

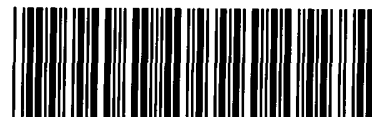
Registered No: 00936569

CHC Scotia Limited

Report and Financial Statements

30 April 2017

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COMPANIES HOUSE

CHC Scotia Limited

Registered No: 00936569

Directors

M Abbey
D Corbett
M Nicol
S Stewart

Secretary

H Light

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
Glasgow
G2 3AH

Solicitors

Burness Paul LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1DQ

Registered Office

CMS Cameron McKenna LLP
78 Cannon Street
London
EC4N 6AF

Strategic Report

The directors present their Strategic Report for the year ended 30 April 2017.

Review of the business

The principal activity of the Company is the provision of helicopter services to the oil and gas industry and providing Search and Rescue (SAR) services.

There are no KPIs monitored at the level of this entity other than balance sheet and profit and loss financial measures.

	2017	2016	Change
	£000	£000	£000
Turnover	133,570	140,982	(7,412)
Operating (loss)	(16,632)	(6,630)	(10,002)
(Loss) after tax	(17,903)	(8,111)	(9,792)
Equity shareholders' (deficit) / surplus	(16,253)	2,714	(18,967)

The loss for the year before taxation amounted to £17.9m (2016 – loss £8.1m) which after tax, as detailed in the Income Statement on page 9, results in a loss of £17.9m (2016 – loss £8.1m). A loss on the pension scheme of £1.5m (2016 – gain of £5.6m) was recognised through Other Comprehensive Income. No dividend payment (2016- nil) was paid to the parent company during the year.

The Company operated 19 helicopters serving the energy industry in Aberdeen, Sumburgh, Humberside and Norwich in the UK. In addition, the Company operated 3 SAR helicopters based in Portland and Lee-on-Solent.

Whilst market conditions remain challenging, the underlying performance of the business continues to improve through major contract wins and renewals as well as enhancements in efficiency.

CHC continues to focus on, and invest in, its core markets of oil and gas and SAR services and anticipates operational improvement in the next fiscal year.

Principal risks and uncertainties

Competitive Risks

During fiscal year 2017, 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. Despite challenging industry conditions the Company considers that it has demonstrated significant resilience in the current market and its competitive position as a major provider of helicopter transportation services to the oil and gas industry will be further enhanced by the substantial improvements secured by CHC Group's successful emergence from Chapter 11 proceedings. The Company also 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 9001:2008, 14001:2004 and OHSAS 18001:2007.

Strategic Report

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.

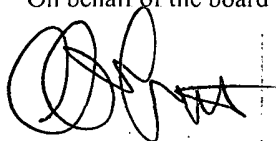
Trade Credit Risk

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 (2016: nil)

Financial Instruments Risk

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit our risk by dealing only with counterparties that possess investment grade credit ratings and monitor our concentration risk with counterparties on an ongoing basis.

On behalf of the board



D Corbett
Director

05 February 2018

Directors' Report

The directors present their report and financial statements for the year ended 30 April 2017.

Directors

The directors of the Company who held office during the year, and to the date of this report are as follows:

M Abbey

D Corbett

M Nicol

S Stewart

C Greig-Bonnier (resigned 29 September 2016)

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.

Future developments

The Company is well positioned to pursue major oil and gas opportunities. Recent major contract wins and retentions provide a solid platform for future growth. The Company continues to focus on maximising revenue, earnings and operating performance through a variety of profit improvement initiatives, whilst strengthening the balance sheet and improving capital efficiency. These measures underpin planned long term expansion in line with the overall business strategy, while maintaining the highest levels of safety, compliance and customer satisfaction.

Although Chapter 11 did not have a direct impact on the Company because its immediate parent company is EEA Helicopter Operations BV, the process enabled the CHC Group to emerge with a significantly improved balance sheet, capable of competing robustly in a challenging market. The Company is well positioned to secure work in the oil and gas, wind and search and rescue markets. The Company continues to improve efficiency and productivity enabling it to sustain a prolonged downturn in the oil and gas industry.

Employee matters

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.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Environmental matters

The Company seeks to minimise adverse impacts to the environment from its activities, whilst continuing to address health, safety and economic issues.

Directors' Report

Going Concern

The financial statements have been prepared on a going concern basis. The directors believe this basis to be appropriate as the company retains sufficient liquidity to enable the ongoing operation of its business.

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. The directors believe this basis to be appropriate as the parent company has provided the company with an undertaking that for at least one year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

As with any company placing reliance on other group companies for support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

In summary, the directors consider that the Company is a going concern for the next 12 months.

Financial Instruments

Details of financial instruments are provided in the Strategic Report on page 3.

Directors' Statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of those directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- adopt the going concern basis, unless it is inappropriate to do so;
- 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;

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.

Directors' Report

Re-appointment of auditors

In accordance with S485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the Company.

By order of the board

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

D Corbett

Director

05 February 2018

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 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 auditor

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditors' report (continued)

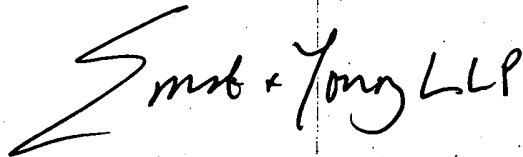
to the members of CHC Scotia Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



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

6, February 2018

Income Statement

for the year ended 30 April 2017

	Notes	2017 £000	2016 £000
Turnover	2	133,570	140,982
Cost of sales		(143,515)	(142,522)
Gross Loss		(9,945)	(1,540)
Administrative expenses		(6,687)	(5,090)
Operating Loss	3	(16,632)	(6,630)
Gain on disposal of tangible fixed assets	2	-	-
Loss on ordinary activities before interest and taxation		(16,630)	(6,630)
Interest receivable	5	6	60
Interest payable	5	(236)	(160)
Other finance cost	19	(1,043)	(1,365)
Loss on ordinary activities before taxation		(17,903)	(8,095)
Tax Charge on loss on ordinary activities	8	-	(16)
Loss for the financial year		(17,903)	(8,111)

Statement of Comprehensive Income

for the year ended 30 April 2017

		2017 £'000	2016 £'000
Loss for the financial year		(17,903)	(8,111)
Other comprehensive income			
Actuarial (loss) / gain on retirement benefit liability	19	(1,504)	5,645
Total comprehensive loss for the year		(19,407)	(2,466)

Statement of Financial Position

at 30 April 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Tangible assets	9	493	442
Investments	10	9,953	9,953
		<u>10,446</u>	<u>10,395</u>
Current assets			
Stocks	11	40	40
Debtors	12	55,069	37,275
Cash at bank and in hand		18,058	8,286
		<u>73,167</u>	<u>45,601</u>
Creditors: amounts falling due within one year	13	<u>(66,974)</u>	<u>(19,890)</u>
Net current assets		6,193	25,711
Total assets less current liabilities		<u>16,639</u>	<u>36,106</u>
Pension liability	19	<u>(32,892)</u>	<u>(33,392)</u>
Net (liabilities) / assets		<u>(16,253)</u>	<u>2,714</u>
Capital and reserves			
Called up share capital	14	4,930	4,930
Capital redemption reserve	15	179	179
Capital contribution	15	51,862	51,422
Profit and loss account		<u>(73,224)</u>	<u>(53,817)</u>
		<u>(16,253)</u>	<u>2,714</u>

On behalf of the board.



D Corbett

Director

05 February 2018

Statement of Changes in Equity

at 30 April 2017

	<i>Share capital £000</i>	<i>Capital redemption reserve £000</i>	<i>Capital contribution £000</i>	<i>Profit and loss account £000</i>	<i>Total equity £000</i>
At 1 May 2015	4,930	179	51,140	(51,351)	4,898
Loss for the year	-	-	-	(8,111)	(8,111)
Other comprehensive income	-	-	-	5,645	5,645
Total comprehensive income for the year	-	-	-	(2,466)	(2,466)
Share based payment	-	-	282	-	282
At 30 April 2016	4,930	179	51,422	(53,817)	2,714
Loss for the year	-	-	-	(17,903)	(17,903)
Other comprehensive income	-	-	-	(1,504)	(1,504)
Total comprehensive income for the year	-	-	-	(19,407)	(19,407)
Share based payment	-	-	440	-	440
At 30 April 2017	4,930	179	51,862	(73,224)	(16,253)

Notes to the financial statements

at 30 April 2017

1. Accounting policies

Statement of compliance

CHC Scotia Limited is a private company limited by shares and incorporated in England. The Registered Office is c/o CMS Cameron McKenna LLP, 78 Cannon Street, London, EC4N 6AF. The address of main business is Howe Moss Drive, Kirkhill Industrial Estate, Dyce, Aberdeen, AB21 0GL.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 30 April 2017.

Basis of preparation and change in accounting policy

The financial statements of CHC Scotia Limited were authorised for issue by the Board of Directors on 05 February 2018. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 19.

Operating lease commitments

The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Principal accounting policies

Financial reporting standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Disclosure of key management personnel remuneration;

This information is included in the consolidated financial statements of EEA Helicopters Operations B.V. as at 30 April 2017 and these financial statements are publicly available.

Notes to the financial statements

at 30 April 2017

1. Accounting policies (continued)

Going Concern

The financial statements have been prepared on a going concern basis. The directors believe this basis to be appropriate as the Company retains sufficient liquidity to enable the ongoing operation of its business.

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. The directors believe this basis to be appropriate as the parent company has provided the Company with an undertaking that for at least one year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

As with any company placing reliance on other group companies for support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

In summary, the directors consider that the Company is a going concern for the next 12 months.

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 2017. The financial statements, therefore, present information about the Company as an individual entity and not about its group.

Revenue recognition

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

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Tangible fixed assets

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Notes to the financial statements

at 30 April 2017

1. Accounting policies (continued)

Tangible fixed assets (continued)

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the Income statement and the Statement of comprehensive income.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Fixed asset investments

Investments in subsidiaries and participating interests are measured at cost less accumulated impairment.

Stock

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

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Loan secured on trade debtors

Under a "receivables purchase" facility arranged by the Company's immediate parent undertaking, the Company can obtain financing secured on its trade debtors. 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 Income Statement as incurred.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Notes to the financial statements

at 30 April 2017

1. Accounting policies (continued)

Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement and the Statement of Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement and the Statement of Comprehensive Income within 'other finance'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other finance'.

Share based payments

Share-based compensation is measured at the grant date based on the estimated fair value of the awards granted. The related cost is recognized net of an estimated forfeiture rate. For performance based awards the compensation cost is recognized only for those options where it is probable that performance criteria will be met in the future. For awards which only have service conditions, the compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. When an award is modified, the remaining unrecognized cost from the original award and any incremental compensation from the modification are recognized over the new requisite service period.

Notes to the financial statements

at 30 April 2017

1. Accounting policies (continued)

Pension and other post-retirement benefits

The Company operates a defined benefit pension scheme, which require contributions to be made to separately administered funds. The scheme was closed to new members in 2009 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the Income Statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the Income Statement as other finance revenue.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Income Statement in subsequent periods.

The defined net benefit pension asset or liability in the Statement of Financial Position comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

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 which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/ (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 2017

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:

	2017 £000	2016 £000
UK	123,589	135,341
Europe	9,981	5,391
North America	-	246
Asia	-	4
	<u>133,570</u>	<u>140,982</u>

3. Operating loss

This is stated after charging / (crediting)

	2017 £000	2016 £000
Auditors' remuneration - audit services	83	93
Depreciation of owned fixed assets	219	216
Operating lease rentals - aircraft, plant and machinery	46,946	50,031
- land and buildings	2,712	2,729
Loss / (Gain) on foreign exchange	<u>1,096</u>	<u>(215)</u>

4. Auditors' remuneration

The remuneration of the auditors is further analysed as follows:

	2017 £000	2016 £000
Audit of the financial statements	<u>83</u>	<u>93</u>

5. Interest receivable & payable

	2017 £000	2016 £000
<i>Receivable:</i>		
Bank overdrafts	<u>(6)</u>	<u>(60)</u>
<i>Payable:</i>		
Loan secured on trade receivables	230	160
Interest expense operating debt	<u>6</u>	<u>-</u>
	<u>236</u>	<u>160</u>

Notes to the financial statements

at 30 April 2017

6. Staff costs

	2017	2016
	£000	£000
Wages and salaries	27,845	31,813
Social security costs	2,539	3,085
Other pension costs	2,737	2,758
Share based payments	440	282
	<u>33,561</u>	<u>37,938</u>

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

	No.	No.
Administration and marketing	89	102
Operations	256	311
	<u>345</u>	<u>413</u>

At the year-end, the Company had 312 employees in total.

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

7. Directors' remuneration

	2017	2016
	£000	£000
The remuneration of the directors was as follows:		
Remuneration	<u>454</u>	<u>908</u>
Company contributions paid to pension schemes	<u>36</u>	<u>43</u>

	2017	2016
	No.	No.
The number of directors who were members of pension schemes was as follows:		
Money purchase schemes	4	4
Defined benefit schemes	<u>-</u>	<u>1</u>

	2017	2016
	£000	£000
The amounts in respect of the highest paid director are as follows:		
Remuneration	<u>186</u>	<u>415</u>
Company contributions paid to pension scheme	<u>15</u>	<u>15</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.

Notes to the financial statements

at 30 April 2017

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2017 £000	2016 £000
<i>Current tax:</i>		
Foreign withholding tax	-	6
Tax under provided in previous years	-	10
Total current tax	-	16

(b) Factors affecting total 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 20% (2016 – 20%). The differences are reconciled below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	(17,904)	(8,095)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016– 20%)	(3,581)	(1,619)
Permanent differences	68	86
Decelerated / (accelerated) capital allowances	44	9
Losses carried forward	3,870	2,349
Other timing differences - pension	(401)	(825)
Foreign withholding tax	-	6
Tax under provided in previous years	-	10
Total tax expense	-	16

(c) Factors that may affect future tax charges

The tax rate is due to change to 19%.

(d) Deferred tax

The Company has unrecognised deferred tax assets of £12,996,000 (2016: £8,813,000) in relation to losses carried forward and £6,249,000 (2016: £6,344,000) relating to the Company's defined benefit pension.

Notes to the financial statements

at 30 April 2017

9. Tangible fixed assets

	<i>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 2016	231	234	10,800	11,265
Additions	215	-	54	269
Disposals	(134)	-	(1,289)	(1,423)
At 30 April 2017	312	234	9,565	10,111
Depreciation:				
At 1 May 2016	187	228	10,408	10,823
Charge for the year	6	6	207	219
Disposals	(132)	-	(1,292)	(1,423)
At 30 April 2017	61	234	9,323	9,618
Net book value:				
At 30 April 2017	251	-	242	493
At 1 May 2016	44	6	392	442

10. Investments

	<i>Subsidiary undertakings £000</i>
Cost:	
At 1 May 2016 and 30 April 2017	9,953

At 30 April 2017, the Company held more than 20% of the equity of the following subsidiary undertaking.

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

The registered office of CHC Ireland DAC is Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland.

11. Stocks

	<i>2017 £000</i>	<i>2016 £000</i>
Fuel	40	40

Notes to the financial statements

at 30 April 2017

12. Debtors

	2017 £000	2016 £000
Trade debtors	14,847	10,196
Amounts owed by fellow group undertakings	8,507	7,691
Amounts owed by related parties (note 20)	25,872	14,350
Amounts owed by parent undertaking	898	633
Amounts owed by subsidiary undertaking	1,444	-
Other debtors	1,366	2,880
Prepayments and accrued income	2,135	1,525
	<u>55,069</u>	<u>37,275</u>

13. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	3,351	2,680
Amounts owed to fellow group undertakings	4,971	38
Amounts owed to related parties (note 20)	51,918	6,124
Amounts owed to subsidiary undertaking	-	2,936
Other taxes and social security costs	3,226	1,537
Accruals	2,424	5,193
Advance billing	1,084	1,382
	<u>66,974</u>	<u>19,890</u>

14. Share capital

	<i>Allotted, called up and fully paid</i>	
	2017 £000	2016 £000
Ordinary shares of £1 each	4,930	4,930

15. Reserves

Capital redemption reserve:

This reserve records the nominal value of shares repurchased by the Company.

Capital contribution:

This reserve records the nominal value of share compensation expenses and also includes a capital injection in financial year 2015.

Notes to the financial statements

at 30 April 2017

16. Financial instruments

	2017 £000	2016 £000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	14,847	10,196
Other debtors	<u>38,087</u>	<u>25,554</u>
Financial liabilities measured at amortised cost		
Trade creditors	<u>3,351</u>	<u>2,680</u>

17. Share based payments

During the years ended April 30, 2016 and 2017, administrative expenses included stock-based compensation expense of approximately £282,000, and £440,000, respectively.

In connection with the Company's reorganization and emergence from bankruptcy, all shares of the CHC Group Ltd. common stock were cancelled pursuant to the Plan and all stock-based compensation awards were cancelled. Therefore, there are no shares issued at present to any directors or employees.

18. Obligations under leases

At 30 April 2017, the Company had future minimum lease payments under cancellable and non-cancellable* operating leases as follows:

	2017		2016	
	<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	1,652	40,166	1,745	44,037
In two to five years	5,369	58,055	5,654	56,136
In over five years	<u>6,552</u>	<u>4,591</u>	<u>7,806</u>	<u>7,603</u>
	<u>13,573</u>	<u>102,812</u>	<u>15,205</u>	<u>107,776</u>

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

19. Pension schemes

The Company operates a Defined Benefit Pension Plan, the CHC Scotia Pension Scheme, providing benefits based on final pensionable pay. The plan was 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, P-Solve and Hewitt Risk Management Services Limited. Contributions to the plan are charged to the income statement 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 2015. The formal actuarial valuation showed that the market value of the assets of the entire plan as at 1 July 2015, as advised by Aon, was £158,791,000 which represented 72% of the value of the benefits that had accrued to members.

Notes to the financial statements

at 30 April 2017

19. Pension schemes (continued)

A valuation for the purposes of FRS102 has been carried out by the Company actuary as at 30 April 2017. The FRS102 calculations are based on the membership data at the valuation date of 1 July 2015 with an approximate adjustment made for the changes in the membership and benefit accrual over the period from 1 July 2015 to 30 April 2017.

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 in the 2015 valuation that the pre- and post- retirement investment returns were in line with the Bank of England Gilt Curve plus 1.25% p.a.

The amount charged to the income statement for the year was £1,546,000 (2016 - £ 1,877,000). The unpaid contributions outstanding at the year end, included in "Accruals" are £ nil (2016 - £ 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 income statement are the contributions payable in the year. Each year the individual members are given a statement of their investment to date.

The Company's Money Purchase contributions charged in the income statement for the year totalled £2,190,000 (2016 - £2,117,000). The unpaid contributions outstanding at the year end, included in "Accruals" are £257,000 (2016 - £150,000).

The assets and liabilities of the scheme at 30 April are:

	2017 £000	2016 £000
Scheme assets at fair value		
Property	9,738	9,059
Delegated Funds and Cash	164,455	142,776
Fair value of scheme assets	174,193	151,835
Present value of scheme liabilities	(207,085)	(185,227)
Net pension scheme deficit	(32,892)	(33,392)

	2017 £000	2016 £000
<i>Recognised in the income statement:</i>		
Current service cost	(503)	(512)
Net interest on the net defined liability	(1,043)	(1,365)
Total recognised in Income Statement	(1,546)	(1,877)

	2017 £000	2016 £000
<i>Recognised in Other Comprehensive Income:</i>		
Actuarial return on scheme assets	24,716	(6,098)
Actuarial (loss) / gain on scheme liabilities	(26,220)	11,745
Re-measurement gains & losses recognised in Other Comprehensive Income	(1,504)	5,647

Notes to the financial statements

at 30 April 2017

19. Pension schemes (continued)

	2017	2016
<i>Main assumptions:</i>		
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment, capped at 5%	2.10%	1.80%
Rate of increase of pensions in payment, capped at 2.5%	1.80%	1.50%
Rate of increase in deferred pensions:		
Former CHC Scotia (1975) Scheme members	5.00%	5.00%
CHC Scotia Pension Scheme members	2.10% CPI/ 3.20%RPI	1.70% CPI/ 2.80%RPI
Discount rate	2.60%	3.30%
Inflation assumption	2.10% CPI/ 3.20%RPI	1.70% CPI/ 2.80%RPI
<i>Post retirement mortality: (units in years)</i>		
Current pensioners at 65 – male	23.30	23.20
Current pensioners at 65 – female	25.30	25.30
Future pensioners at 65 – male currently aged 45	24.60	25.00
Future pensioners at 65 – female currently aged 45	26.80	27.20
Future pensioners at 65 – male currently aged 40	25.00	25.50
Future pensioners at 65 – female currently aged 40	27.10	27.70
Changes in the present value of the defined benefit obligations are analysed as follows:		
	2017 £000	2016 £000
At 1 May 2016	(185,227)	(197,610)
Movement in year:		
Interest cost	(5,942)	(6,596)
Actuarial (loss) / gain on scheme liabilities	(26,220)	11,745
Benefits paid	10,304	7,234
At 30 April 2017	<u>(207,085)</u>	<u>(185,227)</u>

The obligations arise under a single funded scheme.

Notes to the financial statements

at 30 April 2017

19. Pension schemes (continued)

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

	2017 £000	2016 £000
At 1 May	151,835	154,449
Movement in year:		
Interest income on scheme assets	4,899	5,230
Employer contributions	3,550	6,000
Expenses	(503)	(512)
Benefits paid	(10,304)	(7,234)
Actuarial gain / (loss) on scheme assets	<u>24,716</u>	<u>(6,098)</u>
At 30 April	<u>174,193</u>	<u>151,835</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 Scheme Actuary. The actuarial expected amount of the next annual employer contribution is £1,100,000. This entails expected contributions of £275,000 per quarter.

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

Notes to the financial statements

at 30 April 2017

20. Other related party transactions

During the year, the Company entered into transactions, in the ordinary course of business with other related parties. Related parties are members of the same group.

Transactions entered into, and trading balances outstanding at 30 April 2017, are as follows:

<i>Related party</i>	<i>Sales to related party £000</i>	<i>Purchases from related party £000</i>	<i>Amounts owed by related party £000</i>	<i>Amounts owed to related party £000</i>
Heli-One (Norway) AS				
2017	8	30,914	-	7,246
2016	-	30,326	-	4,868
Heli-One Canada Inc				
2017	-	6,969	-	1,356
2016	-	2,166	-	602
Heli-One Leasing (Norway) AS				
2017	-	-	-	-
2016	-	338	-	-
CHC Helicopters (Barbados) Limited				
2017	46	35,095	110	503
2016	129	42,489	2,361	522
CHC Holding UK Limited				
2017	11,888	286	16,512	-
2016	34,190	177	5,387	-
Heliworld Leasing Limited				
2017	546	2,576	3,220	-
2016	346	4,347	1,648	-
CHC Ireland Leasing Limited				
2017	-	3,026	841	-
2016	295	3,577	695	-
CHC Global Operations International Inc				
2017	-	157	223	290
2016	365	-	101	105

Notes to the financial statements

at 30 April 2017

20. Other related party transactions (continued)

<i>Related party</i>	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Heli-One Poland				
2017	-	-	13	-
2016	-	-	12	-
CHC Helicopter Support Services				
2017	-	478	-	491
2016	-	215	-	13
CHC Helicopter Holding (Cayman)				
2017	-	-	21	-
2016	-	-	18	-
CHC Helicopter S.A.				
2017	142	1,623	4,168	-
2016	-	-	4,103	-
Cayman Investment				
2017	-	-	-	41,661
2016	-	-	-	-
Other Related Parties				
2017	-	65	764	371
2016	-	91	25	14

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured; interest free and cash settlement is expected within 60 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 30 April 2017, the Company has not made any additional provisions for doubtful debts relating to amounts owed by related parties.

Notes to the financial statements

at 30 April 2017

21. Ultimate Parent Company

The 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. The ultimate parent undertaking is EHO Holdings Sarl, a company incorporated in Luxembourg holding a majority interest in EEA Helicopter Operations B.V. and its subsidiaries (including the Company).

The minority shareholder of EEA Helicopter Operations B.V. is CHC Helicopter Holding SARL, a company registered in Luxembourg. The ultimate parent Company of CHC Helicopter Holding SARL is CHC Group LLC, which is incorporated in the Cayman Islands. The consolidated financial statements for CHC Group LLC and its subsidiaries, being the largest group of which CHC Helicopter Holding SARL is a member, recognise the minority interest held by CHC Helicopter Holding SARL in EEA Helicopter Operations B.V. and its subsidiaries (including the Company) as variable interest entities in accordance with both United States GAAP Rules and the Rules and Regulations for the Securities and Exchange Commission and Major Securities Laws, as amended from time to time.