Registered No 03531987

AD Aviation Limited

Report and Financial Statements

30 June 2012

Directors
M J Newton
N Petrie

Secretary
H Doroszkiewicz

Auditors
Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Bankers
Barclays Bank plc
40/41 High Street
Wrexham
North Wales LL13 8LF

Solicitors
DWF LLP
1 Scott Place
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Manchester M3 3AA

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Registered No 03531987

Directors' report

The directors present their report and financial statements for the year ended 30 June 2012

Results and dividends

The loss for the year after taxation amounted to £1,211,929 (2011 – loss of £1,327,162) The directors do not recommend a final dividend (2011 – £nil)

Principal activities and review of the business

The principal activity of the company was executive jet hire During the current year the Directors have taken the decision to discontinue the operations of the business from April 2012

The results for the year and the financial position at the end of the year were considered satisfactory by the directors

Going concern

The company is a subsidiary of the ultimate parent undertaking, Anglo Design Holdings Plc ('the group')

On 3 April 2013 the Group and the bank renegotiated the financing facilities of the Group and as a result agreed term loan facilities repayable on demand, which do not expire until 31 March 2015 In addition to the renegotiation of the term loan facilities, the Group has agreed an overdraft facility with a £1 0m net limit

Based on the Directors' latest approved forecasts, the Group expects to be able to comply with its facility arrangements negotiated with the bank and meet its liabilities and attached facility terms as they fall due for a period of not less than 12 months from the date of signature of these financial statements Whilst acknowledging the uncertainties in the operating environment and their resultant impact on revenues, the Directors have identified a number of opportunities to reduce costs, some of which have already been actioned, to mitigate against any deteriorations and uncertainties in trading conditions.

The Directors' latest forecasts include a series of assumptions in relation to working capital management and further cost reductions The key working capital management assumptions is a stock reduction programme Further cost reduction focuses on a broad spread of operational costs Additional spend on significant development activities will be dictated by available resources and future trading remaining in line with management expectations

The directors have a reasonable expectation that with the continued support of the bank, the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

The directors who served the company during the year were as follows

M J Newton
N Petrie

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

By order of the Board

M DOROSZKIEWICZ
Secretary

17/4/13

Directors' Responsibilities Statement

The directors are responsible for preparing the annual 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 In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper 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 members of AD Aviation Limited

We have audited the financial statements of AD Aviation Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17 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 Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of AD Aviation Limited

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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report

Ernst & Young LLP

Gary Harding (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

17 April 2013

Profit and loss account

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	622,812	1,095,108
Cost of sales		(495,982)	(684,966)
Gross profit		126,830	410,142
Administrative expenses		(553,700)	(700,376)
Impairment of airframes		(756,156)	(563,799)
Operating loss	3	(1,183,026)	(854,033)
Interest payable and similar charges	5	(28,903)	16,929
Loss on ordinary activities before taxation		(1,211,929)	(837,104)
Tax	6	-	(490,058)
Loss for the financial year	12	(1,211,929)	(1,327,162)

All amounts relate to discontinued activities

Statement of total recognised gains and losses

for the year ended 30 June 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,211,929 in the year ended 30 June 2012 (2011 – loss of £1,327,162)

Balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	827,378	1,426,406
Current assets			
Debtors	8	54,437	88,651
Cash at bank and in hand		1,458	5,492
		55,895	94,143
Creditors amounts falling due within one year	9	(7,775,129)	(7,074,665)
Net current liabilities		(7,719,234)	(6,980,522)
Total assets less current liabilities		(6,891,856)	(5,554,116)
Creditors amounts falling due after more than one year	10	(331,563)	(457,374)
Net liabilities		(7,223,419)	(6,011,490)
Capital and reserves			
Called up share capital	11	1,265,000	1,265,000
Profit and loss account	12	(8,488,419)	(7,276,490)
Shareholders' deficit	13	(7,223,419)	(6,011,490)

The financial statements were approved by the board of directors on 17 APRIL 13 and were signed on its behalf by

Director
N. Petrie

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards The particular accounting policies adopted by the directors are described below The accounting standards have been applied consistently throughout the year and the preceding year

Going concern

The company is a subsidiary of the ultimate parent undertaking, Anglo Design Holdings Plc ('the group')

A letter of support has been provided to the directors of the company from the directors of Anglo Design Holdings Plc to confirm that the group will provide sufficient financial and other support to enable the company to discharge their liabilities as they fall due Despite the net liabilities position of £7,223,419 (2011 – £6,011,490) at 30 June 2012, because the group has confirmed its intention to provide any necessary financial support to the company, the directors consider it appropriate to prepare the financial statements on the going concern basis

On 3 April 2013 the Group and the bank renegotiated the financing facilities of the Group and as a result agreed term loan facilities repayable on demand, which do not expire until 31 March 2015 In addition to the renegotiation of the term loan facilities, the Group has agreed an overdraft facility with a £1 0m net limit

Based on the Directors' latest approved forecasts, the Group expects to be able to comply with its facility arrangements negotiated with the bank and meet its liabilities and attached facility terms as they fall due for a period of not less than 12 months from the date of signature of these financial statements Whilst acknowledging the uncertainties in the operating environment and their resultant impact on revenues, the Directors have identified a number of opportunities to reduce costs, some of which have already been actioned, to mitigate against any deteriorations and uncertainties in trading conditions

The Directors' latest forecasts include a series of assumptions in relation to working capital management and further cost reductions The key working capital management assumptions is a stock reduction programme Further cost reduction focuses on a broad spread of operational costs Additional spend on significant development activities will be dictated by available resources and future trading remaining in line with management expectations

The directors have a reasonable expectation that with the continued support of the bank, the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Statement of cash flows

Under FRS 1 'Statement of Cash Flows', the company is not required to prepare a statement of cash flows, being a wholly owned subsidiary of Anglo Design Holdings Plc, whose publicly available group financial statements include the company

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and impairment Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life

Airframes	–	2% reducing balance per annum
Aircraft engines	–	over the engines permitted flying hours
Computer equipment	–	33 3% on cost per annum

Qualifying expenditure on maintenance of aircraft and engines is to be capitalised within tangible fixed assets Depreciation, in addition to that charged against the original capital value, is then charged against these maintenance assets at a variable rate dependent on the actual usage of the aircraft itself, such that over time the depreciation charge will match the related maintenance expenditure

Deferred taxation

Deferred taxation 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 right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable

- 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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to profit and loss account

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Operating leases

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term There are no future commitments to which the company are contractually obliged to undertake

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year The company operates a defined contribution scheme

The company operates a defined contribution pension scheme in respect of certain directors and staff The scheme and its assets are held by independent managers The pension charge represents contributions due from the company and amounted to £4,842 (2011 – £8,787)

Accounting reference date

The company's accounting reference date is 30 June As permitted by the Companies Act, the Directors have chosen to draw up the financial statements to the 1 July 2012 (2011 – to 3 July 2011)

2. Turnover

The total turnover of the company for the year has been derived from its principal activity, all in the UK

3. Operating loss

This is stated after charging

	2012	*2011*
	£	*£*
Depreciation of tangible fixed assets	59,688	99,968
Impairment of airframes	756,156	563,799
Operating lease rentals	8,225	14,850

Operating lease rentals paid relate entirely to rent of land and buildings

The audit and non audit fees for the company are disclosed in Anglo Design Holdings plc

4. Staff costs

	2012	*2011*
	£	*£*
Wages and salaries	112,025	210,058
Social security costs	13,264	21,641
Other pension costs	4,842	8,787
	130,131	240,486

The average monthly number of employees during the year was made up as follows

	No	*No*
Administrative	3	6

There was no remuneration paid to the directors in the current year or prior year from the company The directors are remunerated via Anglo Design Holdings Plc and their remuneration is disclosed within that entity

Notes to the financial statements

at 30 June 2012

5. Interest payable and similar charges

	2012	2011
	£	£
Bank interest	3,639	347
Lease interest costs	20,404	26,488
Exchange difference on foreign borrowings	4,860	(43,764)
	28,903	(16,929)

6. Tax

(a) Tax on loss on ordinary activities

The tax loss is made up as follows

	2012	2011
	£	£
Current tax:		
UK corporation tax on the loss for the year	–	–
Adjustment in respect of prior year	–	–
Total current tax (note 6(b))	–	–
Deferred tax.		
Origination and reversal of timing differences	–	489,653
Adjustments in respect of prior years	–	405
Total deferred tax (note 6(c))	–	490,058
Tax on loss on ordinary activities	–	490,058

(b) Factors affecting current tax loss for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25 5% (2011 – 27 5%) The differences are explained below

	2012	2011
	£	£
Loss on ordinary activities before tax	(1,211,929)	(837,104)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 5% (2011 – 27 5%)	(309,042)	(230,204)
Effects of		
Disallowable expenses	210,306	155,045
Capital allowances in advance of depreciation	3,666	12,485
Short-term timing differences	(205)	–
Group relief surrendered for nil consideration	95,275	–
Losses not utilised	–	62,674
Current tax for the year (note 6(a))	–	–

Notes to the financial statements

at 30 June 2012

6. Tax (continued)

(c) Recognised deferred tax

	£
At 1 July 2011	–
Charge to profit and loss account	–
At 30 June 2012	–

The deferred tax asset is analysed as follows

	2012 £	*2011* £
Decelerated capital allowances	–	–
Other timing differences	–	–
Deferred tax asset	–	–

(d) Unrecognised deferred tax

	£
At 1 July 2011	(2,354)
Prior year adjustment	2,354
At 30 June 2012	–

(e) Factors that may affect future tax charges

The UK corporation tax rate reduced from 26% to 24% with effect from 1 April 2012 A further reduction in the corporation tax rate from 24% to 23% was substantially enacted on 17 July 2012 and will be effective from 1 April 2013

Further 1% reductions to the UK corporation tax rate, announced in the June 2010 Budget were confirmed in March 2011 effective from 1 April 2014 and on 5 December 2012 the Chancellor confirmed in his Autumn Statement that a further 1% reduction will reduce the main UK corporation tax rate to 21% effect from 1 April 2014 This change had not been substantially enacted at the balance sheet date and is not recognised in these financial statements

The effect of the reduction of the UK corporation tax rate to 22% on the Company's deferred tax asset, as at 30 June 2012, would be to reduce the unrecognised deferred tax asset by approximately £nil The effect on the Company of the proposed changes to the UK tax system will be reflected in the financial statements of the Company in future years, as appropriate, once the proposals have been substantially enacted

Notes to the financial statements

at 30 June 2012

7. Tangible fixed assets

	Airframes £	*Aircraft engines* £	*Computer equipment* £	*Total* £
Cost				
At 1 July 2011	4,107,082	911,589	–	5,018,671
Additions	216,816	–	–	216,816
At 30 June 2012	4,323,898	911,589	–	5,235,487
Depreciation				
At 1 July 2011	3,236,533	355,732	–	3,592,265
Charge for the year	59,688	–	–	59,688
Impairment	756,156	–	–	756,156
At 30 June 2012	4,052,377	355,732	–	4,408,109
Net book value				
At 30 June 2012	271,521	555,857	–	827,378
At 1 July 2011	870,549	555,857	–	1,426,406

The aircraft were valued by Kevin Rossignon, the Vice President of CB Aviation Inc CB Aviation Inc are a company that specialise in buying and selling aircraft The carrying value has been readdressed at 30 June 2012 and based on the current market price

8. Debtors

	2012 £	*2011* £
Trade debtors	456	62,908
Other debtors	44,241	14,810
Prepayments and accrued income	9,740	10,933
Deferred tax (note 6(c))	–	–
	54,437	88,651

9. Creditors: amounts falling due within one year

	2012 £	*2011* £
Bank loans	130,712	180,460
Trade creditors	291,984	59,090
Amounts due to group undertaking	7,316,405	6,792,908
Other taxes and social security costs	103	5,292
Other creditors	–	800
Accruals and deferred income	35,925	36,115
	7,775,129	7,074,665

Notes to the financial statements

at 30 June 2012

10. Creditors: amounts falling due after more than one year

	2012	*2011*
	£	*£*
Bank loans	331,563	457,374
Analysis of loans		
Bank loans		
Wholly repayable within five years	462,275	637,834
	462,275	637,834
Included in current liabilities	(130,712)	(180,460)
	331,563	457,374
Instalments not due within five years	–	–
Loan maturity analysis		
In one year	130,712	180,460
In more than one year but not more than five years	331,563	457,374
In more than five years	–	–
	462,275	637,834

The bank loans are secured on the two aircraft purchased One of the loans is payable monthly and interest is based on the 3 month Libor plus 3 25% per annum, the other loan is payable quarterly and interest is based on the 3 month Libor plus 2 67% per annum

11. Issued share capital

		2012		*2011*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	1,265,000	1,265,000	1,265,000	1,265,000

12. Movements on reserves

	Profit and loss account
	£
At 1 July 2011	(7,276,490)
Loss for the year	(1,211,929)
At 30 June 2012	(8,488,419)

13. Reconciliation of shareholders' deficit

	2012	*2011*
	£	*£*
Loss for the year	(1,211,929)	(1,327,162)
Opening shareholders' deficit	(6,011,490)	(4,684,328)
Closing shareholders' deficit	(7,223,419)	(6,011,490)

Notes to the financial statements

at 30 June 2012

14. Other financial commitments

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2012	*2011*
	£	*£*
Operating leases which expire		
Within one year	-	14,850

15. Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 – Related Party Disclosures in not disclosing details of transactions with other group companies

No transactions took place with M J Newton during the year Sales of £nil (2011 - £21,461) and purchases of £nil (2011 – £12,871) were made in the year There was no year end balance in the current or prior year

At 30 June 2012 there is a debt outstanding with IndUS Aviation Inc of £63,713 (2011 – £63,713) IndUS Aviation Inc is a related party as Anglo Design Holdings Plc holds 17% of the shareholding The debt is provided for in full

16. Post balance sheet event

On 19 December 2012, the company sold aircraft registration G-VUEA for £380,584 As a result the aircraft was impaired by £266,468 over and above the valuation at 30 June 2012

17. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Anglo Design Holdings Plc, a company registered in England and Wales

Anglo Design Holdings Plc prepares group financial statements and copies can be obtained from Unit 1200 Daresbury Park, Daresbury, Warrington, Cheshire, WA4 4HS

The controlling party is Mr M J Newton by virtue of his shareholding in Anglo Design Holdings Plc