

COMPANY REGISTRATION NUMBER 05524571

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**FLIGHT CALIBRATION SERVICES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**30 NOVEMBER 2011**

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# **FLIGHT CALIBRATION SERVICES LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 30 NOVEMBER 2011**

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The directors present their report and the unaudited financial statements of the company for the year ended 30 November 2011

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the period was the provision of flight inspection services for airport and Civil Aviation Authorities navigation systems

In 2010/11, the Company continued its remarkable growth, sales increased by approximately 85% and for the first time, since incorporation, the Company moved closer towards achieving profitability. The number of customers has also increased dramatically. In 2010/11 the Company's customer base included UK NATS (including Cat 3 inspections), Birmingham Airport (Cat 3 inspections), London City Airport and the Dutch National Aerospace Laboratory

During 2010/11 the Company has continued significant improvements to both product and capability, namely

- 1 In early 2011, the Company completed the purchase of a further Piper Chieftain PA31-350 aircraft
- 2 In 2010/11, the continued development of the flight inspection product resulted in the following improvement in capability
  - a Flight inspection of Military navigation aids such as TACAN and PAR
  - b Flight inspection of Primary Radars and secondary Surveillance Radars
  - c Flight inspection of Wide Area Multilateration Sensors
  - d Flight inspection of VHF Communications coverage
  - e Flight inspection of the Standard Instrument Departures and Standard Terminal Arrival Routes at Airports
  - f Flight inspection of RNAV GNSS procedures
  - g Flight inspection of Airfield Ground Lighting

During 2011/11, the company has focussed on the following

- 1 Continue to increase its penetration of the UK market.
- 2 Continue its expansion into overseas markets. The Company already provides services in Ireland, Holland, Africa and the Bahamas
- 3 Continue marketing its Flight Inspection Product. The Company has submitted a comprehensive proposal to a customer in the Middle East
- 4 Continue the development of its flight inspection product. To that end, the Company has completed the development of a GPS based solution which will obviate the need for an optical tracker
- 5 Investigate the possibility of diversifying to other aircraft platforms to deliver flight inspections, as a means of reducing costs and improving flexibility

Despite the continuing high level of investment in product and capability, the Company has moved closer to a profitable position. The directors are confident that profitability will be achieved over the forthcoming years and that they continue to lay the foundations for a financially strong and profitable Company

#### **DIRECTORS**

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

N Whitehouse  
M Taiyeb

**FLIGHT CALIBRATION SERVICES LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30 NOVEMBER 2011**

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**SMALL COMPANY PROVISIONS**

The report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office  
Typhoon Business Centre  
Oakcroft Road  
Chessington  
Surrey KT9 1RH

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'M Taiyeb', written over a horizontal line.

M Taiyeb  
Director

Approved by the directors on 31 August 2012

**FLIGHT CALIBRATION SERVICES LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2011**

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	Note	2011 £	2010 £
<b>TURNOVER</b>		524,139	279,355
Cost of sales		<u>(339,575)</u>	<u>(246,040)</u>
<b>GROSS PROFIT</b>		184,564	33,315
Administrative expenses		<u>(194,059)</u>	<u>(243,300)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(9,495)	(209,985)
Tax on loss on ordinary activities	3	<u>6,333</u>	<u>158</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(3,162)</u>	<u>(209,827)</u>

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The notes on pages 6 to 11 form part of these financial statements

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**FLIGHT CALIBRATION SERVICES LIMITED****BALANCE SHEET****30 NOVEMBER 2011**

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	4	191,097	35,894
<b>CURRENT ASSETS</b>			
Debtors	5	190,983	27,654
Cash at bank		<u>35,338</u>	<u>23,552</u>
		226,321	51,206
<b>CREDITORS: Amounts falling due within one year</b>	6	<u>779,134</u>	<u>445,654</u>
<b>NET CURRENT LIABILITIES</b>		<u>(552,813)</u>	-13624 <u>(394,448)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(361,716)</u>	<u>(358,554)</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	7	<u>00</u>	<u>00</u>
		<u>(361,716)</u>	<u>(358,554)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	9	1	1
Revaluation reserve		242,206	242,206
Profit and loss account	10	<u>(603,923)</u>	<u>(600,761)</u>
<b>DEFICIT</b>		<u>(361,716)</u>	<u>(358,554)</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statement for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and,
- (i) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008),

The Balance sheet continues on the following page.

The notes on pages 6 to 11 form part of these financial statements

**FLIGHT CALIBRATION SERVICES LIMITED**

**BALANCE SHEET** *(continued)*

**30 NOVEMBER 2011**

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These financial statements were approved by the directors and authorised for issue on 4<sup>th</sup> August 2012 and are signed on their behalf by

A handwritten signature in black ink, appearing to read 'M Tayeb', is written over the printed name.

**M Tayeb**  
Director

Company Registration Number 05524571

The notes on pages 6 to 11 form part of these financial statements

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# **FLIGHT CALIBRATION SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2011**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiceable during the year, exclusive of Value Added Tax

#### **Fixed assets**

Fixed assets are initially recorded at cost. In accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) they are subject to periodic revaluation

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery            - 25% straight line

#### **Deferred taxation**

Deferred tax is recognised in respect of all material 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 exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and 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

Deferred tax assets are recognised only to the extent that the directors considered that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying material 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 material timing differences reverse, based on taxed rates and laws enacted or substantively enacted at the balance sheet date

#### **Research and Development**

The projects are clearly defined and related expenditure is identifiable. The projects are technically feasible and commercially viable. The current and future costs are expected to be exceeded by future sales and adequate resources exist for the projects to be completed

# FLIGHT CALIBRATION SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

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### 1. ACCOUNTING POLICIES *(continued)*

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

#### Going concern

The company meets its working capital requirements through funding from group companies, which have confirmed their intention for continuing support. As such, the directors consider it appropriate to prepare the accounts on a going concern basis.

### 2. OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating loss on ordinary activities before taxation is stated after charging

	2011 £	2010 £
Directors' remuneration	38,338	108,274
Depreciation of owned fixed assets	<u>68,002</u>	<u>73,477</u>

### 3. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2010-28%)	0	0
Total current tax	0	0
Deferred tax		
Origination and reversal of timing differences	0	158
Tax on profit on ordinary shares	<u>0</u>	<u>158</u>

There is no provision for Corporation Tax due to the losses for the year.



**FLIGHT CALIBRATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011****3. TAXATION ON ORDINARY ACTIVITIES** *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2010 – 21%)

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation	<u>(9,495)</u>	<u>(209,985)</u>
Loss on ordinary activities by rate of tax	-	-
Expenses not deductible for tax purposes	-	-
Capital allowances for period in excess of depreciation	00	(158)
Tax Credit on R & D enhancement in 2009	6,333	-
Total current tax (note 3(a))	<u>6,333</u>	<u>(158)</u>

**(c) Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on revaluing plant and machinery to its market value

**4. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; Machinery</b>
	<b>£</b>
<b>COST OR VALUATION</b>	
At 1 December 2010 and 30 November 2011	293,910
Additions-Aircraft Additions	223,205
	<u>517,115</u>
<b>DEPRECIATION</b>	
At 1 December 2010	258,016
Charge for the year	68,002
<b>At 30 November 2011</b>	<u>326,018</u>
<b>NET BOOK VALUE</b>	
<b>At 30 November 2010</b>	<u>35,894</u>
<b>At 30 November 2011</b>	<u>191,097</u>

Plant and machinery is stated at revalued amount. A revaluation was carried out by the directors in the prior year in order to bring the asset value in line with its open market value.

**FLIGHT CALIBRATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011****4. TANGIBLE FIXED ASSETS *(continued)***

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2011	2010
	£	£
Net book value at end of year	--	-
Historical cost	<u>2,794</u>	<u>2,794</u>

**5. DEBTORS**

	2011	2010
	£	£
Trade debtors	167,255	22,089
Amounts owed by associated undertakings	1	1
Other Taxation	9,544	-
Accrued income	-	-
Other debtors & pre-payments	<u>14,183</u>	<u>5,564</u>
	<u>190,983</u>	<u>27,654</u>

**6. CREDITORS: Amounts falling due within one year**

	2011	2010
	£	£
Overdrafts	00	00
Trade creditors	71,092	70,849
Amounts owed to associated undertakings	697,437	374,529
Corporation tax	1	1
Other taxation	-	-
Advance payments	-	-
Other creditors	<u>10,604</u>	<u>275</u>
	<u>779,134</u>	<u>445,654</u>

**7. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Profit and loss account movement arising during the year	<u>00</u>	<u>00</u>
Provision carried forward	<u>00</u>	<u>00</u>

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**FLIGHT CALIBRATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011**

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**7. DEFERRED TAXATION (continued)**

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	158	-	158	-
Tax losses available	-	-	-	-
	158	-	158	-

**8. RELATED PARTY TRANSACTIONS**

At the year end the company owed £677,656 (2010 £282,909) to Avionic Services International Limited

At the year end the company owed £24,033 (2010 £24,033) to PCR (UK) Limited

The above companies are related by virtue of being under common control

At the year end the company was owed £1 (2010 £1) by Culross Aerospace Limited

**9. SHARE CAPITAL****Authorised share capital:**

	2011	2010
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Allotted, called up and fully paid:**

	2011		2010	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**10. PROFIT AND LOSS ACCOUNT**

	2011	2010
	£	£
Balance brought forward	(600,761)	(390,934)
Loss for the financial year	<u>(3,162)</u>	<u>(209,827)</u>
Balance carried forward	<u>(603,923)</u>	<u>(600,761)</u>

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**FLIGHT CALIBRATION SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2011**

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**11. ULTIMATE PARENT COMPANY**

The ultimate parent company, Culross Aerospace Limited, which owned 100% of the issued share capital, ceased to be the Ultimate Parent Company on 30 November 2010

**12. ULTIMATE CONTROLLING PARTY**

In the opinion of the directors, there is no overall ultimate controlling party