

REGISTERED NUMBER: 03444544

**Report of the Directors and  
Financial Statements for the year ended 31 December 2011  
for  
GCT Engineering Services Limited**



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**GCT Engineering Services Limited (Registered number: 03444544)**

**Contents of the Financial Statements  
for the year ended 31 December 2011**

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# **GCT Engineering Services Limited**

**Company Information**  
**for the year ended 31 December 2011**

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**DIRECTORS:**

A B Lane  
A Dixey

**REGISTERED OFFICE:**

19-20 Invincible Road  
Farnborough  
Hampshire  
GU14 7QU

**REGISTERED NUMBER:**

03444544

**AUDITOR:**

KPMG LLP  
Statutory Auditor  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

# **GCT Engineering Services Limited (Registered number: 03444544)**

## **Report of the Directors for the year ended 31 December 2011**

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The directors present their report with the financial statements of the company for the year ended 31 December 2011

### **PRINCIPAL ACTIVITY**

In April 2011, as part of a UK group reorganisation, the company's trade and remaining net assets were transferred to a fellow subsidiary undertaking, PFW Aerospace UK Limited

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2011 (2010 £nil)

### **DIRECTORS**

Changes in directors holding office are as follows

A Dixey - appointed 1 January 2011

A B Lane – resigned 21 September 2012

### **DIRECTORS' LIABILITIES**

The company has indemnified one or more directors of GCT Engineering Services Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and remains in place to the date of this report

### **PRINCIPAL RISKS & UNCERTAINTIES**

The principal risks and uncertainties facing the company are broadly grouped as competitive, financial instrument and liquidity and cash flow risks

#### **Competitive risk**

The company operates in a highly competitive Aerospace Industry, and all contracts are subject to competitive tenders. As such renewal of contracts is uncertain and ultimately is based on the performance and the price of the company's products

### **FINANCIAL RISK MANAGEMENT**

The company's principal financial instruments comprise trade debtor, trade creditor, intercompany trading and loan balances, bank loans and overdrafts. The company does not enter into derivative transactions and it is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken

The main risks arising from the company's financial instruments are liquidity risk, foreign currency risk and interest rate risk

#### **Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets across its customer base. It also manages liquidity risk via access to credit facilities provided by its bank (and other external parties) and through inter-group funding facilities (loans and trading balances) provided by its parent undertaking

#### **Foreign currency risk**

The company has transactional and translational currency exposures arising from sales and purchases in foreign currencies. It is Group policy that subsidiaries do not to actively hedge against foreign currency transactions and balances although some hedging is undertaken at a Group level

#### **Interest rate risk**

The company has bank and other external borrowings with interest at variable rates and inter-group funding loans at fixed rates. It is company policy not to enter into interest rate swaps to fix interest rates

### **POST BALANCE SHEET EVENT**

On 31 August 2012 the ongoing trade associated with A350 development was transferred from PFW Aerospace UK Limited, a fellow subsidiary undertaking, to GCT Engineering Services Limited at market value

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# **GCT Engineering Services Limited (Registered number: 03444544)**

## **Report of the Directors for the year ended 31 December 2011**

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### **GOING CONCERN**

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

The financial statements have been prepared on a going concern basis which the Director's believe to be appropriate for the reasons set out below

The company has incurred losses during the year The company has net current assets and net assets of £514,489 at 31 December 2011

The directors have prepared cash flow projections for a period of 12 months from the date of signing these financial statements The projections indicate that continued funding from PFW Aerospace AG is required for the company to manage their day to day cash flow obligations

Based on the directors' discussions with the directors of PFW Aerospace AG, in particular the communication of their minimum required funding over the next twelve months from the date of signing, the director's of the company have no reason to believe that the PFW Aerospace AG will not continue to provide the required ongoing financial support Whilst there is no formal commitment in this regard, PFW Aerospace AG has consistently provided financial support in recent years As such the directors believe that it remains appropriate to prepare the financial statements on a going concern basis as it is a policy of PFW Aerospace AG not to provide formal, written support

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the ability of the company to continue as a going concern and they may therefore be unable to continue realising and discharging liabilities in the normal course of business The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

The directors who held office at the date of approval of this report of the directors confirm that so far as they are each aware there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

### **AUDITOR**

Ernst & Young LLP resigned as auditor on 3 July 2012 and was replaced by KPMG LLP Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore KPMG LLP will continue in office

### **ON BEHALF OF THE BOARD**

  
A Dixey Director

Date 2.10.12

## **GCT Engineering Services Limited (Registered number: 03444544)**

### **Statement of Directors' Responsibilities for the year ended 31 December 2011**

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The directors are responsible for preparing the Report of the Directors 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. 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 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 Auditor's Report to the Members of GCT Engineering Services Limited**

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We have audited the financial statements of GCT Engineering Services Limited for the year ended 31 December 2011 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK 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 Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £26,948 during the year ended 31 December 2011 and, at that date, the company had net current assets and net assets of £514,489. The company is dependent on the continued availability of funding from its parent company for its funding requirements. The directors have received from the directors of the parent company an indication that they remain supportive of the company for the next twelve months although it is the policy of the parent company not to provide formal written support.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

### **Opinion on other matter 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.

## Independent Auditor's Report to the Members of GCT Engineering Services Limited

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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



P Cotton (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Statutory Auditor  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

Date

9 October 2012



# GCT Engineering Services Limited (Registered number: 03444544)

## Profit and Loss Account for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>(26,948)</u>	<u>(13,083)</u>
<b>OPERATING LOSS</b>	4	(26,948)	(13,083)
Interest payable and similar charges	5	<u>-</u>	<u>(29)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(26,948)	(13,112)
Tax on loss on ordinary activities	6	<u>-</u>	<u>19,876</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(26,948)</u>	<u>6,764</u>

The company's trade and remaining net assets were transferred to a fellow subsidiary undertaking on 30 April 2011 as part of a UK group reorganisation

### TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

**GCT Engineering Services Limited (Registered number: 03444544)**

**Balance Sheet**  
**31 December 2011**

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	34,459
<b>CURRENT ASSETS</b>			
Debtors	8	514,489	877,161
Cash at bank		-	<u>1,408</u>
		514,489	878,569
<b>CREDITORS</b>			
Amounts falling due within one year	9	-	<u>(371,591)</u>
<b>NET CURRENT ASSETS</b>		<u>514,489</u>	<u>506,978</u>
<b>NET ASSETS</b>		<u>514,489</u>	<u>541,437</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>514,389</u>	<u>541,337</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>514,489</u>	<u>541,437</u>

The financial statements were approved by the Board of Directors on 2<sup>nd</sup> October 2011 and were signed on its behalf by

A Dixey Director



The notes on pages 9 to 13 form part of these financial statements

# **GCT Engineering Services Limited (Registered number: 03444544)**

## **Notes to the Financial Statements for the year ended 31 December 2011**

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### **1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### **Basis of preparation**

The financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards

#### **Going concern**

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the reasons set out below

The company has incurred losses during the year. The company has net current assets and net assets of £514,489 at 31 December 2011.

The directors have prepared cash flow projections for a period of 12 months from the date of signing these financial statements. The projections indicate that continued funding from PFW Aerospace AG is required for the company to manage their day to day cash flow obligations.

Based on their discussions with the directors of PFW Aerospace AG, in particular the communication of their minimum required funding over the next twelve months from the date of signing, the directors of the company have no reason to believe that the PFW Aerospace AG will not continue to provide the required ongoing financial support. Whilst there is no formal commitment in this regard, PFW Aerospace AG has consistently provided financial support in recent years. As such the directors believe that it remains appropriate to prepare the financial statements on a going concern basis even though it is a policy of PFW Aerospace AG not to provide formal, written support.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the ability of the company to continue as a going concern and it may therefore be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **Cash flow statement**

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant and machinery	- 15% reducing balance
Licences	- 20% straight line
Fixtures and fittings	- 15% reducing balance

# GCT Engineering Services Limited (Registered number: 03444544)

## Notes to the Financial Statements - continued for the year ended 31 December 2011

### 1 ACCOUNTING POLICIES - continued

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

#### Related parties transactions

The company is a wholly owned subsidiary of PFW Aerospace AG, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with wholly owned group undertakings of the PFW Aerospace AG group

### 2 STAFF COSTS

There were no staff costs for the year ended 31 December 2011 nor for the year ended 31 December 2010

### 3 DIRECTORS' EMOLUMENTS

	2011	2010
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

No directors received remuneration for services provided to the company during the year (2010 £nil)

### 4 OPERATING LOSS

The operating loss is stated after charging

	2011	2010
	£	£
Depreciation - owned assets	5,474	7,298
Impairment of tangible fixed assets	28,985	-
Foreign exchange differences	<u>686</u>	<u>-</u>

Auditor's remuneration for 2011 of £4,500 and 2010 of £4,500 has been paid by a fellow group company

## GCT Engineering Services Limited (Registered number: 03444544)

### Notes to the Financial Statements - continued for the year ended 31 December 2011

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Bank interest	<u>-</u>	<u>29</u>

#### 6 TAXATION

##### Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	2011	2010
	£	£
Current tax		
Adjustments in respect of previous periods	-	(14,156)
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>(5,720)</u>
Tax on loss on ordinary activities	<u>-</u>	<u>(19,876)</u>

##### Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
Loss on ordinary activities before tax	<u>(26,948)</u>	<u>(13,112)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(7,006)	(3,671)
Effects of		
Expenses not deductible for tax purposes	7,006	238
Decelerated capital allowances	-	850
forward		
Group relief surrendered for nil payment	-	2,583
Adjustments in respect of previous periods	<u>-</u>	<u>(14,156)</u>
Current tax credit	<u>-</u>	<u>(14,156)</u>

##### Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge and any deferred tax balance accordingly.

**GCT Engineering Services Limited (Registered number: 03444544)**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2011**

**7 TANGIBLE FIXED ASSETS**

	<i>Plant and machinery £</i>	<i>Fixtures and fittings £</i>	<i>Licences £</i>	<i>Totals £</i>
<b>COST</b>				
At 1 January 2011	105,435	13,012	129,047	247,494
Disposals	<u>(105,435)</u>	<u>(13,012)</u>	<u>(129,047)</u>	<u>(247,494)</u>
At 31 December 2011	-	-	-	-
<b>DEPRECIATION</b>				
At 1 January 2011	76,567	9,289	127,179	213,035
Charge for year	3,981	559	934	5,474
Impairments	24,887	3,164	934	28,985
Eliminated on disposal	<u>(105,435)</u>	<u>(13,102)</u>	<u>(129,047)</u>	<u>(247,494)</u>
At 31 December 2011	-	-	-	-
<b>NET BOOK VALUE</b>				
At 31 December 2011	-	-	-	-
At 31 December 2010	<u>28,868</u>	<u>3,723</u>	<u>1,868</u>	<u>34,459</u>

**8 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade debtors	-	27,057
Amounts owed by group undertakings	514,489	835,457
Other debtors	-	119
Corporation tax receivable	-	14,528
	<u>514,489</u>	<u>877,161</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	-	2,402
Amounts owed to group undertakings	-	368,585
Social security and other taxes	-	544
Other creditors	-	60
	-	<u>371,591</u>

**10 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £	2010 £
100	Ordinary shares		<u>100</u>	<u>100</u>

# GCT Engineering Services Limited (Registered number: 03444544)

## Notes to the Financial Statements - continued for the year ended 31 December 2011

### 11 RESERVES

	<i>Profit and loss account £</i>
At 1 January 2011	541,337
Loss for the year	<u>(26,948)</u>
At 31 December 2011	<u>514,389</u>

### 12 ULTIMATE PARENT COMPANY

The company's immediate parent company is PFW UK Holdings Limited and the company's ultimate parent and controlling party was PFW Aerospace AG, a company incorporated in Germany

PFW Aerospace AG was the holding company of the smallest and largest group for which group accounts were prepared and of which the company is a member. Copies of the financial statements are available from

Am Neuen Rheinhafen 10  
67346 Speyer  
Germany

In October 2011, Airbus Operations GmbH (a subsidiary of EADS NV) acquired a 74.9% controlling interest in PFW Aerospace AG and EADS NV is now considered to be the ultimate parent and controlling party

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
(Loss)/profit for the financial year	<u>(26,948)</u>	<u>6,764</u>
Net (reduction)/addition to shareholders' funds	(26,948)	6,764
Opening shareholders' funds	<u>541,437</u>	<u>534,673</u>
Closing shareholders' funds	<u>514,489</u>	<u>541,437</u>

### 14 POST BALANCE SHEET EVENT

On 31 August 2012 the ongoing trade associated with A350 development was transferred from PFW Aerospace UK Limited, a fellow subsidiary undertaking, to GCT Engineering Services Limited at market value