Registered No 00936569

CHC Scotia Limited

Report and Financial Statements

30 April 2013

Registered No 00936569

Directors
M Abbey
D Corbett
P Das
A Joyce
M Nicol
D Stewart
S Stewart

Secretary
A Joyce

Auditors
Ernst & Young LLP
Blenheim House
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Bankers
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Registered No 00936569

Directors' report

The directors present their report and financial statements for the year ended 30 April 2013

Results and Dividends

The profit for the year before taxation amounted to £8 3m (2012 - £10 9m) which after tax, as detailed in the profit and loss account on page 7, results in a profit of £7 5m (2012 - £16 4m) In addition, a loss on pension scheme of £17 6m (2012 - £14 6m) was taken to reserves, resulting in a total decrease in reserves of £10 2m (2012 £1 8m increase) No dividend payment (2012- nil) was paid to the parent company during the year

Principal activity and review of business

The principal activity of the company is the provision of helicopter services to the oil and gas industry and providing search and rescue services for the Maritime Coastguard Agency

The company contracted around 26 oil and gas helicopters from Aberdeen, Humberside and North Denes in the UK In addition, the company operated 7 search and rescue helicopters based in Stornoway, Sumburgh, Portland and Lee-on-Solent to support the Interim Search and Rescue Contract

Turnover and Operating Profit increased substantially in the year primarily due to new contract wins in oil and gas

CHC continues to focus on, and invest in, its core markets of oil and gas and search and rescue and expect results to continue to improve in the next fiscal year

Going Concern

The directors confirm that, after making enquiries in accordance with the guidance issued by the Financial Reporting Council, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the accounts It is also the case that the company has the support of its parent companies

Principal risks and uncertainties

Competitive Risks

During fiscal year 2013, the company derived a large percentage of its revenue from the provision of helicopter transportation services to customers in the offshore oil and gas industry The company believes the future demand for these helicopter services and its competitive position will enable it to continue to be a major provider of helicopter transportation services to the oil and gas industry However, a change in the demand for offshore oil and gas or the entry of significant new competitors could have a material impact on the company's revenues from its customers in the offshore oil and gas industry The company operates in the UK Search and Rescue sector and will continue to pursue available contracts within this market

Legislative Risks

Aviation industry regulations are governed by the Civil Aviation Authority and Health and Safety legislation in the relevant countries throughout Europe These regulations are subject to continuous revision and any new directive may have a material impact on the ability of the company to operate at a profit In addition, compliance imposes costs and failure to comply with the regulations could materially affect the company's ability to operate The company takes proactive measures to ensure compliance and has been awarded BSI Accreditation for ISO 14001 2004 and OHSAS 18001 1999

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Directors' report

Principal risks and uncertainties (continued)

Foreign Currency

The company's overall approach to managing foreign currency exposures includes identifying and quantifying its exposures and putting in place the necessary financial instruments to manage the exposure The company operates under a corporate policy that restricts it from using any financial instruments for speculative or trading purposes

The company has developed a risk management plan to mitigate potential risks with respect to foreign currencies The strategy is to match cash inflows and outflows by currency, thereby minimising net currency exposures to the extent possible This is accomplished by ensuring that customer contracts, major expenditures and debt are denominated in the appropriate currencies

Trade Credit Risk

Trade receivables consist primarily of amounts due from multinational companies operating in the oil and gas industry Ongoing credit control procedures are in place to continually monitor the receivables, the company has not incurred any bad debt write off during the year (2012 nil)

Future developments

Current market conditions are positive and the company is well positioned to pursue major oil and gas opportunities as they become available The company continues to focus on maximising revenue, earnings and operating performance through a variety of profit improvement initiatives that form part of the overall business strategy

Events since the balance sheet date

There have been no material post balance sheet events

Directors

The directors of the company who held office during the year are as follows

M Abbey	(appointed 4 February 2013)
D Corbett	
P Das	
A Joyce	(appointed 19 June 2013)
M Nicol	(appointed 31 July 2012)
S Stewart	
D Stewart	
J Bowes	(resigned 31 July 2012)
A Henriksen	(resigned 19 June 2013)
N Mair	(resigned 4 February 2013)

Directors' qualifying third party indemnity provisions

The ultimate parent company has granted an indemnity to all directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

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Directors' report

Employees

Employees are kept informed in writing of matters of direct concern to them and affecting their contracts of employment and otherwise by management to whom they have ready access

There is regular consultation as necessary, with such consultation carried out in discussion with the employees concerned

The involvement of employees in the company's performance is aimed at encouraging employees to perform their own role in the most efficient way possible and at demonstrating that such efficiency enables the company to provide security of employment and improve remuneration

It is the policy of the company to offer employment to disabled persons on the same basis as for able-bodied persons, subject only to their suitability for the work The policy as to training, career development and promotion is likewise the same as for able-bodied persons

Disclosure of information to the auditors

So far as each person who is a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the board

D Corbett

Director

6 November 2013

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 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 auditors' report

to the members of CHC Scotia Limited

We have audited the financial statements of CHC Scotia Limited for the year ended 30 April 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 21 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's 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 set out on page 5, 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 report and financial statements 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

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 2013 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

Ernst Young LLP.

Kenneth MacLeod Hall (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
6 November 2013

Profit and loss account

for the year ended 30 April 2013

	Notes	2013 £000	2012 £000
Turnover	2	177,705	164,174
Cost of sales		(153,105)	(149,636)
Gross Profit		24,600	14,538
Administrative expenses		(15,951)	(12,224)
Operating Profit	3	8,649	2,314
Loss on disposal of tangible fixed assets		(3)	-
Profit on ordinary activities before interest and taxation		8,646	2,314
Interest payable	6	(423)	(306)
Interest receivable	7	-	48
Other finance income	17	28	8,830
Profit on ordinary activities before taxation		8,251	10,886
Tax (charge) / credit on profit on ordinary activities	8	(765)	5,475
Profit for the financial year	15	7,486	16,361

The results above arose wholly from continuing operations

Statement of total recognised gains and losses

for the year ended 30 April 2013

	Notes	2013 £000	2012 £000
Profit for the financial year		7,486	16,361
Actuarial loss on retirement benefit liability	17	(17,637)	(14,603)
Total recognised (loss) / gain relating to the year		(10,151)	1,758

Balance sheet

at 30 April 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	9	990	1,529
Investments	10	9,953	5,835
		10,943	7,364
Financial assets amounts receivable over more than one year			
Deferred tax asset	8	4,710	5,475
Current assets			
Stocks	11	40	40
Debtors	12	47,076	40,499
Cash at bank and in hand		1,635	3,416
		48,751	43,955
Creditors amounts falling due within one year	13	(56,491)	(50,339)
Net current liabilities		(7,740)	(6,384)
Total assets less current liabilities		7,913	6,455
Pension liability	17	(40,200)	(28,591)
Net liabilities		(32,287)	(22,136)
Capital and reserves			
Called up share capital	14	4,930	4,930
Capital redemption reserve	15	179	179
Profit and loss account	15	(37,396)	(27,245)
Equity Shareholders' Deficit		(32,287)	(22,136)

The directors approved the financial statements and authorised them for issue on 6 November 2013

D Corbett

Director

6 November 2013

Notes to the financial statements

at 30 April 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom

The financial statements have been prepared under the going concern basis The directors confirm that, after making enquiries in accordance with the guidance issued by the Financial Reporting Council, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the accounts It is also the case that the company has the support of its parent companies

Consolidated Financial Statements

The company is not required to prepare consolidated financial statements by virtue of the exemption under section 400 of the Companies Act 2006 The results of the company are included in the financial statements of EEA Helicopters Operations B V, a company registered in the Netherlands, which has prepared consolidated financial statements for the year to 30 April 2013 The financial statements, therefore, present information about the company as an individual entity and not about its group

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate All differences are taken to the profit and loss account

Repairs and maintenance

The cost of repairs and maintenance including overhaul of aircraft and components is taken to the profit and loss account as incurred

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows

• Leasehold property	Over the lease period
• Aircraft and equipment	10 - 25 years
• Plant, motors and computers	5 years

Fixed asset investments

Fixed asset investments are stated at cost less provisions for impairment

Stock

Stock is valued at the lower of cost and net realisable value Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal Provision is made for obsolete, slow-moving or defective items where appropriate

Notes to the financial statements

at 30 April 2013

1. Accounting policies (continued)

Loan secured on trade receivables

Under a "receivables purchase" facility arranged by the company's immediate parent undertaking, the company can obtain financing secured on its trade receivables The company continues to recognise the receivables and amounts received under the facility are treated as a loan payable within one year Interest and fees are charged to the profit and loss account as incurred

Cash Flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent undertaking publishes consolidated financial statements

Revenue Recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for services performed Revenue is based on usage at agreed rates per aircraft type and related recharges, excluding discounts, rebates and VAT

Related parties transactions

The company is a wholly owned subsidiary of EEA Helicopters Operations BV, the consolidated accounts of which are publicly available

Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with members or investees of the EEA Helicopters Operations B V group

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Modifications to aircraft on operating leases are capitalised and depreciated over the remaining term of the lease

Corporation Tax

UK corporation tax payable is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax

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 revaluations (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

Notes to the financial statements

at 30 April 2013

1. Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme and a defined benefit scheme For the defined contribution pension scheme, contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

For the defined benefit scheme the pension scheme, liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability Pension scheme assets are measured using market values at the balance sheet date

The pension scheme deficit is recognised in full on the balance sheet, and any pension scheme surplus is recognised to the extent that it can be recovered The deferred tax relating to the defined benefit liability or asset is offset against the defined benefit liability or asset and not included with other deferred tax amounts

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit The expected return on scheme assets less the increase in the present value of scheme liabilities arising from the passage of time are included in other finance income/expense Actuarial gains and losses are recognised in the statement of total recognised gains and losses

2. Turnover

Turnover, which is stated net of value added tax represents the value of goods and services supplied and is attributable to one continuing activity, the provision of helicopter services

Geographical analysis of turnover is given below

	2013	*2012*
	£000	*£000*
UK	167,160	127,836
Europe	10,092	35,705
North America	453	633
	177,705	164,174

3. Operating Profit

This is stated after charging / (crediting)

		2013	*2012*
		£000	*£000*
Auditors' remuneration (audit services)		108	108
Depreciation of owned fixed assets		561	581
Operating lease rentals	- aircraft, plant and machinery	43,534	38,308
	- land and buildings	1,653	1,499
Gain on foreign exchange		(28)	(216)

Notes to the financial statements

at 30 April 2013

4. Staff costs

	2013 *£000*	*2012* *£000*
Wages and salaries	38,641	34,464
Social security costs	3,826	3,486
Other pension costs	2,183	2,039
	44,650	39,989

The average monthly number of employees during the year was as follows

	No	No
Administration and marketing	104	121
Operations	380	358
	484	479

At the year-end, the company had 504 employees in total

The above figures include costs and headcount for temporary and contract personnel

5. Directors' emoluments

	2013 *£000*	*2012* *£000*
The remuneration of the directors was as follows		
Emoluments	835	736
Company contributions paid to pension schemes	115	31
Compensation for loss of office	35	-

	2013 *No*	*2012* *No*
The number of directors who were members of pension schemes was as follows		
Money purchase schemes	3	3
Defined benefit schemes	-	-

	2013 *£000*	*2012* *£000*
The amounts in respect of the highest paid director are as follows		
Emoluments	170	160
Compensation for loss of office	-	28
Company contributions paid to pension scheme	3	-

The above relates to directors remunerated by the company Some directors of the company are also directors of the ultimate parent company or fellow subsidiaries and receive remuneration directly from these companies The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the company and their services as directors of the holding and fellow companies

Notes to the financial statements

at 30 April 2013

6. Interest payable

	2013 *£000*	*2012* *£000*
Bank overdrafts	100	4
Loan secured on trade receivables	323	302
	423	306

7. Interest receivable

	2013 *£000*	*2012* *£000*
Bank interest	-	48

8. Tax

(a) Tax (charge) / credit on profit on ordinary activities

The tax (charge) / credit is made up as follows

	2013 *£000*	*2012* *£000*
Current tax		
UK Corporation tax	-	-
Adjustment in respect of previous periods	-	-
Total current tax (note 8(b))	-	-
Deferred tax		
Recognition of deferred tax asset (note 8(d))	-	5,475
Origination and reversal of timing differences (note 8(d))	(765)	-
Total deferred tax (charge) / credit	(765)	5,475
Tax (charge) / credit on profit on ordinary activities	(765)	5,475

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 24% (2012 – 26%) The differences are reconciled below

	2013 *£000*	*2012* *£000*
Profit on ordinary activities before tax	8,251	10,886
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012– 26%)	1,980	2,830
Decelerated capital allowances	77	68
Other timing differences	(2,057)	(2,898)
Total current tax (note 8(a))	-	-

Notes to the financial statements

at 30 April 2013

8. Tax (continued)

(c) Factors that may affect future tax charges

From 1 April 2013, the corporation tax rate was reduced from 26% to 24% There will be a further 1% reduction each year until 2014, giving a rate of 21% from 1 April 2014 At present the effect of the rate changes has not been quantified

(d) Deferred tax

The deferred tax included in the balance sheet is as follows

	2013	*2012*
	£000	*£000*
Financial assets amounts receivable over more than one year	4,710	5,475

	£000
At 1 May 2012	5,475
Deferred tax charge in profit and loss account	(765)
At 30 April 2013	4,710

In addition to the asset recognised above, a deferred tax asset amounting to £9,246,000 (2012 £6,862,000) relating to the company's defined benefit pension scheme has not been provided for in the financial statements

9. Tangible fixed assets

	Short leasehold property	*Aircraft and equipment*	*Plant motors and computers*	*Total*
	£000	*£000*	*£000*	*£000*
Cost				
At 1 May 2012	231	387	10,562	11,180
Additions	-	-	25	25
Disposals	-	(12)	-	(12)
At 30 April 2013	231	375	10,587	11,193
Depreciation				
At 1 May 2012	159	88	9,404	9,651
Charge for the year	7	80	474	561
Disposals	-	(9)	-	(9)
At 30 April 2013	166	159	9,878	10,203
Net book value				
At 30 April 2013	65	216	709	990
At 1 May 2012	72	299	1,158	1,529

Notes to the financial statements

at 30 April 2013

10. Investments

	Subsidiary undertakings £000
Cost	
At 1 May 2012	5,835
Additions	4,118
At 30 April 2013	9,953

On 28 November 2012, the Company increased its investment in its subsidiary company by subscribing to an additional 4,000,000 ordinary shares of €1 269738 each at par

At 30 April 2013, the company held more than 20% of the equity of the following subsidiary undertakings

Name	*Country of registration*	*Description of holding*	*Proportion held*	*Principal activity*
CHC Ireland Limited	Ireland	Ord shares	100%	Aviation Operations

11. Stocks

	2013 £000	*2012 £000*
Fuel	40	40

12. Debtors

	2013 £000	*2012 £000*
Trade debtors	18,539	17,721
Amounts owed by fellow group undertakings	16,399	5,411
Amounts owed by related parties	7,302	11,813
Amounts owed by subsidiary undertaking	-	2,650
Amounts owed by parent undertaking	390	279
Other debtors	2,841	1,586
Prepayments and accrued income	1,605	1,039
	47,076	40,499

13. Creditors: amounts falling due within one year

	2013 £000	*2012 £000*
Trade creditors	6,136	2,184
Loan on secured on trade receivables	5,659	6,297
Amounts owed to fellow group undertakings	18,499	7,602
Amounts owed to related parties	16,856	27,228
Amounts owed to subsidiary undertaking	2,714	-
Other taxes and social security costs	1,843	1,183
Accruals	3,216	3,897
Advance billing	1,568	1,948
	56,491	50,339

Notes to the financial statements

at 30 April 2013

14. Share capital

	Allotted, called up and fully paid	
	2013	*2012*
	£000	*£000*
Ordinary shares of £1 each	4,930	4,930

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Capital redemption reserve*	*Profit and loss account*	*Total*
	£000	*£000*	*£000*	*£000*
At 1 May 2011	4,930	179	(29,003)	(23,894)
Profit for the year	-	-	16,361	16,361
Actuarial loss on defined benefit pension scheme	-	-	(14,603)	(14,603)
At 1 May 2012	4,930	179	(27,245)	(22,136)
Profit for the year	-	-	7,486	7,486
Actuarial loss on defined benefit pension scheme	-	-	(17,637)	(17,637)
At 30 April 2013	4,930	179	(37,396)	(32,287)

16. Operating lease commitments

At 30 April 2013, the company had annual commitments under cancellable and non-cancellable* operating leases which expire as follows

	2013		*2012*	
	Land and buildings	*Aircraft plant and machinery*	*Land and buildings*	*Aircraft plant and machinery*
	£000	*£000*	*£000*	*£000*
Operating leases which expire				
Within one year	660	48,696	353	37,679
In two to five years	1,035	-	936	-
In over five years	908	-	1,071	-
	2,603	48,696	2,360	37,679

* The contractual terms of aircraft lease agreements with related parties, included in the above, allow for termination on three months notice

Notes to the financial statements

at 30 April 2013

17. Pension schemes

The company operates a Defined Benefit Pension Plan, the CHC Scotia Pension Scheme, providing benefits based on final pensionable pay The plan is contracted out of the State Second Pension (S2P) The assets of this plan are held separately from those of the company and are currently invested with Standard Life and Legal and General Contributions to the plan are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the company

The most recent formal valuation was carried out by scheme actuary as at 1 July 2012 The formal actuarial valuation showed that the market value of the assets of the entire plan as at 1 July 2012 was £120,894,000 which represented 65% of the value of the benefits that had accrued to members

A valuation for the purposes of FRS17 has also been carried out by the company actuary as at 30 April 2013 The FRS17 calculations are based on the membership data at the valuation date of 1 July 2012 with an approximate adjustment made for the changes in the membership and benefit accrual over the period from 1 July 2012 to 30 April 2013

The assumptions that have the most significant effect on the results of the formal actuarial valuation by the scheme actuary are those relating to the rate of return on the investments and the rates of increase in pensions It was assumed that the pre- and post- retirement investment returns were in line with the Bank of England Gilt Curve plus 1 25% p a

Retail Price Index (RPI) price inflation was assumed to be in line with the Bank of England Inflation Curve Consumer Price Index (CPI) price inflation was taken to be 0 7% less than RPI Pension increases were derived from the CPI price inflation assumption, subject to the relevant caps and an assumed volatility of 1 7%

The company agreed to pay £1,500,000 per quarter in respect of the deficit reduction contributions The current contribution strategy leads to an approximate 75% probability that the deficit within the scheme will be eliminated within 10 years of the valuation date

The amount credited to the Profit and Loss account for the year was £28,000 (2012 - £ 8,830,000) The unpaid contributions outstanding at the year end, included in "Accruals" are £ nil (2012- £ nil)

The assets of the Money Purchase section of the plan are also held separately from those of the company The contributions to the Plan are at fixed rates, and the amounts charged to the Profit and Loss account are the contributions payable in the year Each year the individual members are given a statement of their investment to date

Notes to the financial statements

at 30 April 2013

17. Pension schemes (continued)

The company's Money Purchase contributions charged in the Profit and Loss account for the year totalled £1,963,000 (2012-£1,627,000) The unpaid contributions outstanding at the year end, included in "Accruals" are £156,000 (2012-£166,000)

The assets and liabilities of the scheme were

	2013	*2012*
Assets	*£000*	*£000*
Equities	74,244	63,299
Property	12,637	10,760
Bonds (including corporate bonds)	44,099	39,376
Cash	659	1,029
Total market value of assets	131,639	114,464
Actuarial value of liability	(171,839)	(143,055)
Deficit in the scheme	(40,200)	(28,591)
Related deferred tax asset	-	-
Net pension liability	(40,200)	(28,591)

An analysis of the amount charged to operating profit is as follows

	2013 *£000*	*2012* *£000*
Service cost	-	-
Past service cost	-	-
Total operating charge	-	-

An analysis of the amount credited/(debited) to other financing income is as follows

	2013 *£000*	*2012* *£000*
Expected return on pension scheme assets	7,046	7,489
Interest on pension liabilities	(7,018)	(7,304)
Net return	28	185
Past service cost	-	8,645
Total included within other financing income	28	8,830

An analysis of amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL) is as follows

	2013 *£000*	*2012* *£000*
Actual return on scheme assets	16,582	522
Less expected return on scheme assets	(7,046)	(7,489)
	9,536	(6,967)
Experience losses on liabilities	(27,173)	(7,636)
Changes in assumptions	-	-
Actuarial loss recognised in STRGL	(17,637)	(14,603)

Notes to the financial statements

at 30 April 2013

17. Pension schemes (continued)

The formal valuation at 1 July 2012 has been updated at 30 April 2013 by a qualified independent actuary The major assumptions used by the actuary were

	2013	*2012*
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment	2 30%	2 10%
Rate of increase in deferred pensions		
Former CHC Scotia (1975) Scheme members	5 00%	5 00%
CHC Scotia Pension Scheme members	2 30% CPI/ 3 30%RPI	2 10% CPI/ 3 10%RPI
Discount rate	4 20%	5 00%
Expected rates of return on scheme assets	7 60%	7 04%
Inflation assumption	2 30% CPI/ 3 30%RPI	2 10% CPI/ 3 10% RPI
Post retirement mortality		
Current pensioners at 65 – male	22 89%	20 42%
Current pensioners at 65 – female	25 35%	23 16%
Future pensioners at 65 – male	24 61%	22 69%
Future pensioners at 65 – female	27 28%	25 46%

Changes in the present value of the defined benefit obligations are analysed as follows

	2013 *£000*	*2012* *£000*
Scheme obligations at the beginning of the year	(143,055)	(141,805)
Movement in year		
Current service cost	-	-
Past service cost	-	8,645
Interest cost	(7,018)	(7,304)
Contributions	-	-
Actuarial loss on scheme liabilities	(27,173)	(7,636)
Benefits paid	5,407	5,045
Curtailments and settlements	-	-
Scheme obligations at the end of the year	(171,839)	(143,055)

The obligations arise under a single funded scheme

Notes to the financial statements

at 30 April 2013

17. Pension schemes (continued)

Changes in the fair value of plan assets are analysed as follows

	2013 *£000*	*2012* *£000*
Fair value of scheme assets at the beginning of the year	114,464	112,987
Movement in year		
Expected return on scheme assets	7,046	7,489
Employer contributions	6,000	6,000
Employee contributions	-	-
Benefits paid	(5,407)	(5,045)
Actuarial gain / (loss) on scheme assets	9,536	(6,967)
Fair value of scheme assets at the end of the year	131,639	114,464

Historic pension information

	2013 *£000*	*2012* *£000*	*2011* *£000*	*2010* *£000*	*2009* *£000*
Fair value of scheme assets	131,639	114,464	112,987	102,666	80,615
Present value of defined benefit obligation	(171,839)	(143,055)	(141,805)	(140,655)	(103,127)
Deficit in the scheme	(40,200)	(28,591)	(28,818)	(37,989)	(22,512)
Experience adjustments arising on plan liabilities	1,980	(7,636)	1,279	61	(44)
Experience adjustments arising on plan assets	9,536	(6,967)	3,981	15,658	(26,783)

The company has agreed to pay significant extra contributions each year to further improve the funding position of the Scheme These contributions are determined by the trustees in consultation with the Actuary The actuarial expected amount of the next annual employer contribution is £6,000,000

Furthermore a legally binding agreement has been signed by CHC Helicopter Corporation that they will ensure that all contributions due to the plan, including the significant extra contributions, will be paid

The trustees have duly considered and acted to address the impact of the current downturn in the economy on the pension scheme funding and are closely monitoring the potential impact of current market conditions on pension fund values

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £61,718,000 (2012 £49,544,000)

The scheme has not invested in the financial instruments, property or other assets of the company

Notes to the financial statements

at 30 April 2013

18. Post balance sheet events

There have been no material post balance sheet events

19. Contingent liabilities

The company provides various guarantees to Custom and Excise totalling £90,000 In addition the company provides two performance bonds for USD 5 million and Euro 3 million

20. Other related party transactions

During the year, the Company entered into transactions, in the ordinary course of business with other related parties With the exception of Helideck Certification Agency Limited, which is a joint venture, all related parties have a common ultimate parent undertaking, 6922767 Holding S à r l

Transactions entered into, and trading balances outstanding at 30 April 2013, are as follows

Related party	*Sales to related party*	*Purchases from related party*	*Amounts owed from related party*	*Amounts owed to related party*
	£000	*£000*	*£000*	*£000*
Heli-One (Norway) AS				
2013	53	31,517	-	4,046
2012	139	22,988	-	6,532
Heli-One Canada Inc				
2013	187	2,958	-	1,623
2012	479	4,488	395	-
Heli-One Leasing (Norway) AS				
2013	-	1,849	-	154
2012	-	1,676	-	154
CHC Helicopters (Barbados) Limited				
2013	35	10,884	-	1,976
2012	15	6,926	-	3,949
CHC Leasing Barbados Limited				
2013	-	-	-	-
2012	-	-	-	-
Heli-One Leasing Inc				
2013	-	1,117	-	315
2012	83	1,916	347	-
North Denes Aerodrome Ltd				
2013	-	-	-	-
2012	-	(101)	-	-

Notes to the financial statements

at 30 April 2013

20. Other related party transactions (continued)

Related party	*Sales to related party*	*Purchases from related party*	*Amounts owed from related party*	*Amounts owed to related party*
	£000	*£000*	*£000*	*£000*
Heli-One (UK) Limited				
2013	5	115	-	23
2012	61	515	94	-
CHC Holding UK Limited				
2013	23,412	203	6,248	-
2012	16,839	400	10,515	-
Heliworld Leasing Limited				
2013	338	9,638	-	481
2012	357	6,841	-	185
Lloyd Helicopter Limited				
2013	37	28	58	-
2012	58	18	58	-
CHC Mauritius				
2013	-	824	-	221
2012	-	75	-	-
CHC Helicopter S à r l				
2013	-	-	5	-
2012	-	-	-	-
CHC Ireland Leasing Limited				
2013	9	18,181	-	6,209
2012	20	17,918	-	12,891
CHC Hoofdorp BV				
2013	-	3,539	-	1,172
2012	-	2,958	,	3001
Capital Aviation Services BV				
2013	-	4	-	-
2012	-	9	-	-

Notes to the financial statements

at 30 April 2013

20. Other related party transactions (continued)

Related party	*Sales to related party*	*Purchases from related party*	*Amounts owed from related party*	*Amounts owed to related party*
	£000	*£000*	*£000*	*£000*
CHC GO (Netherlands) BV				
2013	-	-	-	-
2012	-	36	-	-
CHC Global Operations (2008) Inc				
2013	-	-	945	-
2012	-	760	-	-
CHC Global Operations International Inc				
2013	204	785	-	525
2012	9	258	-	-
BHS Brazilro SA				
2013	-	14	34	-
2012	34	-	34	-

21. Ultimate parent company

The ultimate parent undertaking and the largest group of which the company is a member and for which group financial statements are prepared is 6922767 Holding S à r l This company is incorporated in Luxembourg Copies of the financial statements can be obtained from Registre de Commerce et des Sociétés, L-2961 Luxembourg

The company's immediate parent undertaking is EEA Helicopter Operations B V , a company registered in the Netherlands Copies of its consolidated financial statements can be obtained from its registered office, Luchthavanweg 18, 1786 PP Den Helder, The Netherlands