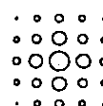


FLIGHT CALIBRATION SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
30 NOVEMBER 2008



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FLIGHT CALIBRATION SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

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FLIGHT CALIBRATION SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2008

The directors present their report and the unaudited financial statements of the company for the year ended 30 November 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the provision of navigation services.

Flight Calibration Services Ltd is one of only two companies with CAA approval to conduct flight inspection services within the UK. The company is gearing up for a rapid and sustainable growth with the introduction of a new aircraft and the recent signing of additional service contracts.

The directors of FCSL are able to report that the company continues to have significant backing and resources to expand its customer base within the UK and to break into new markets in Europe, Middle East and Africa. FCSL is able to provide UK airports with a viable alternative for the provision of flight inspection services providing 24 hour/7 days a week operational availability.

The company is also able to provide airports with a comprehensive range of services in support of their navigation systems; ranging from initial feasibility studies, site selection and computer simulation to final commissioning and routine certification.

DIRECTORS

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

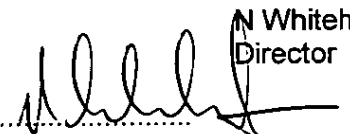
N Whitehouse
A Young

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
New Bridge Street House
30 - 34 New Bridge Street
London
EC4V 6BJ

Signed on behalf of the directors

Approved by the directors on  17/12/2009

N Whitehouse
Director

FLIGHT CALIBRATION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 2008

	Note	2008 £	2007 £
TURNOVER		45,128	28,997
Cost of sales		<u>72,041</u>	<u>19,117</u>
GROSS (LOSS)/PROFIT		(26,913)	9,880
Administrative expenses		<u>110,078</u>	<u>135,195</u>
OPERATING LOSS	2	(136,991)	(125,315)
Interest receivable		—	9
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(136,991)</u>	<u>(125,306)</u>
Tax on loss on ordinary activities	3	—	—
LOSS FOR THE FINANCIAL YEAR	9	<u>(136,991)</u>	<u>(125,306)</u>

The notes on pages 6 to 10 form part of these financial statements.

FLIGHT CALIBRATION SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 NOVEMBER 2008

	2008 £	2007 £
Loss for the financial year attributable to the shareholder	(136,991)	(125,306)
Unrealised profit on revaluation of tangible fixed assets: Plant & Machinery	<u> — </u>	<u>242,206</u>
Total gains and losses recognised since the last annual report	<u>(136,991)</u>	<u>116,900</u>

The notes on pages 6 to 10 form part of these financial statements.

FLIGHT CALIBRATION SERVICES LIMITED

BALANCE SHEET

30 NOVEMBER 2008

	Note	2008 £	£	2007 £	£
FIXED ASSETS					
Tangible assets	4		121,982		183,042
CURRENT ASSETS					
Debtors	5	17,648		1,470	
Cash at bank		<u>6</u>		<u>-</u>	
		17,654		1,470	
CREDITORS: Amounts falling due within one year	6	<u>254,336</u>		<u>162,221</u>	
NET CURRENT LIABILITIES			(236,682)		(160,751)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(114,700)</u>		<u>22,291</u>
CAPITAL AND RESERVES					
Called-up equity share capital	8		1		1
Revaluation reserve	9		242,206		242,206
Profit and loss account	10		<u>(356,907)</u>		<u>(219,916)</u>
(DEFICIT)/SHAREHOLDER'S FUNDS			<u>(114,700)</u>		<u>22,291</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) 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 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The Balance sheet continues on the following page.

The notes on pages 6 to 10 form part of these financial statements.

FLIGHT CALIBRATION SERVICES LIMITED

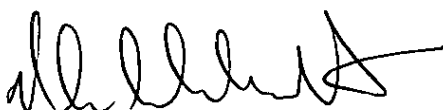
BALANCE SHEET *(continued)*

30 NOVEMBER 2008

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors and authorised for issue on 17/12/2009, and are signed on their behalf by:

N Whitehouse
Director



Company Registration Number: 05524571

The notes on pages 6 to 10 form part of these financial statements.

FLIGHT CALIBRATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

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 January 2007).

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 or revaluation 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 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 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.

FLIGHT CALIBRATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

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

Operating loss is stated after charging:

	2008 £	2007 £
Directors' emoluments	31,211	51,431
Depreciation of owned fixed assets	<u>61,277</u>	<u>61,250</u>

FLIGHT CALIBRATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

3. TAXATION ON ORDINARY ACTIVITIES

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 20.67% (2007 - 19.67%).

	2008 £	2007 £
Loss on ordinary activities before taxation	(136,991)	(125,306)
Loss on ordinary activities by rate of tax	(28,316)	(24,648)
Expenses not deductible for tax purposes	21	-
Capital allowances for period in excess of depreciation	12,570	11,972
Utilisation of tax losses	15,725	12,676
Total current tax	-	-

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

	Plant & Machinery £
COST OR VALUATION	
At 1 December 2007	245,000
Additions	217
At 30 November 2008	245,217
DEPRECIATION	
At 1 December 2007	61,958
Charge for the year	61,277
At 30 November 2008	123,235
NET BOOK VALUE	
At 30 November 2008	121,982
At 30 November 2007	183,042

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 2008

4. TANGIBLE FIXED ASSETS *(continued)*

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

	2008 £	2007 £
Historical cost	<u>2,794</u>	<u>2,794</u>
Accumulated depreciation	<u>2,721</u>	<u>2,022</u>

5. DEBTORS

	2008 £	2007 £
Trade debtors	14,838	1,469
Amounts owed by group undertakings	1	1
Other debtors	<u>2,809</u>	<u>-</u>
	<u>17,648</u>	<u>1,470</u>

6. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	10,721	2,970
Amounts owed to group undertakings	240,865	152,450
Other taxation	-	451
Other creditors	<u>2,750</u>	<u>6,350</u>
	<u>254,336</u>	<u>162,221</u>

7. RELATED PARTY TRANSACTIONS

At the year end the company owed £221,209 (2007: £151,098) to Avionic Services International Limited.

At the year end the company owed £19,656 (2007: £1,351) 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 (2007: £1) by Culross Aerospace Limited.

Included within other creditors was an amount owed to N Whitehouse, a director of the company. The amount outstanding at 30 November 2008 was £nil (2007: £1,200).

FLIGHT CALIBRATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

8. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

9. REVALUATION RESERVE

	2008	2007
	£	£
Balance brought forward	242,206	—
Revaluation of fixed assets	<u>—</u>	<u>242,206</u>
Balance carried forward	<u>242,206</u>	<u>242,206</u>

10. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward	(219,916)	(94,610)
Loss for the financial year	<u>(136,991)</u>	<u>(125,306)</u>
Balance carried forward	<u>(356,907)</u>	<u>(219,916)</u>

11. ULTIMATE PARENT COMPANY

The ultimate parent company is Culross Aerospace Limited, a company incorporated in England and Wales, which owns 100% of the issued share capital.

12. ULTIMATE CONTROLLING PARTY

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