Capablue Limited

Registered number 06962172

Annual Report and Financial Statements

For the year ended 30 June 2016

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Directors' report and statement of Directors' responsibilities

The Directors of Capablue Limited, registered company number 06962172, ('the Company') submit the following annual report and financial statements ('the financial statements') in respect of the year ended 30 June 2016 The Company's registered office is Crawley Court, Winchester, Hampshire SO21 2QA

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006

The Company is entitled to take the small companies exemption (as defined by the Companies Act 2006) and therefore has elected to take the exemption from preparing a strategic report in accordance with section 414B of the Companies Act 2006

Business review and principal activities

The Company operates within the Arqiva Group Limited ('AGL'), (formerly Arqiva Broadcast Holdings Limited), group of companies ('the Group') The principal activity of the Company was the development of software and connectivity infrastructure

During the year ended 30 June 2016 the Company transferred all of its contracts to Arqiva Limited, its immediate parent company The assets and liabilities associated with these contracts were also transferred This transfer was undertaken at fair value which was equal to the amortised historical cost of the assets and liabilities at that time

The Company has made a loss for the year of £568,490 (year ended 30 June 2015 profit of £223,462, 10 month period ended 30 June 2014 loss of £515,775 The Company has net liabilities of £462,027 (2015 net assets of £106,463, 2014 net liabilities of £116,999)

Key performance indicators ('KPIs')

Given the straightforward nature of the Company's activities, the Directors are of the opinion that analysis using KPIs is not necessary for the understanding of the development, performance or position of the business

The KPIs of the Group are managed as a whole and are discussed within the annual report and consolidated financial statements of AGL, a copy of which is available from the address in note 17 of these financial statements or the Group's website at www arqiva com

Going concern

Following the decision to transfer the contracts to Arqiva Limited, its immediate parent company, the financial statements have been prepared on a break up basis, in accordance with the Companies Act 2006, applicable accounting standard (FRS 101) and under the historical cost convention There has been no impairment of the Company's assets as a result of the break up basis of valuation

Financial risk management

The Company's operations could expose it to a variety of financial risks that include the effects of changes in purchase price, liquidity risk and interest rate risk The Group's overall risk management programme seeks to minimise potential adverse effects as noted below

Purchase price risk
The majority of the Company's costs do not fluctuate on a day-to-day basis but are fixed for periods of time

Liquidity risk
The Company is funded through reserves and intercompany debt, there is no external financing within this Company

Interest rate risk
Intercompany loan balances are at either a fixed rate or interest free to ensure certainty of interest cash flows

Events after the reporting date

There have been no events since the balance sheet date which would have a material impact on the Company and require disclosure within the financial statements

Dividends, transfers to reserves and results

The Company has not declared any dividends for the year to 30 June 2016 (year to 30 June 2015 £nil, 10 month period to 30 June 2014 £nil)

The loss for the financial year of £568,490 (year ended 30 June 2015 profit of £223,462, 10 month period ended 30 June 2014 loss of £515,775) was transferred to reserves

Directors

The following held office as Directors of the Company during the year and up to the date of this report

- Simon Beresford-Wylie (appointed 1 August 2015)
- Liliana Solomon (appointed 1 June 2016)
- Paul Stratton (appointed 3 January 2017)
- Philip Moses (resigned 1 June 2016)
- John Cresswell (resigned 1 August 2015)

Company Secretary

Michael Giles is the Company Secretary

Directors' indemnities

The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

By order of the Board

Paul Stratton
Director
Crawley Court
Winchester
Hampshire
SO21 2QA

10 January 2017

Statement of Directors' responsibilities

The Dırectors are responsıble for preparıng the annual report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the Dırectors to prepare financıal statements for each financıal year Under that law, the Dırectors have prepared the financıal statements ın accordance wıth applıcable law and Unıted Kıngdom Accountıng Standards (Unıted Kıngdom Generally Accepted Accountıng Practıce), ıncludıng Fınancıal Reportıng Standard 101 Reduced Dısclosure Framework (FRS 101)

Under company law, the Dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the Company and of the profit or loss of the Company for that perıod In preparıng these financıal statements, the Dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and accountıng estımates that are reasonable and prudent,
- state whether applıcable Unıted Kıngdom Accountıng Standards, ıncludıng FRS 101 have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements,
- notıfy ıts shareholders ın wrıtıng about the use of dısclosure exemptıons, ıf any, of FRS 101 used ın the preparatıon of financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the Company wıll contınue ın busıness

The Dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the Company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the Company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the Company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Income Statement

	Note	Year ended 30 June 2016 £	Year ended 30 June 2015 £	10 month period ended 30 June 2014 £
Revenue	5	155,109	2,698,661	795,323
Cost of sales		(341,658)	(2,159,140)	(561,105)
Gross (loss) / profit		**(186,549)**	**539,521**	**234,218**
Depreciation		(4,294)	(4,288)	(6,278)
Amortisation		(94,789)	(127,340)	(35,065)
Other administrative expenses		(282,858)	(183,249)	(702,753)
Total administrative expenses		**(381,941)**	**(314,877)**	**(744,096)**
Operating (loss) / profit	6	**(568,490)**	**224,644**	**(509,878)**
Finance income		-	-	10
Finance costs		-	(1,182)	(5,907)
(Loss) / profit before tax		**(568,490)**	**223,462**	**(515,775)**
Tax	8	-	-	-
(Loss) / profit for the year		**(568,490)**	**223,462**	**(515,775)**

All results are from discontinued operations

The Company has no other comprehensive income other than the loss stated above and therefore no separate statement of comprehensive income has been presented

Statement of Financial Position

	Note	30 June 2016 £	30 June 2015 £	30 June 2014 £
Non-current assets				
Intangible assets	9	-	205,376	332,716
Property, plant and equipment	10	-	13,742	18,030
		-	**219,118**	**350,746**
Current assets				
Receivables	11	-	725,633	26,020
Cash and cash equivalents		-	-	26,911
		-	**725,633**	**52,931**
Total assets		**-**	**944,751**	**403,677**
Current liabilities				
Payables	12	(462,027)	(838,288)	(520,676)
		(462,027)	**(838,288)**	**(520,676)**
Net current liabilities		**(462,027)**	**(112,655)**	**(467,745)**
Total Liabilities		**(462,027)**	**(838,288)**	**(520,676)**
Net (liabilities)/assets		**(462,027)**	**106,463**	**(116,999)**
Equity				
Share capital	13	1,166	1,166	1,166
Share premium		699,760	699,760	699,760
Retained earnings		(1,162,953)	(594,463)	(817,925)
Total shareholders' funds		**(462,027)**	**106,463**	**(116,999)**

The accounting policies and notes on pages 7 to 14 form part of these financial statements

For the year ending 30 June 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts

For the year ending 30 June 2016, the financial statements have been prepared in accordance with the provisions applicable by the small companies regime (as defined by the Companies Act 2006)

These financial statements were approved by the Board of Directors on 10 January 2017 and were signed on its behalf by

Paul Stratton - Director

Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Total shareholders' funds
	£	£	£	£
Balance at 1 September 2013	**1,166**	**699,760**	**(302,150)**	**398,776**
Loss for the period	-	-	(515,775)	(515,775)
Balance at 30 June 2014	**1,166**	**699,760**	**(817,925)**	**(116,999)**
Profit for the year	-	-	223,462	226,462
Balance at 30 June 2015	**1,166**	**699,760**	**(594,463)**	**106,463**
Loss for the year	-	-	(568,490)	(568,490)
Balance at 30 June 2016	**1,166**	**699,760**	**(1,162,953)**	**(462,027)**

Notes to the financial statements

1 General Information

Capablue Limited ("the Company") is a private company incorporated in England, United Kingdom ("UK") under the Companies Act under registration number 06962172 The address of the registered office is Crawley Court, Winchester, Hampshire, SO21 2QA

The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 1

2 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101') The Company has also early adopted the amendments to FRS 101 which were issued in July 2015 The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 The Group's financial statements (Arqiva Group Limited and its subsidiaries) are available online at www arqiva com

This is the first year that the Company has presented its results under FRS101 The last financial statements prepared under previous UK GAAP were for the year ended 30 June 2015 The date of transition to FRS 101 was 1 July 2013

The requirements have been applied in accordance with the requirements of the Companies Act 2006

The financial statements have been prepared on a break up basis, in accordance with the Companies Act 2006, applicable accounting standard (FRS 101) and under the historical cost convention

The following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and notes

EU-adopted IFRS	Relevant disclosure exemptions
IFRS 7 *Financial Instruments Disclosures*	All disclosure requirements
IAS 1 *Presentation of financial statements*	The requirements of paragraph 38, comparative information in respect of (i) paragraph 79(a)(iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property, plant and equipment (iii) paragraph 118(e) of IAS 38 Intangible assets
IAS 1 *Presentation of financial statements*	The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to136
IAS 7 *Statement of Cash Flows*	All disclosure requirements
IAS 8 *Accounting policies, changes in accounting estimates and errors*	The requirements of paragraphs 30 and 31
IAS 24 *Related Party Disclosures*	The requirements of paragraph 17, the requirement to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary party to the transaction is wholly owned by such a member and key management personnel
IAS 36 *Impairment of Assets*	The requirements of paragraphs 130 (f)(ii), 130(f)(iii), 134(d) to 134 (f) and 135(c) to 135 (e)

3 Principal accounting policies

The following accounting policies have been applied consistently in relation to the Company's financial statements

(a) Going concern

Following the decision to transfer the contracts to Arqiva Limited, the financial statements have been prepared on a break up basis, in accordance with the Companies Act 2006, applicable UK accounting standards (FRS 101) and under the historical cost convention There has been no impairment of the Company's assets as a result of the break up basis of valuation

(b) Changes in accounting policy and disclosures

First time adoption of FRS 101
These financial statements, for the year ended 30 June 2016, are the first the Company has prepared in accordance with FRS 101 Accordingly the Company has prepared financial statements which comply with FRS 101 applicable for periods ending on or after 30 June 2016, together with the comparative period data as at and for the years ended 30 June 2015 and 30 June 2014 The Company's date of transition is 1 July 2013

New and revised standards
The following new and revised Standards and Interpretations have been adopted in the current year Their adoption has not had any significant impact on the amounts reported in the financial statements

Amendments to IFRS 7 Disclosures
The Company has applied the amendments to IFRS 7 Disclosures in accordance with FRS 101

(c) Revenue

Revenue represents the gross inflow of economic benefit in respect of the development of software and connectivity infrastructure Revenue is stated net of value added tax Revenue is measured at fair value of the consideration received or receivable

Revenue from the rendering of services is recognised in line with the service provision over the contractual period Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of revenue and the associated costs can be measured reliably

Cash received or invoices raised in advance are taken to deferred income and recognised as revenue when the services are provided Where consideration received in advance is discounted, reflecting a significant financing component, it is reflected within revenue and interest payable and similar charges on a gross basis Revenue recognised in advance of cash being received or an invoice being raised is recognised as accrued income

(d) Taxation and deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes Deferred taxation is provided fully in respect of all timing differences using the liability method for timing differences where there is an obligation to pay more tax, or a right to pay less tax, in the future The provision is calculated using the rates expected to be applicable when the asset or liability crystallises, based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date

(e) Property, plant and equipment

Property, plant and equipment are stated at original purchase cost (which includes costs directly attributable to bringing the assets into working condition), less accumulated depreciation and any provision for impairment

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised where assets take a significant period of time to become ready for use

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases

Asset Description	Estimated Useful Life
Plant and equipment	5 – 100 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

(f) Intangible assets

Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Asset Description	Estimated Useful Life
Development costs	5 years

De-recognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised

4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an on-going basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

There are no significant judgements or critical accounting estimates impacting these financial statements

5 Revenue

All revenue represents amounts invoiced in respect of services provided during the year All sales generated in the UK

6 Operating (loss) / profit

Operating (loss) / profit is stated after charging

	Year ended 30 June 2016	Year ended 30 June 2015	10 month period ended 30 June 2014
	£	£	£
Wages and salaries	-	-	324,727
Social security costs	-	-	38,879
Other pension costs	-	-	4,411
Employee costs	-	-	**368,017**
Depreciation of property, plant and equipment	4,294	4,288	6,278
Amortisation of intangible assets	94,789	127,340	35,065
Management recharge from fellow Group company	212,091	179,676	325,628
Operating lease charges	-	984	37,663

The Company's audit fee for the year was £nil (2015 £nil, 2014 £nil) due to the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

The Company has received a management recharge in respect of various staff costs and central facilities and support costs, from a fellow Group company The management recharge from Arqiva Limited is included within administrative expenses within the Income Statement

7 Employees and directors

Employees
Upon acquisition (5th February 2014), the employees of the Company became employees of Arqiva Limited, a fellow Group Company which subsequently bore the cost of their remuneration and a management recharge of these and other costs is made to the Company The Company had no employees during the year (2015 none) Until this date the average monthly number of employees by operational function was

	Year ended 30 June 2016	Year ended 30 June 2015	10 month period ended 30 June 2014
	Number	Number	Number
Sales	-	-	3
Administration	-	-	11
Total employees	-	-	14

Directors
There are no recharges (2015 £nil, 2014 £nil) made to the Company in respect of any remuneration for any Directors, as their duties in respect of the Company are incidental to their normal duties on behalf of their employer companies

The Directors are either representatives of the ultimate UK parent undertakings or other Group companies and their individual remuneration reflects the services they provide to the Company, other Group companies and a number of other entities outside of the Group It is not possible to make an accurate apportionment of each Director's emoluments in respect of their services to the Company Accordingly, no emoluments in respect of these Directors services have been disclosed

The remuneration of former Directors employed by the Company, and in respect of services provided to the Company amounted to £nil (2015 £nil, 2014 £46,449)

8 Tax

There has been no current or deferred tax charge in the year

Corporation tax is calculated at 20 0% (2015 20 75%, 2014 22 5%) of the estimated taxable profit for the year Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

	Year ended 30 June 2016	Year ended 30 June 2015	10 month period ended 30 June 2014
	£	£	£
(Loss) / profit on ordinary activities before tax	(568,490)	223,462	(515,775)
Tax at the UK Corporation tax rate of 20 0% (2015 20 75%, 2014 22 5%)	(113,698)	46,368	(115,533)
Tax effect of expenses not deductible for tax purposes	19,817	27,313	9,662
Tax losses carried forward	-	-	105,871
Group relief surrendered / (received) for nil consideration	93,881	(73,681)	-
Total tax charge for the year	-	-	-

In Finance Act 2013, the main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015 For the purpose of this current tax charge analysis a rate of 20 0% (2015 20 75%, 2014 22 50%) has been used

On 16 March 2016 it was announced that the main rate of UK corporation tax would be further reduced to 19 0% from 1 April 2017 and 17 0% from 1 April 2020 As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements

9 Intangible assets

	Development costs £
Cost	
At 1 July 2015	473,944
Transfer to Group companies	(473,944)
At 30 June 2016	-
Accumulated amortisation and impairment	
At 1 July 2015	268,568
Amortisation	94,789
Transfer to Group companies	(363,357)
At 30 June 2016	-
Net book value	
At 30 June 2016	-
At 30 June 2015	205,376

10 Property, plant and equipment

	Plant and equipment £
Cost	
At 1 July 2015	37,663
Transfer to Group companies	(37,663)
At 30 June 2016	-
Accumulated depreciation	
At 1 July 2015	23,921
Depreciation	4,294
Disposals	(28,215)
At 30 June 2016	-
Net book value	
At 30 June 2016	-
At 30 June 2015	13,742

11 Receivables

	30 June 2016 £	30 June 2015 £	30 June 2014 £
Other receivables	-	-	5
Accrued income	-	725,633	26,015
Total receivables	**-**	**725,633**	**26,020**

12 Payables

	30 June 2016 £	30 June 2015 £	30 June 2014 £
Trade payables	-	-	6,923
Amounts payable to other group entities	462,027	761,213	456,082
Other payables	-	60,875	56,069
Accruals	-	-	1,602
Deferred income	-	16,200	-
Total payables	**462,027**	**838,288**	**520,676**

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

13 Share capital

	30 June 2016 £	30 June 2015 £	30 June 2014 £
Allotted and fully paid			
11,662 (2015 11,662, 2014 11,662) ordinary shares of 10 pence each	1,166	1,166	1,166

14 Share premium account

	£
At 30 June 2014, 30 June 2015 and 30 June 2016	**699,760**

15 Financial commitments and contingent liabilities

Financing commitments
Under the terms of the Group's external debt facilities, the Group has provided security over substantially all of its tangible, intangible and other assets by way of a Whole Business Securitisation ('WBS') structure

Operating leases
Future minimum operating lease payments for the Company in relation to non-cancellable operating leases for land, buildings and other infrastructure locations fall due as follows

	30 June 2016 £	30 June 2015 £	30 June 2014 £
Within one year	-	984	984
Within two to five years	-	2,788	3,772
Total future minimum operating lease payments	**-**	**3,772**	**4,756**

16 Related party transactions

The Company has applied the provisions within FRS 101 to be exempt from the disclosure of transactions entered into, and balances outstanding, with a Group entity (which is wholly owned by another Group entity) and key management personnel

17 Controlling parties

The Company's immediate parent undertaking is Arqiva Limited ('AL') Copies of the AL financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA

The ultimate parent undertaking is AGL (formerly known as Arqiva Broadcast Holdings Limited), which is the parent undertaking of the largest group to consolidate these financial statements The parent of the smallest group to consolidate these financial statements is Arqiva Holdings Limited ('AHL')

Copies of the AGL and the AHL consolidated financial statements can be obtained from the Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA

AGL is owned by a consortium of shareholders including Canada Pension Plan Investment Board, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities There is no ultimate controlling party of the Company

18 First time adoption of FRS 101

There are no recognition and measurement differences relating to the presentation of financial performance and position under FRS 101 therefore no reconciliation of equity at 1 July 2013 ('transition date'), 30 June 2014 and 30 June 2015 or total comprehensive income for the years ended 30 June 2014 and 30 June 2015 is presented