

Registered number: 01994993

**RVL AIRTECH LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

SATURDAY



\*A6FL018Q\*

A07

23/09/2017

#162

COMPANIES HOUSE

## **RVL AIRTECH LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	Mr S Guynan Mr S D Smith
<b>Company secretary</b>	Mr S Guynan
<b>Registered number</b>	01994993
<b>Registered office</b>	RVL House Building 21, Anson Road East Midlands Airport Castle Donington Derby DE74 2SA
<b>Independent auditors</b>	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

# **RVL AIRTECH LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditors' report</b>	<b>3 - 4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 13</b>

## **RVL AIRTECH LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Review of year**

The company is a member of the Reconnaissance Ventures Limited Group (RVLG). A full review of the Group's activities is contained in the Strategic Report of the RVLG financial statements.

The company is engaged in the provision of aircraft repair and maintenance. All services are performed for other members of the RVL Group.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent.
- 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £130,389 (2015 - loss £70,920).

The directors have not recommended the payment of a dividend (2015 - £nil).

#### **Directors**

The directors who served during the year are as stated on the company information page.

#### **Future developments**

The directors do not foresee any changes to the principal activities of the company.

**RVL AIRTECH LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**


**Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The directors' report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to be 'S D Smith', written over a horizontal line.

**Mr S D Smith**  
Director

Date: 22 MAY 2017

## **RVL AIRTECH LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RVL AIRTECH LIMITED**

We have audited the financial statements of RVL Airtech Limited for the year ended 31 December 2016, set out on pages 5 to 13. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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 Auditors**

As explained more fully in the directors' responsibilities statement on page 1, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to Small Entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## RVL AIRTECH LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RVL AIRTECH LIMITED (CONTINUED)

#### Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the group's ability to continue as a going concern and its impact upon the company. The group has incurred significant expenditure on a major development project in connection with a Boeing 737 aircraft. The project, which has experienced delay, has however been granted its first stage certification and is due to undergo final flight testing in June 2017 in the United States. A successful outcome to the testing would allow commercialisation of the technology. However, should the testing be unsuccessful, and require further significant expenditure to complete, then the group would need to hold discussions with its lenders and investors. At this stage there can be no certainty as to the outcome of those discussions. This indicates a material uncertainty which may cast doubt about the group's ability to continue as a going concern. The financial statements do not include adjustments that would result if the group 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

#### 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.

*Pkf Cooper Parry Group Limited*

Peter Sterling (Senior statutory auditor)

for and on behalf of

**PKF Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 22 MAY 2017

**RVL AIRTECH LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	1	2,751,877	2,764,487
Cost of sales		(2,435,016)	(2,400,107)
<b>Gross profit</b>		<u>316,861</u>	<u>364,380</u>
Administrative expenses		(262,596)	(339,460)
<b>Operating profit</b>		<u>54,265</u>	<u>24,920</u>
Interest receivable and similar income		212,024	134,930
Interest payable and expenses		(135,900)	(66,294)
<b>Profit on ordinary activities before taxation</b>		<u>130,389</u>	<u>93,556</u>
Tax on profit		-	(164,476)
<b>Profit/(loss) for the year</b>		<u><u>130,389</u></u>	<u><u>(70,920)</u></u>
Retained earnings at the beginning of the year		(1,526,743)	(1,455,823)
Profit/(loss) for the year		<u>130,389</u>	<u>(70,920)</u>
<b>Retained earnings at the end of the year</b>		<u><u>(1,396,354)</u></u>	<u><u>(1,526,743)</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.



**RVL AIRTECH LIMITED**  
**REGISTERED NUMBER: 01994993**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	4	84,304	76,188
<b>Current assets</b>			
Stocks	5	727,282	543,801
Debtors: amounts falling due within one year	6	1,183,050	1,096,227
Cash at bank and in hand		93	-
		<u>1,910,425</u>	<u>1,640,028</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(377,188)</u>	<u>(242,959)</u>
<b>Net current assets</b>		1,533,237	1,397,069
<b>Total assets less current liabilities</b>		1,617,541	1,473,257
<b>Creditors: amounts falling due after more than one year</b>	8	(13,895)	-
<b>Net assets</b>		<u>1,603,646</u>	<u>1,473,257</u>
<b>Capital and reserves</b>			
Called up share capital	9	3,000,000	3,000,000
Profit and loss account		<u>(1,396,354)</u>	<u>(1,526,743)</u>
<b>Shareholders funds</b>		<u>1,603,646</u>	<u>1,473,257</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**Mr S D Smith**  
Director



Date: 22 MAY 2017

The notes on pages 7 to 13 form part of these financial statements.

## **RVL AIRTECH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

RVL Airtech Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are produced in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 31 December 2016 (2015 - year ended 31 December 2015).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, including section 1A of FRS 102, and the Companies Act 2006.

The group, of which the company is a part, has incurred a loss before tax for the year of £1,238,912 (2015 - £522,813) as it continues to work towards the flight certification of the major Research and Development project which it has been working on since 2014. The project, which has experienced overruns in terms of both cost and time, involves the design and installation of a spray dispersant system in a Boeing 737 aircraft for use primarily in environmental clean up situations. Both the losses and the development project have to date been largely financed by a mixture of bank loans and loans from the group's principal investor Business Growth Fund plc ("BGF"). Both remain supportive of the group, and BGF have made further advances to the group of £1,750,000 during 2016 bringing the total amount of their loans to £6,433,566. During 2016 the group was granted first stage Special Type Certification ("STC"), and the final flight testing is scheduled to take place in the United States in June 2017. A successful outcome to the testing would allow full commercialisation of the project and would mark the end of the project's development phase. Talks are already at an advanced stage with a number of potential customers for the technology and the profit opportunity is seen as significant. The development work is being undertaken by an experienced and reputable company in the United States and, based upon feedback from the development company and the project managers overseeing the work, the directors are cautiously confident of a successful outcome to the testing. They are however mindful that there can be no certainty as to the outcome and that, if major additional expenditure were to be required, that discussions would need to be held at that time with the group's funding partners. If additional funding were to be needed, and if, such discussions were to be unsuccessful, capitalised development expenditure of £5,675,622 and assets under construction of £1,414,000 held within the group balance sheet might become irrecoverable. If this were to happen the group's balance sheet would become negative with potential adverse impact upon the recovery of intercompany balances within individual subsidiary companies. However, based upon the support of the group's investors to date, and the anticipated successful outcome to the testing, the directors consider that it is appropriate for the financial statements of the group and of its individual subsidiaries to be prepared on a going concern basis.

The following accounting policies have been applied:

##### **1.2 Disclosure exemptions**

The company has adopted the following disclosure exemptions:

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS 102 section 1A exemption from disclosing transactions with group undertakings.

## **RVL AIRTECH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. Accounting policies (continued)**

##### **1.3 Turnover**

Turnover is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Turnover is recognised on goods and services when earned.

##### **1.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- 4% - 25% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 20% straight line
Fixtures and fittings	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

##### **1.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

## **RVL AIRTECH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. Accounting policies (continued)**

##### **1.6 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and trading and loan balances with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

##### **1.7 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentation currency is GBP.

##### **1.8 Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **1.9 Pensions**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **1.10 Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

##### **1.11 Interest income**

Interest income is recognised in the profit and loss account using the effective interest method.

## **RVL AIRTECH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. Accounting policies (continued)**

##### **1.12 Taxation**

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining the associated tax allowances have been met.

#### **2. Auditors' remuneration**

Auditors' remuneration is borne by the parent company of the group.

#### **3. Average number of employees**

The average number of employees for the year, including directors, was 22 (2015 - 21).

**RVL AIRTECH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. Tangible fixed assets**

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2016	63,323	110,587	12,155	18,291	204,356
Additions	1,663	17,730	-	5,649	25,042
At 31 December 2016	64,986	128,317	12,155	23,940	229,398
<b>Depreciation</b>					
At 1 January 2016	13,033	98,718	12,155	4,262	128,168
Charge for the year	3,613	7,922	-	5,391	16,926
At 31 December 2016	16,646	106,640	12,155	9,653	145,094
<b>Net book value</b>					
At 31 December 2016	48,340	21,677	-	14,287	84,304
At 31 December 2015	50,290	11,869	-	14,029	76,188

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	16,874	-

**5. Stocks**

	2016 £	2015 £
Finished goods and goods for resale	727,282	543,801

**RVL AIRTECH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**6. Debtors**

	2016 £	2015 £
Trade debtors	-	600
Amounts owed by group undertakings	1,034,861	932,579
Other debtors	110,044	49,821
Prepayments and accrued income	38,145	113,227
	<u>1,183,050</u>	<u>1,096,227</u>

**7. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	318,692	168,241
Obligations under finance lease and hire purchase contracts	3,139	-
Accruals and deferred income	55,357	74,718
	<u>377,188</u>	<u>242,959</u>

**8. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	13,895	-
	<u>13,895</u>	<u>-</u>

**Secured loans**

The hire purchase liability is secured against the asset to which it relates.

**9. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
3,000,000 Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

# RVL AIRTECH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 10. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	343,972	308,300
Later than 1 year and not later than 5 years	1,375,888	1,233,200
Later than 5 years	5,130,916	4,907,108
<b>Total</b>	<b>6,850,776</b>	<b>6,448,608</b>

### 11. Controlling party

The company is a wholly owned subsidiary of RVL Aviation Limited, its immediate parent company which is incorporated within the United Kingdom. RVL Aviation Limited is controlled by its ultimate parent company, Reconnaissance Ventures Limited, which is in turn controlled by its directors.

The parent undertaking for the largest and smallest group for which consolidated accounts are prepared is Reconnaissance Ventures Limited. Consolidated accounts in respect of the group are available from Companies House, Crown Way, Cardiff, CF14 3VZ.