

## CapRock UK Limited

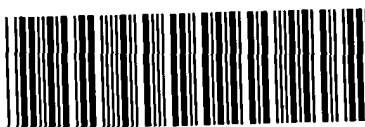
Report and Financial Statements

Year Ended

30 June 2013

Company Number SC145376

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**CapRock UK Limited**  
**Report and financial statements**  
**for the year ended 30 June 2013**

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**Directors**

E Correa  
A M Dye (resigned 31 October 2014)  
S Mikuen

**Secretary and registered office**

E Correa, CapRock Building, Denmore Road, Bridge of Don, Aberdeen, AB23 8JW

**Company number**

SC145376

**Auditors**

Ernst & Young LLP, Blenheim House, Fountainhall Road, Aberdeen, AB15 4DT

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**CapRock UK Limited**  
**Report of the directors**  
**for the year ended 30 June 2013**

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The directors present their report together with the audited financial statements for the year ended 30 June 2013.

**Results and dividends**

The profit and loss account is set out on page 7 and shows the loss for the year.

The directors do not propose the payment of a dividend.

The company's ultimate parent, Harris Corporation, 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.

**Principal Activities and Review of Business**

The principal activities in the year 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.

The company's sales revenues decreased by 19% (2012 increase of 93%) over the previous year, and the company's operating loss increased to £6.6m compared to £5.4m in 2012. The 2012 operating loss included exceptional administrative expenses of £10.8m as detailed in Note 4 of the financial statements (in respect of the integration costs of the Global Connectivity Services division of Schlumberger).

The company has experienced certain operating losses in each of its financial years ending in June 2012 and 2013. Accordingly the Group has performed a comprehensive discounted cash flow analysis which supports the carrying value of the Goodwill in CapRock UK Limited. The discounted cash flow has been based on the agreed and committed divisional strategic plan which Harris Group management believe will generate and channel sufficient future cash flows to support the current carrying value of the CapRock UK Limited intangible.

**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.

**Principal Risks and Uncertainties**

The CapRock group continues 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 group and its long-standing and loyal customer base which has evolved through high levels of customer care and a generous after-sales support service.

**CapRock UK Limited**  
**Report of the directors (continued)**  
**for the year ended 30 June 2013**

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**Principal Risks and Uncertainties (continued)**

The participation in such markets is often subject to uncertain economic conditions, 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.

**Key Performance Indicators (KPIs)**

The company did not manage to maintain continued sales growth in 2012/13, and battled against ever increasing operating costs and the falling value of the British pound. The directors of the company monitor progress on the overall group strategy by reference to the following KPIs:

	For the year ended 30 June 2013	For the year ended 30 June 2012	Definition, method of calculation and analysis
Growth in sales	(19.3%)	93%	Year on year change in like for like sales. Expressed as a percentage. 2012 Increased as a result of first full year of combined business under CapRock UK Limited, following the acquisition of GCS.
Operating margin	(11.7%)	(7.7%)	Ratio of operating loss (excluding exceptional items) to sales, expressed as a percentage. Operating margin has remained broadly consistent with prior year.
Return on invested capital	(8.6%)	(7.3%)	Operating loss (excluding exceptional items), expressed as a percentage of net assets. The return has remained broadly consistent with prior year.

**Directors**

The directors of the company during the year were:

E Correa  
A M Dye (resigned 31 October 2014)  
S Mikuen

**Directors' Responsibilities Statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

**CapRock UK Limited**  
**Report of the directors (continued)**  
**for the year ended 30 June 2013**

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**Directors' Responsibilities Statement (continued)**

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 of the Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

**Re-appointment of the Auditors**

In accordance with s.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.

**On behalf of the Board**



Eduardo Correa  
**Director**

Date:

26-11-14

# **CapRock UK Limited**

## **Independent auditor's report**

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### **To the members of CapRock UK Limited**

We have audited the financial statements of CapRock UK Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Director's Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with the 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**

Our 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 report and financial statements 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 of 30 June 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on matters prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## CapRock UK Limited

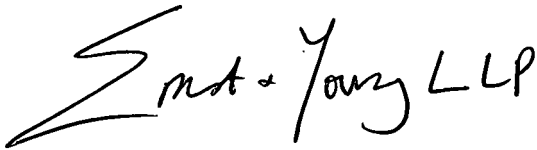
### Independent auditor's report (continued)

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#### 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.



Kenneth MacLeod Hall (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Aberdeen

Date: 26 NOVEMBER 2014

**CapRock UK Limited**  
**Profit and loss account**  
**for the year ended 30 June 2013**

	Note	2013 £'000	2012 £'000
<b>Turnover</b>	2	56,075	69,469
Cost of sales		(57,031)	(62,998)
		<u>(956)</u>	<u>6,471</u>
<b>Gross (loss) / profit</b>			
Administrative expenses		(5,630)	(11,827)
		<u>(5,630)</u>	<u>(11,827)</u>
<b>Operating loss</b>	3	(6,586)	(5,356)
Exceptional items	4	-	(10,761)
		<u>-</u>	<u>(10,761)</u>
<b>Loss on ordinary activities before interest and other income</b>		(6,586)	(16,117)
Interest receivable and similar income	7	4	2
Interest payable and similar charges	8	(2,913)	(2,643)
		<u>(2,913)</u>	<u>(2,643)</u>
<b>Loss on ordinary activities before taxation for the financial year</b>		(9,495)	(18,758)
Taxation on loss on ordinary activities	9	-	-
		<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation</b>	19, 20	(9,495)	(18,758)
		<u><u>(9,495)</u></u>	<u><u>(18,758)</u></u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 9 to 20 form part of these financial statements.



# CapRock UK Limited

## Balance sheet at 30 June 2013

<i>Company number SC145376</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>Fixed assets</b>					
Intangible assets	10		134,121		142,806
Tangible assets	11		14,910		16,473
Fixed asset investments	12		8		8
			<u>149,039</u>		<u>159,287</u>
<b>Current assets</b>					
Stock	13	4,838		4,031	
Debtors	14	56,052		55,528	
Cash at bank and in hand		6,379		-	
		<u>67,269</u>		<u>59,559</u>	
<b>Creditors: amount falling due within one year</b>	15	<u>53,647</u>		<u>54,179</u>	
<b>Net current assets</b>			<u>13,622</u>		<u>5,380</u>
<b>Total assets less current liabilities</b>			<u>162,661</u>		<u>164,667</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>85,695</u>		<u>91,706</u>
			<u>76,966</u>		<u>72,961</u>
<b>Capital and reserves</b>					
Called up share capital	18		16,415		13,652
Share premium account	19		88,178		77,441
Profit and loss account	19		(27,627)		(18,132)
<b>Shareholders' funds</b>	20		<u>76,966</u>		<u>72,961</u>

The financial statements were approved by the board of directors and authorised for issue on 26 November 2014



Eduardo Correa  
Director

26-11-14

The notes on pages 9 to 20 form part of these financial statements.

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Consolidated financial statements*

The financial statements contain information about CapRock UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in non-EEA group accounts of a larger group. The company is included in the publicly available consolidated financial statements of the ultimate parent company, Harris Corporation, a corporation registered in the state of Delaware, USA and quoted on the New York Stock Exchange (symbol: HRS).

#### *Going concern*

The financial statements have been prepared under the going concern basis. The directors believe this basis to be appropriate as the parent company has provided the company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. It has further undertaken that it will act to ensure that repayment is not sought for at least a year from the date of signature of these financial statement of the amounts currently made available to the company by fellow group undertakings. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Harris Corporation and the company is included in consolidated financial statements.

#### *Intangible fixed assets (excluding goodwill)*

Developed technologies and other intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and the fair value can be reliably measured. Intangible assets are initially measured at acquisition cost or production cost, including any directly attributable costs of preparing the asset for its intended use, or (in the case of assets acquired in a business combination) at fair value as at the date of the combination.

Intangible assets that are regarded as having limited useful economic lives are amortised on a straight-line basis over those lives and reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Intangible assets that are regarded as having indefinite useful economic lives are not amortised. These assets are reviewed for impairment at least annually or when there is an indication that the assets may be impaired. To ensure that assets are not carried at above their recoverable amounts, the impairment reviews compare the net carrying value with the recoverable amount, where the recoverable amount is the value in use. Amortisation and any impairment writedowns are charged to administrative expenses in the profit and loss account.

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

### 1 Accounting policies (continued)

#### *Goodwill*

Goodwill arising on the acquisition of a subsidiary undertaking or the trade and assets of a business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment test on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets other than land and assets under the course of construction at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold property	- 45 years (improvements 15 years)
Leasehold property & improvements	- over the term of the lease
Rental equipment	- 5 years
Test equipment	- 5 years
Fixtures, fittings, tools & equipment	- 3-10 years

In accordance with FRS 11, tangible fixed assets are subject to review for impairment. Impairment is recognised when the carrying value of assets is higher than their recoverable amount (being the higher of their net realisable value and value in use). Any impairment is recognised in the profit and loss account as appropriate in the year in which it occurs.

#### *Investments*

Investments in subsidiary undertakings are shown at cost less any provision for diminution on value.

The company performs impairment reviews in respect of investments whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an investment is less than its carrying amount.

#### *Stocks*

Stocks and work in progress are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### *Turnover / revenue recognition*

Turnover represents the value of goods and services provided in the normal course of business net of trade discounts, VAT and other sales related taxes. 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. The company recognises revenue from service contracts as the services are provided.

## CapRock UK Limited

### Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

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#### 1 Accounting policies (continued)

##### *Turnover / revenue recognition (continued)*

Revenue from product sales is recognised when title passes to the customer, which is generally when the product is shipped.

##### *Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. These translation differences are dealt with in the profit and loss account.

##### *Taxation*

Corporation tax is provided on taxable profits at the current rate of taxation. 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 and laws that are enacted or substantively enacted by the balance sheet date.

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

##### *Pension costs*

The company operates a defined contribution scheme for all employees. Contributions are charged to the profit and loss account as and when they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The assets of the scheme are separately held from those of the company.

##### *Operating leases*

###### *As lessee:*

Rental costs under operating leases are charged to the profit and loss account as incurred.

###### *As lessor:*

Operating lease rental income arising from leased assets is recognised as turnover in the profit and loss account on a straight line basis over the period of the lease.

## CapRock UK Limited

### Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

#### 2 Turnover and segmental analysis

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

#### 3 Operating loss

	2013 £'000	2012 £'000
This is arrived at after charging / (crediting):		
Depreciation of tangible fixed assets	5,581	5,810
Amortisation of positive goodwill	7,525	7,525
Amortisation of other intangible assets	1,160	1,502
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	71	99
Exchange differences	943	443
Rentals under operating leases:		
- Land and buildings	397	380
- Other	24,511	17,596
Income from equipment rentals	<u>(41,977)</u>	<u>(30,808)</u>

#### 4 Exceptional items

	2013 £'000	2012 £'000
Recognised below operating loss:		
Global integration costs	<u>-</u>	<u>10,761</u>

Following the acquisition of the Global Connectivity Services (GCS) division of Schlumberger, the company was charged these global integration costs in connection with the integration of the UK GCS business.

**CapRock UK Limited**  
**Notes forming part of the financial statements**  
**for the year ended 30 June 2013 (continued)**

**5 Employees**

Staff costs (including directors) consist of:

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Wages and salaries	11,384	15,913
Social security costs	2,031	1,353
Other pension costs	602	390
	<u>14,017</u>	<u>17,656</u>

The average number of employees (including directors) during the year was as follows:

	<b>2013</b> <b>Number</b>	<b>2012</b> <b>Number</b>
Engineering	234	222
Sales	15	40
Administration	41	25
	<u>290</u>	<u>287</u>

**6 Directors' remuneration**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Directors' emoluments	151	157
Defined contribution pension scheme	5	5

There was 1 director in the company's defined contribution pension scheme during the year (2012 - 1).

Certain directors of the company are also directors or officers of other companies within the Harris Corporation group. These directors' services to the company do not occupy a significant amount of their time. As such these directors do not consider that they receive any remuneration for their services to the company for the periods ended 30 June 2013 and 30 June 2012. A M Dye is remunerated through Harris Systems Limited and no direct apportionment of his salary has been made to the company.

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

### 7 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank deposits	4	2

### 8 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loans and overdrafts	20	62
Loans from group companies	2,893	2,581
	2,913	2,643

### 9 Taxation

#### (a) Taxation on loss on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to the loss before tax as follows:

	2013 £'000	2012 £'000
Loss on ordinary activities before tax	(9,495)	(18,758)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 23.75% (2012 - 25.50%)	(2,255)	(4,783)
Effect of:		
Expenses not deductible for tax purposes	57	64
Accelerated capital allowances	59	528
Other timing differences	138	(326)
Tax losses carried forward	1,987	3,539
Group relief (nil consideration)	14	978
	-	-

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

### 9 Taxation (continued)

#### (b) Factors that may affect future tax charges

##### Voluntary disclosure to HMRC

As a consequence of a review of the former Caprock Group's global transfer pricing policy the company has made voluntary disclosure to HMRC regarding the appropriateness of amounts charged for services rendered by an affiliate in this and prior periods going back to that ended 31 December 2008. As a result of that disclosure, prior period adjustments were made in 2011 to reflect what the company has been advised represents an acceptable transfer pricing policy. HMRC have raised tax assessments on the company to collect the additional tax that is estimated to be due based on that transfer pricing policy. The adjustments are the subject of ongoing discussions with HMRC which are expected to conclude in 2014.

At the conclusion of the discussion with HMRC the Global Group has confirmed that the company will be refunded for amounts then finally determined to have been overcharged in the prior periods concerned.

### 10 Intangible fixed assets

	Developed technologies £'000	Other intangible fixed assets £'000	Purchased goodwill £'000	Total £'000
<i>Cost</i>				
At 1 July 2012 and 30 June 2013	806	2,734	150,617	154,157
<i>Amortisation</i>				
At 1 July 2012	169	1,709	9,473	11,351
Provided for the year	135	1,025	7,525	8,685
At 30 June 2013	304	2,734	16,998	20,036
<i>Net book value</i>				
At 30 June 2013	502	-	133,619	134,121
At 30 June 2012	637	1,025	141,144	142,806

The company has experienced certain operating losses in each of its financial years ending in June 2012 and 2013. Accordingly the Group has performed a comprehensive discounted cash flow analysis which supports the carrying value of the Goodwill in CapRock UK Limited. The discounted cash flow has been based on the agreed and committed divisional strategic plan which Harris Group management believe will generate and channel sufficient future cash flows to support the current carrying value of the CapRock UK Limited Intangible.



**CapRock UK Limited**

Notes forming part of the financial statements  
for the year ended 30 June 2013 (continued)

**11 Tangible fixed assets**

	Freehold land and buildings £'000	Leasehold property & improvements £'000	Rental equipment £'000	Fixtures, fittings, tools & equipment £'000	Total £'000
<i>Cost</i>					
At 1 July 2012	1,769	1,250	21,136	363	24,518
Additions	-	53	3,789	176	4,018
Transfers					-
At 30 June 2013	1,769	1,303	24,925	539	28,536
<i>Depreciation</i>					
At 1 July 2012	39	148	7,730	128	8,045
Provided for the year	31	147	5,311	92	5,581
Transfers					-
At 30 June 2013	70	295	13,041	220	13,626
<i>Net book value</i>					
At 30 June 2013	1,699	1,008	11,884	319	14,910
At 30 June 2012	1,730	1,102	13,406	235	16,473

Assets under the course of construction amounting to £3,018,020 (2012: £995,000) are included within Rental equipment.

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

### 12 Fixed asset investments

	Shares in subsidiary undertakings £'000
<i>Cost</i>	
At 1 July 2012 and 30 June 2013	8

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
CapRock Communications Norway AS	Norway	Ordinary	100%	Communication services
CapRock Communications International Limited	UK	Ordinary	100%	Communication services

### 13 Stock

	2013 £'000	2012 £'000
Raw materials and consumables	4,409	3,217
Work in progress	429	814
	<u>4,838</u>	<u>4,031</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

### 14 Debtors

	2013 £'000	2012 £'000
Trade debtors	6,118	16,852
Amounts owed by group undertakings	45,549	31,089
Other debtors	903	3,638
Corporation tax	252	-
Prepayments and accrued income	3,230	3,949
	<u>56,052</u>	<u>55,528</u>

All amounts shown under debtors fall due within one year.

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

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

	2013 £'000	2012 £'000
Bank loans and overdrafts (secured)	-	850
Trade creditors	7,185	5,752
Amounts owed to group undertakings	40,979	40,979
Corporation tax	-	1,037
Other taxation and social security	617	730
Other creditors	464	222
Accruals and deferred income	4,402	4,609
	<u>53,647</u>	<u>54,179</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 16 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	85,695	91,706
	<u>85,695</u>	<u>91,706</u>

A loan for the principal sum of £85,717,705 was made to CapRock UK Limited by its ultimate parent company Harris Corporation on 4 April 2011, with a further £3,000,000 being drawn down on 4 August 2011. Interest was charged during the year at 2.64330%. A Promisory Note agreement is in place whereby CapRock UK Limited promises to repay the principal sum and all accumulated interest on 3 April 2026.

### 17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £602,000 (2012 - £390,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 18 Share capital

	2013 £'000	2012 £'000
<i>Alloted, called up and fully paid</i>		
16,414,750 Ordinary Shares of £1 each (2012: 13,652,485 Ordinary Shares of £1 each)	16,415	13,652
	<u>16,415</u>	<u>13,652</u>

During the year the company issued 2,762,265 ordinary shares of £1 each for a consideration of £4.89 per share

# CapRock UK Limited

## Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

### 19 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 July 2012	77,441	(18,132)
Loss for the year	-	(9,495)
Premium on shares issued during the year (note 18)	10,737	-
	<u>88,178</u>	<u>(27,627)</u>
At 30 June 2013	88,178	(27,627)

### 20 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Loss for the year	(9,495)	(18,758)
Issue of shares	2,763	-
Premium on shares issued during the year (note 18)	10,737	-
	<u>4,005</u>	<u>(18,758)</u>
Net additions to / (deductions from) shareholders' funds	4,005	(18,758)
Opening shareholders' funds	72,961	91,719
	<u>76,966</u>	<u>72,961</u>
Closing shareholders' funds	76,966	72,961

### 21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2013 £'000	Other 2013 £'000	Land and buildings 2012 £'000	Other 2012 £'000
Operating leases which expire:				
Within one year	15	7,544	9	-
In two to five years	65	8,765	96	21,275
After five years	292	5,505	275	16
	<u>372</u>	<u>21,814</u>	<u>380</u>	<u>21,291</u>

Commitments entered into in foreign currencies have been translated and disclosed in the above table using the prevailing exchange rate at 30 June 2013.

## CapRock UK Limited

### Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

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#### 22 Capital commitments

	2013 £'000	2012 £'000
Contracted for but not provided for	1,764	2,815

#### 23 Related party disclosures

The company has taken advantage of the exemptions under Financial Reporting Standard 8 'Related party disclosures' from disclosing transactions with wholly-owned entities which are part of the Harris Corporation group, as the consolidated financial statements of that group are publicly available.

There are no other related party transactions.

#### 24 Ultimate parent undertaking and controlling party

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 is a member, is Harris Corporation, incorporated in Delaware, USA. Copies of the financial statements of Harris Corporation can be obtained from 1025 West NASA Boulevard, Melbourne, Florida 32919, USA, or viewed on Harris Corporation's website at [www.harris.com](http://www.harris.com).