

Company Registration No. 06277278

Oxford Aviation Academy (Oxford) Limited

Annual Report and Financial Statements

30 April 2011

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Oxford Aviation Academy (Oxford) Limited

Annual report and financial statements 2011

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Oxford Aviation Academy (Oxford) Limited

Annual report and financial statements 2011

Officers and professional advisors

Directors

A Petteford
B Simpson
K Franklin

Secretary

F Mazzocchi

Registered office

Fleming Way
Crawley
West Sussex
RH10 9UH

Bankers

Barclays Bank PLC
Churchill Place
London
E14 5HP

Solicitors

Linklaters LLP
One Silk Street
London
EC2Y 8HQ

Independent Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
Crawley

Oxford Aviation Academy (Oxford) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2011

Business Review and Principal Activities

The company continues to be a market leader in the provision of flight training for commercial pilots

Turnover for the year has increased 18% on prior year at £25,734,000 (2009/10 - £21,815,000), despite the worldwide aviation market recession. This, after allowing for an increase in property costs, increased earnings before interest, tax, depreciation and amortisation ("EBITDA") to £4,551,000 (2009/10 - £3,834,000)

Operating profit was £1,874,000 compared to £861,000 in the prior year

Retained profit for the year was £236,000 compared to £144,000 in 2009/10

During the year the Company allotted 10,000,000 of ordinary shares with a nominal value of £10,000,000 in order to cancel a loan of £10,000,000 owed to a related party

Future prospects and developments

As the aviation sector emerges from recession, the Directors expect a gradual recovery in business activity. The company is well placed to capitalise upon this improvement in the market.

The company plans to reinvest in its existing product portfolio through continually monitoring industry developments to determine what product and equipment updates may be required and undertaken to support business, regulatory and customer requirements.

Going concern

The directors have considered current and forecast trading, profitability and cash flow of the company and have assessed similar information, provided to them, relating to the Group prepared for the period beyond one year from the date of approval of the financial statements. They have also considered the sensitivities of these projections to changes to the business and the wider economy, and mitigating actions that would be taken in such eventualities and the likelihood of security guarantees being called upon.

At a Group level forecast EBITDA and cash flows are sensitive to changes in utilisation of simulators within the Type business which is impacted by changes in the level of business with key customers. The company has a higher proportion of variable costs and is therefore less sensitive to volume changes. Group forecasts for all business units are sensitive to translation to the Euro from local functional currency which can impact the comparison of Group numbers to covenant thresholds. Sensitivity to interest rates is limited due to the use of interest rate swaps.

It is expected that the banking facilities will provide the Group with adequate financial resources to continue trading for the foreseeable future subject to it complying with certain covenants. In assessing the future prospects of the Group, the Directors' have considered the current expectations of future economic recovery and the availability of banking facilities and other financial resources. Accordingly, in the Directors' opinion it is appropriate to prepare the financial statements on a going concern basis.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Research and Development

The company continues to invest in research and development which has resulted in a number of updates to the company's existing products. All related costs of research and development are expensed as incurred unless such expenditure meets the criteria of development expenditure in which case it is capitalised and amortised over its useful economic life. See page 10 for further details.

Dividends

The directors do not recommend payment of a dividend (2010 - £nil)

Oxford Aviation Academy (Oxford) Limited

Directors' report (continued)

Principal risks and uncertainties

Risk management is a central element of the company's activities. Risk management facilitates the identification, evaluation and effective management of the threats to the achievement of the company's vision, objectives and strategies. The risk management process is primarily aimed at defining and implementing clear accountabilities and processes that deliver efficient and effective management assurance to the Board.

The key risks and uncertainties affecting the company are considered to relate to a possible intensification in the recent industry downturn and the potential for a repeat of the 2001 terrorism activity. The business is to some extent insulated from the cyclical nature seen in aircraft production as airlines tend to defer deliveries of new aircraft and maintain their fleet size by retaining older aircraft. Therefore the number of pilots requiring their regulated annual training does not significantly diminish. In the recent downturn, the reduction in passenger and freight traffic coupled with higher fuel prices, has led to some airlines announcing fleet and pilot number reductions. The Directors review and monitor these and other risks on a periodic basis.

Financial risk management objectives and policies

In addition, the company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the group's management, who oversee the use of financial derivatives to manage these risks from an overall group perspective. The company does not use derivative financial instruments for speculative purposes.

Cash flow, currency and interest risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The currencies of the various borrowings are matched to the split of currency earnings. Where appropriate, interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances, trade and group receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with appropriate credit-ratings assigned by international credit-rating agencies.

Investments are in group companies and the directors do not consider there is a case for impairment at this time.

The company has no significant concentration of third party credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has access to a revolving credit facility. In addition the directors expect the company to continue to receive as required the support of the parent company. See note 1 for further details.

Directors

The directors who served throughout the year and up to the date of signing the accounts were as follows:

A Petteford
B Simpson
K Franklin

The company has Directors and Officers Liability Insurance for the benefit of directors in the period and up to the date of this report.

Oxford Aviation Academy (Oxford) Limited

Directors' report (continued)

Disabled Employees

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employment Consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

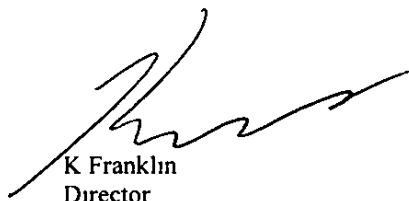
Independent Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors on 20th July 2011 and signed on behalf of the Board by



K Franklin
Director

20th July 2011

Oxford Aviation Academy (Oxford) Limited

Statement of Directors' Responsibilities

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 period. Under the 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable Accounting Standards have been followed, 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 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.

Independent auditor report to the members of Oxford Aviation Academy (Oxford) Limited

We have audited the financial statements of Oxford Aviation Academy (Oxford) Limited for the year ended 30 April 2011, which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 23. 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 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 statement of directors' responsibilities, 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.

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 30 April 2011 and of its profit 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.

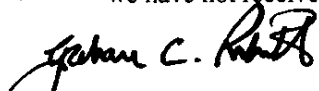
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Graham C Pickett (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

22 July 2011

Oxford Aviation Academy (Oxford) Limited

Profit and loss account Year ended 30 April 2011

	Notes	2011 £000	2010 £000
Turnover	1	25,734	21,815
Cost of sales		(14,779)	(11,449)
Gross profit		10,955	10,366
Administrative expenses		(6,404)	(6,532)
EBITDA*		4,551	3,834
Depreciation		(1,141)	(1,171)
Amortisation		(1,536)	(1,802)
Operating profit		1,874	861
Net finance charges	5	(1,809)	(1,781)
Profit/(loss) on ordinary activities before taxation	2	65	(920)
Tax credit on profit/(loss) on ordinary activities	6	171	1,064
Retained profit for the financial year	17,18	236	144

All results relate to continuing operations

There are no recognised gains or losses in the current or prior year other than as stated in the profit and loss account, accordingly no statement of total recognised gains and losses is presented

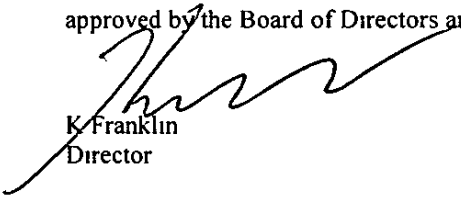
* EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) is presented here as an additional performance measure as it is commonly used by investors and lenders

Oxford Aviation Academy (Oxford) Limited

Balance sheet At 30 April 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Goodwill	7	23,597	24,998
Other intangible assets	8	581	608
Tangible assets	9	2,509	3,453
Investments	10	1,600	1,600
		<u>28,287</u>	<u>30,659</u>
Current assets			
Stocks	11	468	313
Debtors	12	15,095	10,313
Cash at bank and in hand		2,681	2,331
		<u>18,244</u>	<u>12,957</u>
Creditors: amounts falling due within one year	13	<u>(16,958)</u>	<u>(15,637)</u>
Net current assets/(liabilities)		<u>1,286</u>	<u>(2,680)</u>
Total assets less current liabilities		<u>29,573</u>	<u>27,979</u>
Creditors: amounts falling due after more than one year	14	25,035	33,677
Provision for liabilities	15	760	760
Capital and reserves			
Called up share capital	16	10,250	250
Profit and loss account – deficit	17	<u>(6,472)</u>	<u>(6,708)</u>
Shareholders' funds/(deficit)	18	<u>3,778</u>	<u>(6,458)</u>
		<u>29,573</u>	<u>27,979</u>

The financial statements of Oxford Aviation Academy (Oxford) Limited, registered number 06277278 were approved by the Board of Directors and authorised for issue on 20th July 2011 and signed on its behalf by


K. Franklin
Director

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements Year ended 30 April 2011

Principal accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial years.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The Directors have considered current and forecast trading, profitability and cash flow of the company and have assessed similar information, provided to the Directors, relating to the Group. They have also considered the sensitivities of these projections to changes to the business and the wider economy, and mitigating actions that would be taken in such eventualities and the likelihood of security guarantees being called upon.

At a group level forecast EBITDA and cash flows are sensitive to changes in utilisation of simulators within the Type business which is impacted by changes in the level of business with key customers. The company has a lower proportion of variable costs and is therefore more sensitive to volume changes, for other business units within the group the inverse applies. Group forecasts for all business units are sensitive to translation to the Euro from local functional currency. Sensitivity to interest rates is limited due to the use of interest rate swaps.

The Group's existing banking facilities are committed until 2016. Subject to it complying with certain covenants, the facilities provide it with adequate financial resources to continue trading for the foreseeable future. In assessing the future prospects of the business, the Directors have considered the availability of banking facilities and other financial resources. Accordingly, in the Directors' opinion, it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group.

Consolidated financial statements

The company has taken advantage of S 400 Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated financial statements of its ultimate parent company, Oxford Aviation Academy Luxembourg S à r l. Consequently these financial statements present information about the company as an individual undertaking and not about its group.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued)

Year ended 30 April 2011

Pensions

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Investments

Investments in subsidiary companies are stated at historic cost less provision for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold property	-	over lease term
Aircraft and simulators	-	6 - 12 years
Fixtures, fittings, plant and equipment	-	3 - 10 years
Motor vehicles	-	3 - 4 years

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is judged to be twenty years. Provision is made for any impairment.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Foreign currencies

Transactions in foreign currencies are translated into sterling using the average rate of exchange for the month in which the transactions take place.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Exchange differences arising on borrowings which are accounted for in foreign currencies and as net investments are taken to reserves. Other exchange differences are recognised in the profit and loss account.

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are recognised as assets of the company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs (see below).

Borrowing costs

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Fees in advance

The company charges customers for its training services in accordance with agreed payment terms. Income is credited to the profit and loss account according to services provided. Any amounts received in advance of the provision of the service are treated as "fees in advance" and included within accruals and deferred income.

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

1. Turnover

No analysis of turnover by activity or geographical analysis is given as all turnover relates to the Company's core activity of the provision of training services and the design and sale of computer based training tools originating from the UK

2. Profit/(loss) no ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:	2011 £000	2010 £000
Depreciation		
- owned assets	1,141	1,171
Amortisation of development costs	135	176
Amortisation of goodwill	1,401	1,621
Amortisation of debt issue costs	5	5
Loss on disposal of fixed assets	73	0
Operating lease rentals – land and buildings	1,519	1,349
Foreign exchange loss	3	12
Auditor remuneration		
Fees payable to the Company's auditor for - the audit of the Company's annual accounts	31	30

The analysis of auditor remuneration is as follows:

	2011 £000	2010 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	31	30
Total fees	31	30

3. Information regarding employees and directors

Employees (including directors)	2011 £000	2010 £000
Wages and salaries	3,598	3,532
Social security costs	506	484
Pension costs (note 4)	251	255
	4,355	4,271

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued)

Year ended 30 April 2011

3 Information regarding employees and directors (continued)

	2011 No.	2010 No
The average number of persons employed by the company in the year:		
Operations	72	83
Sales	21	23
Administration	51	42
	<u>144</u>	<u>148</u>
Directors' emoluments		
	£000	£000
Emoluments	155	140
Pension costs	31	28
	<u>186</u>	<u>168</u>

One of the directors was a member of the company pension scheme (2010 – one)

4. Pension schemes

The company participates in defined contribution pension schemes in the UK operated by Oxford Aviation Academy, whose assets are held in a separate trustee administered fund. Contributions to the schemes are made and pension cost is assessed using the projected unit method.

Contributions by the company to the scheme for the year were £251,000 (2010 - £255,000)

5. Net finance charges

	2011 £000	2010 £000
Interest receivable and similar income	(2)	(7)
Net interest payable to group undertakings	509	700
Bank interest payable and similar charges	1,218	1,004
Amortisation of bank fees	82	82
Other interest	2	2
	<u>1,809</u>	<u>1,781</u>

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued)

Year ended 30 April 2011

6 Tax credit on profit/(loss) on ordinary activities

	2011 £000	2010 £000
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior year	-	(29)
Total current tax charge	-	(29)
Deferred Tax		
Accelerated capital allowances	319	773
Tax losses	(492)	320
Adjustment in respect of prior year	344	-
Total deferred tax credit	171	1,093
Total tax credit on profit/(loss) on ordinary activities	171	1,064

Factors affecting the current tax charge

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before taxation	65	(920)
Tax at the standard rate of corporation tax in the UK of 28% (2010 28%)	(18)	258
Permanent differences	(155)	(562)
Depreciation in excess of capital allowances	(319)	(328)
Unutilised/utilised tax losses carried forward	492	632
Adjustment in respect of prior year	-	(29)
Current taxation charge	-	(29)

Deferred Tax Asset

	2011 £000	2010 £000
Movement on deferred tax asset in the year:		
Opening balance	1,093	-
Credit to the profit & loss account	171	1,093
Closing balance (note 12)	1,264	1,093

Analysed as:

Depreciation in excess of capital allowances	976	773
Losses carried forward	288	320
	1,264	1,093

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

7. Intangible fixed assets – goodwill

	2011
	£000
Cost	
At 1 May 2010 and 30 April 2011	35,429
Amortisation	
At 1 May 2010	10,431
Charge for the year	1,401
At 30 April 2011	11,832
Net book value	
At 30 April 2011	23,597
At 30 April 2010	24,998

8. Other intangible fixed assets

	Development costs
	£000
Cost	
At 1 May 2010	1,007
Additions	108
At 30 April 2011	1,115
Amortisation	
At 1 May 2010	399
Charge for the year	135
At 30 April 2011	534
Net book value	
At 30 April 2011	581
At 30 April 2010	608

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

9 Tangible fixed assets

	Leasehold property £000	Aircraft and simulators £000	Fixtures, fittings, plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 May 2010	772	2,740	1,810	29	5,351
Additions	-	92	189	-	281
Disposals	-	(254)	-	-	(254)
At 30 April 2011	772	2,578	1,999	29	5,378
Accumulated depreciation					
At 1 May 2010	445	608	828	17	1,898
Charge for the year	152	433	550	6	1,141
Disposals	-	(170)	-	-	(170)
At 30 April 2011	597	871	1,378	23	2,869
Net book value					
At 30 April 2011	175	1,707	621	6	2,509
At 30 April 2010	327	2,132	982	12	3,453

10. Investments

Cost	£000
At 1 May 2010 and 30 April 2011	1,600

On 29 June 2007, as part of the acquisition of the trade and assets of Oxford Aviation Services Limited, the Company acquired a 100% interest in Oxford Airline Training Center Inc, a Company registered in Phoenix, USA. The fair value was £1,600,000. The principal activity of Oxford Aviation Training Center Inc is the provision of flight training.

The subsidiary generated a profit of £305,000 during the year (2010 – loss of £625,000) and had net assets totalling £3,245,000 at 30 April 2011 (2010 - £3,864,000).

11. Stocks

	2011 £000	2010 £000
Finished goods and goods for resale	468	313

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

12. Debtors

	2011 £000	2010 £000
Amounts falling due within one year:		
Trade debtors	2,676	4,387
Amounts owed by group undertakings	10,604	4,321
Other debtors	203	87
Deferred tax asset (note 6)	1,264	1,093
Prepayments and accrued income	348	425
	<u>15,095</u>	<u>10,313</u>

13. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	2,965	1,128
Amounts owed to group undertakings	656	459
Other taxes and social security	243	423
Other creditors	3,470	2,429
Accruals and deferred income	9,624	11,198
	<u>16,958</u>	<u>15,637</u>

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

	2011 £000	2010 £000
Bank loans	18,622	18,378
Amounts owed to group undertakings	6,413	15,299
	<u>25,035</u>	<u>33,677</u>
 Bank loans are repayable as follows		
Between 2 and 5 years	18,622	9,189
More than 5 years	-	9,189
	<u>-</u>	<u>9,189</u>

The company, jointly with the other members of the group, has entered into a series of agreements with banks led by Barclays Bank PLC under which the companies in the group have jointly granted security over their assets and investments including flight simulators and any equipment used to operate the flight simulators for facilities granted to members of the Oxford Aviation Academy Luxembourg S à r l group of companies

Amounts owed to group undertakings bear interest monthly at a rate based on the rate on the external bank loans plus an additional margin and have no fixed date of repayment

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued)

Year ended 30 April 2011

15. Provision for liabilities

	2011 £000
At beginning and end of year	760
Provision for liabilities includes estimates in respect of future potential dilapidation costs	

16 Called up share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
10,250,000 (2010 – 250,000) Ordinary shares of £1 each	10,250	250

During the year the Company allotted 10,000,000 of ordinary shares with a nominal value of £10,000,000 in order to cancel a loan of £10,000,000 owed to a related party

17. Reserves deficit

	Profit and loss account £000
At 1 May 2010	(6,708)
Profit for the financial year	236
At 30 April 2011	(6,472)

18. Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	236	144
Share capital issue (note 16)	10,000	-
Net reduction in shareholders' deficit	10,236	144
Opening shareholders' deficit	(6,458)	(6,602)
Closing shareholders' funds/(deficit)	3,778	(6,458)

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

19. Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2011 £000	Land and buildings 2010 £000
Between 1 and 2 years	<u>1,520</u>	<u>1,156</u>

20. Derivatives not included at fair value

The company is committed to interest rate swap contracts in respect of its bank borrowings, the notional values of the interest rate swaps, the fixed rate entered into and the fair value of these derivatives at 30 April 2011 are set out below

	Average contract fixed interest rate %	Notional principal amount £000	Fair Value £000
Maturing in 1 – 2 years	<u>2.427</u>	<u>13,094</u>	<u>186</u>

21. Contingent liabilities

The company, jointly with the other members of the group, has entered into a series of agreements with banks led by Barclays Bank PLC under which the companies in the group have jointly granted security over their assets and investments including flight simulators and any equipment used to operate the flight simulators for facilities granted to members of the Oxford Aviation Academy Luxembourg S à r l group of companies

Oxford Aviation Academy (Oxford) Limited

Notes to the financial statements (continued) Year ended 30 April 2011

22. Ultimate parent company

The company is owned by Oxford Aviation Academy Luxembourg 3 S à r l as part of a group owned by Oxford Aviation Academy Luxembourg S à r l, a company registered in Luxembourg, whose majority shareholders are funds managed by STAR Capital Partners Limited

The smallest and largest group in which the results of the company are consolidated is that headed by the company's ultimate parent undertaking at 30 April 2011, Oxford Aviation Academy Luxembourg S à r l, a company incorporated in Luxembourg. The consolidated financial statements of the group can be obtained from 7 Val de Sainte-Croix, L-1371, Luxembourg

23. Transactions with related parties

The company, as a wholly owned subsidiary undertaking of Oxford Aviation Academy Luxembourg S à r l, has taken advantage of an exemption contained in FRS 8, 'Related party disclosures', in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the Oxford Aviation Academy Luxembourg S à r l group qualifying as related parties, as the consolidated financial statements of Oxford Aviation Academy Luxembourg S à r l, in which the company is included, are available to the public and can be obtained from the address given in note 22

Details of directors' remuneration are set out in note 3