

Registered number: SC145376

CAPROCK UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JULY 2016

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CAPROCK UK LIMITED

COMPANY INFORMATION

Directors	D Goody (resigned 1 January 2017) D R Redrup (resigned 1 January 2017) S Mikuen (resigned 1 January 2017) P J Beylier (appointed 1 January 2017) I Baldwin (appointed 1 January 2017) D J Wheeler (appointed 1 January 2017, resigned 1 April 2017) D Ross (appointed 1 April 2017)
Company secretary	D Goody (resigned 1 January 2017) K Brown (appointed 1 April 2017)
Registered number	SC145376
Registered office	CapRock Building Denmore Road Bridge of Don Aberdeen AB238JW
Independent auditors	Ernst & Young LLP Apex Plaza Forbury Road Reading RG11YE

CAPROCK UK LIMITED

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CAPROCK UK LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 1 JULY 2016

The directors present their strategic report on the company for the period ended 1 July 2016.

Business review

The principal activities in the period were as a supplier of managed satellite and terrestrial communications solutions, specifically for remote and harsh environments including the energy and maritime industries.

The CapRock group globally owns and operates a robust infrastructure that includes teleports on six continents, five network operations centres running 24 hours per day, seven days per week, local presence in 23 countries and over 275 global field service personnel. CapRock's solutions include broadband Internet access, VOIP technology, wideband networking and real-time video, delivered to customer sites around the world. Furthermore the CapRock group provides hardware and software products, systems and services that provide interoperable workflow solutions for broadcast, cable, satellite and out-of-home networks worldwide.

As previously reported, on 2 February 2016, Harris Corporation the Company's then ultimate parent announced a non cash after tax charge of \$328 million relating to the impairment of goodwill and other assets of its global Caprock business and reflecting the impact of the downturn in the energy market and its effect on customer operations.

Whilst the energy market has experienced a continuous decline in the price of crude oil since the latter half of 2014 the impact of that decline on the Group's services were first seen towards the end of 2015. Since that time the Group and the company have seen a rapid decline in bandwidth usage and significant downward pressure on contract prices.

As part of the above mentioned impairment exercise the Company determined it necessary to write down goodwill, certain fixed assets and certain stock and trade receivable balances existing at the prior period balance sheet date and totalling £102.4m. The Company's management believe that this level of impairment properly reflects the recoverability of those assets in light of current market conditions.

The company did not manage to maintain sales growth in 2016 and 2015 primarily in consequence of the impact of a decline in bandwidth usage and adverse pricing pressures due to the downturn in the energy market noted above.

The operating loss and loss after tax decreased by 83% and 81% respectively during the year. The operating loss in the prior year was due primarily to the impairment of intangibles, tangible fixed assets and other current assets, the current year loss was due to the continuing decline in the business operations.

On 30th September 2016 the Company entered into an agreement with Harris Corporation and Harris Systems Limited where Harris Systems Limited assumed full liability for the company's obligations under its credit facility with Harris Corporation dated 4th April 2011. As consideration for the assumption of that debt obligation the Company issued shares to Harris Systems Limited equal to the total outstanding principal and accrued interest at 30th September 2016.

CAPROCK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2016**

Business review (continued)

On 1st November 2016 Harris Corporation and Speedcast International Limited announced a definitive agreement under which Speedcast would acquire Harris Caprock Communications commercial business. The transaction completed on 1 January 2017.

At the date of the approval of these financial statements the company's ultimate parent, Speedcast International Limited has provided assurances that it will continue to make funds available to the company in order to ensure the company's continued operational existence.

Functional currency

In converting to FRS102 the functional currency of the company was determined to be the US Dollar however management have taken advantage of FRS102.20.17 which states that an entity may present its financial statements in any currency

Historically the company has presented its financial statements in sterling since its date of incorporation. Given that the Standard provides for the adoption of a presentational currency different from an entity's functional currency, management have decided that the company will present its financial statements in sterling.

The key financial and other performance indicators during the year were as follows:

	2016 £000	2015 £000	% Change £000
Turnover	29,806	42,945	-31%
Operating loss	(18,702)	(106,895)	-83%
Loss after tax	(21,404)	(109,372)	-81%
Equity shareholders' funds	(76,106)	(54,703)	+39%
Current assets as % of current liabilities	156%	214%	-27%

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2016**

Principal risks and uncertainties

The company continued to experience challenging market conditions during the period breaking into new territories and maintaining high quality products and services to existing customers. These are not new risks, but are managed via excellent relationships between the company and its long-standing and loyal customer base which has evolved through high levels of customer care and a generous after-sales support service.

The participation in such markets is often subject to uncertain economic conditions, along with the risk of fluctuating exchange rates and diminished spending in the oil sector, which makes it difficult to estimate growth and, as a result, future income and expenditures. Our financial success depends on the ability to develop new products that achieve market acceptance. We cannot predict the consequences of future geo-political events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability.

Liquidity risk

The company retains sufficient cash resources to ensure it has funds available to meet its day-to-day requirements. The company has access to longer term funding from its ultimate parent if this is required.

Financial instrument risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk as a business unit level.

Interest rate risk

The company has cash balances of £2.4m (2015: £2.3m) which earn interest at a variable rate. Due to the amounts involved the directors consider the interest rate risk in respect of these cash balances to be minimal.

~~The company has no third-party loans; debts due to other group undertakings amounted to £123.6m (2015: £109.7m). Debts due from other group undertakings amounted to £39.8m (2015: £39.8m). Where relevant, these debts bear interest between 1.67% and 2.54% per annum.~~

The directors do not consider the company to have any exposure to the risk of fluctuating interest rates that would necessitate the hedging of interest rates.

Currency risk

A substantial proportion of the company's turnover is derived from overseas sales, and as such the company has currency exposures on transactions which arise from sales and purchases in currencies (primarily the US dollar) other than its functional currency as well as the currency risk associated with intra group loans. Potential exposures to foreign currency exchange rate movements are monitored through cash flow forecasts and monthly currency exposure reporting in all currencies in which the company trades. These are reviewed monthly by senior management and the Board and appropriate actions are taken to manage net open foreign currency positions.

CAPROCK UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2016**

Credit risk

There is a risk of financial loss to the company arising from the failure of the company's customers to meet their financial obligations for the services provided by the company.

The company manages this situation through credit control procedures, which are closely monitored by specialist staff and management, but nevertheless, we are subject to customer credit risk. The Board are of the view that the risk is at an acceptable level.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to price, credit, liquidity and cash flow risk are described above.

The directors are of the opinion that the company is a going concern. The net current assets of the company amounted to £19.1m, at 1 July 2016 (£30.9m– 2015). Available cash resources amounted to £2.3m at 1 July 2016 (£2.3m – 2015).

As noted above the company's loan liability (together with accrued interest) to Harris Corporation was assumed by its former immediate parent, Harris Systems Limited in return for the issue of shares by the company after the end of the period. In consequence of this capitalisation the company's net asset position has been significantly improved.

The company's ultimate parent, Speedcast International Limited, has undertaken to ensure adequate funds are made available to the company to meet its working capital requirements and outstanding liabilities for at least 12 months after the date of approval of the financial statements.

As a result, the directors have continued to apply the going concern basis of preparation for these financial statements.

This report was approved by the board and signed on its behalf by.



D Ross
Director

Date: 8/7/17

CAPROCK UK LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 1 JULY 2016**

The directors present their report and the financial statements for the period ended 1 July 2016.

Results and dividends

The results for the period are set out on page 13 of the financial statements

The loss for the period, after taxation, amounted to £21.4m (2015 - loss £109.4m).

The Directors recommend that no dividend be paid (2015:£nil)

Directors

The directors who served during the period were:

D Goody (resigned 1 January 2017)
D R Redrup (resigned 1 January 2017)
S Mikuen (resigned 1 January 2017)

The following directors were appointed after the period;

P J Beylier (appointed 1 January 2017)
I Baldwin (appointed 1 January 2017)
D J Wheeler (appointed 1 January 2017, resigned 1 April 2017)
D Ross (appointed 1 April 2017)

Political contributions

During the period, the company made no contributions to charitable organisations (2015: £nil).
The company did not make any contributions to any political organisation during the period (2015: £nil).

Future developments

The company aims to continue to increase its share of the energy, drilling and subsea construction markets by targeting fleet contracts that are due for renewal. It is also striving for geographical expansion through an improved model of collaboration with third party partners in countries where the company does not have its own teleport facilities.

Directors' liability insurance

During the period, and up to the date of approval of the financial statements, the company had in place a third party indemnity provision for the benefit of all the directors of the company, subject to the conditions set out in Section 234 of the Companies Act 2006.

Financial instruments

Details of financial instruments are provided in the strategic report on page 3.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2016**

Employee involvement

The company is an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, national or ethnic origins, sex, marital status, sexual preferences, disability, membership or non-membership of a trade union, "spent convictions" of ex-offenders, class, age, political or religious belief.

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period, the policy of disseminating information via the Employee's Communications Group representatives has continued, thus providing a free flow of information and ideas, and keeps employees informed of the group's financial and operational matters that affect them. The company also has a recruitment programme that rewards employees for introductions of new hires.

The company has a strong ethos of career development and training. The company runs regular monthly training meetings, and runs an on-line training and learning facility covering a multitude of business related topics.

Health, environmental and safety

The company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition, the company aims to protect the health of employees with suitable, specific work-based strategies, seeking to minimise the risk of injury from company activity and ensure that systems are in place to address health and safety matters through the company's Health and Safety officer. Compliance with company policy is monitored centrally, and the company's ongoing health, environmental, and safety programmes have resulted in the reduction in the rates of work-related injuries and illnesses.

Health and Safety audits and risk assessments have been carried out and additional actions and controls have been implemented and training conducted to ensure that employees can carry out their functions in a safe and effective manner.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Opportunities exist for employees of the company who become disabled to continue in their employment or to be trained for other positions within the company.

Matters covered in the strategic report

The assessment of the entity's ability to continue as a going concern is covered in the strategic report on page 4.

CAPROCK UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2016**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

On 30th September 2016 the Company entered into an agreement with Harris Corporation and Harris Systems Limited where Harris Systems Limited assumed full liability for the company's obligations under its credit facility with Harris Corporation dated 4th April 2011. As consideration for the assumption of that debt obligation the Company issued shares to Harris Systems Limited equal to the total outstanding principal and accrued interest at 30th September 2016.

On 1st November 2016 Harris Corporation and Speedcast International Limited announced a definitive agreement under which Speedcast would acquire Harris Caprock Communications commercial business. The transaction completed 1 January 2017.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the re-appointment of Ernst & Young LLP as auditors of the company.

This report was approved by the board and signed on its behalf.



D Ross
Director

Date: 8/9/17

CAPROCK UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 1 JULY 2016

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPROCK UK LIMITED

We have audited the financial statements of CapRock UK Limited for the period ended 1 July 2016, which comprise the Income Statement, the Statement of financial position, the Statement of changes in equity and the related note 1 to 29. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Auditor

As explained more fully in the Directors' Responsibilities Statement 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 1 July 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102, the financial reporting standard to the UK and Republic of Ireland ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

CAPROCK UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPROCK UK LIMITED
(CONTINUED)**

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 period for which the financial statements are prepared is consistent with those 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.

Ernst & Young LLP

David Hales (Senior-Statutory-Auditor)

for and on behalf of

Ernst & Young LLP

Apex Plaza

Forbury Road

Reading

RG11YE

Date: *8 Sept 2017*

CAPROCK UK LIMITED

**INCOME STATEMENT
FOR THE PERIOD ENDED 1 JULY 2016**

	Note	2016 £000	2015 (restated) £000
Turnover	4	29,806	42,945
Cost of sales		(42,900)	(44,662)
Exceptional cost of sales		-	(102,397)
Gross loss		(13,094)	(104,114)
Administrative expenses		(5,608)	(2,781)
Operating loss	5	(18,702)	(106,895)
Interest receivable and similar income	9	47	6
Interest payable and expenses	10	(2,749)	(2,483)
Loss before tax		(21,404)	(109,372)
Taxation	11	-	-
Loss for the period		<u>(21,404)</u>	<u>(109,372)</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the income statement.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 15 to 38 form part of these financial statements.

CAPROCK UK LIMITED
REGISTERED NUMBER: SC145376

STATEMENT OF FINANCIAL POSITION
AS AT 1 JULY 2016

	Note	1 July 2016 £000	1 July 2016 £000	3 July 2015 (restated) £000	3 July 2015 (restated) £000
Fixed assets					
Tangible assets	13		2,936		6,569
Investments	14		8		8
			<u>2,944</u>		<u>6,577</u>
Current assets					
Stocks	15	1,255		4,037	
Debtors	16	49,578		51,602	
Cash at bank and in hand	17	2,350		2,342	
		<u>53,183</u>		<u>57,981</u>	
Creditors: amounts falling due within one year	18	(34,124)		(27,118)	
Net current assets			<u>19,059</u>		<u>30,863</u>
Total assets less current liabilities			<u>22,003</u>		<u>37,440</u>
Creditors: amounts falling due after more than one year	19		(98,109)		(92,143)
Net liabilities			<u>(76,106)</u>		<u>(54,703)</u>
Capital and reserves					
Called up share capital	21		17,495		17,495
Share premium account	22		91,700		91,700
Profit and loss account	22		(185,302)		(163,898)
			<u>(76,106)</u>		<u>(54,703)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



David Ross
Director

Date: 8/9/17

CAPROCK UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 JULY 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 4 July 2015	17,495	91,700	(163,898)	(54,703)
Comprehensive income for the period				
Loss for the period	-	-	(21,404)	(21,404)
Stock option charge	-	-	(152)	(152)
Distribution	-	-	153	153
At 1 July 2016	<u>17,495</u>	<u>91,700</u>	<u>(185,301)</u>	<u>(76,106)</u>

CAPROCK UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 3 JULY 2015**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2014	16,415	88,178	(54,526)	50,067
Comprehensive income for the period				
Loss for the period	-	-	(109,372)	(109,372)
Issue of shares	1,080	3,522	-	4,602
Stock option charge	-	-	(485)	(485)
Distribution	-	-	485	485
At 3 July 2015	17,495	91,700	(163,898)	(54,703)

The notes on pages 15 to 38 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1. Accounting policies

1.1 Statement of compliance

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the period ended 1 July 2016. An explanation of how transition to FRS 102 has affected the reported financial position is given in note 29.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 27 June 2014. An explanation of how the transition to FS 102 has affected the reported financial position and financial performance is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company prepares its financial statements to the closest Friday to 30 June each year. The functional currency of the company is the dollar however management have made the decision based on ease of use and interpretation to present the financial statements in sterling and rounded to the nearest £'000.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to price, credit, liquidity and cash flow risk are described above.

The directors are of the opinion that the company is a going concern. The net current assets of the company amounted to £19.1m, at 1 July 2016 (£30.9m – 2015). Available cash resources amounted to £2.3m at 1 July 2016 (£2.3m – 2015).

As noted above the company's loan liability (together with accrued interest) to Harris Corporation was assumed by its former immediate parent, Harris Systems Limited in return for the issue of shares by the company after the end of the period. In consequence of this capitalisation the company's net asset position has been significantly improved.

The company's ultimate parent, Speedcast International Limited, has undertaken to ensure adequate funds are made available to the company to meet its working capital requirements and outstanding liabilities for at least 12 months after the date of approval of the financial statements.

As a result, the directors have continued to apply the going concern basis of preparation for these financial statements.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harris Corporation as at 1 July 2016 and these financial statements may be obtained from 1025 West NASA Boulevard, Melbourne, Florida, 32919, USA or viewed on Harris Corporations' website at www.harris.com.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1.4 Statement of cashflow

The director has taken advantage of the exemption in FRS 102 from including a statement of cash flow in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The company provides its satellite communications services, which include the satellite equipment, pursuant to service contracts. The term of these contracts is generally one to five years, although they can run for a period of only a few months. Service contracts specify the location and type of services to be provided by the company, and the fixed monthly fee for such services.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold land & buildings	- 45	years
Improvements	- 15	years
Leasehold property & improvements	-	Over the term of the lease
Rental equipment	- 5	years
Fixtures and fittings, tools & equipment	- 3 - 10	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Foreign currency translation

Functional and presentation currency

The Company's functional currency is the US dollar. This differs from the presentational currency which is GBP sterling. The reason for the difference is based on ease of use and interpretation of the financial statements.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 5 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

1. Accounting policies (continued)

1.19 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. General information

Caprock UK Limited is a limited liability company incorporated in Scotland. The Registered Office is CapRock Building, Denmore Road, Bridge of Don, Aberdeen, AB23 8JW

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The following are the company's key sources of estimation uncertainty:

Operating lease commitments

The company has entered into commercial property leases as lessee and also to obtain use of office equipment. The classification of such leases as operating or financial lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

4. Turnover

An analysis has not been included, as the directors believe that to do so would be seriously prejudicial to the interest of the company

5. Operating loss

The operating loss is stated after charging:

	2016 £000	2015 (restated) £000
Depreciation of tangible fixed assets	3,633	5,037
Amortisation of goodwill	-	5,625
Intangible assets impairment charge	-	102,397
Tangible assets impairment (credit)/charge	-	1,953
Other asset write downs	-	1,136
Amortisation of other intangible assets	-	134
Exchange differences	(1,154)	(2,753)
Rentals under operating leases - land & buildings	459	426
Rentals under operating leases - other	13,590	14,549
Defined contribution pension cost	<u>457</u>	<u>559</u>

6. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>95</u>	<u>119</u>

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	9,254	11,008
Social security costs	1,590	2,079
Cost of defined contribution scheme	457	559
	<u>11,301</u>	<u>13,646</u>

Included in wages and salaries is a total expense of share-based payments of £152,149 (2015: £484,934)

As stated above £457,000 (2015: £559,000) is the expense to the company in respect of the defined contribution scheme.

The average monthly number of employees, including the directors, during the period was as follows:

	2016 No.	2015 No.
Engineering	167	207
Sales	12	17
Administration	22	33
	<u>201</u>	<u>257</u>

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

8. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	171	271
Company contributions to defined contribution pension schemes	-	7
	<u>171</u>	<u>278</u>

Certain directors of the company during the period were also directors or officers of other companies within the Harris Corporation group. Those directors' services to the company do not occupy a significant amount of their time. As such those directors did not consider that they received any remuneration for their services to the company.

The remuneration of £171,761 was paid to D Goody through another company within the Harris Corporation group. As her services to the company occupied a significant amount of her time it was considered appropriate to disclose this fact in the financial statements of Caprock UK Limited.

9. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	44	-
Other interest receivable	3	6
	<u>47</u>	<u>6</u>

10. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	11	14
Loans from group undertakings	2,738	2,469
	<u>2,749</u>	<u>2,483</u>

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

11. Taxation

	2016 £000	2015 £000
Total current tax	<u>-</u>	<u>-</u>
Factors affecting tax charge for the period		
The tax assessed for the period is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.75%). The differences are explained below:		
	2016 £000	Restated 2015 £000
Loss on ordinary activities before tax	<u>(21,404)</u>	<u>(109,372)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 – 20.00%)	(4,280)	(21,845)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	522	43
Depreciation for period in excess of capital allowances	1,052	976
Other timing differences leading to an increase (decrease) in taxation	(193)	(517)
Unrelieved tax losses carried forward	2,608	21,128
Group relief surrendered (nil consideration)	291	244
Total tax charge for the period	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

11. Taxation (continued)**Factors that may affect future tax charges**

The main rate of UK corporation tax reduced from 21% to 20% effective from 1 April 2015. The Finance (No. 2) Act 2015, which provides for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and a further reduction to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. In the 2016 Budget on 16 March 2016, the Chancellor of the Exchequer announced a further reduction in the main rate of corporation tax to 17%, effective from 1 April 2020. However, the company will only recognise the impact of the rate change which is substantively enacted at the balance sheet date in its financial statements.

Deferred tax

	2016 Recognised £000	2016 Not recognised £000	2015 Recognised £000	2015 Not recognised £000
Depreciation charge in advance of capital allowances	-	2,466	-	2,847
Other timing differences	-	222	-	428
Losses	-	30,009	-	30,517
	<u>-</u>	<u>32,697</u>	<u>-</u>	<u>33,792</u>

12. Exceptional items

	2016 £000	2015 £000
Exceptional items	-	102,397
	<u>-</u>	<u>102,397</u>

Due to a decline in bandwidth usage and significant downward pressure on contract prices in the prior year, the company determined it necessary to impair intangible and tangible assets existing at the balance sheet date. The Company's management believed that this adjustment correctly reflected the recoverability of those assets in light of the market conditions at that time.

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

13. Tangible fixed assets

	Freehold land £000	Freehold buildings £000	Rental Equipment £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 4 July 2015 (restated)	1,769	1,305	11,824	539	15,437
Additions	-	-	1,964	8	1,972
Retirements	-	-	(2,289)	(120)	(2,409)
Transfers between classes	(1,165)	-	-	1,165	-
At 1 July 2016	604	1,305	11,499	1,592	15,000
Depreciation					
At 4 July 2015 (restated)	96	539	7,736	496	8,867
Charge for period on owned assets	-	124	3,428	81	3,633
Retirements	-	-	(353)	(84)	(437)
At 1 July 2016	96	663	10,812	493	12,064
Net book value					
At 1 July 2016	508	642	688	1,099	2,936
At 3 July 2015 (restated)	1,673	766	4,087	43	6,569

Note: The cost and accumulated depreciation and impairment amounts have been restated to include additional amounts that should have been posted in the previous year. These changes were omitted from previously reported amounts. The operating loss (note 5) has been restated accordingly and the related tax impacts reflected in the 2015 comparative.

The net book value of land and buildings may be further analysed as follows:

	2016 £000	2015 £000
Land	508	1,673
Buildings	642	766
	<u>1,150</u>	<u>2,439</u>

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

14. Fixed asset investments

Investments
in subsidiary
companies
£000

Cost or valuation and net book value

At 4 July 2015 and at 1 July 2016

8

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Caprock Communications Norway AS	Norway	Ordinary	100%	Communications services
Caprock Communications International Limited	UK	Ordinary	100 %	Communications services

15. Stocks

	1 July 2016 £000	3 July 2015 £000
Raw materials and consumables	1,168	3,717
Work in progress (goods to be sold)	87	320
	<u>1,255</u>	<u>4,037</u>

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

16. Debtors

	1 July 2016 £000	3 July 2015 £000
Due within one year		
Trade debtors	4,094	6,258
Amounts owed by group undertakings	39,796	39,768
Other debtors	1,401	1,800
Prepayments and accrued income	4,287	3,776
	<u>49,578</u>	<u>51,602</u>

17. Cash and cash equivalents

	1 July 2016 £000	3 July 2015 £000
Cash at bank and in hand	2,350	2,342
	<u>2,350</u>	<u>2,342</u>

18. Creditors: Amounts falling due within one year

	1 July 2016 £000	3 July 2015 £000
Trade creditors	2,591	3,509
Amounts owed to group undertakings	25,490	17,552
Taxation and social security	281	318
Other creditors	169	209
Accruals and deferred income	5,594	5,530
	<u>34,125</u>	<u>27,118</u>

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

19. Creditors: Amounts falling due after more than one year

	1 July 2016 £000	3 July 2015 £000
Amounts owed to group undertakings	98,109	92,143
	<u>98,109</u>	<u>92,143</u>

A loan for the principal sum of £85,717,705 was originally made to CapRock UK Limited by its ultimate parent company Harris Corporation under a credit facility dated 4 April 2011. Since that date further draw-downs have been made against the facility which shall not exceed £100m. Interest was charged during the year at 2.54%.

On 30th September 2016 the Company entered into an agreement with Harris Corporation and Harris Systems Limited where Harris Systems Limited assumed full liability for the company's obligations under its credit facility with Harris Corporation dated 4th April 2011. As consideration for the assumption of that debt obligation the Company issued shares to Harris Systems Limited equal to the total outstanding principal and accrued interest at 30th September 2016.

20. Financial instruments

	1 July 2016 £000	3 July 2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	2,350	2,342
Financial assets that are debt instruments measured at amortised cost	41,144	47,885
	<u>43,494</u>	<u>50,227</u>

Financial liabilities

Financial liabilities measured at amortised cost	(127,644)	(118,843)
	<u>(127,644)</u>	<u>(118,943)</u>

Financial assets measured at amortised cost comprise trade debtors and amounts owing by other group undertakings

Financial Liabilities measured at amortised cost comprise trade creditors and amounts owing to other group undertakings

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

21. Share capital

	1 July 2016 £000	3 July 2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
17,494,740- Ordinary shares of £1 each	<u>17,495</u>	<u>17,495</u>

22. Reserves**Share premium**

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss account

Profit and loss account represents accumulated comprehensive income/(loss) for the year and prior periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

23. Share based payments

At 1 July 2016, the company participated in three group shareholder-approved stock incentive plans for employees under which options or other share-based compensation were outstanding. The types of share-based awards outstanding under these plans are stock options, performance share awards, performance share unit awards and restricted stock unit awards.

Share options in shares of the company's ultimate parent, Harris Corporation, are granted to senior executives with more than 12 months' service, in accordance with Harris Corporation's shareholder-approved stock incentive plans. Option exercise prices are 100 percent of the fair market value on the date the options are granted. Options may be exercised for a period set at the time of the grant, which is usually three years, and they generally become exercisable in instalments, which are typically 33.3 percent after the first anniversary of the date of the grant, and 33.3 percent after each of the dates of the second and third anniversaries of the date of the grant.

Awards of restricted stock units have been granted to employees under Harris stock incentive plans. The restricted stock units are not transferable until vested and the restrictions lapse upon the achievement of continued employment over a specified time period.

Awards of performance shares and performance share units have been granted to employees under Harris stock incentive plans. Generally, performance share and performance share unit awards are subject to performance criteria such as meeting predetermined earnings and return on invested capital targets for a three year plan period. These awards also generally vest at the expiration of the same three year period. The final determination of the number of shares to be issued in respect of an award is determined by Harris' Board of Directors or a committee of Harris' Board of Directors.

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

24. Commitments under operating leases

At 1 July 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	1 July 2016 £000	3 July 2015 £000
Land and Buildings		
Not later than 1 year	359	342
Later than 1 year and not later than 5 years	1,478	1,467
Later than 5 years	2,131	2,501
	<u>3,968</u>	<u>4,310</u>
	1 July 2016 £000	3 July 2015 £000
Other		
Not later than 1 year	10,975	13,366
Later than 1 year and not later than 5 years	21,838	26,449
	<u>32,813</u>	<u>39,815</u>

25. Related party transactions

Related party transactions are not disclosed as they are with wholly-owned entities which are part of the Harris Corporation Group.

26. Post balance sheet events

On 30th September 2016 the Company entered into an agreement with Harris Corporation and Harris Systems Limited where Harris Systems Limited assumed full liability for the company's obligations under its credit facility with Harris Corporation dated 4th April 2011. As consideration for the assumption of that debt obligation the Company issued shares to Harris Systems Limited equal to the total outstanding principal and accrued interest at 30th September 2016.

On 1st November 2016 Harris Corporation and Speedcast International Limited announced a definitive agreement under which Speedcast would acquire Harris Caprock Communications commercial business. The transaction completed on 1 January 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

27. Ultimate parent undertaking and controlling party

At the period end the company's ultimate parent undertaking and controlling party, and the parent undertaking of the smallest and largest group for which group financial statements are drawn up and of which the company was a member, was Harris Corporation, a company incorporated in Delaware, USA. Copies of the financials statements of Harris Corporation can be obtained from 1025 West NASA Boulevard, Melbourne, Florida 32919, USA, or viewed on Harris Corporations' website at www.harris.com.

At the date of approval of these financial statements, the company's ultimate parent undertaking and controlling party was Speedcast International Limited, Unit 2405-8, 24F, Dah Sing Financial Centre, 108 Gloucester Road, Wan Chai, Hong Kong.

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

28. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 27 June 2014. No differences were identified to the previously reported results. The transition relief taken by the Company are set out on page 38.

	As previously stated 27 June 2014 £000	Effect of transition 27 June 2014 £000	FRS 102 (as restated) 27 June 2014 £000	As restated 3 July 2015 £000	Effect of transition 3 July 2015 £000	FRS 102 (as restated) 3 July 2015 £000
Note						
Fixed assets	118,998	-	118,998	6,577	-	6,577
Current assets	72,145	-	72,145	57,981	-	57,981
Creditors: amounts falling due within one year	(44,937)	-	(44,937)	(27,118)	-	(27,118)
Net current assets	27,208	-	27,208	30,863	-	30,863
Total assets less current liabilities	146,206	-	146,206	37,440	-	37,440
Creditors: amounts falling due after more than one year	(96,139)	-	(96,139)	(92,143)	-	(92,143)
Net assets/(liabilities)	50,067	-	50,067	(54,703)	-	(54,703)
Capital and reserves	50,067	-	50,067	(54,703)	-	(54,703)

CAPROCK UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

28. First time adoption of FRS 102 (continued)

	Note	As restated 3 July 2015 £000	Effect of transition 3 July 2015 £000	FRS 102 (as restated) 3 July 2015 £000
Turnover		42,945	-	42,945
Cost of sales		(147,059)	-	(147,059)
		<hr/>		<hr/>
		(104,114)	-	(104,114)
Administrative expenses		(2,781)	-	(2,781)
		<hr/>		<hr/>
Operating profit		(106,895)	-	(106,895)
Interest receivable and similar income		6	-	6
Interest payable and similar charges		(2,483)	-	(2,483)
		<hr/>		<hr/>
Loss on ordinary activities after taxation and for the financial period		<u>(109,372)</u>	<u>-</u>	<u>(109,372)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2016**

Transitional relief

Business combinations

The company has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Share based payment transactions

The company has elected not to apply Section 26 Share based payment to equity instruments granted before the date of transition to FRS 102. FRS 20 has been applied to instruments granted prior to the date of transition.

Investments in subsidiaries

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

Lease incentives

The company has not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.