

# Bristow Aviation Holdings Limited

Financial statements 31 March 1998

together with directors' and auditors' reports

Registered number: 3234500



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## Directors' report

For the 16 month period ended 31 March 1998

The directors present their annual report and the audited financial statements for the 16 months ended 31 March 1998.

On 12 December 1996 the Company changed its name from Precis (1467) Limited to Bristow Aviation Holdings Limited. On 19 December 1996 the Company issued share capital and subordinated loan stock totalling £101 million in order to acquire the entire share capital of Bristow Helicopter Group Limited.

### Principal activities and business review

The principal activity of the Group is that of helicopter contractor and provider of related aviation services in both the United Kingdom and overseas markets. The Group continues to explore new areas in which to expand although it intends to continue to concentrate its resources on its core business of worldwide helicopter support and related aviation services.

### Annual results

The loss for the period after taxation was £11,010,000 (1996 - £nil). The directors have paid an interim dividend of £199,452 (1996 - £nil) and do not recommend the payment of a final dividend (1996 - £nil).

### Directors and directors' interests

The directors of the Company during the period were as follows:

J. Dillon	(resigned 12 December 1996)
C. Wilson	(resigned 12 December 1996)
D. Milke	(appointed 12 December 1996, resigned 19 December 1996)
J. Clement	(appointed 12 December 1996, resigned 23 October 1997)
S.W. Palframan	(appointed 19 December 1996)
P.N. Buckley	(appointed 19 December 1996)
J.H. Cartwright	(appointed 19 December 1996)
H. Schmidt-Reps	(appointed 19 December 1996)
H. Wolf	(appointed 19 December 1996)
A. Ugland	(appointed 19 December 1996)
L. Crane	(appointed 5 December 1997)

No director had any material interest during the period in any contract of significance with the Company or its subsidiaries.

None of the directors were granted options or exercised any right to subscribe for shares in any Group company during the period.

### Employees

The Group is committed to involve all employees in the performance and development of the Group.

It is the Group's policy to give full and fair consideration to applications for employment from disabled persons, subject only to their suitability for the work.

## Directors' report (continued)

### Health and safety

The Group is committed to its policy on Safety, Health and the Environment and actively promotes this policy, in particular making every practicable effort to ensure the health and safety of everybody working for the Group or associated with Group activities.

### Year 2000

All aspects of the Group's business are being reviewed to ensure full year 2000 compliance as defined by the British Standards Institution. Computer systems may be affected, as well as any microprocessors or embedded systems fitted, for example, on aircraft. There may be an impact on our customers' and suppliers' ability to trade normally with the Group after the year 2000.

The Group's computer systems have been audited and where appropriate will be modified or replaced to ensure year 2000 compliance. Discussions are being held with relevant suppliers to identify which other equipment may be affected and to determine appropriate action to be taken. The Group is also holding discussions with both customers and suppliers to establish the steps they are taking to ensure they will be able to trade normally in the new millennium.

The total cost of ensuring compliance has been estimated to be approximately £200,000 in addition to a contingency against the replacement of aircraft equipment. This estimate has been based on the time cost of staff and known requirements for new hardware and software. About 90% of the estimated total cost is still to be incurred in future periods.

### Supplier payment policy

The Group's policy is to settle terms of payment when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

### Charitable donations

The Group made charitable donations during the period amounting to £14,291 (1996 - £nil).

### Auditors

KPMG resigned and Arthur Andersen were appointed as auditors during the period. The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Redhill Aerodrome  
Redhill  
Surrey

By order of the Board,



I.B. McIntosh  
Secretary

21 December 1998

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors' report

**To the Shareholders of Bristow Aviation Holdings Limited:**

We have audited the financial statements on pages 5 to 30 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

### **Respective responsibilities of directors and auditors**

As described on page 3 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's and Group's affairs as at 31 March 1998 and of the Group's loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

**Arthur Andersen**  
**Chartered Accountants and Registered Auditors**

1 Surrey Street  
London  
WC2R 2PS

21 December 1998

## Consolidated profit and loss account

For the 16 month period ended 31 March 1998

	Notes	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
<b>Turnover</b>	2		
Continuing operations		203,515	-
Discontinued operations		1,027	-
		<u>204,542</u>	<u>-</u>
<b>Net operating expenses</b>	3	(183,301)	-
<b>Operating profit</b>			
Continuing operations		21,199	-
Discontinued operations		42	-
		<u>21,241</u>	<u>-</u>
<b>Profit/(loss) on disposal of fixed assets</b>			
Continuing operations		(478)	-
Discontinued operations		379	-
		<u>(99)</u>	<u>-</u>
<b>Profit on ordinary activities before interest and investment returns</b>		21,142	-
Income from interests in associated undertakings		1,126	-
Amounts written back to investments		466	-
Other interest receivable and similar income		1,214	-
Interest payable and similar charges	7	(30,066)	-
<b>Loss on ordinary activities before taxation</b>	4	(6,118)	-
Tax on loss on ordinary activities	8	(4,892)	-
<b>Loss on ordinary activities after taxation</b>		(11,010)	-
Minority interests	19	(11)	-
<b>Loss for the financial period</b>		(11,021)	-
Dividends		(199)	-
<b>Accumulated loss for the period</b>	18	<u>(11,220)</u>	<u>-</u>


The accompanying notes are an integral part of this consolidated profit and loss account.

## Consolidated balance sheet

31 March 1998

	Notes	31 March 1998 £'000	30 November 1996 £'000
<b>Fixed assets</b>			
Tangible assets	9	210,224	-
Investments	10	(166)	-
		<u>210,058</u>	<u>-</u>
<b>Current assets</b>			
Stocks	11	5,390	-
Debtors	12	37,369	-
Cash at bank and in hand		5,678	-
		<u>48,437</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	13	(35,741)	-
<b>Net current assets</b>		<u>12,696</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>222,754</u>	<u>-</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(182,998)	-
<b>Provisions for liabilities and charges</b>	16	(25,246)	-
<b>Net assets</b>		<u>14,510</u>	<u>-</u>
<b>Capital and reserves</b>			
Called up share capital	17	10,000	-
Goodwill	18	15,495	-
Profit and loss account	18	(11,076)	-
<b>Shareholders' funds</b>		<u>14,419</u>	<u>-</u>
Minority interests	19	91	-
<b>Total capital and reserves</b>		<u>14,510</u>	<u>-</u>

These financial statements were approved by the board of directors on 21 December 1998 and were signed on its behalf by:

  
S.W. Palframan

Director

The accompanying notes are an integral part of this consolidated balance sheet.



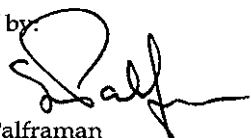
## Company balance sheet

31 March 1998

	Notes	31 March 1998 £'000	30 November 1996 £'000
<b>Fixed assets</b>			
Investments	10	101,000	-
<b>Creditors: amounts falling due within one year</b>	13	(1,656)	-
<b>Net current liabilities</b>		(1,656)	-
<b>Total assets less current liabilities</b>		99,344	-
<b>Creditors: amounts falling due after more than one year</b>	14	(107,687)	-
<b>Net liabilities</b>		(8,343)	-
<b>Capital and reserves</b>			
Called up share capital	17	10,000	-
Profit and loss account	18	(18,343)	-
<b>Shareholders' funds</b>		(8,343)	-

These financial statements were approved by the board of directors on 21 December 1998 and were signed on its behalf by:

S.W. Palframan



Director

The accompanying notes are an integral part of this balance sheet.

## Reconciliation of movements in shareholders' funds

For the 16 month period ended 31 March 1998

	Group		Company	
	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Loss for the financial period	(11,021)	-	(18,144)	-
Dividend	(199)	-	(199)	-
Issue of share capital	10,000	-	10,000	-
Goodwill written off on acquisition of subsidiary undertakings	15,140	-	-	-
Goodwill written off on acquisition of associated undertakings	(516)	-	-	-
Goodwill transfer on associated undertaking becoming subsidiary undertaking	(132)	-	-	-
Goodwill taken to profit and loss account on disposal of assets of subsidiary	909	-	-	-
Exchange adjustment	238	-	-	-
Net addition/(reduction) to shareholders' funds	14,419	-	(8,343)	-
Opening shareholders' funds	-	-	-	-
Closing shareholders' funds	14,419	-	(8,343)	-

## Statement of total recognised gains and losses

For the 16 month period ended 31 March 1998

	Group		Company	
	16 months ended 31 March 1998 £'000	Period Ended 30 November 1996 £'000	16 months ended 31 March 1998 £'000	Period Ended 30 November 1996 £'000
Accumulated loss for the period	(11,220)	-	(18,144)	-
Exchange adjustment	144	-	-	-
Total losses for the period	(11,076)	-	(18,144)	-

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

## Consolidated cash flow statement

For the 16 month period ended 31 March 1998

	Notes	16 months ended 31 March 1998 £'000	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Net cash inflow from operating activities	20		28,040	-
Returns on investments and servicing of finance				
Interest received		1,129		-
Interest paid		(27,551)		-
Interest element of finance lease rental payments		(622)		-
Dividends paid		(199)		-
Net cash outflow from returns on investments and servicing of finance			(27,243)	-
Taxation			(3,439)	-
Capital expenditure				
Purchase of tangible fixed assets		(8,398)		-
Sale of tangible fixed assets		8,063		-
Net cash outflow from capital expenditure			(335)	-
Acquisitions and disposals				
Purchase of subsidiary undertakings		(102,979)		-
Net overdrafts acquired with subsidiaries		(311)		-
Purchase of associated undertakings		-		-
Loans to associated undertakings		-		-
Repayment of loans to associates		6,250		-
Net cash outflow from acquisitions and disposals			(97,040)	-
			(100,017)	
Financing				
Issue of share capital		10,000		-
Issue of subordinated loan stock		91,000		-
New unsecured loan		50,000		-
Repayment of bank loans		(5,000)		-
Repayment of loan notes and loan stock		(35,484)		-
Capital element of finance lease rental payments		(4,821)		-
Net cash inflow from financing			105,695	-
Increase in cash	21		5,678	-

The accompanying notes are an integral part of this consolidated cash flow statement.

## Notes to financial statements

For the 16 month period ended 31 March 1998

### 1 Accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the 16 month period and the preceding year, is set out below.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *a) Basis of consolidation*

The Group financial statements consolidate the financial statements of Bristow Aviation Holdings Limited and its subsidiary undertakings (see note 26). The Group's share of the profits less losses of associated undertakings is included in the consolidated profit and loss account and its interest in the net assets, other than goodwill, is included in investments in the consolidated balance sheet.

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the Company and on financial statements of associated undertakings which are coterminous with or end no more than three months before those of the Company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is taken to a goodwill write-off reserve. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited to reserves.

On subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the gross amount of any related goodwill previously taken to reserves.

In the Company's accounts, investments in subsidiary and associated undertakings are stated at cost less provisions for permanent diminution in value. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

In accordance with Section 230(4) of the Companies Act 1985 Bristow Aviation Holdings Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the company for the financial period is disclosed in note 18.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### *b) Foreign currencies*

The trading results of overseas subsidiary and associated undertakings are translated into sterling using the average exchange rates for the period.

The assets and liabilities of overseas subsidiary and associated undertakings are translated into sterling using the rates ruling at the balance sheet date. Exchange differences arising from the translation of the results of overseas subsidiary and associated undertakings at average rates, and the re-translation of the opening net investments in overseas subsidiary and associated undertakings, are taken to Group reserves.

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and gains or losses on translation are included in the profit and loss account.

#### *c) Depreciation of tangible fixed assets*

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets over their estimated remaining useful lives as follows:

Freehold buildings	- 15 - 40 years
Freehold land	- Nil
Long leasehold property	- over lease period
Short leasehold property	- over lease period
Plant and equipment	- 3 - 10 years
Vehicles	- 3 - 5 years
Aircraft and capital spares	- 8 - 15 years

#### *d) Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. Full provision is made in view of the difficulties inherent in forecasting future levels of eligible capital expenditure which materially affect timing differences.

#### *e) Provisions for component overhauls*

A provision for component overhauls is made on an hourly basis in respect of the major components of all twin engine helicopters and certain fixed wing aircraft. Component overhauls in respect of the major components of single engine helicopters and other fixed wing aircraft are charged to the profit and loss account as costs are incurred.

#### *f) Research and development expenditure*

Expenditure on research and development is charged to the profit and loss account during the period in which it is incurred.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### *g) Leased assets*

Assets held under finance leases are treated as tangible fixed assets. Depreciation is provided over the life of the lease or the estimated useful life of the asset, whichever is shorter. The deemed capital element of future rentals is included under creditors. Deemed interest, calculated on a reducing balance basis, is charged as interest payable over the period of the lease.

Rental costs arising from operating leases are charged to the profit and loss account as they are incurred.

#### *h) Deep discounted loan notes, loan stock and term loans*

Deep discounted loan notes, loan stock and term loans are stated in the balance sheet at cost plus accrued interest to date. Interest is allocated to the profit and loss account at a constant rate over the term of the loan.

#### *i) Stocks*

Consumable spares and minor rotatable stocks are stated at the lower of cost and net realisable value.

Work in progress and stocks for resale are valued at the lower of cost, inclusive of appropriate overheads, and net realisable value.

#### *j) Pensions and other post retirement benefits*

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

### 2 Turnover

Turnover represents total revenue receivable for the period exclusive of VAT and intra-group transactions.

No segmental reporting as required by Statement of Standard Accounting Practice No.25 or analysis of turnover by activity or geographical location as required by the Companies Act 1985 is given as, in the opinion of the directors, this would be seriously prejudicial to the commercial interests of the Group.

## Notes to financial statements (continued)

### 3 Net operating expenses

	16 months ended 31 March 1998			Period ended 30 November 1996
	Continuing £'000	Discontinued £'000	Total £'000	Total £'000
Other operating income	51	5	56	-
Raw materials	(51,487)	(235)	(51,722)	-
Staff costs	(73,436)	(312)	(73,748)	-
Depreciation	(15,331)	(271)	(15,602)	-
Other operating charges	(42,113)	(172)	(42,285)	-
	<u>(182,316)</u>	<u>(985)</u>	<u>(183,301)</u>	<u>-</u>

### 4 Profit on ordinary activities before taxation

	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Profit on ordinary activities before taxation is stated after charging:		
Rentals paid under operating leases		
- aircraft hire	2,518	-
- rental of properties	1,213	-
- hire of plant and machinery	106	-
Remuneration of auditors		
- audit fees	93	-
- other	35	-
	<u>3,965</u>	<u>-</u>

### 5 Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	16 months ended 31 March 1998 Number	Period ended 30 November 1996 Number
Operating staff	1,483	-
Management and administration	260	-
	<u>1,743</u>	<u>-</u>

## Notes to financial statements (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Wages and salaries	63,844	-
Social security costs	4,582	-
Other pensions costs (see note 24)	5,322	-
	<u>73,748</u>	<u>-</u>

### 6 Directors' remuneration

#### Remuneration

	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Emoluments	339	-
Fees paid to third parties in respect of directors' services	88	-

#### Pensions

The number of directors who were members of pension schemes was as follows:

	16 months ended 31 March 1998 Number	Period ended 30 November 1996 Number
Defined benefit schemes	1	-

#### Highest paid director

The above amounts include the following in respect of the highest paid director:

	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Emoluments	339	-

The accrued pension entitlement under the Group's defined benefit scheme of the highest paid director at 31 March 1998 was £29,549 and the accrued lump sum entitlement at 31 March 1998 was £nil.



## Notes to financial statements (continued)

### 7 Interest payable and similar charges

	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
On bank loans and overdrafts	4,511	-
On other loans	24,721	-
Finance lease charges	633	-
Other interest and similar charges	201	-
	<hr/> 30,066	<hr/> -

### 8 Taxation

	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
UK corporation tax at 31.4% (1996 - 33%) on loss for the period		
Corporation tax		
- current period	1,845	-
- prior year	(119)	-
Deferred taxation	1,713	-
Overseas taxation	2,582	-
Associated undertakings	1,447	-
	<hr/> 7,468	<hr/> -
Double tax relief	(2,576)	-
	<hr/> 4,892	<hr/> -

## Notes to financial statements (continued)

### 9 Tangible fixed assets

Group	Land and buildings £'000	Aircraft £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 1 December 1996	-	-	-	-
Acquisition of subsidiary undertakings	15,500	212,841	48,056	276,397
Exchange adjustments	(34)	-	(410)	(444)
Additions	26	6,520	1,852	8,398
Disposals	(1,770)	(6,917)	(3,117)	(11,804)
At 31 March 1998	13,722	212,444	46,381	272,547
<b>Depreciation</b>				
At 1 December 1996	-	-	-	-
Acquisition of subsidiary undertakings	9,002	-	42,348	51,350
Exchange adjustments	(36)	-	(42)	(78)
Charge for period	488	13,232	1,882	15,602
Disposals	(1,228)	(350)	(2,973)	(4,551)
At 31 March 1998	8,226	12,882	41,215	62,323
<b>Net book value</b>				
At 31 March 1998	5,496	199,562	5,166	210,224
At 30 November 1996	-	-	-	-

The net book value of aircraft at 31 March 1998 includes £8,644,799 (1996 - £nil) in respect of aircraft acquired under finance leases and hire purchase contracts. Aircraft depreciation for the period to 31 March 1998 includes £505,123 (1996 - £nil) relating to these aircraft.

## Notes to financial statements (continued)

### 9 Tangible fixed assets (continued)

Further analysis of land and buildings:

Group	Freehold £'000	Long Leasehold £'000	Short leasehold £'000	Total land & buildings £'000
<b>Cost</b>				
At 1 December 1996	-	-	-	-
Acquisition of subsidiary undertakings	4,700	1,331	9,469	15,500
Exchange adjustments	9	-	(43)	(34)
Additions	-	-	26	26
Disposals	(1,770)	-	-	(1,770)
At 31 March 1998	2,939	1,331	9,452	13,722
<b>Depreciation</b>				
At 1 December 1996	-	-	-	-
Acquisition of subsidiary undertakings	1,743	282	6,977	9,002
Exchange adjustments	(24)	-	(12)	(36)
Charge for period	30	17	441	488
Disposals	(1,228)	-	-	(1,228)
At 31 March 1998	521	299	7,406	8,226
<b>Net book value</b>				
At 31 March 1998	2,418	1,032	2,046	5,496
At 30 November 1996	-	-	-	-

## Notes to financial statements (continued)

### 10 Fixed asset investments

Group	Associated undertakings		Other unlisted	Total
	Shares £'000	Loans £'000	investments £'000	
<b>Cost</b>				
At 1 December 1996	-	-	-	-
Additions	1,692	7,256	967	9,915
Disposals/repayments	(1,252)	(6,250)	(1)	(7,503)
Share of current period losses	(342)	-	-	(342)
At 31 March 1998	98	1,006	966	2,070
<b>Provisions</b>				
At 1 December 1996	-	-	-	-
Additions	490	1,095	610	2,195
Provided/(released) in period	(275)	(285)	85	(475)
Adjustment to goodwill	516	-	-	516
At 31 March 1998	731	810	695	2,236
<b>Net book value</b>				
At 31 March 1998	(633)	196	271	(166)
At 30 November 1996	-	-	-	-

Company	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 December 1996	-
Additions	101,000
At 31 March 1998	101,000

The principal subsidiary and associated undertakings at 31 March 1998 are shown in note 26 and the direct and indirect acquisition of subsidiary undertakings is detailed in note 27.

## Notes to financial statements (continued)

### 11 Stocks

Group	31 March 1998 £'000	30 November 1996 £'000
Consumable spares, rotatable stocks and fuel	4,867	-
Work in progress	523	-
	<u>5,390</u>	<u>-</u>

### 12 Debtors

	31 March 1998		30 November 1996	
	Group £'000	Company £'000	Group £'000	Company £'000
<b>Amounts falling due within one year</b>				
Trade debtors	30,405	-	-	-
Amounts due from associated undertakings	1,853	-	-	-
Other debtors	1,313	-	-	-
Prepayments and accrued income	3,482	-	-	-
	<u>37,053</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due after more than one year</b>				
Prepayments and accrued income	316	-	-	-
	<u>37,369</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to financial statements (continued)

### 13 Creditors: amounts falling due within one year

	31 March 1998		30 November 1996	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts (see note 15)	392	-	-	-
Bank loan	2,000	-	-	-
Unsecured subordinated loan stock	1,289	-	-	-
Trade creditors	13,018	-	-	-
Amounts owed to subsidiary undertakings	-	801	-	-
Corporation tax	4,055	-	-	-
Other taxes and social security	2,370	-	-	-
Other creditors	2,120	855	-	-
Accruals and deferred income	10,497	-	-	-
	<u>35,741</u>	<u>1,656</u>	<u>-</u>	<u>-</u>

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

	31 March 1998		30 November 1996	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts (see note 15)	3,339	-	-	-
Bank loan	18,000	-	-	-
Unsecured subordinated loan stock	3,972	-	-	-
Unsecured loan 8.335%	50,000	-	-	-
Unsecured subordinated loan stock 13.5%	107,687	107,687	-	-
	<u>182,998</u>	<u>107,687</u>	<u>-</u>	<u>-</u>

The bank loan is secured by a charge on the property of and guarantees from certain subsidiary undertakings.

The unsecured loan 8.335% is repayable in full on 15 January 2008. The unsecured subordinated loan stock 13.5% has no scheduled date for repayment.

## Notes to financial statements (continued)

### 15 Obligations under finance leases and hire purchase contracts

	31 March 1998		30 November 1996	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts fall due as follows:				
- within one year	392	-	-	-
- within two to five years	3,339	-	-	-
	<u>3,731</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 16 Provisions for liabilities and charges

Group	Deferred taxation £'000	Component overhauls and self-insured risks £'000	Total £'000
At 1 December 1996	-	-	-
Acquisition of subsidiary undertakings	9,250	12,708	21,958
Exchange adjustments	-	(185)	(185)
Charge for period	1,713	7,044	8,686
Utilised during period	(655)	(4,629)	(5,213)
At 31 March 1998	<u>10,308</u>	<u>14,938</u>	<u>25,246</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	31 March 1998		30 November 1996	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances	9,838	-	-	-
Corporation tax on chargeable gain rolled over	1,141	-	-	-
Interest equalisation and other timing differences	(671)	-	-	-
	<u>10,308</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to financial statements (continued)

### 17 Called up share capital

	31 March 1998 £'000	30 November 1996 £'000
<i>Authorised, issued and fully paid</i>		
2 ordinary shares of £1 each	-	-
4,900,000 'A' Ordinary shares of £1 each	4,900	-
4,900,000 'B' Ordinary shares of £1 each	4,900	-
200,000 'C' Ordinary shares of £1 each	200	-
	<u>10,000</u>	<u>-</u>

The authorised share capital of the Company was increased on 19 December 1996 by the creation of 4,899,998 million 'A' Ordinary shares of £1 each, 4.9 million 'B' Ordinary shares of £1 each and 200,000 'C' Ordinary shares of £1 each, all of which were issued fully paid at par. The 2 ordinary shares of £1 each were reclassified as 2 'A' ordinary shares of £1 each.

### 18 Reserves

Group	Goodwill write-off £'000	Profit and loss account £'000
At 1 December 1996	-	-
Loss for period	-	(11,220)
Acquisition of subsidiaries	15,008	-
Acquisition of associates	(516)	-
Exchange adjustments	94	144
Asset disposals	909	-
At 31 March 1998	<u>15,495</u>	<u>(11,076)</u>
 Company		 Profit and loss account £'000
At 1 December 1996		-
Loss for period		(18,343)
At 31 March 1998		<u>(18,343)</u>



## Notes to financial statements (continued)

### 19 Minority interests

	Equity £'000
At 1 December 1996	-
Profit on ordinary activities after taxation	11
Acquisition of subsidiary undertakings	80
At 31 March 1998	91

### 20 Reconciliation of operating profit to net cash inflow from operating activities

Group	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Operating profit	21,241	-
Depreciation charge	15,602	-
Increase in stocks	(372)	-
Increase in debtors	(589)	-
Decrease in creditors and provisions	(11,931)	-
Increase in provisions	3,288	-
Exchange movement	801	-
Net cash inflow from operating activities	28,040	-

## Notes to financial statements (continued)

### 21 Reconciliation of net cash flow to movement in net debt

Group	16 months ended 31 March 1998 £'000	Period ended 30 November 1996 £'000
Increase in cash in the period	5,678	-
Cash inflow from increase in debt and lease financing	(82,058)	-
Changes in net debt resulting from cash flows	(76,380)	-
Acquisition of subsidiary undertakings	(89,594)	-
Changes in interest accruals	(15,027)	-
Movement in net debt in the period	(181,001)	-
Net debt at beginning of period	-	-
Net debt at end of period	(181,001)	-

### 22 Analysis of net debt

Group	At 1 December 1996 £'000	Cash flows £'000	Non-cash changes £'000	At 31 March 1998 £'000
Cash at bank and in hand	-	5,678	-	5,678
Debt falling due within one year	-	2,246	(5,535)	(3,289)
Debt falling due after more than one year	-	(89,125)	(90,534)	(179,659)
Finance leases	-	4,821	(8,552)	(3,731)
	-	(82,058)	(104,621)	(186,679)
Total net debt	-	(76,380)	(104,621)	(181,001)

## Notes to financial statements (continued)

### 23 Contingent liabilities

A subsidiary of the Group is party to an agreement dated 28 January 1998, guaranteeing the obligations of certain of its subsidiary undertakings, and charging its undertaking and property as security for such guarantees or obligations which have or may arise pursuant to the bank loans and overdrafts, revolving and guarantee facilities, provided to the Company and its subsidiary undertakings by National Westminster Bank plc and The Governor and Company of the Bank of Scotland.

On 31 March 1998 the amount outstanding under the revolving and guarantee facilities was £2.3m (1996 - £1.5m) and the overdrafts of the Company's subsidiary undertakings were £nil (1996 - £2.4m).

### 24 Pension scheme

The Group pension schemes provide benefits based on final pensionable earnings. The assets of the schemes are held in separate trustee administered funds and contributions are invested independently of the Group's assets. The schemes are of the defined benefit type funded by contributions partly from employees and partly from Group companies at rates determined by independent actuaries on the basis of triennial valuations. The last completed actuarial assessment of the schemes was at 31 March 1995 which showed the market value of the schemes' assets was £76.7m. The level of funding, being the actuarial value of assets expressed as a percentage of the benefits accrued to members after allowing for future salary increases, was 96.7% at 31 March 1995. On the advice of the actuary, the Group increased its contributions by a further one percent from 1 April 1995 to commence the elimination of this deficit. The main actuarial assumptions used to determine the level of contributions required were that the long term annual rate of return on investments would be 2.75% in excess of annual increases in pensionable earnings and 5.5% in excess of annual increases in pensions.

An actuarial assessment of the schemes at 31 March 1998 has commenced but not yet been completed. The schemes closed to new members on 31 December 1997.

The charge for providing pension benefits for the period to 31 March 1998 was £5,322,000 (1996 - £nil).

## Notes to financial statements (continued)

### 25 Capital commitments

Capital commitments at the end of the financial period for which no provision has been made are as follows:

Group	31 March 1998 £'000	30 November 1996 £'000
Contracted but not provided	2,763	-
Authorised but not contracted	731	-
	<u>3,494</u>	<u>-</u>

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

	31 March 1998		30 November 1996	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Operating leases which expire				
- within two to five years	70	2,608	-	-
- over five years	845	-	-	-
	<u>915</u>	<u>2,608</u>	<u>-</u>	<u>-</u>

## Notes to financial statements (continued)

### 26 Principal subsidiary and associated undertakings

	Country of incorporation/ registration	Shares held	
		Class	% held
Subsidiary undertakings			
Bristow Aviation Limited *	England	Ordinary	100
Bristow Helicopter Group Limited	England	Ordinary	100
		Deferred	100
Bristow Helicopters Limited *	England	Ordinary	100
		5% non-cum preference	100
Bristow Helicopters (Eastern) Limited *	England	Ordinary	100
Bristow Helicopters (International) Limited *	England	Ordinary	100
		Preference	100
Bristow Helicopters Australia Pty Ltd *	Australia	Ordinary	49
Bristow Helicopters Inc. *	USA	Ordinary	100
		Non-voting	100
Bristow Helicopters Malaysia Sdn Bhd *	Malaysia	Ordinary	100
British Executive Air Services Limited *	England	Ordinary	100
Bitsystem Limited *	England	Ordinary	100
British Island Airways (Guernsey) Limited *	Guernsey	Ordinary	100
Caledonian Helicopters Limited *	England	Ordinary	100
Helicopter Rentals Limited *	Bermuda	Ordinary	100
Oxford Heli-Services Limited *	England	Ordinary	100
Bristow Helicopters Singapore Pte Ltd *	Singapore	Ordinary	100
United Helicopters Limited *	England	Ordinary	100
Perth Airport Limited *	England	Ordinary	100
Irish Helicopters Limited *	Ireland	Ordinary	100
Eligestione SpA *	Italy	Ordinary	33
Helitalia SpA *	Italy	Ordinary	33
Tecnologie Aeronautiche Servizi Supporto Srl *	Italy	Ordinary	33
Lindair Limited *	England	Ordinary	55
Associated undertakings			
Bristow Helicopters (Nigeria) Limited *	Nigeria	Ordinary	40
Bristow Caribbean Limited *	Trinidad	Ordinary	40
Norsk Helikopter A.S. *	Norway	Ordinary	49
FBS Limited *	England	Ordinary	33

All companies in the Group provide services connected with air transport or associated activities. Bristow Helicopters Australia Pty Limited, Eligestione SpA, Helitalia SpA and Tecnologie Aeronautiche Servizi Supporto Srl have been treated as subsidiary undertakings due to the dominant influence of the Group over their affairs.

\* Indicates entities held indirectly.

## Notes to financial statements (continued)

### 27 Acquisition of subsidiary undertakings

During the period the Company and subsidiaries of the Company acquired the following shares in subsidiary undertakings for cash consideration:

Name of undertaking	Date	Number of ordinary shares	% of share capital
Bristow Helicopter Group Limited	19 December 1996	200,000,000	100.0
Lindair Limited	1 January 1998	5,250	52.5
Lindair Limited	1 March 1998	250	2.5
Irish Helicopters Limited	19 March 1997	122,500	49.0
Eligestione SpA	30 June 1997	660	33.0

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair values to the Group:

	Book value £'000	Revaluation £'000	Fair value £'000
<b>Fixed assets</b>			
Intangible assets	235	(235)	-
Tangible assets	64,587	160,460	225,047
Investments	7,814	-	7,814
<b>Current assets</b>			
Stock	5,018	-	5,018
Debtors	36,425	-	36,425
Cash	62	-	62
<b>Total assets</b>	<u>114,141</u>	<u>160,225</u>	<u>274,366</u>
<b>Creditors</b>			
Bank overdrafts	373	-	373
Trade and other creditors	133,148	-	133,148
<b>Provisions</b>	<u>21,958</u>	<u>-</u>	<u>21,958</u>
<b>Total liabilities</b>	<u>155,479</u>	<u>-</u>	<u>155,479</u>
<b>Net assets</b>	<u>(41,338)</u>	<u>160,225</u>	<u>118,887</u>
Net assets previously acquired			(688)
Minority interests			(80)
Goodwill			<u>(15,140)</u>
			<u>102,979</u>
Satisfied by:			
Cash consideration			<u>102,979</u>

Of the £102,979,000 total consideration, £101,000,000 is in respect of the acquisition of Bristow Helicopter Group Limited, the remainder being in respect of acquisitions made by subsidiary companies.

## Notes to financial statements (continued)

### 28 Related party transactions

#### a) Transactions with associated undertakings

	16 months ended 31 March 1998 £'000
Sales from associated undertakings in respect of aircraft rental and related services	13,582
Interest receivable by Group from associated undertakings on loans charged at commercial rates	582
Expenditure charged to Group from associated undertakings relating to management charges	4,269
	31 March 1998 £'000
Loans outstanding at 31 March 1998 to associated undertakings	1,006
Amounts provided against loans outstanding at 31 March 1998	(810)
Other amounts receivable at 31 March 1998	1,853

#### b) Transactions with shareholders of the Group

	16 months ended 31 March 1998 £'000
Interest payable to Caledonia Investments plc on:	
- unsecured subordinated loan stock	2,032
- other loans	1,236
Interest payable to Offshore Logistics, Inc. on:	
- unsecured subordinated loan stock	1,210
- unsecured loan 8.335%	1,012
- unsecured subordinated loan stock 13.5%	16,687
	31 March 1998 £'000
Amounts due at 31 March 1998 to Offshore Logistics, Inc.	
- management fees	855
- unsecured subordinated loan stock	5,261
- unsecured loan 8.335%	50,000
- unsecured subordinated loan stock 13.5%	107,687

## Notes to financial statements (continued)

### 29 Going concern

The company has net liabilities of £8,343,000. After making enquiries, the directors 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.