

Registered No 936569

CHC Scotia Limited

Report and Financial Statements

30 April 2010

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CHC Scotia Limited

Registered No 936569

Directors

P Das
T Gabriel
N Mair
D Rae
A Reid
D Stewart

Secretary

A Henriksen

Auditors

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

Bankers

Bank of America
P O Box 407
5 Canada Square
London

Bank of Scotland
54/62 Sauchiehall Street
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Solicitors

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Registered Office

North Denes Airfield
Caister Road
Caister on Sea
Great Yarmouth
NR30 5TF

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Directors' report

The directors present their report and the audited financial statements for the year to 30 April 2010

Results and Dividends

The loss for the year before taxation amounted to £3.2m (2009 - £5.3m loss) which after tax, as detailed in the profit and loss account on page 7, results in a loss of £9.5m (2009 - £5.7m loss). No dividend payment (2009- 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 30 oil and gas helicopters from Aberdeen, Humberside, North Denes and Blackpool in the UK and Esbjerg in Denmark. In addition CHC is operating 7 search and rescue helicopters based in Stornoway, Sumburgh, Portland and Lee-on-Solent to support the Interim Search and Rescue Contract.

Turnover fell by 5.9% due to lower flying hour activity. Improved hourly rates due to new technology aircraft being introduced have partially offset the contract losses which caused the lower activity.

In the future, CHC will continue to focus on, and invest in, its core markets of oil and gas and search and rescue and expect results in the next fiscal year to stabilize in most areas. The company has the support of its parent companies.

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.

Principal risks and uncertainties

Competitive Risks

During fiscal 2010, 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 has recently commenced working 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 (2009 nil).

Future Developments

The company will continue to pursue major oil and gas contracts as they become available for tender. The company continues to focus on maximising revenue, earnings and operating performance with an emphasis on controlling operating costs through various group initiatives that are part of the business strategy.

Directors

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

S J Allard	(resigned 26 January 2011)
P Das	
T Gabriel	(appointed 2 February 2010)
N Mair	
K Mullet	(resigned 26 October 2009)
S Pinfield	(appointed 26 October 2009, resigned 2 February 2010)
D Rae	
A Reid	
D Stewart	

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.

Charitable and political contributions

Contributions made by the company during the year for charitable purposes were £4,617 (2009 - £9,106).

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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

The Directors believe that they have taken reasonable steps in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. Further, they believe that there is no relevant audit information of which the company's auditors are unaware

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



P Das

Director

28 January, 2011

Statement of directors' responsibilities in respect of the financial statements

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 accounting 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,
- 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 2010 which are comprised of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 22. 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 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 2010 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 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

*Kevin Weston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen*

28 January 2011

Profit and loss account

for the year ended 30 April 2010

	Notes	2010 £'000	2009 £'000
Turnover	2	161,594	171,726
Cost of sales		148,352	159,597
Gross Profit		13,242	12,129
Administrative expenses		13,313	15,950
Operating Loss	3	(71)	(3,821)
(Loss) / Profit on disposal of tangible fixed assets		(102)	119
Profit on disposal of Investment		-	40
Loss on ordinary activities before interest and taxation		(173)	(3,662)
Interest payable	7	(1,742)	(1,949)
Interest receivable	8	1	493
Other finance expense	19	(1,330)	(210)
Income from shares in associate undertakings		-	30
Loss on ordinary activities before taxation		(3,244)	(5,298)
Tax charge on loss on ordinary activities	9	6,303	410
Loss for the financial year	17	(9,547)	(5,708)

The results above arose wholly from continuing operations

Statement of total recognised gains and losses

For the year ended 30 April 2010

	Notes	2010 £'000	2009 £'000
Loss for the financial year		(9,547)	(5,708)
Actuarial loss on retirement benefit liability	17	(16,940)	(12,419)
Tax thereon		-	3,477
Actuarial loss on retirement benefit liability net of tax		(16,940)	(8,942)
Total recognised loss relating to the year		(26,487)	(14,650)

Balance sheet

at 30 April 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	10	2,461	3,168
Investments	11	3,675	78
		<u>6,136</u>	<u>3,246</u>
Current assets			
Stocks	12	40	40
Debtors	13	49,475	51,590
Cash at bank and in hand		1,002	5,295
		<u>50,517</u>	<u>56,925</u>
Creditors amounts falling due within one year	14	<u>43,994</u>	<u>42,805</u>
Net current assets		6,523	14,120
Total assets less current liabilities		<u>12,659</u>	<u>17,366</u>
Pension liability	19	<u>37,989</u>	<u>16,209</u>
Net (liabilities) / assets		<u>(25,330)</u>	<u>1,157</u>
Capital and reserves			
Called up share capital	16	4,930	4,930
Capital redemption reserve	17	179	179
Profit and loss account	17	<u>(30,439)</u>	<u>(3,952)</u>
		<u>(25,330)</u>	<u>1,157</u>

The directors approved the financial statements and authorised them for issue on 28 January 2011



P Das

Director

28 January, 2011

Notes to the financial statements

at 30 April 2010

1. Accounting policies

Basis of preparation

The financial statements of CHC Scotia Limited were approved for issue by the Board of Directors on 28 January 2011

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 believe this basis to be appropriate as they anticipate that the profitability will significantly improve in the future. 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 2010. 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 2010

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.

Leasing and conditional sales commitments

Upon entering into a new aircraft leasing arrangement, management evaluates whether substantially all of the benefits and risks of ownership related to the aircraft have been transferred to the lessor in order to determine if the lease is classified and recorded as finance or operating.

One of the criteria in determining whether the benefits and risks have been transferred is whether the present value of the minimum lease payments is less than 90% of the fair value of the leased aircraft at the inception of the lease. Another criteria that is evaluated is whether there is a bargain purchase option at the end of the lease compared to the estimated fair market value at that time. At the time of entering into a new aircraft leasing arrangement the company obtains an independent appraisal from a helicopter valuation company of the estimated fair value of the aircraft at the beginning and end of the lease term. These appraisals involve the use of estimates on current and future condition of, and demand for, the particular aircraft type. Different valuation companies may calculate different appraisal values for the same aircraft based on different assumptions used. The use of different estimates of fair market value based on the appraisals could result in a different lease classification.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and Conditional Sales Contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and Conditional Sales Contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and Conditional Sales Contracts and represent a constant proportion of the balance of capital repayments outstanding.

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.

Notes to the financial statements

at 30 April 2010

1. Accounting policies (continued)

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

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

	2010 £'000	2009 £'000
UK	130,543	138,649
Europe	31,013	33,048
North America	38	29
	<u>161,594</u>	<u>171,726</u>

Notes to the financial statements

at 30 April 2010

3. Operating Loss

This is stated after charging / (crediting)

	2010 £'000	2009 £'000
Auditors' remuneration (note 4)	112	125
Depreciation of owned fixed assets	746	758
Operating lease rentals - aircraft, plant and machinery	29,329	30,637
- land and buildings	2,498	1,069
(Gain) / loss on foreign exchange	(2,497)	1,831

4. Auditors' remuneration

The remuneration of the auditors is further analysed as follows

	2010 £'000	2009 £'000
Audit of the financial statements	112	120
Other fees to auditors – audit of the group pension scheme	-	5
	112	125

5. Staff costs

	2010 £'000	2009 £'000
Wages and salaries	38,266	40,057
Social security costs	3,868	3,818
Other pension costs	3,135	2,933
	45,269	46,808

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

	No	No
Administration and marketing	173	170
Operations	439	465
	612	635

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

Notes to the financial statements

at 30 April 2010

6. Directors' emoluments

	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
The remuneration of the directors was as follows		
Emoluments	<u>772</u>	<u>518</u>
Company contributions paid to pension schemes	<u>28</u>	<u>8</u>
Compensation for loss of office	<u>424</u>	<u>-</u>

	<i>2010</i> <i>No</i>	<i>2010</i> <i>No</i>
The number of directors who were members of pension schemes was as follows		
Money purchase schemes	6	2
Defined benefit schemes	<u>-</u>	<u>4</u>

	<i>2010</i> <i>£000</i>	<i>2010</i> <i>£000</i>
The amounts in respect of the highest paid director are as follows		
Emoluments	<u>554</u>	<u>259</u>
Company contributions paid to pension scheme	<u>4</u>	<u>2</u>

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.

7. Interest payable

	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Bank overdrafts	287	634
Loans from group companies	49	1,315
Loan secured on trade receivables	<u>1,406</u>	<u>-</u>
	<u>1,742</u>	<u>1,949</u>

Notes to the financial statements

at 30 April 2010

8. Interest receivable

	2010 £'000	2009 £'000
Bank interest	1	93
Loans to group companies	-	400
	<u>1</u>	<u>493</u>

9. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	2010 £'000	2009 £'000
<i>Current tax</i>		
UK Corporation tax	-	-
Adjustment in respect of previous periods	<u>-</u>	<u>-</u>
Total current tax (note 9(b))	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 9(d))	-	(430)
Pension asset movement in the period	<u>6,303</u>	<u>840</u>
Total deferred tax	<u>6,303</u>	<u>410</u>
Tax charge on loss on ordinary activities	<u>6,303</u>	<u>410</u>

Notes to the financial statements

at 30 April 2010

9. Tax (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2009 – 28%). The differences are reconciled below

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(3,243)	(5,298)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	(908)	(1,483)
Decelerated capital allowances	103	82
Other timing differences	806	1,401
Disallowable expenses	(1)	-
Total current tax (note 9(a))	-	-

(c) Factors that may affect future tax charges

There are no changes anticipated to affect future tax charges

(d) Deferred tax

The deferred tax included in the balance sheet is as follows

	2010 £000	2009 £000
Provisions for liabilities and charges	-	-
Capital allowances in advance of depreciation	-	-
		£000
At 1 May 2009		-
Deferred tax charge in profit and loss account		-
At 30 April 2010		-

A deferred tax asset amounting to £3,151,000 (2009 £1,065,000) as a result of losses carried forward has not been provided for in the financial statements. In the current year, the deferred tax asset amounting to £10,636,000 relating to the company's defined benefit pension scheme has not been recognised in the financial statements. In the prior year, the deferred tax asset of £6,303,000 relating to the company's defined benefit pension scheme was recognised in the financial statements and offset against the pension deficit (note 19) in accordance with Financial Reporting Standard 17, "Retirement Benefits".

Notes to the financial statements

at 30 April 2010

10. Tangible fixed assets

	<i>Short leasehold property £'000</i>	<i>Aircraft and equipment £'000</i>	<i>Plant motors and computers £'000</i>	<i>Total £'000</i>
Cost				
At 1 May 2009	231	626	10,305	11,162
Additions	-	69	123	192
Disposals	-	126	60	186
At 30 April 2010	231	569	10,368	11,168
Depreciation				
At 1 May 2009	127	228	7,639	7,994
Charge for the year	14	100	632	746
Disposals	-	24	9	33
At 30 April 2010	141	304	8,262	8,707
Net book value				
At 30 April 2010	90	265	2,106	2,461
At 30 April 2009	104	398	2,666	3,168

11. Investments

	<i>Subsidiary undertakings £'000</i>
Cost	
At 1 May 2009	78
Additions	3,597
At 30 April 2010	3,675

At 30 April 2010, the company held more than 20% of the equity of the following subsidiary undertakings

<i>Name</i>	<i>Country of registration</i>	<i>Description of holding</i>	<i>Proportion held %</i>	<i>Principal Activity</i>
CHC Ireland Limited	Ireland	Ord shares	100	Aviation Operations

On 3 September 2009, the company agreed to subscribe for 3,150,257 ordinary shares of CHC Ireland Limited of €1 269738 each

Notes to the financial statements

at 30 April 2010

12. Stocks

	2010	2009
	£000	£000
Fuel	40	40

13. Debtors

	2010	2009
	£'000	£'000
Trade debtors	14,512	18,372
Amounts owed by fellow subsidiary undertakings	24,585	5,228
Amounts owed by related parties	7,674	25,481
Amounts owed by parent company	108	-
Amounts owed by subsidiary undertaking	-	130
Other debtors	1,244	1,180
Prepayments and accrued income	1,352	1,199
	<u>49,475</u>	<u>51,590</u>

14. Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	5,479	3,718
Loan on secured on trade receivables	8,016	-
Owed to group companies – Conditional Sales Contracts (note 15)	-	6,601
Amounts owed to fellow subsidiary undertakings	15,098	10,128
Amounts owed to related parties	7,164	17,656
Amounts owed to subsidiary	1,701	-
Other taxes and social security costs	1,297	1,430
Accruals	4,187	3,272
Advance billing	1,052	-
	<u>43,994</u>	<u>42,805</u>

15. Obligations under Conditional Sales Contracts

	2010	2009
	£'000	£'000
Amounts falling due		
Within one year	-	6,601
Between two and five years	-	-
	<u>-</u>	<u>6,601</u>

Notes to the financial statements

at 30 April 2010

16. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	5,500	5,500	4,930	4,930

17. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 30 April 2008	4,930	179	10,698	15,807
Loss for the year	-	-	(5,708)	(5,708)
Actuarial loss on defined benefit pension scheme	-	-	(12,419)	(12,419)
Movement on deferred tax relating to pension liability	-	-	3,477	3,477
At 30 April 2009	4,930	179	(3,952)	1,157
Loss for the year	-	-	(9,547)	(9,548)
Actuarial loss on defined benefit pension scheme	-	-	(16,940)	(16,940)
At 30 April 2010	4,930	179	(30,439)	(25,330)

18. Operating lease commitments

At 30 April 2010, the company had annual commitments under cancellable and non-cancellable* operating leases which expire as follows

	<i>2010</i>		<i>2009</i>	
	<i>Land and buildings £'000</i>	<i>Aircraft plant and machinery £'000</i>	<i>Land and buildings £'000</i>	<i>Aircraft plant and machinery £'000</i>
Operating leases which expire				
Within one year	796	29,190	985	20,939
In two to five years	271	-	271	6,743
In over five years	1,071	-	1,071	2,890
	2,138	29,190	2,327	30,572

* 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 2010

19. Pension schemes

The company operated a pension scheme in the UK during the year, the CHC Scotia Pension Scheme, following the merger of the two schemes operated in previous years

The Company operates a Defined Benefit Pension Plan 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 SEI Investments (Europe) Limited and Standard Life. 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 the Scheme Actuary as at 30 June 2006. A further actuarial valuation of the scheme is due as at 1 July 2009 and this is currently being prepared. The results of this valuation are not yet known.

A valuation for the purposes of FRS17 has also been carried out by the Company Actuary as at 30 April 2010. The FRS17 calculations are based on the membership data at the valuation date of 1 July 2009 with an approximate adjustment made for the changes in the membership and benefit accrual over the period from 1 July 2009 to 30 April 2010.

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the pre retirement investment return was 6.5% per annum and the post retirement investment return was 5.2% per annum. Salary increases have been assumed to average 3.5% per annum. Pensions that increase at the rate of 5% per annum or the increase in the Retail Price Index, if less, were assumed to increase at 3.0% per annum. Pensions from 1 July 2006 that increase at the rate of 2.5% per annum or the increase in the Retail Price Index, if less, were assumed to increase at 2.5% per annum.

The formal actuarial valuation showed that the market value of the assets of the plan as at 30 June 2006 was £92,706,000, which represented 81% of the value of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Normal Pension Cost for future retirement benefits for the year was 12.5% of pensionable salaries after taking account of members' contributions. There is an additional charge in respect of the amortisation of deficit (consolidated as at 30 June 2006). The current contribution strategy leads to an approximate 75% probability that the deficit within the scheme will be eliminated within the next seven years.

The amount charged to the Profit & Loss account for the year was £3,135,000 (2009 - £2,900,000). The unpaid contributions outstanding at the year end, included in "Accruals" are £nil (2009- £300,000).

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 2010

19. Pension schemes (continued)

The company's Money Purchase contributions charged in the Profit and Loss account for the year totalled £1,883,000 (2009-£851,000). The unpaid contributions outstanding at the year end, included in "Accruals" are £122,000 (2009-£81,000).

The assets and liabilities of the scheme were

	2010 £000	2009 £000
Equities	60,609	50,144
Property	8,294	5,709
Bonds (including corporate bonds)	33,440	24,693
Cash	322	69
Total market value of assets	102,666	80,615
Actuarial value of liability	(140,655)	(103,127)
Deficit in the scheme	(37,989)	(22,512)
Related deferred tax asset	-	6,303
Net pension liability	(37,989)	(16,209)

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

	2010 £000	2009 £000
Service cost	950	2,900
Past service cost	-	-
Losses on curtailment	2,185	-
Total operating charge	3,135	2,900

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

	2010 £000	2009 £000
Expected return on pension scheme assets	5,738	6,855
Interest on pension liabilities	(7,068)	(7,065)
Net return	(1,330)	(210)

An analysis of amounts recognised in statement of total recognised gains and losses (STRGL) is as follows

	2010 £000	2009 £000
Actual return on scheme assets	21,396	(19,928)
Less expected return on scheme assets	5,738	6,855
	15,658	(26,783)
Experience gains and (losses) on liabilities	61	(44)
Revision of actuarial estimation of opening benefit obligations	-	3,677
Changes in assumptions	(32,659)	10,731
Actuarial loss recognised in STRGL	(16,940)	(12,419)

Notes to the financial statements

at 30 April 2010

19. Pension schemes (continued)

The formal valuation at 30 June 2006 has been updated at 30 April 2010 by a qualified independent actuary. The major assumptions used by the actuary were

	2010	2009
Rate of increase in salaries	N/A	3.50%
Rate of increase of pensions in payment	3.40%	3.10%
Rate of increase in deferred pensions		
Former CHC Scotia (1975) Scheme members	5.00%	5.00%
CHC Scotia Pension Scheme members	3.40%	3.10%
Discount rate	5.50%	7.00%
Expected rates of return on scheme assets		
Equities	7.90%	8.25%
Property	6.75%	6.00%
Bonds	5.00%	5.00%
Other	0.50%	0.50%
Inflation assumption	3.40%	3.10%
Post retirement mortality		
Current pensioners at 65 – male	21.04%	19.86%
Current pensioners at 65 – female	23.82%	22.89%
Future pensioners at 65 – male	23.40%	21.45%
Future pensioners at 65 – female	26.18%	24.40%

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

	2010 £000	2009 £000
Scheme obligations at the beginning of the year	(103,127)	(111,077)
Revision of actuarial assumptions to opening obligations	-	3,678
Movement in year		
Current service cost	(950)	(2,900)
Past service cost	-	-
Interest cost	(7,068)	(7,065)
Contributions	(180)	(407)
Actuarial (loss) / gain on scheme liabilities	(32,598)	10,686
Benefits paid	5,453	3,958
Curtailments and settlements	(2,185)	-
Scheme obligations at the end of the year	<u>(140,655)</u>	<u>(103,127)</u>

The obligations arise under a single funded scheme

Notes to the financial statements

at 30 April 2010

19. Pension schemes (continued)

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

	2010 £000	2009 £000
Fair value of scheme assets at the beginning of the year	80,615	97,984
Movement in year		
Expected return on scheme assets	5,738	6,855
Employer contributions	5,928	6,110
Employee contributions	180	407
Benefits paid	(5,453)	(3,958)
Actuarial gain / (loss) on scheme assets	<u>15,658</u>	<u>(26,783)</u>
Fair value of scheme assets at the end of the year	<u>102,666</u>	<u>80,615</u>

Historic pension information

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Fair value of scheme assets	102,666	80,615	97,984	100,781	92,268
Present value of defined benefit obligation	<u>(140,655)</u>	<u>(103,127)</u>	<u>(111,077)</u>	<u>(116,895)</u>	<u>(115,994)</u>
Deficit in the scheme	<u>(37,989)</u>	<u>(22,512)</u>	<u>(13,093)</u>	<u>(16,114)</u>	<u>(23,726)</u>
Experience adjustments arising on plan liabilities	61	(44)	-	3,371	(2,308)
Experience adjustments arising on plan assets	<u>15,658</u>	<u>(26,783)</u>	<u>(11,249)</u>	<u>790</u>	<u>14,988</u>

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 £5,000,000.

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 £40,201,000 (2009 £23,261,000).

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

Notes to the financial statements

at 30 April 2010

20. Contingent liabilities

The company provides various guarantees to Custom and Excise totalling £90,000. In addition the company provides two performance bonds for USD25million and Euro 3 million.

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.

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, Luchthavenweg 18, 1786 PP Den Helder, The Netherlands.

Notes to the financial statements

at 30 April 2010

22. 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 2010, are as follows:

<i>Related party</i>	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
Heli-One (Norway) AS				
2010	202	25,701	-	639
2009	224	23,954	-	8,761
Heli-One Canada Inc				
2010	32	3,629	-	641
2009	18	8,116	216	-
Heli-One Leasing (Norway) AS				
2010	383	573	377	-
2009	526	1,185	-	7,357
Heli-One (UK) Limited				
2010	74	2,835	567	-
2009	28	4,260	8,861	-
Heliworld Leasing Limited				
2010	1,596	6,004	1,903	-
2009	690	6,178	9,076	-
Helideck Certification Agency Limited				
2010	99	97	14	-
2009	179	111	-	62
North Denes Aerodrome Ltd				
2010	1,293	871	568	-
2009	1,272	976	1,299	-
CHC Hoofddorp BV				
2010	-	1	-	5,156
2009	-	8	-	-
Heli-One Leasing Inc				
2010	-	17,616	-	5
2009	-	10,252	2,536	-

Notes to the financial statements

at 30 April 2010

22. Other related party transactions (continued)

<i>Related party</i>	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
CHC Holding UK Limited				
2010	5,085	-	3,694	-
2009	3,034	-	3,074	-
CHC Helicopters (Barbados) Limited				
2010	1	970	-	652
2009	-	-	-	5,557
CHC Capital (Barbados) Limited				
2010	-	-	487	-
2009	-	-	-	1,997
Brintel Helicopters Limited				
2010	-	-	-	-
2009	-	-	-	123
CHC Leasing Barbados Limited				
2010	-	223	-	22
2009	-	-	-	-
Capital Aviation Services BV				
2010	30	-	30	-
2009	-	-	-	-
Whirlybird Services Limited				
2010	-	-	28	-
2009	-	-	2	-
Management Aviation Limited				
2010	-	-	13	-
2009	-	-	-	-
Vinland Denmark AS				
2010	-	-	7	-
2009	-	-	-	-
CHC Helicopter S à r l				
2010	-	48	-	48
2009	-	-	-	-