

COMPANY REGISTRATION NUMBER 05603076

ALPHA AVIATION ACADEMY (EUROPE) LIMITED
FINANCIAL STATEMENTS
31 MARCH 2013



SLAVEN JEFFCOTE LLP
Chartered Certified Accountants & Statutory Auditor
1 Lumley Street
Mayfair
London
W1K 6TT

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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ALPHA AVIATION ACADEMY (EUROPE) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements of the company for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was a flight training school for commercial airline pilots

DIRECTORS

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

B Choudhrie
C P Thomas
N Krishna

DIRECTORS' RESPONSIBILITIES

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 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 year.

In preparing those 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,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Slaven Jeffcote LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2013

SMALL COMPANY PROVISIONS

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

Registered office
1 Vincent Square
Victoria
London
SW1P 2PN

Signed by order of the directors



S PUDARUTH
Company Secretary

Approved by the directors on 17/12/2013

ALPHA AVIATION ACADEMY (EUROPE) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ALPHA AVIATION ACADEMY (EUROPE) LIMITED
YEAR ENDED 31 MARCH 2013

We have audited the financial statements of Alpha Aviation Academy (Europe) Limited for the year ended 31 March 2013. 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out 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 (APB'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 annual 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.

ALPHA AVIATION ACADEMY (EUROPE) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ALPHA AVIATION ACADEMY (EUROPE) LIMITED *(continued)*
YEAR ENDED 31 MARCH 2013

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 March 2013 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 MATTERS 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

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



STEPHEN TERENCE COSTAR (Senior
Statutory Auditor)
For and on behalf of
SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Statutory Auditor

1 Lumley Street
Mayfair
London
W1K 6TT

18/12/2013

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2013

	Note	2013 £	2012 £
TURNOVER		1,028,763	1,674,806
Cost of sales		<u>715,852</u>	<u>715,401</u>
GROSS PROFIT		312,911	959,405
Administrative expenses		<u>3,462,541</u>	<u>1,256,105</u>
OPERATING LOSS	3	(3,149,630)	(296,700)
Interest receivable		20	–
Interest payable and similar charges		<u>(177,400)</u>	<u>–</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,327,010)	(296,700)
Tax on loss on ordinary activities	4	–	–
LOSS FOR THE FINANCIAL YEAR		<u>(3,327,010)</u>	<u>(296,700)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 15 form part of these financial statements

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

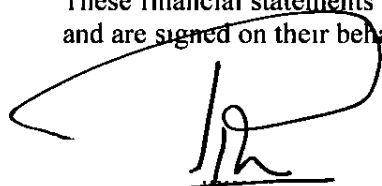
BALANCE SHEET

31 MARCH 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Intangible assets	5	–	2,379,162
Tangible assets	6	<u>2,339,187</u>	<u>2,580,888</u>
		<u>2,339,187</u>	<u>4,960,050</u>
CURRENT ASSETS			
Debtors	7	197,801	432,183
Cash at bank and in hand		<u>43,570</u>	<u>264,701</u>
		241,371	696,884
CREDITORS: Amounts falling due within one year	8	<u>1,732,930</u>	<u>1,398,432</u>
NET CURRENT LIABILITIES		<u>(1,491,559)</u>	<u>(701,548)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>847,628</u>	<u>4,258,502</u>
CREDITORS: Amounts falling due after more than one year	9	<u>10,517,174</u>	<u>10,601,038</u>
		<u>(9,669,546)</u>	<u>(6,342,536)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	8,278	8,278
Share premium account	12	767,722	767,722
Profit and loss account	13	<u>(10,445,546)</u>	<u>(7,118,536)</u>
DEFICIT	14	<u>(9,669,546)</u>	<u>(6,342,536)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 17/12/2013, and are signed on their behalf by



C P THOMAS

Company Registration Number 05603076

The notes on pages 8 to 15 form part of these financial statements

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2013

	Note	2013 £	2012 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	(115,251)	(42,896)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15	20	177,400
TAXATION	15	(2,140)	—
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	15	(19,896)	(9,587)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(137,267)	124,917
FINANCING	15	(83,864)	(55,057)
(DECREASE)/INCREASE IN CASH	15	(221,131)	69,860

The notes on pages 8 to 15 form part of these financial statements

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Turnover

Turnover represents the amounts receivable, excluding VAT, by the company for goods supplied and services provided during the year

Amortisation

Amortisation 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

Goodwill - Over 20 years

Fixed assets

All fixed assets are initially recorded at cost

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 - 15 years straight line basis
Equipment - 33% Straight line basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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.

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

2. GOING CONCERN

The financial statements have been prepared on a going concern basis which is dependent upon the continued support of its parent company.

Following a review of the UK TRTO Facility and the senior management recommendation, the Board decided to consider ceasing the operation of the Facility effective from 31 October 2013 subject to compliance with regulatory requirements

Although the long term future of the company remains unclear, at the date of signing these accounts there are no immediate plans to close the company. The company continues to be supported by its parent and at the current date there is no reason to believe that this will not continue

On this basis the directors believe that it is appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustment which would result in this basis of preparation being inappropriate.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2013 £	2012 £
Directors' remuneration	—	—
Amortisation of intangible assets	2,379,162	169,940
Depreciation of owned fixed assets	261,597	262,374
Operating lease costs		
- Plant and equipment	—	4,313
Net loss/(profit) on foreign currency translation	7,046	(448)
Auditor's remuneration	5,500	5,000
	<u>2013</u> <u>£</u>	<u>2012</u> <u>£</u>
Auditor's remuneration - audit of the financial statements	5,500	5,000

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

4. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24% (2012 - 26%)

	2013 £	2012 £
Loss on ordinary activities before taxation	<u>(3,327,010)</u>	<u>(296,700)</u>
Loss on ordinary activities by rate of tax	(268,140)	(77,142)
Expenses not deductible for tax purposes	-	339
Tax chargeable at lower rates	<u>268,140</u>	<u>76,803</u>
Total current tax	<u>-</u>	<u>-</u>

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2012 and 31 March 2013	<u>4,369,889</u>
AMORTISATION	
At 1 April 2012	1,990,727
Charge for the year	<u>2,379,162</u>
At 31 March 2013	<u>4,369,889</u>
NET BOOK VALUE	
At 31 March 2013	-
At 31 March 2012	<u>2,379,162</u>

Based on current cash flow and the proposal to cease training in UK and relocating the training outside of UK, the Company may not generate enough net cash flow in the future to recover the goodwill. Without sufficient cash flows the carrying amount of goodwill cannot be justified and therefore carrying value of goodwill has been written off as at 31 March 2013.

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

6. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Equipment £	Total £
COST			
At 1 April 2012	3,638,870	75,573	3,714,443
Additions	16,388	3,508	19,896
At 31 March 2013	3,655,258	79,081	3,734,339
DEPRECIATION			
At 1 April 2012	1,065,333	68,222	1,133,555
Charge for the year	257,354	4,243	261,597
At 31 March 2013	1,322,687	72,465	1,395,152
NET BOOK VALUE			
At 31 March 2013	2,332,571	6,616	2,339,187
At 31 March 2012	2,573,537	7,351	2,580,888

7. DEBTORS

	2013 £	2012 £
Trade debtors	84,396	321,957
VAT recoverable	21,612	59,946
Other debtors	91,793	50,280
	197,801	432,183

8. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	270,460	123,930
Corporation tax	—	2,140
Other taxation and social security	1,894	5,302
Other creditors	1,460,576	1,267,060
	1,732,930	1,398,432

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

9. CREDITORS: Amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	8,743,174	8,827,038
Other creditors	1,774,000	1,774,000
	<u>10,517,174</u>	<u>10,601,038</u>

10. RELATED PARTY TRANSACTIONS

In the opinion of the director there is no one controlling party

The company has taken advantage of the exemption from reporting related party transactions between Alpha Aviation Academy (Europe) Limited and other members of the C&C Alpha group of companies, conferred by Financial Reporting Standard No 8, on the grounds that the company is a wholly owned subsidiary and the parent undertaking prepares consolidated financial statements which include the company

11. SHARE CAPITAL

Authorised share capital:

	2013 £	2012 £
82,781,332 Ordinary shares of £0 0001 each	<u>8,278</u>	<u>8,278</u>

Allotted, called up and fully paid:

	2013 No	£	2012 No	£
82,781,332 Ordinary shares of £0 0001 each	<u>82,781,332</u>	<u>8,278</u>	<u>82,781,332</u>	<u>8,278</u>

12. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

13. PROFIT AND LOSS ACCOUNT

	2013 £	2012 £
Balance brought forward	(7,118,536)	(6,821,836)
Loss for the financial year	<u>(3,327,010)</u>	<u>(296,700)</u>
Balance carried forward	<u>(10,445,546)</u>	<u>(7,118,536)</u>

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Loss for the financial year	(3,327,010)	(296,700)
Opening shareholders' deficit	(6,342,536)	(6,045,836)
Closing shareholders' deficit	<u>(9,669,546)</u>	<u>(6,342,536)</u>

15. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating loss	(3,149,630)	(296,700)
Amortisation	2,379,162	169,940
Depreciation	261,597	262,374
Decrease/(increase) in debtors	234,382	(172,368)
Increase/(decrease) in creditors	159,238	(6,142)
Net cash outflow from operating activities	<u>(115,251)</u>	<u>(42,896)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £	2012 £
Interest received	20	—
Interest paid	—	177,400
Net cash inflow from returns on investments and servicing of finance	<u>20</u>	<u>177,400</u>

TAXATION

	2013 £	2012 £
Taxation	<u>(2,140)</u>	<u>—</u>

CAPITAL EXPENDITURE

	2013 £	2012 £
Payments to acquire tangible fixed assets	<u>(19,896)</u>	<u>(9,587)</u>
Net cash outflow from capital expenditure	<u>(19,896)</u>	<u>(9,587)</u>

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

15. NOTES TO THE CASH FLOW STATEMENT *(continued)*

FINANCING

	2013 £	2012 £
Repayment of debenture loans	–	(177,400)
Repayment of long-term amounts owed to group undertakings	<u>(83,864)</u>	<u>122,343</u>
Net cash outflow from financing	<u>(83,864)</u>	<u>(55,057)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 £	2012 £
(Decrease)/increase in cash in the period	(221,131)	69,860
Net cash outflow from debenture loans	–	177,400
Net cash outflow from/(inflow) from long-term amounts owed to group undertakings	<u>83,864</u>	<u>(122,343)</u>
	<u>(137,267)</u>	<u>124,917</u>
Change in net debt	(137,267)	124,917
Net debt at 1 April 2012	<u>(10,336,337)</u>	<u>(10,461,254)</u>
Net debt at 31 March 2013	<u>(10,473,604)</u>	<u>(10,336,337)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2012 £	Cash flows £	At 31 Mar 2013 £
Net cash			
Cash in hand and at bank	<u>264,701</u>	<u>(221,131)</u>	<u>43,570</u>
Debt			
Debt due after 1 year	<u>(10,601,038)</u>	<u>83,864</u>	<u>(10,517,174)</u>
Net debt	<u>(10,336,337)</u>	<u>(137,267)</u>	<u>(10,473,604)</u>

16. POST BALANCE SHEET EVENTS

Following a review of the UK TRTO Facility and the senior management recommendation, the Board decided to consider ceasing the operation of the Facility effective from 31 October 2013 subject to compliance with regulatory requirements

The decision to cease the operation of the Facility was taken after the year end, the accounts do not include any accounting adjustments that would arise as a result of the decision to cease the operation

ALPHA AVIATION ACADEMY (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

17. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking at the balance sheet date is Harberry Investments Limited, a company incorporated in the British Virgin Islands

At the balance sheet date, the parent undertaking of the largest group for which group accounts including Alpha Aviation Academy (Europe) Limited are drawn up is C&C Alpha Group Limited, a company registered in England and Wales. Copies of the consolidated accounts are available from Companies House or from the registered office

1 Vincent Square
Victoria
London
SW1P 2PN

ALPHA AVIATION ACADEMY (EUROPE) LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 MARCH 2013

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 3 to 4**