

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

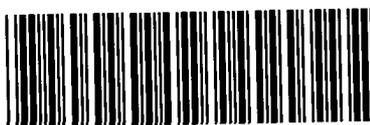
Company number: 05316577

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2014

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AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

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AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D J Williams
N A D Fox
M O'Connor

COMPANY SECRETARY

P Willcocks

REGISTERED OFFICE

20 Black Friars Lane
London
EC4V 6EB

BANKERS

HSBC Bank Plc
70 Pall Mall
London
SW1Y 5EZ

INDEPENDENT AUDITOR

KPMG LLP
15 Canada Square
London E14 5GL

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

Pursuant to the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013, Avanti Communications Infrastructure Limited (the "Company") and the Directors present a Strategic report for the first time.

Principal Activities

The Company is a holding company.

Principal Risks and Uncertainties

The directors of Avanti Communications Group plc (the ultimate parent undertaking of the Company) (the 'group') manage the group's risks at a group level, rather than at an individual legal entity level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of Avanti Communications Group plc, which include those of the Company, are discussed on page 17 of the group's annual report, available from the group's website www.avantiplc.com.

Key Performance Indicators ("KPIs")

The directors of Avanti Communications Group plc manage the group's operations at a group level. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Results

The financial position and results for the year ended 30 June 2014 were in line with expectations and are shown on pages 6 and 7.

Signed on behalf of the Board of Directors



Nigel Fox

Director

20 Black Friars Lane

London EC4V 6EB

Date: 31 March 2015

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors have the pleasure in submitting their report together with the audited financial statements of the company for the year ended 30 June 2014.

The company is part of an overall group which has a strategy of exploiting its orbital licences by funding and launching more satellites over the next few years.

Results and Dividends

The results for the year ended 30 June 2014 are shown on page 6. No equity dividend was paid in the year ended 30 June 2014 (2013: £nil). No final dividend is proposed at the year end (2013: £nil). The loss for the year was £nil (2013: £nil).

Directors' and Officers' liability insurance

The company maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. At the date of this report and for the year to 30 June 2014 the Company provided an indemnity in respect of all of the Company's Directors.

Political donations

During the year the Company made no political donations (2013: nil).

Directors

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

D J Williams
N A D Fox
M O'Connor

Independent Auditor

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

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

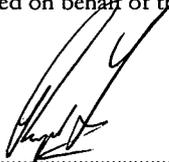
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors



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Nigel Fox

Director

20 Black Friars Lane
London EC4V 6EB

Date: 31 March 2015

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

We have audited the financial statements of Avanti Communications Infrastructure Limited for the year ended 30 June 2014 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its results for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 Strategic Report and 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.



Tudor Aw (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date:

31 March 2015

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended 30 June 2014

	Note	2014 £	2013 £
Turnover		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Loss before taxation		-	-
Tax		-	-
		<hr/>	<hr/>
Loss for the year		<hr/> <hr/>	<hr/> <hr/>

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

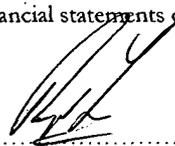
The notes on pages 9 to 13 are an integral part of these financial statements.

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

STATEMENT OF FINANCIAL POSITION as at 30 June 2014

	Note	2014 £	2013 £
Assets			
Fixed assets			
Investments	4	<u>663,083</u>	<u>663,083</u>
Current assets			
Other debtors (including £ nil due after more than one year)	5	<u>57,063,599</u>	<u>57,063,599</u>
Creditors: amounts falling due within one year	6	<u>57,483,762</u>	<u>57,483,762</u>
Net assets		<u><u>242,920</u></u>	<u><u>242,920</u></u>
Capital and reserves			
Called up share capital	7	100	100
Profit and Loss account		<u>242,820</u>	<u>242,820</u>
Shareholders' funds		<u><u>242,920</u></u>	<u><u>242,920</u></u>

The financial statements of company number 05316577 were approved by the Board and signed on its behalf



 Nigel Fox
 Director

Date: 31 March 2015 .

The notes on pages 9 to 13 are an integral part of these financial statements.

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Called up share capital £	Profit and loss account £	Total £
2013			
At 1 July 2012	100	242,820	242,920
Result for the year	-	-	-
At 30 June 2013	<u>100</u>	<u>242,820</u>	<u>242,920</u>
2014			
At 1 July 2013	100	242,820	242,920
Result for the year	-	-	-
At 30 June 2014	<u>100</u>	<u>242,820</u>	<u>242,920</u>

The notes on pages 9 to 13 are an integral part of these financial statements.

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

1 Accounting Policies

Statement of compliance

The principal activity of the Company is to act as a holding company for other entities in the group.

The registered office of the Company is 20 Black Friars Lane, London, United Kingdom, EC4V 6EB.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Avanti Communications Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 20 Black Friars Lane, London, EC4V 6EB.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel;
- Balance sheet exemption for reclassification of items in the balance sheet;
- The effects of new but not yet effective IFRS's.

As the consolidated financial statements of Avanti Communications Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- The disclosures required by IFRS 7 Financial Instrument Disclosures;

Basis of preparation

The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments which are incorporated using fair value.

Avanti Communications Group plc has confirmed its intention to support the company to enable it to meet its liabilities as they fall due for the period of at least 12 months from the date of approval of these Financial Statements and thus it is appropriate to adopt the going concern basis in preparing these financial statements.

Critical accounting estimates and management judgement

The presentation of financial statements in conformity with FRS 101 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.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1 Accounting Policies (continued)

Exemption from consolidation

The company is a wholly-owned subsidiary of Avanti Communications Group plc and is included in the consolidated financial statements of this company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Foreign currency

Transactions entered into by the Company entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rate ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

The functional and presentational currency of the Company is sterling.

Current tax

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

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

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

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

Investments

Investments are recorded at cost less provision for impairment. Investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

Equity instruments

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

1 Accounting Policies (continued)

Trade debtors and other financial assets

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

Cash at bank and on hand

Cash in the statement of financial position is comprised of cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

Provisions

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

Trade creditors

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

Derivative financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial positions when the Company becomes a party to the contractual provisions of the instrument.

The Company uses derivative financial instruments mainly to reduce exposure to foreign exchange risks. The Company does not hold or issue derivative financial instruments for trading purposes. Derivatives are recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. Fair value is measured using the closing bank rate compared with the contract rate.

Hedge accounting is currently not applied. Changes in fair value of derivative financial instruments are recognised in the income statement as they arise.

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

2 Auditor's remuneration

The auditor's remuneration for the current year of £1,000 (2013: £1,000) is borne by the ultimate parent entity Avanti Communications Group plc.

3 Staff number and costs

There are no employees for the current or preceding year.

The emoluments of the directors are paid by the parent company. The directors are also directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, their emoluments are included in the aggregate of directors' emoluments disclosed in the Annual Report of Avanti Communications Group plc.

4 Investments	2014	2013
	£	£
Shares in subsidiary undertakings	<u>663,083</u>	<u>663,083</u>

As at the end of the year, the Company held the following investments in subsidiary companies:

Name of subsidiary	Country of incorporation	Principal activity	Proportion of ownership interest
Avanti Communications Limited	England and Wales	Consultancy	100%
Avanti Space Limited	England and Wales	Construction/ operation of satellite	100%
Avanti Broadband Limited	England and Wales	Provision of satellite network services	100%
Avanti Broadband (Ire) Limited	England and Wales	Provision of satellite network services	100%
Avanti Launch Services Limited	Isle of Man	Provision of launch services	100%
Avanti Communications Marketing Services Limited	England and Wales	Provision of satellite network services	100%

The directors consider the value of investments to be supported by the underlying assets and expected future cash flows.

5 Other debtors	2014	2013
	£	£
Amounts owed by group undertakings	<u>57,063,599</u>	<u>57,063,599</u>
	<u>57,063,599</u>	<u>57,063,599</u>

6 Other creditors	2014	2013
	£	£
Amounts owed to group undertakings	<u>57,483,762</u>	<u>57,483,762</u>
	<u>57,483,762</u>	<u>57,483,762</u>

AVANTI COMMUNICATIONS INFRASTRUCTURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

7 Share Capital	2014	2013
	£	£
Issued and unpaid: 100 (2013: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Avanti Communications Group plc. The ultimate parent undertaking and controlling party is Avanti Communications Group plc, a company incorporated in England and Wales. Avanti Communications Group plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2014. The consolidated financial statements of Avanti Communications Group plc are available from 20 Black Friars Lane, London EC4V 6EB.