Registered No: 00936569

CHC Scotia Limited

Report and Financial Statements

30 April 2019

Registered No: 00936569

Directors
M Abbey
D Corbett
M Nicol
S Stewart

Auditor
KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB

Banker
Bank of America
P.O. Box 407
5 Canada Square
London

Solicitor
Burness Paull LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1DQ

Registered Office
CMS Cameron McKenna LLP
78 Cannon Street
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Strategic Report

The directors present their Strategic Report for the year ended 30 April 2019.

Review of the business

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

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

	2019	2018	Change
	£000	£000	£000
Turnover	125,564	121,742	3,822
Operating loss	(19,421)	(21,901)*	2,480
Loss after tax	(20,776)	(4,602)	(16,174)
Equity shareholders' deficit	(23,044)	(42)	(23,002)

* for comparison purposes the 2018 figures have been restated.

The loss for the year before taxation amounted to £20.5m (2018 – loss £4.6m) which after tax, as detailed in the Income Statement on page 10, results in a loss of £20.8m (2018 – loss £4.6m). A loss on the pension scheme of £2.2m (2018 – loss of £8.6m) was recognised through other comprehensive loss. No dividend payment (2018 - nil) was paid during the year.

The Company operated 19 helicopters serving the energy industry in Aberdeen, Sumburgh, Humberside and Norwich in the UK.

Market conditions remain challenging. We continue to invest in our core activities and remain focussed on improving efficiency and increasing market share.

Principal risks and uncertainties

Competitive Risks

During fiscal year 2019, 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 throughout CHC Group. There is a risk that our competitors bid below market rates in order to increase their market share. The Company also operates in the UK Search and Rescue and offshore windfarm sectors and will continue to pursue available contracts within this market.

Legislative Risks

The Civil Aviation Authority and Health and Safety legislation in the relevant countries throughout Europe govern aviation industry regulations. 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 (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. We are at risk of movements in the exchange rate, which we continue to monitor and can modify our external contracts accordingly.

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 (2018: nil). Our customers are, in the main, large oil operators which results in the bad debt risk being minimal.

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

18 October 2019

Registered No: 00936569

Directors' Report

The directors present their report and financial statements for the year ended 30 April 2019.

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

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.

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 (continued)

Going Concern

The financial statements have been prepared on a going concern basis.

The directors confirm that, after making enquiries in accordance with the guidance issued by the Financial Reporting Council, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. The directors believe this basis to be appropriate as the parent company has indicated its interests 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 auditor

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 auditor, 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 auditor in connection with preparing their report) of which the Company's auditor 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 auditor are aware of that information.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors' Report (continued)

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Re-appointment of auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office until further notice.

By order of the board

D Corbett
Director
18 October 2019

Independent auditor report

to the members of CHC Scotia Limited

Opinion

We have audited the financial statements of CHC Scotia Limited ("the company") for the year ended 30 April 2019 which comprise the Income Statement, the Statement of Comprehensive Loss, the Statement of Financial Position, the Statement of Changes in Equity and the related notes including a summary of significant accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment of the valuation of pension liabilities, the recognition of deferred tax assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor report is not a guarantee that the company will continue its operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Independent auditor report (continued)

to the members of CHC Scotia Limited

Strategic report and directors' report (continued)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paula Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB
18 October 2019

Income Statement

for the year ended 30 April 2019

	Notes	2019 £000	Restated 2018 £000
Turnover	2	125,564	121,742
Cost of sales		(142,525)	(140,483)*
Gross Loss		(16,961)	(18,741)*
Administrative expenses		(2,460)	(3,160)
Operating Loss	3	(19,421)	(21,901)*
Gain on disposal of investments		-	18,136
Loss on ordinary activities before interest and taxation		(19,421)	(3,765)*
Interest income	5	41	13
Interest expense	5	(39)	(9)*
Other finance cost	18	(1,110)	(841)
Loss on ordinary activities before taxation		(20,529)	(4,602)
Tax on loss on ordinary activities	8	(247)	-
Loss for the financial year		(20,776)	(4,602)

Statement of Comprehensive Loss

for the year ended 30 April 2019

		2019 £'000	2018 £'000
Loss for the financial year		(20,776)	(4,602)
Other comprehensive loss			
Actuarial loss on retirement benefit liability	18	(2,226)	(8,682)
Total comprehensive loss for the year		(23,002)	(13,284)

* For comparison purposes, the 2018 figures have been restated. Details of the restatements are given in note 1 to the financial statements.

Statement of Financial Position

at 30 April 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	9	1,585	1,339
		1,585	1,339
Current assets			
Stocks	10	40	40
Debtors (amounts falling due within one year)	11	65,986	78,498
Debtors (amounts falling due after one year)	12	27,956	29,291
Cash at bank and in hand		12,638	13,307
		106,620	121,136
Creditors: amounts falling due within one year	13	(84,287)	(80,872)
Net current assets		22,333	40,264
Total assets less current liabilities		23,918	41,603
Pension liability	18	(46,962)	(41,645)
Net liabilities		(23,044)	(42)
Capital and reserves			
Called up share capital	14	4,930	4,930
Capital redemption reserve	15	179	179
Capital contribution	15	81,357	81,357
Profit and loss account		(109,510)	(86,508)
		(23,044)	(42)

On behalf of the board.

D Corbett

Director

18 October 2019

Statement of Changes in Equity

at 30 April 2019

	Share capital £000	*Capital redemption reserve £000*	*Capital contribution £000*	*Profit and loss account £000*	*Total equity £000*
At 1 May 2017	4,930	179	51,862	(73,224)	(16,253)
Loss for the year	-	-	-	(4,602)	(4,602)
Other comprehensive loss	-	-	-	(8,682)	(8,682)
Total comprehensive loss for the year	-	-	-	(13,284)	(13,284)
Capital contribution	-	-	29,495	-	29,495
At 30 April 2018	4,930	179	81,357	(86,508)	(42)
Loss for the year	-	-	-	(20,776)	(20,776)
Other comprehensive loss	-	-	-	(2,226)	(2,226)
Total comprehensive loss for the year	-	-	-	(23,002)	(23,002)
At 30 April 2019	4,930	179	81,357	(109,510)	(23,044)

In April 2018, a capital contribution of £29,495,000 was made by the sole shareholder EEA Helicopter Operations BV.

Notes to the financial statements (continued)

at 30 April 2019

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 2019.

Basis of preparation

The financial statements of CHC Scotia Limited were authorised for issue by the Board of Directors on 18 October 2019. The financial statements have been prepared in accordance with applicable accounting standards FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The financial statements are prepared in the pound sterling which is the functional currency of the Company, and have been rounded to the nearest £'000.

Comparatives have been restated to reclassify £19,000 of expenses between interest expenses and cost of sales. There is no impact on the loss for the year.

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 and estimates 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.

During the year ended 30 April 2019, the Company recorded an allowance for the potential cost of equalising the Guaranteed Minimum Pension ("GMP") payments. The allowance requires significant amount of estimation in establishing an approach and measuring the potential adjustment for male and female members who were contracted out of the State Second Pension prior to 6 April 1997.

Further details are given in note 18.

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.

Notes to the financial statements (continued)

at 30 April 2019

1. Accounting policies *(continued)*

Deferred tax

The decision as to whether to recognise a deferred tax asset depends on an assessment of the future recoverability. This assessment requires the use of the forecasted information on performance and cash-flows that is subject to significant uncertainty.

Further details are given in note 8.

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 2019 and these financial statements are publicly available.

Going Concern

Notwithstanding net liabilities of £23,044,000 as at 30 April 2019 (2018: £42,000), and the loss for the year then ended of £20,776,000 (2018: £4,602,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared projection for the next 12 months on standalone basis which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, including support from its ultimate parent company, CHC Group LLC, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on CHC Group LLC not seeking repayment of the amounts currently due to the group and its subsidiaries, which at 30 April 2019 amounted to £72,831,000, and providing additional financial support during that period if required. CHC Group LLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 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;

Mobilization revenue does not qualify as a separate unit of accounting; accordingly, it is deferred and recognized as flying services are provided under the contract. Related direct and incremental mobilization costs are deferred and amortized over the term of the contract.

Notes to the financial statements (continued)

at 30 April 2019

1. Accounting policies *(continued)*

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.

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 annually 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.

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.

Stock

Stock is 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.

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.

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 (continued)

at 30 April 2019

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 Loss.

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 Statement of Financial Position date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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 Loss, 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 Loss within 'administrative expenses'.

Notes to the financial statements (continued)

at 30 April 2019

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 cost.

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 the 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 (continued)

at 30 April 2019

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:

	2019	*2018*
	£000	*£000*
UK	118,782	112,179
Europe	6,782	9,319
North America	-	243
Asia	-	1
	125,564	121,742

3. Operating loss

This is stated after charging / (crediting)

		2019	*2018*
		£000	*£000*
Depreciation of owned fixed assets		312	170
Operating lease rentals	- aircraft, plant and machinery	38,275	40,569
	- land and buildings	2,696	2,808
Gain on foreign exchange		(2,431)	(764)

4. Auditor remuneration

	2019	*2018*
	£000	*£000*
Audit of the financial statements	84	75
Other tax advisory services	27	-
	111	75

5. Interest income & expense

		Restated
	2019	*2018*
	£000	*£000*
Interest income:		
Bank	41	13
Interest expense:		
Interest expense	(39)	(9)

Notes to the financial statements (continued)

at 30 April 2019

6. Staff costs

	2019	*2018*
	£000	*£000*
Wages and salaries	26,417	24,714
Social security costs	2,408	2,260
Other pension costs	1,922	2,524
	30,747	29,498

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

	No.	No.
Administration and marketing	99	95
Operations	220	207
	319	302

At the year-end, the Company had 328 employees in total.
The above figures include costs and headcount for temporary and contract personnel.

7. Directors' remuneration

	2019	*2018*
	£000	*£000*
The remuneration of the directors was as follows:		
Remuneration	846	642
Company contributions paid to pension schemes	41	42

	2019	*2018*
	No.	*No.*
The number of directors who were members of pension schemes was as follows:		
Money purchase schemes	4	4

	2019	*2018*
	£000	*£000*
The amounts in respect of the highest paid director are as follows:		
Remuneration	502	292
Company contributions paid to pension scheme	20	18

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. 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 (continued)

at 30 April 2019

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2019 £000	2018 £000
Current tax:		
UK corporation tax		
Adjustments in respect of previous periods	247	-
Tax under provided in previous years	-	-
Total current tax	247	-

(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 19% (2018 – 19%). The differences are reconciled below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(20,529)	(4,602)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018– 19%)	(3,901)	(874)
Permanent differences	(397)	12
Decelerated / (accelerated) capital allowances	59	32
Losses carried forward	3,221	4,054
Gain on disposal not taxable	-	(3,446)
Other timing differences - pension	1,018	222
Tax under / (over) provided previous years	247	-
Total tax expense	247	-

(c) Factors that may affect future tax charges

The tax rate is due to stay at 19% until 2020. This will have effect until 1 April 2020 when the rate is scheduled to be reduced further from 19% to 17%. Deferred tax assets have been calculated using the rates substantively enacted at the balance sheet date.

(d) Deferred tax

The Company has unrecognised deferred tax assets of £18,380,000 (2018: £17,100,000) in relation to losses carried forward and £7,984,000 (2018: £7,913,000) relating to the Company's defined benefit pension.

Notes to the financial statements (continued)

at 30 April 2019

9. Tangible fixed assets

	Long term leasehold property £000	*Aircraft and equipment £000*	*Plant motors and computers £000*	*Total £000*
Cost:				
At 1 May 2018	710	234	6,571	7,515
Additions	18	-	540	558
At 30 April 2019	728	234	7,111	8,073
Depreciation:				
At 1 May 2018	99	234	5,843	6,176
Charge for the year	114	-	198	312
At 30 April 2019	213	234	6,041	6,488
Net book value:				
At 30 April 2019	515	-	1,070	1,585
At 1 May 2018	611	-	728	1,339

10. Stocks

	2019 £000	*2018 £000*
Fuel	40	40

Fuel recognised as cost of sales in the period amounted to £9,659,000 (2018: £7,185,000)

11. Debtors: amounts falling due within one year

	2019 £000	*2018 £000*
Trade debtors	10,832	9,704
Amounts owed by fellow group undertakings	16,132	8,935
Amounts owed by related parties (note 19)	34,197	53,241
Amounts owed by parent undertaking	1,737	1,221
Other debtors	1,172	2,705
Prepayments and accrued income	1,916	2,692
	65,986	78,498

Notes to the financial statements (continued)

at 30 April 2019

12. Debtors: amounts falling due after one year

	2019	*2018*
	£000	*£000*
Amounts owed by parent undertaking	27,927	28,479
Deferred mobilisation expenses	29	812
	27,956	29,291

Amounts owned by the parent undertaking are repayable on demand and interest free.

13. Creditors: amounts falling due within one year

	2019	*2018*
	£000	*£000*
Trade creditors	4,637	4,594
Amounts owed to fellow group undertakings	16,033	8,730
Amounts owed to related parties (note 19)	56,798	62,637
Other taxes and social security costs	1,978	950
Accruals	3,136	2,570
Deferred income	1,705	1,391
	84,287	80,872

Inter-company trade creditors are due within 30 days, inter-company loan agreements are payable on demand and are interest free.

14. Share capital

	Allotted, called up and fully paid	
	2019	*2018*
	£000	*£000*
4,930 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. This also includes a capital injection of £50,506,000 in financial year 2015 and capital injection of £29,495,000 in financial year 2018, which were part of an equity cure.

Notes to the financial statements (continued)

at 30 April 2019

16. Financial instruments

	2019 £000	2018 £000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	10,832	9,704
Other debtors	81,165	94,581
Financial liabilities measured at amortised cost		
Trade creditors	4,637	4,594

17. Obligations under leases

At 30 April 2018, the Company had future minimum lease payments under cancellable and non-cancellable* operating leases as follows:

	2019		2018	
	Land and buildings £000	Aircraft plant and machinery £000	Land and buildings £000	Aircraft plant and machinery £000
Operating leases which expire:				
Within one year	2,114	36,819	1,623	35,072
In two to five years	5,593	63,995	5,479	51,734
In over five years	4,875	3,163	5,324	709
	12,582	103,977	12,426	87,515

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

18. 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 Trustees have appointed two fiduciary managers to manage 93% of the investment portfolio. The remaining 7% is invested in a pooled property fund. The plan has moved to a highly de-risked investment strategy with the fiduciary managers having an investment objective of 0.9% per annum above the investment return currently assumed when determining the value of the plan's liabilities. The Trustees have also made a separate allocation to a fixed income fund with each fiduciary manager, and increased the allocation to liability hedging funds to provide the plan with hedge ratios of 90% of interest rate risk and 100% of inflation risk. The allocation to the fixed income funds is expected to cover the plan's benefit outgoings over the next five years and monies will be drawn down from these funds as and when they are needed.

The most recent formal valuation was carried out by the scheme actuary as at 1 July 2018. The formal actuarial valuation showed that the market value of the assets of the entire plan as at 1 July 2018, 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 (continued)

at 30 April 2019

18. Pension schemes *(continued)*

The Company actuary as at 30 April 2019 has carried out a valuation for the purposes of FRS102. The FRS102 calculations are based on the membership data at the valuation date of 1 July 2018 with an approximate adjustment made for the changes in the membership and benefit accrual over the period from 1 July 2018 to 30 April 2019.

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 2018 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 £4,191,000 (2018 - £ 1,171,000). The unpaid contributions outstanding at the year-end, included in "Accruals" are £ nil (2018 - £ nil). A plan amendment of £2,536,500 was recorded to the defined benefit plan at 30 April 2019 as an allowance for the potential cost of equalising GMP between males and females. The allowance is included in past service costs.

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 £1,808,000 (2018 - £1,938,000). The unpaid contributions outstanding at the year-end, included in "Accruals" are £298,000 (2018 - £256,000).

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

Scheme assets at fair value	*2019 £000*	*2018 £000*
Property	10,868	10,645
Delegated Funds and Cash	151,699	150,535
Fair value of scheme assets	162,567	161,180
Present value of scheme liabilities	(209,529)	(202,825)
Net pension scheme deficit	(46,962)	(41,645)

	2019 £000	*2018 £000*
Recognised in the income statement		
Current service cost	(545)	(330)
Past service cost (including curtailments)	(2,536)	-
Net interest on the net defined liability	(1,110)	(841)
Total recognised in Income Statement	(4,191)	(1,171)

	2019 £000	*2018 £000*
Recognised in Other Comprehensive Income:		
Actuarial return on scheme assets	3,543	(7,229)
Actuarial loss on scheme liabilities	(5,769)	(1,453)
Re-measurement losses recognised in Other Comprehensive Income	(2,226)	(8,682)

Notes to the financial statements (continued)

at 30 April 2019

18. Pension schemes *(continued)*

	2019	2018
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment, capped at 5%	2.20%	2.10%
Rate of increase of pensions in payment, capped at 2.5%	1.80%	1.80%
Rate of increase in deferred pensions:		
Former CHC Scotia (1975) Scheme members	5.00%	5.00%
CHC Scotia Pension Scheme members	2.20% CPI/ 3.30%RPI	2.10% CPI/ 3.20%RPI
Discount rate	2.40%	2.70%
Inflation assumption	2.20% CPI/ 3.30%RPI	2.10% CPI/ 3.20%RPI

Post retirement mortality: (units in years)		
Current pensioners at 65 – male	22.40	23.00
Current pensioners at 65 – female	24.40	24.90
Future pensioners at 65 – male currently aged 45	23.70	24.30
Future pensioners at 65 – female currently aged 45	25.90	26.40
Future pensioners at 65 – male currently aged 40	24.20	24.70
Future pensioners at 65 – female currently aged 40	26.30	26.80

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

	2019 *£000*	*2018* *£000*
At 1 May 2018	(202,825)	(207,085)
Movement in year:		
Interest cost	(5,382)	(5,242)
Actuarial loss on scheme liabilities	(5,769)	(1,453)
Benefits paid	6,983	10,955
Past service cost	(2,536)	-
At 30 April 2019	(209,529)	(202,825)

The obligations arise under a single funded scheme.

Notes to the financial statements (continued)

at 30 April 2019

18. Pension schemes (continued)

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

	2019 *£000*	*2018* *£000*
At 1 May	161,180	174,193
Movement in year:		
Interest income on scheme assets	4,272	4,401
Employer contributions	1,100	1,100
Expenses	(545)	(330)
Benefits paid	(6,983)	(10,955)
Actuarial (loss) / gain on scheme assets	3,543	(7,229)
At 30 April	162,567	161,180

The return on assets for the year to 30 April 2019 was £7,815,000.

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 (continued)

at 30 April 2019

19. 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 2019, are as follows:

Related party	*Sales to related party*	*Purchases from related party*	*Amounts owed by related party*	*Amounts owed to related party*
	£000	*£000*	*£000*	*£000*
Heli-One (Norway) AS				
2019	-	31,576	-	4,975
2018	-	28,088	-	25,743
Heli-One Canada Inc				
2019	-	10,383	22	1,829
2018	-	10,140	-	8,231
CHC Helicopters (Barbados) SARL				
2019	-	4,139	1,533	-
2018	167	10,010	-	5,975
CHC Helicopters (Barbados) Limited				
2019	-	5,444	320	-
2018	-	7,823	-	4,881
CHC Holding UK Limited				
2019	41,811	222	20,754	-
2018	30,980	147	23,071	-
Heliworld Leasing Limited				
2019	218	1,157	2,059	-
2018	136	1,893	-	622
CHC Ireland Leasing Limited				
2019	-	3,668	3,652	-
2018	-	3,628	-	4,011
CHC Global Operations International Inc				
2019	-	11	223	37
2018	-	211	223	604

Notes to the financial statements (continued)

at 30 April 2019

19. Other related party transactions (continued)

Related party	*Sales to related party*	*Purchases from related party*	*Amounts owed by related party*	*Amounts owed to related party*
	£000	*£000*	*£000*	*£000*
Heli-One Poland				
2019	-	-	27	-
2018	14	-	27	-
CHC Helicopter Support Services				
2019	-	530	-	524
2018	-	644	-	658
CHC Helicopter Holding (Cayman)				
2019	1	-	20	-
2018	-	1	20	-
CHC Helicopter S.A.				
2019	-	19,081	4,604	1,749
2018	142	12,203	4,359	11,457
Cayman Investment				
2019	-	-	-	47,678
2018	-	-	24,229	-
Other Related Parties				
2019	31	-	983	6
2018	76	129	1,312	455

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 2019, the Company has not made any additional provisions for doubtful debts relating to amounts owed by related parties.

Notes to the financial statements (continued)

at 30 April 2019

20. 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, Luchthavanweg 18, 1786 PP Den Helder, The Netherlands.

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.