the fair value of services and equipment provided and excludes VAT. Revenue has decreased due to the upfront hardware sales element of sales contracts taken in the previous financial year.
EBITDA <sup>1</sup>	2(c)	<b>(1,304,984)</b>	(1,252,389)	EBITDA is calculated by adding back depreciation and amortisation charges to operating profit. The decrease is in line with the reduction in revenue discussed above.
Operating cash flow	18	<b>(2,568,631)</b>	(777,176)	Operating cash flow is calculated by deducting working capital and capital expenditure movements from EBITDA. The decrease resulted from upfront cash from new sales contracts recorded in the previous financial year, which is released from deferred income over the contract period.

<sup>1</sup> A reconciliation of operating loss to EBITDA is shown in note 2 to the financial statements.

#### Results and proposed dividend

The Company's loss after taxation for the year ended 30 June 2013 was £1,352,137 (2012: £1,003,404). The Directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2012: £nil).

#### Directors

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

Mrs J Berry  
 Mr C Elliot  
 Mr D Evans (appointed 10 September 2012)  
 Mr S Hardy  
 Mr J Lewis  
 Mr A McClelland  
 Mr N Rees  
 Dr M Sage

The Company Secretaries who held office during the year and up to the date of signing the financial statements were as follows:

Ms L Bryson  
 Ms S Cameron-Chileshe (resigned 17 June 2013)

#### Post balance sheet events

No significant events have occurred after the balance sheet date.



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**Directors' Report (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.

**Disclosure of information to auditors**

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

  
Mr J Lewis  
Director

28 November 2013

**Kelvin Connect Limited**

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**Independent Auditors' Report to the Members of Kelvin Connect Limited**

We have audited the financial statements of Kelvin Connect Limited for the year ended 30 June 2013 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows 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.

**Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**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 annual report and financial statements 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 2013 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.

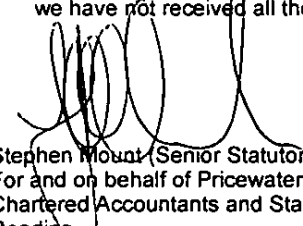
**Opinion on other matter prescribed by the Companies Act 2006**

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.



Stephen Mount (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
28 November 2013

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**Balance Sheet**

	Note	2013 £	2012 £
<b>Non-current assets</b>			
Property, plant and equipment	6	32,433	41,435
Intangible assets	7	1,208,815	769,784
Trade and other receivables	5	839,354	465,863
Deferred income tax assets	11	46,465	9,835
<b>Total non-current assets</b>		<b>2,127,067</b>	<b>1,286,917</b>
<b>Current assets</b>			
Trade and other receivables	5	320,773	300,202
Cash and cash equivalents	4	374,706	373,679
<b>Total current assets</b>		<b>695,479</b>	<b>673,881</b>
<b>Current liabilities</b>			
Trade and other payables	8	(196,854)	(313,518)
Deferred income	9	(558,704)	(493,074)
Current tax liabilities		-	(93,250)
<b>Total current liabilities</b>		<b>(755,558)</b>	<b>(899,842)</b>
<b>Net current liabilities</b>		<b>(60,079)</b>	<b>(225,961)</b>
<b>Total assets less current liabilities</b>		<b>2,066,988</b>	<b>1,060,956</b>
<b>Non-current liabilities</b>			
Borrowings	10	(5,102,907)	(2,533,249)
Deferred income	9	(670,070)	(881,559)
<b>Total non-current liabilities</b>		<b>(5,772,977)</b>	<b>(3,414,808)</b>
<b>Net liabilities</b>		<b>(3,705,989)</b>	<b>(2,353,852)</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Ordinary shares	12	166	166
Share premium account	12	1,051,865	1,051,865
Accumulated losses		(4,758,020)	(3,405,883)
<b>Total equity</b>		<b>(3,705,989)</b>	<b>(2,353,852)</b>

The above Balance Sheet should be read in conjunction with the accompanying notes on pages 13 to 32.

The financial statements on pages 9 to 32 were authorised by the Board of Directors on 28 November 2013 and were signed on its behalf by:


 Mr J Lewis  
 Director

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**Statement of Comprehensive Income**

	Note	2013 £	2012 £
Revenue	2(a)	986,243	1,033,154
Cost of sales		(939,681)	(623,139)
<b>Gross profit</b>		<b>46,562</b>	<b>410,015</b>
Administrative expenses		(1,808,783)	(1,795,868)
<b>Operating loss</b>		<b>(1,762,221)</b>	<b>(1,385,853)</b>
Finance income	2(b)	-	1
<b>Loss before income tax</b>		<b>(1,762,221)</b>	<b>(1,385,852)</b>
Taxation	3	410,084	382,448
<b>Loss for the year</b>		<b>(1,352,137)</b>	<b>(1,003,404)</b>
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,352,137)	(1,003,404)
<b>Total comprehensive loss attributable to the owners of the Company</b>		<b>(1,352,137)</b>	<b>(1,003,404)</b>

All results relate to continuing operations.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes on pages 13 to 32.

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**Statement of Changes in Equity**

	Ordinary Shares £	Share Premium Account £	Accumulated Losses £	Total Equity £
Balance at 1 July 2011	166	1,051,865	(2,402,479)	(1,350,448)
Loss for the year and total comprehensive loss	-	-	(1,003,404)	(1,003,404)
Balance at 30 June 2012	166	1,051,865	(3,405,883)	(2,353,852)
Loss for the year and total comprehensive loss	-	-	(1,352,137)	(1,352,137)
<b>Balance at 30 June 2013</b>	<b>166</b>	<b>1,051,865</b>	<b>(4,758,020)</b>	<b>(3,705,989)</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 13 to 32.

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**Statement of Cash Flows**

	Note	2013 £	2012 £
<b>Cash flows from operating activities</b>			
Loss for the year		(1,352,137)	(1,003,404)
Depreciation	2(a),6	21,548	17,266
Amortisation charges	2(a),7	435,689	116,198
Interest received	2(b)	-	(1)
Increase in trade and other receivables	5	(20,571)	(591,701)
(Decrease) increase in trade and other payables	8,9	(262,523)	1,536,500
(Increase) decrease in tax assets		(503,371)	83,415
<b>Net cash used in operating activities</b>		<b>(1,681,365)</b>	<b>158,273</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	6,7	(887,266)	(935,450)
Interest received from third parties		-	1
<b>Net cash flows used in investing activities</b>		<b>(887,266)</b>	<b>(935,449)</b>
<b>Cash flows from financing activities</b>			
Proceeds from related party loans	13(b)	2,569,658	1,100,023
<b>Net cash flows used in financing activities</b>		<b>2,569,658</b>	<b>1,100,023</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,027</b>	<b>322,847</b>
Cash and cash equivalents at the beginning of the year	4	373,679	50,832
<b>Cash and cash equivalents at the end of the year</b>	4	<b>374,706</b>	<b>373,679</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 13 to 32.

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**Notes to the Financial Statements****1 Summary of Significant Accounting Policies**

The significant policies that have been adopted in the preparation of the financial statements are stated to assist in a general understanding of these financial statements.

**(a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) IFRIC (International Financial Reporting Interpretations Committee) interpretations, and those parts of the Companies' Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(r).

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

The Directors, having reviewed the Company's liquid resources, access to borrowings facilities, and its future cash flow forecasts, have a reasonable expectation that the Company has adequate resources to continue as a going concern. While there are risks to the monthly profile of cash flows from operating activities due to the potential for delays to the delivery of programmes, these risks are partially mitigated by a matching delay in capital expenditure.

The Company has net current liabilities at 30 June 2013. The financial statements have been prepared on a going concern basis as the Directors have received written confirmation from the Directors of the parent company, Airwave, of its intention to provide continuing financial support to the Company for a period of not less than 12 months from the date of approval of these financial statements.

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**Notes to the Financial Statements (continued)****1 Summary of Significant Accounting Policies (continued)****(b) Property, plant and equipment**

Property, plant and equipment comprise mainly computer equipment and furniture and fittings and are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Capitalised costs include third party costs and internal employee benefits.

Depreciation is provided on property, plant and equipment over their estimated useful lives on a straight-line basis from the date they are brought into use. The lives assigned to property, plant and equipment are:

Computer Equipment	3 years
Furniture and Fittings	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income. No gains or losses occurred during the year reported.

**(c) Intangible assets**

Intangible assets are valued at cost less amortisation and impairment losses. Intangible assets with finite lives are amortised on a straight line basis over their useful lives of three years and are reviewed for impairment if there is any indication that the carrying value may not be recoverable. Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually or more frequently if events indicate that the carrying value may be impaired.

**(d) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).



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**Notes to the Financial Statements (continued)****1 Summary of Significant Accounting Policies (continued)****(e) Financial assets**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and conventional option pricing models making maximum use of observable market inputs and relying as little as possible on entity-specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset group of financial assets is impaired.

**(f) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Cash Flows include cash in hand and deposits held at call with banks.

**(g) Trade and other payables**

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

**(h) Borrowing costs**

Borrowing costs are expensed as incurred except for transaction costs as described below in note 1(i).

**(i) Borrowings**

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost and classified as financial liabilities. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Transaction costs are included in the carrying amount and are charged to the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

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## Notes to the Financial Statements (continued)

**1 Summary of Significant Accounting Policies (continued)****(j) Foreign currencies**

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss in finance cost or income.

**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Pounds Sterling (GBP), which is the Company's functional and presentational currency.

**(ii) Transactions and balances**

Transactions denominated in foreign currencies are translated, at the exchange rate on the day the transaction occurred, to the functional currency of the entity. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Foreign exchange differences are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currency are translated at the foreign currency exchange rate prevailing at the dates the values were determined and differences are taken to the reserves.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss in finance cost or income.

Foreign exchange gains and losses on cash and cash equivalents are presented in the Statement of Comprehensive Income as finance income or cost.

**(k) Taxation**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Income tax relating to items recognised directly in equity is recognised in equity, not in the Statement of Comprehensive Income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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**Notes to the Financial Statements (continued)****1 Summary of Significant Accounting Policies (continued)****(l) Employee benefits****Pension obligations**

The Company operates a defined contribution plan into which it pays contributions on behalf of employees. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(m) Provisions for liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are not recognised for future operating losses.

**(n) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(o) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable during the ordinary course of business net of discounts and sales taxes and after elimination of sales within the Company.

Revenue consisting primarily of regular fees for ongoing services are recognised from implementation over the period to which the services relate.

Revenue for the sale of equipment is recognised when all the significant risks and rewards of ownership are transferred to the buyer, which is normally the date the equipment is delivered and accepted by the customer, and the amount of revenue and the associated costs can be measured reliably.

Revenue arising from separable installation and connection services is recognised when it is earned, upon activation. Revenue from the implementation of peripheral and other equipment is recognised when all the significant risks and rewards of ownership are transferred to the buyer, which is normally the date the equipment is delivered and accepted by the customer.

Revenue from long-term contractual arrangements is recognised based on the percentage of completion method. The stage of completion is estimated using an appropriate measure according to the nature of the contract. For long-term services contracts revenue is recognised on a straight line basis over the term of the contract. However, if the performance pattern is other than straight line, revenue is recognised as services are provided, usually on an output or consumption basis. For fixed price contracts, including contracts to design and build communications solutions, revenue is recognised by reference to the stage of completion, as determined by the proportion of costs incurred relative to the estimated total contract costs, or other measures of completion such as site and vehicle installation and contract milestone customer acceptance.

Differences between revenue recognised and revenue billed to the customer give rise to accrued and deferred income.

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## Notes to the Financial Statements (continued)

**1 Summary of Significant Accounting Policies (continued)****(p) Leases**

The company leases certain equipment. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the Statement of Comprehensive Income in equal annual instalments over the periods of the leases.

Lease of property, plant equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long term borrowings. The interest element of the finance costs is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

**(q) Accounting standards and interpretations**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning after the start date of these financial statements but which the Company has chosen not to early adopt. The new standards and interpretations, applicable to the Company which will be adopted by the Company as appropriate are as follows:

- IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2015.
- IFRS 13, 'Fair value measurement', effective on or after 1 January 2013, aims to improve consistency and reduce complexity by providing a precise definition of fair value, guidance on its application and a single source of fair value measurement and disclosure requirements for use across IFRSs.

The Company has not elected to early adopt these amendments. The Company is currently assessing the impact of these amendments and does not expect at this stage that they would significantly impact the Company's financial position.

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**Notes to the Financial Statements (continued)****1 Summary of Significant Accounting Policies (continued)****(r) Critical accounting estimates and judgments**

The preparation 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. A significant change in the facts and circumstances on which these estimates are based could have a material negative impact on the Company's earnings and financial position. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are discussed below:

**(i) Property, plant and equipment**

Accounting for property, plant and equipment involves the use of estimates for determining (a) the useful lives of the assets, over which they are to be depreciated, and (b) the existence and amount of any impairment. Details of property, plant and equipment are provided in note 6.

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. When the Company estimates useful lives various factors are considered including expected technological obsolescence and the expected usage of the asset. The Company regularly reviews these asset lives and changes them as necessary to reflect the useful estimated current remaining lives in light of technological changes, future economic utilisation and the physical condition of the assets concerned. A significant change in these facts and circumstances may have a material impact on the carrying value of these assets.

The carrying amount of property, plant and equipment is assessed periodically to determine whether there are indications of any impairment of the value beyond what is expressed in the depreciation charge. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount.

The recoverable amount of the asset is determined as the higher of fair value less costs to sell and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets for which a reliable recoverable amount can be determined in an overall assessment.

The determination of whether the impairment of property, plant and equipment is necessary, involves the use of estimates that include, but are not limited to, the analysis of the cause of the potential impairment in value, the timing of such potential impairment and an estimate of the amount of the impairment. The Company considers technological obsolescence, discontinuance of services and other changes in circumstances that indicate a need to perform an impairment test. A significant change in the facts and circumstances that were relied upon in making the estimates may trigger the requirement for recording impairment and may have a material adverse impact on the operating results and financial condition of the Company.

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## Notes to the Financial Statements (continued)

**1 Summary of Significant Accounting Policies (continued)****(r) Critical accounting estimates and judgments (continued)*****(ii) Deferred tax assets and liabilities***

The Company evaluates the recoverability of deferred tax assets based on estimates of future earnings. The ability to recover these taxes depends ultimately on the Company's ability to generate taxable earnings over the course of the period for which the deferred tax assets remain deductible. This analysis is based on the estimated reversal of deferred taxes as well as estimates of taxable earnings, which are sourced from internal projections and are updated to reflect the latest trends.

The appropriate classification of tax assets and liabilities depends on a series of factors including estimates as to the timing and materialisation of deferred tax assets and the forecast tax payment schedule. Actual income tax receipts and payments could differ from the estimates made by the Company as a result of changes in tax legislation or unforeseen transactions that could affect tax balances.

***(iii) Revenue recognition***

Certain contractual arrangements contain significant timing differences between the date of cash receipt and the point of revenue recognition at a stage of completion. Where cash is received in advance of revenue recognition, the cash receipt is recorded as deferred income in the balance sheet and released to the Statement of Comprehensive Income over the remaining period of the contract. Where revenue is earned in advance of an invoice being raised, revenue is recognised as accrued income in the balance sheet and transferred to accounts receivable when an invoice is raised.

Management's judgement is applied to determine when a contract satisfies the above criteria and therefore a change to this criteria could have a material effect on the earnings of the Company.

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**Notes to the Financial Statements (continued)**
**2 Loss for the Year**
**(a) The loss before income tax includes the following specific items of revenue and expense:**

	2013 £	2012 £
Service revenue	983,780	474,574
Implementation and other non-recurring revenue	2,463	558,580
<b>Total revenue</b>	<b>986,243</b>	<b>1,033,154</b>

Sales of services consist of income from the provision of process transformation to its customers' through the research, development and sale of computer software and supporting managed service solutions.

	Note	2013 £	2012 £
Depreciation of property, plant and equipment	6	21,548	17,266
Amortisation of intangible assets		435,689	116,198
Staff costs	16	1,422,570	1,195,280
Auditors' remuneration			
- Audit services		18,555	15,020
Operating lease rentals payable			
- Operating minimum lease payments	17	91,873	77,984

**(b) Net finance income**

	2013 £	2012 £
Bank interest receivable	-	1
<b>Net finance income</b>	<b>-</b>	<b>1</b>

**(c) Earnings before interest, tax, depreciation and amortisation (EBITDA)**

	Note	2013 £	2012 £
Operating loss		(1,762,221)	(1,385,853)
Add: Depreciation and Amortisation	6,7	457,237	133,464
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>(1,304,984)</b>	<b>(1,252,389)</b>

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## Notes to the Financial Statements (continued)

**3 Taxation**

	2013 £	2012 £
<b>(a) Analysis of the credit for the year</b>		
Current tax comprises:		
- Over provision in prior years	4,773	51,658
- Losses transferred to parent company for consideration	368,681	320,955
<b>Total current tax</b>	<b>373,454</b>	<b>372,613</b>
Deferred tax comprises:		
- Origination and reversal of temporary difference	36,630	9,835
<b>Total deferred tax</b>	<b>36,630</b>	<b>9,835</b>
<b>Taxation</b>	<b>410,084</b>	<b>382,448</b>

The income tax credit for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23% (2012: 24%). The standard rate of Corporation Tax in the UK changed from 24% to 23% with effect from 1 April 2013 and therefore a blended average rate of 23.75% (2012: 25.5%) would be applicable. However the Company does not have current tax payable and therefore the rate of tax used for the year is 23% (2012: 24%).

The differences are reconciled as follows:

	2013 £	2012 £
<b>(b) Loss before income tax</b>	<b>(1,762,221)</b>	<b>(1,385,852)</b>
Loss on ordinary activities at rate of corporation tax of 23% (2012: 24%)	405,311	332,604
Factors affecting tax charge:		
- Other non-allowable items	-	(1,814)
- Over provision in prior years	4,773	51,658
<b>Taxation</b>	<b>410,084</b>	<b>382,448</b>



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## Notes to the Financial Statements (continued)

**4 Cash and Cash Equivalents**

	2013 £	2012 £
Cash at bank	374,706	373,679
	<b>374,706</b>	<b>373,679</b>

Cash at bank represents cash not placed on overnight deposit and is non interest bearing.

The Company does not have an overdraft arrangement in place.

The carrying value of cash and cash equivalents approximates the fair value. Cash and cash equivalents are denominated in Pounds Sterling (GBP) only.

**Credit risk**

Cash and cash equivalents credit risk is monitored on an overall basis by Group Treasury through the application of counterparty credit limits which are dependent on the long term credit rating of the counterparty. At 30 June 2013, cash and cash equivalents were held with one (2012: two) counterparty with a long term credit rating of AA and one (2012: none) counterparty with a long term credit rating of A.

**5 Trade and Other Receivables**

	2013 £	2012 £
<b>Non current</b>		
Amounts owed by parent undertaking	839,354	465,863
	<b>839,354</b>	<b>465,863</b>
<b>Current</b>		
Prepayments	320,773	300,202
	<b>320,773</b>	<b>300,202</b>
<b>Total</b>	<b>1,160,127</b>	<b>766,065</b>

As of 30 June 2013, £nil invoices were considered to be impaired (2012: £nil) and therefore none are provided for in the year. The amount of impairment recognised as an expense during the year was £nil (2012: £nil).

The fair value of trade receivables was equal to the carrying value at year end. The Company does not hold any collateral as security.

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## Notes to the Financial Statements (continued)

**6 Property, Plant and Equipment**

	£
<b>Cost</b>	
As at 1 July 2011	40,425
Additions	49,470
As at 30 June 2012	89,895
Additions	12,546
<b>As at 30 June 2013</b>	<b>102,441</b>
<b>Accumulated depreciation</b>	
As at 1 July 2011	31,194
Charge for the year	17,266
As at 30 June 2012	48,460
Charge for the year	21,548
<b>As at 30 June 2013</b>	<b>70,008</b>
<b>Net book value</b>	
As at 1 July 2011	9,231
As at 30 June 2012	41,435
<b>As at 30 June 2013</b>	<b>32,433</b>

Depreciation totalling £21,548 (2012: £17,266) has been charged to cost of sales during the year.

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**Notes to the Financial Statements (continued)**
**7 Other Intangible Assets**

	£
<b>Cost</b>	
As at 1 July 2011	18,217
Additions	885,980
As at 30 June 2012	904,197
Additions	874,720
Disposals	(18,215)
<b>As at 30 June 2013</b>	<b>1,760,702</b>
<b>Accumulated amortisation</b>	
As at 1 July 2011	18,215
Charge for the year	116,198
As at 30 June 2012	134,413
Charge for the year	435,689
Disposals	(18,215)
<b>As at 30 June 2013</b>	<b>551,887</b>
<b>Net book value</b>	
At 1 July 2011	2
As at 30 June 2012	769,784
<b>As at 30 June 2013</b>	<b>1,208,815</b>

Other intangible assets relate to patent and other proprietary software development generated by the Company.

The amortisation charge is included within cost of sales in the Statement of Comprehensive Income.

**8 Trade and Other Payables**

	2013 £	2012 £
<b>Current</b>		
Trade payables	2,816	3,339
Accrued expenses	194,038	310,179
	<b>196,854</b>	<b>313,518</b>

The carrying value of trade and other payables approximates to fair value.

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**Notes to the Financial Statements (continued)**
**9 Deferred Income**

	2013 £	2012 £
Deferred income – current	558,704	493,074
Deferred income – non current	670,070	881,559
<b>Total</b>	<b>1,228,774</b>	<b>1,374,633</b>

The carrying value of deferred income approximates its fair value.

**10 Borrowings**

	2013 £	2012 £
<b>Non-current borrowings</b>		
Loan with immediate parent undertaking	5,102,907	2,533,249
<b>Total borrowings</b>	<b>5,102,907</b>	<b>2,533,249</b>

Borrowings from the parent company, Airwave, are unsecured, interest free and repayable on demand. The loan has been classified as non-current as the parent has agreed not to demand payment within 12 months.

**11 Deferred Taxation**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2012: 24%). The net movements in deferred tax balances are as follows:

	2013 £	2012 £
As at 1 July	9,835	-
Income statement credit	36,630	9,835
<b>As at 30 June</b>	<b>46,465</b>	<b>9,835</b>

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

**Deferred tax assets**

	2013 £	2012 £
<b>Depreciation in excess of capital allowances</b>		
As at 1 July	9,835	-
Credit for the year	36,630	9,835
<b>As at 30 June</b>	<b>46,465</b>	<b>9,835</b>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future capital allowance claims is probable.

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## Notes to the Financial Statements (continued)

**12 Ordinary Shares**
**Allotted, called up and fully paid**

	2013 £	2012 £
115,900 (2012: 115,900) Ordinary Shares of £0.001 each	116	116
50,000 (2012: 50,000) Ordinary A Shares of £0.001 each	50	50

The Company has two classes of issued share capital, comprising Ordinary shares of £0.001 and Ordinary A shares of £0.001. Subject to the Company's Articles of Association and applicable law, the Company's ordinary shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding-up of the Company and an entitlement to receive any dividend declared on ordinary shares.

The issue of shares on 2 September 2008, 31 January 2009 and 2 February 2011 gave rise to a share premium account of £1,051,865 (2012: £1,051,865).

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**Notes to the Financial Statements (continued)**
**13 Related Party Disclosures**

During the year the Company made sales of £791,514 (2012: £817,114) through its parent company, Airwave. At 30 June 2013, £nil of trade debtors (2012: £nil) was due to be paid by Airwave to Kelvin Connect Limited. In addition £5,102,907 (2012: £2,533,249) of loan monies was due to be paid by Kelvin Connect Limited to Airwave at 30 June 2013.

During the year the Company incurred costs of £57,000 (2012: £43,000) for consultancy services from Hardy Technology Limited, a company in which Mr S Hardy is a director and shareholder. £nil (2012: £nil) was due to be paid to Hardy Technology Limited at 30 June 2013.

All transactions with related parties are conducted under normal trading terms. No guarantees are given or received on the above transactions. No provisions have been made for the above amounts, nor are any of the above related party transactions recognised or considered as bad or doubtful debt.

The following transactions were carried out with related parties:

**a) Revenue and purchases of goods and services**

	2013 £	2012 £
Revenue		
- Parent	791,514	817,114
Operating expenditure		
- Entity controlled by key management personnel	57,000	43,000

**b) Loans and other receivables**

		2013 £	2012 £
<b>Intercompany Loans</b>			
With Airwave	Opening balance	(2,533,249)	(1,433,226)
	Loans advanced during the year	(2,569,658)	(1,100,023)
	Closing balance	(5,102,907)	(2,533,249)
<b>Other receivables</b>			
With Airwave	Opening balance	465,863	97,650
	Loans advanced during the year	373,491	368,213
	Closing balance	839,354	465,863

Related party transactions with Directors and key management are detailed in note 15.

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## Notes to the Financial Statements (continued)

**14 Pension Scheme**

Employees of Kelvin Connect Limited are eligible for membership of the Airwave Pension Plan. The plan is a defined contribution arrangement and employer contributions are recognised as a benefit expense when they are due. The amounts charged to the Statement of Comprehensive Income are set out below:

	2013 £	2012 £
Defined contribution – Airwave Plan	<b>131,046</b>	83,985
	<b>131,046</b>	83,985

The Company's contributions to the Airwave Plan consist of payments made under a company policy to match employee contributions into the pension plan. The Company offers a salary sacrifice pension scheme to provide additional benefits for employees in retirement. Contributions under the salary sacrifice pension scheme are included above.

Contributions payable at the year end for the month of June 2013 were £nil (2012: £nil).

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## Notes to the Financial Statements (continued)

**15 Key Management and Director Compensation**

The compensation of key management for the year ended 30 June 2013 was as follows:

	2013 £	2012 £
Salaries and short-term employee benefits	461,779	452,165
Post-employment benefits	28,855	20,821
<b>Total key management compensation</b>	<b>490,634</b>	<b>472,986</b>

The key management compensation analysed above represents compensation earned by the Company's Management Board including four Directors of the Company (2012: four).

The emoluments of the Directors who were remunerated for their services to the Company, for the year ended 30 June 2013 were as follows:

	2013 £	2012 £
Aggregate emoluments in respect of qualifying services	461,779	452,165
Post-employment benefits	28,855	20,821
<b>Total director emoluments</b>	<b>490,634</b>	<b>472,986</b>

The emoluments of the Directors representing Airwave are paid by Airwave. No recharge is made to the ultimate joint parent company. Accordingly, the above details include no emoluments in respect of these Directors.

In respect of the highest paid Director:

	2013 £	2012 £
Aggregate emoluments in respect of qualifying services	176,770	172,650
<b>Total highest paid Director emoluments</b>	<b>176,770</b>	<b>172,650</b>

The highest paid Director did not participate in a pension scheme in respect of their qualifying services during the year.



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## Notes to the Financial Statements (continued)

**16 Employees**

	2013 Number	2012 Number
<b>Average monthly number of full time employee equivalents (including executive Directors):</b>		
Technology and product development and delivery	19	15
Sales, marketing and administrative	10	11
<b>Total employees</b>	<b>29</b>	<b>26</b>

The benefits expense incurred in respect of these employees were:

	Note	2013 £	2012 £
Wages and salaries		1,950,015	1,780,817
Social security costs		204,468	177,739
Other pension costs	14	131,046	83,985
<b>Total employee benefits</b>		<b>2,285,529</b>	<b>2,042,541</b>
Capitalised employee benefits		(862,959)	(847,261)
<b>Net employee benefits expensed</b>		<b>1,422,570</b>	<b>1,195,280</b>

**17 Financial Commitments**
**Operating lease commitments**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 £	2012 £
Within one year	-	53,150
	-	53,150

The Company leased offices under non-cancellable operating lease agreements. These leases had various terms and renewal rights. The Company recognised lease payments of £91,873 in the Statement of Comprehensive Income for year ended 30 June 2013 (2012: £77,984).

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**Notes to the Financial Statements (continued)**
**18 Operating Cash Flow**

	2013 £	2012 £
<b>Net cash flows from operating activities</b>	<b>(1,681,365)</b>	<b>158,273</b>
Purchase of property, plant and equipment and intangible assets	(887,266)	(935,450)
Interest received from third parties	-	1
<b>Operating cash flow</b>	<b>(2,568,631)</b>	<b>(777,176)</b>

**19 Contingent Liabilities**

The Company has no contingent liabilities or guarantees on which material losses are expected (2012: nil). The Company does not believe there are any pending legal proceedings which would have a material adverse effect on the financial position or results of operations of the Company.

**20 Parent Company and Controlling Party**

The Company's immediate parent undertaking and controlling party is Airwave.

The Company's ultimate parent company in the UK is Guardian Digital Communications Holdings Limited ("GDCHL"). The parent company of GDCHL is Guardian Digital Communications Luxembourg S.à.r.l. ("GDCLux").

MEIFIL, an English limited partnership with its registered office address at 3rd Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE is the parent undertaking of the largest group of undertakings to consolidate the Company.

Guardian Digital Communications Limited ("GDCL") is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2013. The consolidated financial statements of GDCL are available from 30 Crown Place, London EC2A 4EB.

**21 Events Occurring after Balance Sheet Date**

In addition to the changes in the rates of corporation tax disclosed in note 3, further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions in the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

As the changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements.