

Bristow Aviation Holdings Limited

Directors' report and consolidated financial
statements

Registered number 03234500

31 March 2015

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Strategic report

Business Strategy and Objectives

Our goal is to strengthen our position as the leading helicopter services provider to the offshore energy industry and for civilian SAR. We have and will continue to employ the following well defined business/commercial and capital allocation strategies to achieve this goal:

Be the preferred provider of helicopter services.

We position our business to be the preferred provider of helicopter services by maintaining strong relationships with our clients and providing safe and high-quality service. In order to create further differentiation and add value to our clients, we focus on enhancing our value to our clients through key components of our "Operational Excellence" initiative and our "Bristow Client Promise" programme, which are the initiatives of "Target Zero Accidents", "Target Zero Downtime" and "Target Zero Complaints".

Grow our business while managing our assets.

We plan to continue to grow our business globally and increase our revenue and profitability over time, whilst managing through cyclical downturns in the energy industry or governmental spending reductions or modifications. We conduct flight operations in most major oil and gas producing regions of the world, and through our strong relationships with our existing clients, we are aware of future business opportunities in the markets we currently serve that would allow us to grow through new contracts.

Execute on Operational Excellence Initiatives.

We continue to execute on operational excellence initiatives, with the goal of improving our service delivery and overall value to our clients. We define our objective of ongoing improvement as reaching across four strategic areas: clients, execution, people and growth. We strive for the highest standards in safety performance, mission execution, people management and financial discipline.

Business Review

Market outlook

The business environment during calendar year 2015 has been challenging. Changing commodity, currency and business environment has negatively impacted our clients and has affected our business. Our clients have suffered as the oil price has fallen. We are working with clients, helicopter manufacturers and lessor partners to identify cost and capital efficiencies during this downturn. However, diversification into civilian search and rescue (SAR) and fixed wing services continues to differentiate us from purely the oil production and service industry. Focus on achieving cost reductions and capital spend deferrals continue to offset the impact of the downturn. Effective 1 April 2015, Bristow reorganised its global operations into regions, Africa, Americas, Asia Pacific and Europe Caspian, to better serve our clients. The goal of these changes is to streamline and standardise our business, simplify our business model, reduce costs and support consistent and faster response to our clients globally.

On 26 March 2013 Bristow Helicopters was awarded a new contract with the UK Department for Transport to provide civilian SAR services for all of the UK (the "UK SAR contract"). The UK SAR contract has a phased in transition period beginning in April 2015 and continuing to July 2017 and a contract length of approximately 10 years.

Strategic report *(continued)*

Business Review *(continued)*

The SAR market is continuing to evolve and we believe further outsourcing of civilian SAR services to the private sector will continue as it is successfully deployed for governments. The clients for SAR services include both the oil and gas industry where our revenue is primarily dependent on our clients' operating expenditures, and governmental agencies where our revenue is dependent on a country's desire to privatise SAR and enter into long-term contracts. SAR services opportunities not related to the oil and gas industry include: previously awarded work involving four aircraft for our U.K. Gap SAR contract and 18 additional aircraft for our U.K. SAR contract.

We continue to seek ways to operate more efficiently and work with our clients to improve the efficiency of their operations within our "Operational Excellence" initiative and "Bristow Client Promise" program. These efficiency gains, combined with strong demand, should lead to expansion of our business in some of our core markets.

Acquisitions

On 29 January 2015, Bristow Helicopters Australia Pty Limited acquired a 85% interest in Capiteq Limited, operating under the name Airnorth, for an initial cash consideration of £16 m (AUS\$30.3m), with possible earn out consideration of up to AUS\$ 17 m to be paid over four years on the achievement in part of specified financial performance thresholds and continued employment by the selling shareholders. The Group has included £4.3m as a contingent consideration related to the additional consideration which represents the liability at the date of acquisition. Airnorth is Northern Australia's largest regional fixed wing operator based in Darwin, Northern Territory, Australia, with both scheduled and charter services to Dili, Timor-Leste. Airnorth's fleet consists of thirteen aircraft (nine turboprop and four new technology regional jets) and its customer base includes many energy companies to which Bristow Group already provide helicopter services. This investment will strengthen the Company's ability to provide point-to-point transportation services for existing Australian based passengers, extend helicopter services in certain areas in Southeast Asian markets and create more integrated logistics solutions for global clients. The acquisition of Airnorth is expected to contribute approximately £54-£59m (AU\$105-AU\$115m) in operating revenue for fiscal year 2016.

Disposals

During the year, we sold our 50% interest in Helideck for a profit of £2.5m.

Strategic report *(continued)*

General operations overview and key performance indicators

Key performance indicators

The key performance indicators for the Group are represented below:

	2015 £000	2014 £000	% Change
Turnover	937,896	852,310	10%
Gross profit	132,677	160,831	(18)%
Gross profit %	14.1%	18.9%	
Administrative expenses	(59,645)	(71,656)	(16.8)%
(Loss)/profit before tax	(33,971)	59,689	(156.9)%

Turnover, excluding share of joint ventures' turnover, increased by 10% compared to a 16% increase in the prior year. Contributing to the increase in turnover is the UK GAP SAR contract, together with a £61m increase in turnover from a full year of Eastern Airways revenue. New start-up contracts and increased activity has led to an increase in Australian revenue of £54m.

Gross profit decreased by £28m to over £132m in the year to 31 March 2015. The gross profit percentage decreased by 4.8 percentage points to 14.1% in 2015 due principally to increased salaries for staff for maintenance support activity and mods and design support for delivery of new SAR aircraft, the addition of Eastern Airways and increased aircraft rentals.

Administrative expenses decreased by 16.8% year on year. In 2014 there was significant expenditure related to the ongoing implementation of a new group-wide enterprise resource planning system.

The group has a loss before tax of £34m. The year on year change in profitability is primarily due to the divestment in 2014 of the joint interest investment in FBS Limited, FBH Limited and FB Leasing which resulted in a profit on disposal of £68m.

Bristow continues to meet its pension obligations on an on-going basis; the overall net pension deficit increased by £11.3 million on the prior financial year primarily due to changes in actuarial assumptions.

The Group continued its constant review of quality and safety in the workplace and compliance under the Bristow Group Inc. Code of Business Integrity.

The major element of the Group's financing continues to be provided by unsecured subordinated loan stock from Bristow Group Inc.

European operations

Bristow is the largest provider of helicopter services in the North Sea, where there are harsh weather conditions and geographically concentrated offshore facilities. The facilities in the North Sea are large and require frequent crew change flight services. We deploy the majority of our large aircraft in this region.

The operations of our Europe Caspian region have been affected by the downturn in the oil and gas industry during the fiscal year. Cost management measures and the award of a new oil and gas contract late in the fiscal year have partially offset the impact of the downturn. Diversification into search and rescue has continued in the fiscal year, with two new bases operational in April 2015. This has increased our aircraft fleet, thus increasing rental expense, offset by the increase in revenue from the bases. The acquisition of Eastern Airways in late fiscal year 2014 has increased revenue in 2015, with resulting increased salaries and benefits.

Strategic report *(continued)*

European operations *(continued)*

Despite the revenue growth in fiscal year 2015 driving an increase in operating income, operating margin decreased primarily due to an increase in rental expense. Other expenses also increased as a result of activity levels and timing of maintenance activities, including maintenance expense, salaries and fuel.

More than anything else within Bristow, global safety efforts continue to define what Bristow represents. Earning and keeping a client's confidence begins with safety and Bristow will continue to manage its operations to ensure that client value is maximised without compromise.

International operations

Bristow has operations in many of the major offshore oil and gas producing regions of the world, including Australia, Nigeria, Russia and Trinidad. Many of the countries in which we operate limit foreign ownership of aviation companies. To comply with these regulations, and yet expand, we have formed and acquired interests in numerous foreign helicopter operations.

Late in the fiscal year Bristow Australia Pty Limited acquired an 85% interest in Capiteq Limited, operating under the name Airnorth. Airnorth is Northern Australia's largest regional fixed wing operator based in Darwin, Northern Territory, Australia, with both scheduled and charter services to Dili, Timor-Leste. The investment in Airnorth is expected to contribute approximately £54-£59million (AU\$105-AU\$115million) in operating revenue for fiscal year 2016.

New contracts in Australia and Nigeria, with improved contract terms and improvement in flight activity have offset the ending of shorter term contracts and a decline in activity in Russia and Africa.

We are subject to competition and the political environment in the countries we operate. In Nigeria we have seen an increase in competitive pressure and the application of existing local content regulations that could impact our ability to win future work at levels previously expected. In order to properly and fully embrace new regulations, we have made a number of key changes to our operating model in Nigeria, while maintaining safety as our number one priority.

Strategic report *(continued)*

Safety

The Group has continued with the "Target Zero" campaign launched in 2007. It's called "Target Zero", as our common safety vision is to have zero accidents, zero harm to people, and zero harm to the environment. Through this process, we are communicating safety information via our managers and supervisors to every staff member at all levels in all operations.

Principal risks and uncertainties

Principal risks and uncertainties

- Our future growth depends on the level of international oil and gas activity.
- Our failure to attract and retain qualified personnel could have an adverse effect on us.
- We face substantial competition in the Helicopter Services sector.
- Foreign exchange risks and controls may affect our financial position and results of operations.
- Our dependence on a small number of helicopter manufacturers poses a significant risk to our business and prospects.
- A shortfall in availability of aircraft components and parts required for maintenance and repairs of our aircraft and supplier cost increases could adversely affect us.
- A major helicopter safety incident, within Bristow or beyond, which could lead our customers to use alternative means of transportation.

By order of the board,


J E Baliff
Director

18 December 2015

Redhill Aerodrome
Redhill
Surrey
RH1 5JZ

Directors' report

The directors present their report and financial statements for the year ended 31 March 2015.

Principal activities

The principal activity of the Group (also referred to as 'Bristow' or 'company') is to provide helicopter services.

Our principal service continues to be that of providing customers with helicopters and crew to transport personnel and time-sensitive equipment from onshore bases to offshore drilling rigs, platforms and other installations, both in the United Kingdom (U.K.) and overseas. We have operations in many of the major offshore oil and gas producing regions of the world, including Australia, Nigeria, Norway, Russia and Trinidad. Search and rescue helicopter services are provided in addition to supporting the oil and gas sector. Engineering and maintenance activities are also performed on aircraft working in both markets. In addition we also provide fixed wing services in both Europe and Australia.

Results and dividends

The audited financial statements for the year ended 31 March 2015 are set out on pages 12 to 60. The Group loss for the financial year after taxation and minority interests was £114.8m (2014: £25.7m).

The directors do not recommend the payment of a dividend (2014: £nil).

Pensions

The Group is showing a net pension deficit of £52.7m as at 31 March 2015 (2014: £41.4m). Movements in the valuation of the pension schemes are fully disclosed in the notes to the financial statements.

Further information is outlined in note 31.

Going concern

The directors have considered the principal risks and uncertainties together with the current financial position of the Group, and that of Bristow Group Inc. who have confirmed their continued support. Despite the current uncertain economic climate the directors believe the Group is well placed to manage its business risks and that there is a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future (see note 1). Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Company information

The company's registered office is at; Redhill Aerodrome, Kingsmill Lane, Redhill, Surrey, RH1 5JZ and registration number is 03234500.

Directors' report *(continued)*

Directors

The company directors who held office during the year and up to the date of signing the financial statements were as follows:

M M Imlach
J E Baliff
S A King
M S Masters

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Group values the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and of the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and through the posting of company notices. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Political contributions

No political contributions were made by the Group during the year (2014: £nil).

Auditors

In accordance with Section 487 of the Companies Act 2006, KPMG LLP are deemed to be re-appointed as auditors to the company.

By order of the board,

J E Baliff
Director

18 December 2015

Redhill Aerodrome
Redhill
Surrey
RH1 5JZ

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent auditor's report to the members of Bristow Aviation Holdings Limited

We have audited the financial statements of Bristow Aviation Holdings Limited for the year ended 31 March 2015 set out on pages 12 to 60. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Matthew Lewis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate, Brighton Road, Crawley, RH11 9PT

18 December 2015

Consolidated profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Turnover: group and share of joint ventures		938,753		863,724	
Less: share of joint ventures' turnover		(857)		(11,414)	
Turnover	2		937,896		852,310
Cost of sales			(805,219)		(691,479)
Gross profit			132,677		160,831
Administrative expenses			(59,645)		(71,656)
Other operating income	5		3,378		721
Group operating profit			76,410		89,896
Share of operating profit/(loss) in:					
Joint ventures		637		3,768	
Associates		(7)		159	
			630		3,927
Total operating profit			77,040		93,823
Group and share of joint ventures and associates					
Profit/(loss) on disposal of tangible fixed assets	6	8,959		(1,060)	
Profit on disposal of investments		2,476		70,751	
Interest receivable and similar income	7	6,628		5,531	
			18,063		75,222
Interest payable and similar charges:	8		(132,172)		(110,835)
Other finance income	31		3,098		1,479
(Loss)/profit on ordinary activities before taxation	9		(33,971)		59,689
Tax on (loss)/profit on ordinary activities	10		(18,301)		(17,205)
(Loss)/profit on ordinary activities after taxation			(52,272)		42,484
Minority interests – equity	24		(62,568)		(68,223)
Loss for the financial year	23		(114,840)		(25,739)

The notes on pages 17 to 60 form part of these financial statements.

The turnover and result for the year and the preceding year were derived wholly from continuing operations.

Consolidated balance sheet
at 31 March 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Goodwill	11	36,778		21,721	
Intangible assets	12	12,269		11,201	
Tangible assets	13	732,664		597,217	
Investments	14	29		706	
			781,740		630,845
Current assets					
Stocks	16	69,602		56,551	
Debtors - due within one year	17	351,369		230,470	
Debtors - due over one year	18	13,950		3,393	
Cash at bank and in hand		65,809		107,990	
		500,730		398,404	
Creditors: amounts falling due within one year	19	(1,191,318)		(971,156)	
Net current liabilities			(690,588)		(572,752)
Total assets less current liabilities			91,152		58,093
Creditors: amounts falling due after more than one year	20		(131,009)		(104,601)
Provisions for liabilities and charges	21		(9,060)		(1,518)
Net liabilities excluding pension liabilities			(48,917)		(48,026)
Pension liabilities	31		(52,709)		(41,428)
Net liabilities including pension liabilities			(101,626)		(89,454)
Capital and reserves					
Called up share capital	22		10,000		10,000
Profit and loss account	23		(717,227)		(566,205)
Equity shareholders' deficit			(707,227)		(556,205)
Minority interests – equity	24		605,601		466,751
			(101,626)		(89,454)

The notes on pages 17 to 60 form part of these financial statements.

These financial statements were approved by the board of directors on 18 December 2015 and were signed on its behalf by:


J E Baliff
Director

Company number: 03234500

Company balance sheet
at 31 March 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Investments	14		101,000		101,000
Current assets					
Debtors - due within one year	17	5,961		5,961	
Creditors: amounts falling due within one year	19	(909,342)		(786,020)	
Net current liabilities			(903,381)		(780,059)
Total assets less current liabilities			(802,381)		(679,059)
Creditors: amounts falling due after more than one year	20		(91,000)		(91,000)
Net liabilities			(893,381)		(770,059)
Capital and reserves					
Called up share capital	22		10,000		10,000
Profit and loss account	23		(903,381)		(780,059)
Equity shareholders' deficit			(893,381)		(770,059)

The notes on pages 17 to 60 form part of these financial statements.

These financial statements were approved by the board of directors on 18 December 2015 and were signed on its behalf by:

J E Baliff
Director

Company number: 03234500

Consolidated cash flow statement
for the year ended 31 March 2015

	<i>Note</i>	2015 £000	2015 £000	2014 £000	2014 £000
Cash flow statement					
Net cash flow from operating activities	25		100,131		181,793
Dividends from joint ventures and associates					
Dividends received from joint ventures		848		2,895	
Dividends received from associates		177		169	
		<hr/>		<hr/>	
Net cash inflow from dividends from joint ventures and associates			1,025		3,064
Returns on investments and servicing of finance					
Interest received		6,628		5,617	
Interest paid		(4,877)		-	
		<hr/>		<hr/>	
Net cash inflow from return on investments and servicing of finance			1,751		5,617
Taxation			(15,783)		(11,372)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(290,478)		(151,965)	
Sale of tangible fixed assets		179,233		68,017	
		<hr/>		<hr/>	
Net cash outflow from capital expenditure			(111,245)		(83,948)
Acquisitions and disposals					
Purchase of subsidiary undertaking		(13,683)		(26,448)	
Proceeds from sale of joint venture		2,657		73,828	
		<hr/>		<hr/>	
			(11,026)		47,380
Equity dividends paid			-		(149,316)
			<hr/>		<hr/>
Net cash outflow before financing			(35,147)		(6,782)
Financing					
Loans from related parties		(7,034)		(1,260)	
		<hr/>		<hr/>	
Net cash outflow from financing			(7,034)		(1,260)
			<hr/>		<hr/>
Decrease in cash in the year	26		(42,181)		(8,042)
			<hr/>		<hr/>

The notes on pages 17 to 60 form part of these financial statements.

Consolidated statements of total recognised gains and losses
for the year ended 31 March 2015

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Loss for the financial year	(114,840)	(25,739)	(123,322)	(101,546)
Actuarial (loss)/gain recognised on the pension schemes	(34,442)	17,465	-	-
Movement on deferred tax relating to actuarial gains/ (losses) on the pension schemes	3,347	(8,617)	-	-
Movement on current tax relating to actuarial gains /(losses) on the pension schemes	3,451	3,347	-	-
Loss on foreign currency translation of reserves	(8,538)	(26,711)	-	-
Total recognised losses for the financial year	(151,022)	(40,255)	(123,322)	(101,546)

Reconciliation of movements in shareholders' deficit
for the year ended 31 March 2015

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Loss for the financial year	(114,840)	(25,739)	(123,322)	(101,546)
Other recognised (loss)/gain relating to pension schemes	(27,644)	12,195	-	-
Loss on foreign currency translation of reserves	(8,538)	(26,711)	-	-
Net movement in shareholders' deficit	(151,022)	(40,255)	(123,322)	(101,546)
Opening shareholders' deficit	(556,205)	(515,950)	(770,059)	(668,513)
Closing shareholders' deficit	(707,227)	(556,205)	(893,381)	(770,059)

The notes on pages 17 to 60 form part of these financial statements.

Notes to the financial statements *(forming part of the financial statements)*

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the group's financial statements.

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis, despite the shareholders' deficit, as Bristow Group Inc. has provided a letter of support confirming that for twelve months following the date on which the financial statements are signed it will not seek repayment of the amounts owed to it on the 13.5% unsecured subordinated loan stock, if the effect of those repayments would otherwise render the Group unable to meet its other liabilities as they fall due or make it unable to continue to carry out its trading. Accordingly the directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future.

Basis of consolidation

The consolidated financial statements include the financial statements of the company, its subsidiary undertakings and other legal entities/partnerships where the company holds control to 31 March 2015. Where appropriate, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An associate is an undertaking in which the Group has a long-term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, including goodwill on acquisition, is included in investments in the consolidated balance sheet.

Where a group company is party to a joint arrangement that is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The company's loss for the year was £123.3m (2014: £101.5m).

Notes (continued)

1 Accounting policies (continued)

Group structure and minority interest

Bristow Aviation Holdings Limited ('BAHL') is general partner in Bristow Worldwide Limited Partnership (BWLP). The Limited partner in this limited partnership is Bristow (UK) Limited Liability Partnership ("BUKLLP"), a sister entity of BAHL that is 100% controlled by Bristow Group Inc. ('BGI'). On entering the partnership, BAHL contributed to BWLP as capital 100% of the issued share capital of Bristow Helicopter Group Limited ("BHGL"), an intermediate holding company which owns all the trading subsidiaries, affiliates and joint ventures of BAHL group as listed in note 29. Under U.K. partnership law, BAHL as general partner, has management control of the Partnership, the right to use the partnership property, share the profits of the firm in predefined proportions, and has joint and several liability for the debts of the partnership.

BUKLLP contributed to BWLP as capital 100% of the issued share capital of Brilog Leasing Limited ("BLL") and Bristow Cayman Limited ("BCL"), BLL is also a 100% owned subsidiary that owns aircraft. Under the partnership legislation, BUKLLP as limited partner has limited liability (capped at capital contributed) and the right to share the profits of the Partnership in predefined proportions, but has no management authority and does not take part in the management of the Partnership business.

Under the terms of the Limited Partnership Agreement, BAHL beneficially owns, through its interest in BWLP, 95% of the ordinary share capital of BHGL and 4.1176% of the ordinary share capital of BLL and BCL. Correspondingly, BUKLLP beneficially owns, through its interest in BWLP, 5% of the ordinary share capital of BHGL and 95.8824% of the ordinary share capital of BLL and BCL. Profits of the BWLP partnership are allocated on these predefined proportions, such that BAHL receives 95% of BHGL profits and 4.1176% of BLL and BCL profits, and BUKLLP correspondingly receives 5% of BHGL profits and 95.8824% of BLL and BCL profits.

As the partnership agreement gives BAHL control of BWLP, the company is deemed to control both BCL and BLL and these are accounted for as subsidiaries. Therefore, the assets and liabilities of BCL and BLL have been recognised in full in the BAHL balance sheet and the BAHL profit and loss account presents the results of the consolidated group including 100% of BCL and BLL results. BAHL then recognises non-controlling interest of 5% of BHGL and 95.8824% of BLL and BCL results as minority interests in reserves.

Goodwill

Purchased goodwill, both positive and negative, arising on consolidation in respect of acquisitions before 1 April 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal. The cumulative amount taken to reserves is £15,858,000 (2014: £15,858,000).

Purchased goodwill, representing the excess of the fair value of the consideration and associated costs given over the fair value of the separable net assets acquired, arising on consolidation in respect of acquisitions since 1 April 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of up to 20 years. Provision is made for any impairment.

On the subsequent disposal or termination of a business acquired since 1 April 1998, the profit or loss on disposal or termination is calculated after charging the un-amortised amount of any related goodwill.

Notes (continued)

1 Accounting policies (continued)

Intangible assets

An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Intangible assets are included at deemed cost, being fair value at point of acquisition, and amortised by equal instalments over their estimated useful economic lives as follows:

Contracts	-	over remaining life of contract
Customer relationships	-	10 - 20 years
Licences	-	over licence period remaining
Trademarks and trade name	-	15 years
Internally developed software	-	5 years

Tangible fixed assets, capitalised interest costs and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	15 - 40 years
Long leasehold property	-	over lease period
Short leasehold property	-	over lease period
Plant and equipment	-	3 - 15 years
Vehicles	-	3 - 5 years
Aircraft	-	2 - 15 years with a 30% - 50% residual value

No depreciation is provided on freehold land.

The interest costs attributable to progress payments or deposits on aircraft purchase contracts and construction projects are capitalised as part of the cost of that asset.

Spare parts which are classified as tangible fixed assets are those items which are considered major components of aircraft.

Investments

Fixed asset investments are shown at cost, including acquisition costs, less provision for impairment.

Stocks

Stocks are stated at the lower of cost or net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

Spare parts which are classified as inventory include repairables and consumables.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

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

The assets and liabilities of overseas subsidiary undertakings and associated undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Share based payments

The share option programme allows employees to acquire shares of Bristow Group Inc. The fair value of the options and those not yet vested is recognised as an employee expense. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Post-retirement benefits

The Group operates a number of pension schemes under both defined contribution arrangements and providing benefits based on final pensionable pay. The group adopted Financial Reporting Standard 17, 'Retirement Benefits' ('FRS 17') in a prior year. Further details can be found in note 31.

The assets of the defined benefit schemes are held separately from those of the Group and are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Any pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and shown in the balance sheet. The movement of the surplus or deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The assets of the defined contribution schemes are held separately from those of the Group in independently administered funds. The charge to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Notes (continued)

1 Accounting policies (continued)

Aircraft and major component overhaul and maintenance

Rotor wing

The Group undertakes aircraft and major component overhauls and maintenance internally and also holds contracts with third party providers for such work.

Under certain contracts the providers invoice for their services by reference to units of economic consumption, typically hours flown. All major component overhauls and maintenance which are covered by third party maintenance agreements, where there is a transfer of risk and legal obligation, are expensed on the basis of hours flown. All other maintenance costs are expensed as incurred.

The costs of major overhauls of aircraft and components held under operating leases are charged to the profit and loss account in accordance with the legal obligations under the terms of the lease.

Fixed wing

The costs of periodic overhauls on owned and finance leased aircraft are capitalised and depreciated within tangible fixed assets unless the liability for those overhauls has been passed to a third party. All other costs relating to maintenance of owned and finance leased aircraft are charged to the profit and loss account as incurred.

Provisions for periodic overhaul costs on aircraft held under operating leases are made with reference to the number of hours flown, or similar basis, over the lease period.

For certain operating leased aircraft, arrangements have been entered into with maintenance providers under which monthly payments are made on a flying hour, or similar basis. The group retains responsibility for the total costs of the maintenance overhaul of these aircraft, and where these costs exceed the monthly payment the group will incur additional costs. The additional costs are spread over the period to the shorter of the next overhaul, or end of the lease term, and are shown within tangible fixed assets.

Leased assets

Rental income and rental costs arising from operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Financial instruments

Financial instruments are classified according to the substance of the contractual arrangements entered into.

Management have chosen not to apply Financial Reporting Standard 25 and have therefore not voluntarily complied with Financial Reporting Standard 29.

The Group does not use derivative financial instruments for speculative purposes.

Notes (continued)

2 Turnover

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

Revenue is recognised when it is realised or realisable, and earned. Revenue is considered to be realised or realisable and earned when the following conditions exist: the persuasive evidence of an arrangement, generally a customer contract; the services or products have been performed or delivered to the customer; the sales price is fixed or determinable within the contract; and collection is probable. More specifically, revenue from helicopter services is recognised based on contractual rates as the related services are performed. The charges under these contracts are generally based on a two-tier rate structure consisting of a daily or monthly fixed fee plus additional fees for each hour flown. These contracts are for varying periods and generally permit the customer to cancel the contract before the end of the term. Services are also provided to customers on an "ad-hoc" basis, which usually entails a shorter notice period and shorter duration. The charges for ad-hoc services are based on an hourly rate or a daily or monthly fixed fee plus additional fees for each hour flown. In order to offset potential increases in operating costs, the long-term contracts may provide for periodic increases in the contractual rates charged for our services. These rate increases are recognised when the criteria outlined above have been met. This generally includes written recognition from the customers that they are in agreement with the amount of the rate escalation. In addition, the Group's standard rate structure is based on fuel costs remaining at or below a predetermined threshold. Fuel costs in excess of this threshold are generally reimbursed by the customer.

Analysis of turnover by geographical destination is as follows:

	2015 £000	2014 £000
United Kingdom	396,983	302,657
Europe	172,968	175,151
Rest of world	367,945	374,502
	<u>937,896</u>	<u>852,310</u>

3 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	345	287
Amounts receivable under long term incentive schemes	80	126
Company contributions to money purchase pension schemes	14	26
	<u>439</u>	<u>439</u>

Notes (continued)

3 Remuneration of directors (continued)

	Number of directors 2015	2014
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	1
The number of directors who exercised share options of an affiliate company in the year	1	1
The number of directors who received share options of an affiliate company in the year	1	1
Highest paid director	2015	2014
The above amounts include the following in respect of the highest paid director:	£000	£000
Directors' emoluments	345	287
Amounts receivable under long term incentive schemes	80	126
Company contributions to money purchase pension schemes	14	26
Emoluments	439	439
The highest paid director received and exercised share options in an affiliated company during the year.		

4 Staff numbers and costs

The average number of persons employed by the Group including directors during the year, analysed by category, was as follows:

	Number of employees 2015	2014
Operating staff	3,485	2,935
Management and administration	658	621
	4,143	3,556

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	249,366	210,383
Social security costs	28,530	23,382
Other pension costs	15,346	18,496
	<u>293,242</u>	<u>252,261</u>

5 Other operating income

	2015 £000	2014 £000
Profit on sale of intellectual property	-	700
Insurance proceeds	3,267	-
Other	111	21
	<u>3,378</u>	<u>721</u>

6 Profit/(loss) on disposal of tangible fixed assets

	2015 £000	2014 £000
Profit/(loss) on disposal of tangible fixed assets	8,959	(1,060)

7 Interest receivable and similar income

	2015 £000	2014 £000
Interest receivable	6,628	5,531

Notes (continued)

8 Interest payable and similar charges

	2015 £000	2014 £000
On all other loans	128,189	107,946
Exchange loss on foreign currency balances	3,983	2,889
	<u>132,172</u>	<u>110,835</u>

9 (Loss)/profit on ordinary activities before taxation

	2015 £000	2014 £000
<i>Profit/ (loss) on ordinary activities before taxation is stated after charging/ (crediting):</i>		
Depreciation		
Owned assets	49,010	28,121
Impairment charge/ (reversal) on tangible fixed assets	16,926	1,945
Operating lease rental expenses		
Aircraft hire	135,223	78,546
Rental of properties	4,792	4,052
Hire of plant and machinery	157	16
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	60	55
Fees payable to the company's auditor for the audit of the company's subsidiaries	853	694
Amortisation of goodwill	1,317	466
Amortisation of intangible assets	1,274	948

Notes (continued)

10 Taxation

Analysis of charge in year

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current tax on income for the year	5,022	4,101
Double taxation relief	(172)	(418)
	<u>4,850</u>	<u>3,683</u>
<i>Foreign tax</i>		
Current tax on income for the year	11,537	11,228
	<u>16,387</u>	<u>14,911</u>
Adjustments in respect of prior year		
UK corporation tax	(16)	673
Foreign tax	60	710
	<u>16,431</u>	<u>16,294</u>
Share of joint ventures' tax	101	841
	<u>16,532</u>	<u>17,135</u>
Total current tax charge		
	<u><u>16,532</u></u>	<u><u>17,135</u></u>
Deferred taxation		
Origination and reversal of timing differences – current year	1,597	(767)
Origination and reversal of timing differences – prior years	172	315
Rate change	-	522
	<u>1,769</u>	<u>70</u>
Total deferred tax		
	<u><u>1,769</u></u>	<u><u>70</u></u>
Total tax on profit on ordinary activities		
	<u><u>18,301</u></u>	<u><u>17,205</u></u>

Notes (continued)

10 Taxation (continued)

Tax reconciliation

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(33,971)	59,689
Current tax at 21% (2014: 23%)	(7,134)	13,728
<i>Effects of:</i>		
Net expenses and income not deductible for tax purposes	16,144	8,685
Sale of subsidiary covered by substantial shareholding exemption	(560)	(15,696)
Depreciation less than accelerated capital allowances	(1,650)	(254)
Losses not recognised for tax	3,049	1,390
Tax rate differentials on overseas earnings	(2,123)	(1,550)
Other timing differences	53	367
Irrecoverable overseas withholding tax	8,709	9,082
	16,488	15,752
Adjustments to tax charge in respect of previous periods	44	1,383
Total current tax charge	16,532	17,135

Notes *(continued)*

11 Goodwill

Group

£000

Cost

At beginning of year	23,633
Subsidiary goodwill acquired (Note 15)	16,374

At end of year	<u>40,007</u>
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Amortisation

At beginning of year	1,912
Charge	1,317

At end of year	<u>3,229</u>
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Net book value

At 31 March 2015	<u>36,778</u>
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At 31 March 2014	<u>21,721</u>
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Additions during the year reflect goodwill arising on the acquisition of Capiteq Ltd (Airthorn) - see note 15.

12 Intangible assets

	Contracts	Customer relationships	Licences	Trademarks and Trade Name	Internally Developed Software	Total
Group	£000	£000	£000	£000	£000	£000
<i>Cost</i>						
At beginning of year	4,246	7,330	486	3,265	821	16,148
Acquisitions	731	1,504	-	239	-	2,474
Exchange adjustments	(703)	(169)	(80)	-	-	(952)
	<u>4,274</u>	<u>8,665</u>	<u>406</u>	<u>3,504</u>	<u>821</u>	<u>17,670</u>
<i>Amortisation</i>						
At beginning of year	4,130	554	263	-	-	4,947
Exchange adjustments	(684)	(92)	(44)	-	-	(820)
Charge for year	312	475	41	254	192	1,274
	<u>3,758</u>	<u>937</u>	<u>260</u>	<u>254</u>	<u>192</u>	<u>5,401</u>
<i>Net book value</i>						
At 31 March 2015	<u>516</u>	<u>7,728</u>	<u>146</u>	<u>3,250</u>	<u>629</u>	<u>12,269</u>
At 31 March 2014	<u>116</u>	<u>6,776</u>	<u>223</u>	<u>3,265</u>	<u>821</u>	<u>11,201</u>

Additions during the year reflect intangibles recognised on the acquisition of Capiteq Ltd (Airmorth) - see note 15.

Notes (continued)

13 Tangible fixed assets

	Land and buildings	Aircraft	Plant, equipment and rotatable spares	Assets in course of construction	Total
Group	£000	£000	£000	£000	£000
Cost					
At beginning of year	42,086	620,774	54,596	40,878	758,334
Exchange adjustments	(909)	63,269	(645)	4,588	66,303
Acquisitions	82	22,972	711	-	23,765
Additions	15,965	213,230	6,045	55,238	290,478
Transfers	1,652	-	318	(1,970)	-
Disposals	(243)	(207,266)	(4,333)	(31,264)	(243,106)
At end of year	58,633	712,979	56,692	67,470	895,774
Depreciation					
At beginning of year	11,495	124,499	25,123	-	161,117
Exchange adjustments	(215)	9,391	(287)	-	8,889
Charge for year	2,431	41,769	4,810	-	49,010
Disposals	(14)	(69,003)	(3,815)	-	(72,832)
Impairment	-	16,922	4	-	16,926
At end of year	13,697	123,578	25,835	-	163,110
Net book value					
At 31 March 2015	44,936	589,401	30,857	67,470	732,664
At 31 March 2014	30,591	496,275	29,473	40,878	597,217

Capitalised interest on aircraft for the year ended 31 March 2015 was £2.9m (2014: £1.5m).

Notes (continued)

13 Tangible fixed assets (continued)

Further analysis of land and buildings:

Group	Freehold £000	Long leasehold £000	Short leasehold £000	Total land & buildings £000
Cost				
At beginning of year	20,396	11,529	10,161	42,086
Exchange adjustments	(362)	(464)	(83)	(909)
Acquisitions	-	82	-	82
Additions	332	15,105	528	15,965
Transfers	1,652	-	-	1,652
Disposals	(54)	-	(189)	(243)
At end of year	21,964	26,252	10,417	58,633
Depreciation				
At beginning of year	1,431	2,805	7,259	11,495
Exchange adjustments	(56)	(93)	(66)	(215)
Charge for year	1,029	1,460	(58)	2,431
Disposals	(10)	-	(4)	(14)
At end of year	2,394	4,172	7,131	13,697
Net book value				
At 31 March 2015	19,570	22,080	3,286	44,936
At 31 March 2014	18,965	8,724	2,902	30,591

Notes (continued)

14 Fixed asset investments

	Joint venture shares £000	Associate shares £000	Other unlisted investments £000	Total £000
Group				
<i>Cost</i>				
At beginning of year	493	208	5	706
Disposals	(181)	-	-	(181)
Dividends	(848)	(177)	-	(1,025)
Share of current year retained profits	536	(7)	-	529
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	24	5	29
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions/amortisation</i>				
At beginning of year/end of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2015	-	24	5	29
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	493	208	5	706
	<hr/>	<hr/>	<hr/>	<hr/>

The Group disposed of its investment in Helideck during the year for a total consideration of £2.7m.

Notes (continued)

14 Fixed asset investments (continued)

The following information is given in respect of the Group's share of the results of all joint venture undertakings.

	2015 £000	2014 £000
Turnover	857	11,414
Profit before tax	637	3,768
Taxation	(101)	(822)
Profit after tax	536	2,946
Fixed assets	-	10
Current assets	-	811
Share of assets	-	821
Liabilities due within one year	-	(328)
Liabilities due after one year	-	-
Share of liabilities	-	(328)
Share of net assets (pre-deferred group profit adjustment)	-	493
Less: unamortised deferred group profit	-	-
Group share of net assets	-	493

In November 2014 the company disposed of its interest in its joint venture undertakings.

Notes (continued)

14 Fixed asset investments (continued)

The following information is given in respect of the Group's share of the results of all associated undertakings.

	2015 £000	2014 £000
Turnover	2,458	2,484
(Loss)/profit before tax	(7)	159
Taxation	-	-
(Loss)/profit after tax	(7)	159
Fixed assets	2	5
Current assets	499	639
Share of assets	501	644
Share of liabilities	477	436
Share of net assets	24	208
Company		Shares in subsidiary undertakings £000
<i>Cost</i>		
At beginning and end of year		101,000
<i>Provisions</i>		
At beginning and end of year		-
<i>Net book value</i>		
At 31 March 2015		101,000
At 31 March 2014		101,000

The subsidiary and associated undertakings at 31 March 2015 are shown in note 29.

Notes (continued)

15 Acquisition of subsidiary undertaking

On 29th January 2015 the Group acquired an 85% interest of the issued share capital of Capiteq Limited (Airthorn) for consideration comprising £15.6m cash; this is equal to the fair value of the total consideration. In accordance with section 615 of the Companies Act 2006, the Group has recorded the cost of the investment at the fair value of the total consideration plus £0.3m of acquisition costs.

The acquisition has been accounted for under the acquisition method.

The Group has agreed to pay the selling shareholders, over three consecutive years, additional consideration of £8.7m if the acquirees achieve specific EBITDAR (earnings before interest, tax, depreciation, amortisation and rent) targets as set out in the sale and purchase agreement. The Group has included £4.3m as a contingent consideration related to the additional consideration which represents the liability at the date of acquisition.

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

	Book value £000	Revaluation £000	Other adjustments £000	Fair value to Group £000
Fixed assets				
Intangible assets	-	-	2,474	2,474
Tangible assets	39,341	(13,036)	(2,540)	23,765
Current assets				
Stocks	-	1,280	2,552	3,832
Debtors - due within one year	6,494	-	(1,120)	5,374
Cash	2,232	-	-	2,232
Total assets	48,067	(11,756)	1,366	37,677
Creditors				
Bank loans	2,617	-	-	2,617
Trade creditors	5,201	-	-	5,201
Accruals & deferred income	1,938	-	-	1,938
Corporation tax	(46)	-	557	511
Creditors – due over one year	17,399	-	-	17,399
Provisions	2,635	-	-	2,635
Deferred taxation	4,361	(3,106)	-	1,255
Total liabilities	34,105	(3,106)	557	31,556
Net assets	13,962	(8,650)	809	6,121
Minority interest				(2,265)
Fair value of assets acquired				3,856
Consideration				20,230
Goodwill				16,374

The consideration comprised of £15.6m cash, contingent consideration £4.3m and £0.3m of acquisition costs.

Notes (continued)

15 Acquisition of subsidiary undertaking (continued)

Details of the fair value adjustments are as follows:

In accordance with Financial Reporting Standard 10, intangible assets under the control of Capiteq were identified as part of the business combination at a fair value of £2,474,000. The intangible assets consist of customer relationships, contracts and brand. Values were ascertained by an independent third party based on a discounted cash flow analysis.

Tangible assets have been assessed at a fair value which is £15,576,000 lower than the book value of the assets. This relates to aircraft acquired. The fair value of stock on hand at acquisition was assessed at £3,832,000. A related deferred tax liability of £3,106,000 has also been recognised.

The fair value of property, plant and equipment, land and buildings was performed by an independent third party and established through reference to reputable authorities for the specific assets.

Other debtors included £1,120,000 of unamortised borrowing costs which management does not consider that there is any future economic benefit of holding on the balance sheet.

Net cash outflows in respect of the acquisition comprised:

	£000
Cash consideration	15,567
Acquisition costs	348
Cash at bank and in hand acquired	(2,232)
	<hr/>
	13,683
	<hr/>

The acquired undertaking made a profit of £445,000 from 1 July 2014 to the date of acquisition. In its previous financial year, commencing on 1 July 2013, the profit was £240,000.

The summarised profit and loss account for the period from 1 July 2014, shown on the basis of the accounting policies of Capiteq Limited prior to the acquisition, are as follows:

Profit and loss account	£000
Turnover	32,015
Cost of sales	(27,244)
	<hr/>
Gross profit	4,771
Other operating expenses (net)	(724)
	<hr/>
Operating profit	4,047
Finance charges (net)	(463)
	<hr/>
Profit on ordinary activities before taxation	3,584
Tax on profit on ordinary activities	(1,080)
	<hr/>
Profit on ordinary activities after taxation	2,504
Interim dividend paid	(2,059)
	<hr/>
Profit for the financial period	445
	<hr/>

Notes (continued)

16 Stocks

Group	2015 £000	2014 £000
Raw materials and consumables	68,792	56,532
Work in progress	810	19
	<u>69,602</u>	<u>56,551</u>

17 Debtors: amounts due within one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Trade debtors	134,134	138,870	-	-
Amounts due from associated undertakings	4,698	2,247	-	-
Amounts due from related company	131,126	39,059	-	-
Amounts due from subsidiary undertakings	-	-	5,961	5,961
Other debtors	13,129	11,764	-	-
Deferred tax (see note 21)	5,221	5,545	-	-
Prepayments and accrued income	63,061	32,985	-	-
	<u>351,369</u>	<u>230,470</u>	<u>5,961</u>	<u>5,961</u>

18 Debtors: amounts due after more than one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Amounts due from related company	-	1,241	-	-
Other debtors	10,123	2,152	-	-
Prepayments and accrued income	3,827	-	-	-
	<u>13,950</u>	<u>3,393</u>	<u>-</u>	<u>-</u>

Notes (continued)

19 Creditors: amounts falling due within one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Current portion of loans	6,496	5,796	-	-
Unsecured subordinated loan stock 13.5%	904,032	780,721	904,032	780,721
Trade creditors	25,031	36,679	-	-
Amounts owed to subsidiary undertakings	-	-	426	399
Amounts owed to related company	119,108	52,079	-	-
Corporation tax	6,255	5,421	-	16
Taxation and social security	5,303	18,372	-	-
Other creditors	19,172	18,542	4,884	4,884
Accruals and deferred income	105,921	53,546	-	-
	<u>1,191,318</u>	<u>971,156</u>	<u>909,342</u>	<u>786,020</u>

The unsecured subordinated loan stock 13.5% is accumulated interest due to Bristow Group Inc. and Bristow International Panama Inc, and has no scheduled date for repayment.

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Non-current portion of loans	22,560	12,103	-	-
Unsecured loan 13.5%	91,000	91,000	91,000	91,000
Other creditors	17,449	1,498	-	-
	<u>131,009</u>	<u>104,601</u>	<u>91,000</u>	<u>91,000</u>

Borrowings are repayable as follows:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Within one year	6,496	5,796	-	-
Between one and five years	22,560	12,103	-	-
More than five years	91,000	91,000	91,000	91,000

The unsecured subordinated loan stock 13.5% is with Bristow Group Inc. and Bristow International Panama Inc. the interest on which is payable on request.

Notes (continued)

21 Deferred taxation

	Deferred tax asset £000	Deferred tax liability £000	Deferred tax total £000
Group			
At beginning of year	5,545	(1,518)	4,027
Exchange	(800)	1,062	262
Acquisition	-	(1,255)	(1,255)
Reclassification from accruals and deferred income	-	(5,104)	(5,104)
Movement in provision (charged)/ credited to the profit and loss account during the year	476	(2,245)	(1,769)
	<u>5,221</u>	<u>(9,060)</u>	<u>(3,839)</u>
At end of year			
Recognised as:			
Deferred tax asset (see note 17)			5,221
Deferred tax liability			(9,060)
Deferred tax is provided as follows:			
Accelerated capital allowances	(1,619)	(11,199)	(12,818)
Other short term timing differences	6,840	2,139	8,979
	<u>5,221</u>	<u>(9,060)</u>	<u>(3,839)</u>

Notes (continued)

22 Called up share capital

	2015 £000	2014 £000
<i>Authorised</i>		
4,600,000 'A' Ordinary shares of £1 each	4,600	4,600
4,900,000 'B' Ordinary share of £1 each	4,900	4,900
500,000 'C' Ordinary shares of £1 each	500	500
8,000,000 Deferred shares of £1 each	8,000	8,000
	<hr/> 18,000 <hr/>	<hr/> 18,000 <hr/>
	2015 £000	2014 £000
<i>Issued and fully paid</i>		
920,000 'A' Ordinary shares of £1 each	920	920
980,000 'B' Ordinary share of £1 each	980	980
100,000 'C' Ordinary shares of £1 each	100	100
8,000,000 Deferred shares of £1 each	8,000	8,000
	<hr/> 10,000 <hr/>	<hr/> 10,000 <hr/>

The 'A', 'B' and 'C' Ordinary shares and the Deferred shares all rank pari-passu in the event of the winding up of the company. The 'A', 'B' and 'C' Ordinary shares carry equal dividend rights, whilst the Deferred shares carry no dividend rights. The 'A' and 'B' Ordinary shares carry equal voting rights, at 0.7894 votes per £1 share, the 'C' Ordinary shares carry voting rights at 5 votes per £1 share, and the Deferred shares carry no voting rights.

The holders of 'A' and 'C' Ordinary shares have a 'put' option allowing them to require the holders of the 'B' Ordinary shares, or an EU national acceptable to the holders of the 'B' Ordinary shares, to buy their holding. The price is calculated at a rate equal to LIBOR plus 3% fixed on a quarterly basis and compounded annually.

The holders of the 'B' Ordinary shares have a 'call' option to enable them, or a related party or nominated EU national, to acquire the 'A' and 'C' Ordinary shares. The price is calculated at a rate equal to LIBOR plus 3% fixed on a quarterly basis and compounded annually.

The exercise of options is subject to prior consultation with the Civil Aviation Authority, and there are provisions in the Articles that are designed to secure that the holding of any Civil Aviation Authority licence within the group is not jeopardised by a share transfer.

Notes (continued)

23 Reserves

Group

	Profit and loss account £000
At beginning of year	(566,205)
Loss for the financial year	(114,840)
Net actuarial loss on pensions	(27,644)
Exchange adjustments	(8,538)
At end of year	<u>(717,227)</u>

Company

	Profit and loss account £000
At beginning of year	(780,059)
Loss for the financial year	(123,322)
At end of year	<u>(903,381)</u>

24 Minority interest

	2015 Equity £000	2014 Equity £000
At beginning of year	466,751	580,573
Acquisition of subsidiary undertaking	2,265	8,200
Dividends paid	-	(149,316)
Exchange differences	74,017	(40,929)
Share of profit on ordinary activities after tax	62,568	68,223
At end of year	<u>605,601</u>	<u>466,751</u>

Notes (continued)

25 Reconciliation of operating profit to operating cash flows

Group	2015 £000	2014 £000
Group operating profit	76,410	89,896
Depreciation	49,010	28,121
Impairment charge of fixed assets	16,926	1,945
(Increase)/decrease in stocks	(9,220)	9,077
(Increase)/decrease in debtors	(125,916)	26,316
Increase in creditors	106,996	37,510
Goodwill and intangible amortisation	2,591	1,414
Difference between pension charge and cash contribution	(16,666)	(12,486)
Net cash inflow from operating activities	100,131	181,793

26 Reconciliation of net cash flow to movement in net debt

Group	2015 £000	2014 £000
Decrease in cash in the year	(42,181)	(8,042)
Cash flow from financing	7,034	1,260
Changes in net debt resulting from cash flows	(35,147)	(6,782)
Net debt acquired with subsidiary	(2,617)	(19,159)
Interest accrued on loan balances	(123,311)	(107,946)
Movement in net debt in the year	(161,075)	(133,887)
Net debt at beginning of year	(781,630)	(647,743)
Net debt at end of year	(942,705)	(781,630)

27 Analysis of net debt

	At beginning of year £000	Cash flow £000	Acquisition of subsidiary £000	Other non- cash changes £000	At end of year £000
Cash in hand, at bank	107,990	(42,181)	-	-	65,809
Debt due in less than one year	(786,517)	7,034	(2,617)	(123,311)	(905,411)
Debt due after one year	(103,103)	-	-	-	(103,103)
	(889,620)	7,034	(2,617)	(123,311)	(1,008,514)
Total net debt	(781,630)	(35,147)	(2,617)	(123,311)	(942,705)

Notes (continued)

28 Contingent liabilities

UK Bank facilities

The company is party to bank agreements guaranteeing its obligations and those of certain of its subsidiary undertakings. The agreements contain charges over certain property as security for such guarantees or obligations which have arisen, or may arise, pursuant to bank loans and overdrafts and revolving credit and guarantee facilities provided to Bristow Aviation Holdings Limited and its subsidiary undertakings by its principal bankers.

As of 31 March 2015 there was a £1.5m (2014: £1.5m) facility for revolving credit and guarantee facilities and a £0.5m (2014: £0.5m) overdraft facility in place with National Westminster Bank Plc. On 31 March 2015 the amount due under revolving credit and guarantee facilities was £1.3m (2014: £0.9m) and there were no borrowings outstanding under the overdraft facility (2014: £nil).

Legal issues

In November 2005, certain of the consolidated entities were named in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr Benneth Osita Onwubalili and Kensit Nigeria Limited, which allegedly acted as agents of the affiliates in Nigeria. The claimants allege that an agreement between the parties was terminated without justification by the defendants and seek damages of \$16.3m. The group has responded to this claim and is continuing to investigate this matter.

There are various litigation and regulatory matters which arise, from time to time, in the ordinary course of business. The amount, if any, of the group's ultimate liability with respect to these matters cannot always be determined. The resolution of any pending matters is not expected to have a material adverse effect on the group's business or financial condition.

Notes (continued)

29 Subsidiary and associated undertakings

Name	Country of incorporation/ registration	Principal activity	Shares held	
			Class	% held
Subsidiary undertakings				
Air Kilroe Limited*	England	Provide fixed wing services	Ordinary	57.0
Air South West Limited*	England	Provide fixed wing services	Ordinary	57.0
Aviasheff*	Russia	Provide helicopter services	Ordinary	46.1
BGI International Limited*	Cayman Island	Provide helicopter services	Ordinary	4.1176
Bristow Academy (UK) Limited*	England	Provide training for pilots	Ordinary	95.0
Bristow Caribbean Limited*	Trinidad	Provide helicopter services	Ordinary	95.0
Bristow Cayman Limited*	Cayman Island	Holding company	Ordinary	4.1176
Bristow Helicopters Australia Pty Ltd*	Australia	Provide helicopter services	Ordinary	95.0
Bristow Helicopters Group Limited	England	Holding company	Ordinary	95.0
			Deferred	95.0
Bristow Helicopters (International) Limited*	England	Provide helicopter services	Ordinary	95.0
			Preference	95.0
Bristow Helicopters Leasing Ltd*	England	Provide aircraft lease rentals	Ordinary	57.0
Bristow Helicopters Limited*	England	Provide helicopter services	Ordinary	95.0
			5% Non-cumulative preference	95.0
Bristow Helicopters (Nigeria) Limited*	Nigeria	Provide helicopter services	Ordinary	38.0
Bristow International Aviation (Guernsey) Limited*	Guernsey	Provide personnel to support aviation	Ordinary	95.0
Brilog Leasing Limited*	Cayman Island	Provide aircraft lease rentals	Ordinary	4.1176
Bristow Nigeria Limited*	Cayman Island	Provide aircraft lease rentals	Ordinary	4.1176
Bristow Norway A.S.*	Norway	Provide helicopter services	Ordinary	95.0
Bristow Southeast Asia Ltd*	England	Provide helicopter services	Ordinary	95.0
Bristow Technical Services Limited*	England	Provide technical services	Ordinary	95.0
Caledonian Helicopters Limited*	England	Provide helicopter services	Ordinary	95.0
Eastern Airways Europe Limited*	England	Holding company	Ordinary	57.0
Eastern Airways International Limited*	England	Holding company	Ordinary	57.0
Eastern Airways IOM Limited*	Isle of Man	Provide personnel to support aviation	Ordinary	57.0
Eastern Airways Share Plan Limited*	England	Holding company	Ordinary	57.0
Eastern Airways (UK) Limited*	England	Provide fixed wing services	Ordinary	57.0
Easternhill Estates Limited*	England	Property ownership	Ordinary	57.0
Humberside International Airport Limited*	England	Airport operator	Ordinary	47.139
Regional Handling Limited*	England	Dormant	Ordinary	57.0
Sakhalin Bristow Air Services Limited*	England	Provide survival suits	Ordinary	57.0
Severn Aviation Limited*	England	Provide helicopter facilities	Ordinary	95.0
United Helicopters Limited*	England	Holding company	Ordinary	95.0
Aircraft Logistics Pty Limited*	Australia	Provide personnel to support aviation	Ordinary	80.75
Regional Link Airlines Pty Limited*	Australia	Dormant	Ordinary	80.75
Capiteq Pty Limited*	Australia	Provides fixed wing services	Ordinary	80.75
Syncom Pty Limited*	Australia	Provide aircraft lease rentals	Ordinary	80.75
Aircrew Logistics Pty Limited*	Australia	Provide personnel to support aviation	Ordinary	80.75
Airmorth Fleet Pty Limited*	Australia	Provide aircraft lease rentals	Ordinary	80.75
E170 Fleet Pty Limited*	Australia	Provide aircraft lease rentals	Ordinary	80.75
The Professional Dart Corporation*	England	Darts Championships	Ordinary	0.38
UK Air Rescue Limited*	England	Dormant	Ordinary	95.0
Steadycontrast Limited*	England	Dormant	Ordinary	47.12
Bristow Staff Pension Scheme Trustees Limited*	England	Trustee of the Bristow Staff Pension Scheme	Ordinary	95.0

Notes (continued)

29 Subsidiary, joint venture and associated undertakings (continued)

Atyrau-Bristow Airways Service Limited*	Kazakhstan	Provide helicopter services	Ordinary	46.6
BGI Aviation Technical Services (Overseas) Limited*	England	Provide technical services	Ordinary	95.0
BGI Aviation Technical Services Nigeria Limited*	Nigeria	Provide technical services	Ordinary	95.0
Bristow Helicopters (Ghana) Limited*	Ghana	Dormant	Ordinary	95.0
Bristow Travel Propriety Limited*	Australia	Provide travel services	Ordinary	95.0
Bristow International Leasing Limited*	Cayman	Provide aircraft lease rentals	Ordinary	95.0
Kingsmill Insurance Company Limited*	Guernsey	Provide insurance services	Ordinary	95.0
Bristow Management Services Pty Limited*	Australia	Provide engineering services	Ordinary	95.0
Associates				
Turkmenistan Helicopters Limited*	Turkmenistan	Provide helicopter services	Ordinary	48.5

* Indicates entities held indirectly.

All companies in the group provide services connected with air transport or associated activities. Bristow Helicopters (Nigeria) Limited has been treated as a subsidiary undertaking due to the dominant influence of the group over the operating and financial policies of the company. Aviasheff is considered a subsidiary undertaking due to the presence of share options which, if exercised, would confer a majority of the voting rights. All of these subsidiaries have been included in the consolidation.

Brillog Leasing Limited ("BLL") and Bristow Cayman Limited ("BCL") have also been consolidated due to the company ("BAHL") having control, as general partner, of Bristow Worldwide LP which owns, in trust, the shares in both BLL and BCL. Bristow Worldwide LP has taken advantage of the exemption to prepare partnership accounts as its results are consolidated in the BAHL accounts.

Notes (continued)

30 Equity-settled share option plans

Share option plans

Incentive and Stock Option Plans - Stock-based awards are currently made under the Bristow Group Inc 2007 Long-Term Incentive Plan ("2007 Plan"). As of 31 March 2015, a maximum of 5,400,000 shares of Bristow Group Inc.'s Common Stock are reserved, including 2,992,841 shares available for incentive awards under the 2007 Plan. Awards granted under the 2007 Plan may be in the form of stock options, stock appreciation rights, shares of restricted stock, other stock-based awards (payable in cash or Common Stock) or performance awards, or any combination thereof, and may be made to outside directors, employees or consultants.

In addition, the company has the following incentive and stock plans which have awards outstanding as of 31 March 2015 but under which we no longer make future grants:

- The 2004 Stock Incentive Plan ("2004 Plan"), which provided for awards to officers and key employees in the form of stock options, stock appreciation rights, restricted stock, other stock-based awards or any combination thereof. Options become exercisable at such time or times as determined at the date of grant and expire no more than ten years after the date of grant.
- The 2003 Non-qualified Stock Option Plan for Non-employee Directors ("2003 Director Plan") which provided for a maximum of 250,000 shares of Bristow Group Inc.'s Common Stock to be issued pursuant to such plan. As of the date of each annual meeting, each non-employee director of Bristow Group Inc., who met certain attendance criteria, was automatically granted an option to purchase 5,000 shares of our Common Stock. The exercise price of the options granted is equal to the fair market value of the Common Stock on the date of grant, and the options are exercisable not earlier than six months after the date of grant and expire no more than ten years after the date of grant.

In June 2014, June 2013 and May 2012, the Compensation Committee of Bristow Group Inc.'s board of directors authorised the grant of stock options, time vested restricted stock and long-term performance cash awards to participating employees. Each of the stock options has a ten-year term and has an exercise price equal to the fair market value (as defined in the 2007 Plan) of the Common Stock on the grant date of \$74.37, \$62.66 and \$43.38 per share for the June 2014, June 2013 and May 2012 awards, respectively. The options will vest in annual instalments of one-third each beginning on the first anniversary of the grant date.

Restricted stock grants vest at the end of three years. Performance cash awards allow the recipient to receive from 0 to 200% of the target amount at the end of three years depending on whether our total shareholder return meets the minimum return requirements and how our total shareholder return ranks among a peer group over the performance period. The value of the performance cash awards is calculated on a quarterly basis by comparing the performance of Bristow Group Inc.'s Common Stock, including any dividends paid since the award date, against the peer group and has a maximum potential pay-out of \$15.9 million, \$13.2 million and \$8.8 million for the June 2014, June 2013 and May 2012 awards, respectively, across the Bristow group. The total value of the awards is recognised as compensation expense over a three-year vesting period with the recognition amount being adjusted quarterly.

Notes (continued)

30 Equity-settled share option plans (continued)

On 5 December 2007, Bristow Group Inc's board of directors established a new program to allow vesting of outstanding stock options and restricted stock grants and to waive forfeitures of outstanding performance restricted stock units upon retirement if the employee has achieved no less than five consecutive years of employment with the company, voluntarily terminates employment after the age of 62 and enters into a noncompetition/non-solicitation agreement in the form approved and provided by the company. Subsequently, on 3 February 2010, Bristow Group Inc's board of directors authorized an amendment to allow vesting of outstanding stock options and restricted stock grants, to continue the right to vest in performance cash awards and to waive forfeitures of outstanding performance restricted stock units upon retirement if the employee has accumulated a combined total of age and years of service of 80 with the company, voluntarily terminates employment and enters into a non-competition/non-solicitation agreement in the form approved and provided by the company. Upon retirement, any unexercised options to purchase Common Stock and shares of restricted stock under the 1994, 2004 and 2007 Plans will automatically vest and options will remain exercisable for the remainder of the term specified in the applicable award document and any outstanding performance restricted stock units granted under the 2004 or 2007 Plans will not be forfeited solely due to termination of employment so that the right remains to receive shares of Common Stock if the applicable performance measures are achieved in accordance with the 2004 or 2007 Plans.

On 4 November 2013, the compensation committee of Bristow Group Inc's board of directors authorised an amendment to all outstanding awards under the 2004 and 2007 Plans. The amendment modified the provisions of the awards with respect to vesting and exercise of such awards upon the involuntary termination by Bristow Group Inc. of the recipient's employment other than for "Cause" as defined in the recipient's employment agreement, if any, or as defined in the amendment. The amendment is effective with respect to outstanding awards held by employees who are employed on or after 4 November 2013. The compensation committee retains the discretion to modify or revoke the amendment prospectively and retroactively to the extent such revocation or modification does not have a detrimental impact on an award granted prior to the date of such modification or revocation. If the terms of the amendment conflict with the provisions of an award recipient's employment agreement, the provisions that are more favourable to the recipient apply. The treatment of awards under the plans pursuant to the amendment is similar to the treatment of awards pursuant to our policy for the treatment of awards upon retirement as described above. Upon retirement, however, vested stock options will be exercisable for the remainder of their original term, and performance-based restricted stock units will continue to vest on the original time and performance schedule. As of 4 November 2015, Bristow Group Inc. expected awards to ultimately vest under the original vesting conditions. As such, we continued to recognise compensation cost equal to the fair value of the awards at the grant date and no additional compensation expense was recorded during fiscal year 2014.

On 3 August 2011, Bristow Group Inc's board of directors amended our director compensation scheme to allow non-employee directors to elect to receive up to 50 percent of their annual restricted stock unit award in cash. As this election was made prior to the actual award, the cash portion of the award is accounted for separate from the stock portion. The cash award is accounted for as a liability award with compensation expense being recognised for the eventual cash pay-out at the end of the six month terms over the six month service periods.

Notes (continued)

30 Equity-settled share option plans (continued)

Details of the Bristow Group stock options outstanding related to employees of Bristow Aviation Holdings Ltd. and subsidiaries ("BAHL") during the financial year are as follows:

		Financial Year 2015		Financial Year 2014
		Weighted		Weighted
	Number of	average	Number of	average
	share	exercise	share	exercise
	options	Value (in \$)	options	Value (in \$)
Outstanding at the beginning of the financial year	187,064	8,611,542	214,183	8,693,590
Granted during the year	35,684	2,653,819	50,479	3,162,509
Forfeited during the year	-	-	(6,455)	(346,813)
Exercised during the year	(3,582)	(174,795)	(38,248)	(1,537,355)
Transfers in and out during the year	(130,408)	(5,765,510)	(32,895)	(1,360,389)
Outstanding at the end of the year	88,758	5,325,056	187,064	8,611,542
Exercisable at the end of the financial year	24,160	1,129,406	94,975	3,713,653

The options outstanding at 31 March 2015 had exercise prices ranging from \$43.38 to \$74.37 with a weighted average remaining contractual life of 8.05 years. In financial year 2015, options were granted on 6 April 2014. The aggregate of the estimated fair values of the options granted on this date is \$2,653,819.

Transfers out are in respect of employees who have transferred to other companies within Bristow Group Inc.

Notes (continued)

30 Equity-settled share option plans (continued)

The inputs into the Black-Scholes option pricing model utilized by Bristow group to estimate the fair value of the option are as follows:

	Financial Year 2015	Financial Year 2014
Weighted average share price	\$74.37	\$62.65
Weighted average exercise price	\$74.37	\$62.65
Expected volatility	30.07%	48.67%
Expected life	5.01	5.20
Risk-free rate	1.65%	1.01%
Expected dividends	2.1%	1.6%

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period equal to the expected term of the option. Expected volatilities are based on the historical volatility of shares of Bristow Group Inc. common stock, which has not been adjusted for any expectation of future volatility given uncertainty related to the future performance of Bristow Group Inc. common stock at this time. We also use historical data to estimate the expected term of the options within the option pricing model; groups of employees that have similar historical exercise behaviour are considered separately for valuation purposes. The expected term of the options represents the period of time that the options granted are expected to be outstanding.

Bristow Aviation Holdings Ltd and subsidiaries recognized total expenses of £0.3m related to equity settled share based payment transactions in financial year 2015 (2014: £1.2m). This amount was recharged from Bristow Group Inc based on the fair value.

Notes (continued)

30 Equity-settled share option plans (continued)

Details of the Bristow Group Inc. restricted stock units and awards outstanding related to employees of Bristow Aviation Holdings Ltd. and subsidiaries ("BAHL") during the year are as follows:

		Financial Year 2015		Financial Year 2014
		Weighted average exercise Value (in \$)	Number of units and awards	Weighted average exercise Value (in \$)
Outstanding at the beginning of the financial year	123,058	6,148,583	144,662	5,648,949
Granted during the year	21,519	1,600,368	42,733	2,677,223
Forfeited during the year	(424)	(31,533)	(8,843)	(393,450)
Exercised during the year	(19,441)	(853,820)	(47,761)	(1,482,799)
Transfers in and out	(59,764)	(2,979,000)	(7,733)	(301,340)
Outstanding at the end of the year	<u>64,948</u>	<u>3,884,598</u>	<u>123,058</u>	<u>6,148,583</u>
Exercisable at the end of the financial year	-	-	-	-

In financial year 2015 awards were granted on 4 June 2014. The aggregate of the estimated fair values of the awards granted on this date is \$1,600,368.

Transfers out are in respect of employees who have transferred to other companies within Bristow Group Inc.

For restricted stock awards, the close price on the grant date is utilized by Bristow Group to estimate the fair value of the awards. The weighted average award prices for financial years 2015 and 2014 are \$74.37 and \$62.65, respectively.

Bristow Aviation Holdings Ltd and subsidiaries recognized total expenses of £1.6m related to restricted stock awards in financial year 2015 (2014: £0.6m). This amount was recharged from Bristow Group Inc. based on the fair value.

Notes (continued)

31 Pensions

The group maintains defined benefit schemes and also operates defined contribution schemes for its employees.

The group operates three pension schemes that provide benefits based on final pensionable pay. The UK schemes cover most full-time employees of the group who were employed on, or before, 31 December 1997. The main UK scheme is The Bristow Staff Pension Scheme ('Staff Scheme'), which covers UK based staff. The other scheme is The Bristow Expatriate Pension Scheme ('Expatriate Scheme'), which covers internationally based staff. These schemes have two sections, the defined benefit section and the defined contribution section. The third scheme is a defined benefit Norwegian scheme bought into the group with the acquisition of Bristow Norway AS in October 2008. This scheme is managed in accordance with Norwegian law and includes all employees of Bristow Norway.

Members of the UK defined benefit schemes ceased to accrue defined benefit entitlements in respect of service with effect from 1 February 2004, however death-in-service benefit continued to be provided. The age distribution of the defined benefit section of the schemes is expected to increase over time and the cost of providing the death-in-service benefit is expected to increase as the members approach retirement. The Norwegian scheme is still open to new entrants.

From 1 February 2004 UK defined benefit scheme members became eligible to receive an employer contribution into a defined contribution section of the respective scheme. For those members who have stayed in the schemes company contributions into the defined contribution sections were made at a rate of 5%. The group contribution increased to 7% with effect from 1 January 2005, which increased to 7.35% from 1 July 2008, if employees contribute up to the same level themselves. Both the defined contribution and defined benefit sections of the Expatriate Scheme were closed to new members on 31 December 1997.

Defined benefit section

The FRS 17 valuation of the Company Scheme was assessed as at 31 March 2015 by an independent qualified actuary in accordance with FRS 17. As required by FRS 17, the defined benefit liabilities have been measured using the projected unit method.

The following table set out the key FRS 17 assumptions. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions that, due to the timescale covered, may not necessarily be borne out in practice.

Financial assumptions:

	As at 31 March 2015 % pa	As at 31 March 2014 % pa	As at 31 March 2013 % pa
UK schemes			
Inflation rate	2.90	3.20	3.40
Rate of increase in pensionable salary *	-	-	-
Rate of increase of pensions in payment **	2.80	3.10	3.30
Rate of increase for deferred pensioners **	1.90	2.20	2.60
Discount rate	3.30	4.40	4.40
Norwegian scheme			
Inflation rate	2.00	2.25	2.25
Rate of increase in pensionable salary	3.50	4.00	4.25
Rate of increase of pensions in payment	0.00	1.75	1.25
Rate of increase for social security base amount	3.25	3.75	4.00
Discount rate	2.50	4.25	4.00

* reflecting the Scheme amendments with effect from 1 February 2004

** in excess of any Guaranteed Minimum Pension (GMP) element

Notes (continued)

31 Pensions (continued)

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2015 are based on the standard actuarial mortality table S1NMA_L table multiplied by a factor of 1.10 for males and the standard actuarial table S1NFA_L table multiplied by a factor of 1.10 for females, in each case using mortality projected by year of birth allowing for mortality improvement rates in line with the 2009 CMI projections with a 1.25% pa long-term rate. (The post-retirement mortality assumptions used at 31 March 2014 were based on the standard table S1NMA_L multiplied by a factor of 1.10 for males and the standard table S1NFA for females, in each case using mortality projected by year of birth allowing for "medium cohort" improvements.)

Following this approach, the life expectancy of male members reaching the age of 60 in 2015 is projected to be 28.1 years compared to 27.6 years for someone reaching 60 in 2014. The life expectancy of a female member reaching age 60 in 2015 is projected to be 29.3 years compared to 28.8 years for someone reaching 60 in 2014.

The post-retirement mortality assumptions used to value the benefit obligation of the Norwegian scheme at 31 March 2015 are based on the standard K2013 with a current year of use. Following this approach, the life expectancy of male members reaching the age of 65 in 2015 is projected to be 21.3 years, which is the same as in 2014.

	Expected rate of return			
	2015 % pa	2014 % pa	2013 % pa	2012 % pa
UK scheme assets				
Equities	7.0	7.8	7.5	8.5
Bonds	3.3	3.8	3.4	3.7
Other – Cash	2.2	2.5	2.5	2.5
Norwegian scheme assets	1.5	2.75	3.25	4.5

The following table sets out the market values of the respective scheme assets split into the main asset classes, showing the expected rate of return on each asset class, and the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities (which equals the group pension liability). The Scheme's assets are not intended to be realised in the short term and their value may be subject to significant change before they are realised. The present value of the respective scheme liabilities is derived from cash flow projections over long periods and thus inherently uncertain.

Staff Scheme	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Market value of assets					
Equities	202,306	189,323	196,995	162,809	157,331
Bonds	109,751	70,835	80,609	84,002	80,115
Other – Property	8,604	28,056	343	290	1,102
Total value of plan assets	320,661	288,214	277,947	247,101	238,548
Actuarial value of plan liability	(370,500)	(327,800)	(345,700)	(302,200)	(288,800)
Gross pension liability	(49,839)	(39,586)	(67,753)	(55,099)	(50,252)
Deferred tax	9,968	7,917	15,583	13,224	13,066
Net pension liability	(39,871)	(31,669)	(52,170)	(41,875)	(37,186)

Notes (continued)

31 Pensions (continued)

<i>Expatriate Scheme</i>	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Market value of assets					
Equities	2,889	2,473	2,686	2,341	2,098
Bonds	1,462	1,127	997	954	721
Other assets	650	1,175	979	1,093	289
Total value of plan assets	5,001	4,775	4,662	4,388	3,108
Actuarial value of plan liability	(5,300)	(5,500)	(5,700)	(4,900)	(4,600)
Gross pension liability	(299)	(725)	(1,038)	(512)	(1,492)
Deferred tax	-	-	-	-	-
Net pension liability	(299)	(725)	(1,038)	(512)	(1,492)
<i>Norwegian Scheme</i>	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Market value of assets					
Equities	2,675	3,125	2,973	2,605	4,454
Bonds	18,536	18,898	17,018	14,215	11,575
Other assets	16,463	14,742	12,674	11,496	7,787
Total value of plan assets	37,674	36,765	32,665	28,316	23,816
Actuarial value of plan liability	(54,852)	(49,139)	(47,989)	(44,292)	(34,963)
Gross pension liability	(17,178)	(12,374)	(15,324)	(15,976)	(11,147)
Deferred tax	4,639	3,340	4,291	4,473	3,125
Net pension liability	(12,539)	(9,034)	(11,033)	(11,503)	(8,022)
<i>Aggregated Schemes</i>	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Market value of assets					
Equities	207,870	194,921	202,654	167,755	163,883
Bonds	129,749	90,860	98,624	99,171	92,411
Other assets	25,717	43,973	13,996	12,879	9,178
Total value of plan assets	363,336	329,754	315,274	279,805	265,472
Actuarial value of plan liability	(430,652)	(382,439)	(399,389)	(351,392)	(328,363)
Gross pension liability	(67,316)	(52,685)	(84,115)	(71,587)	(62,891)
Deferred tax	14,607	11,257	19,874	17,697	16,191
Net pension liability	(52,709)	(41,428)	(64,241)	(53,890)	(46,700)

Notes (continued)

31 Pensions (continued)

Analysis of movement in scheme liabilities

		2015		
	Staff	Expatriate	Norway	Total
Year to 31 March 2015	£000	£000	£000	£000
Scheme liabilities at start of the year	327,800	5,500	49,139	382,439
Interest cost	14,102	235	1,904	16,241
Current service cost	20	1	4,900	4,921
Actual benefit payments by the fund	(15,447)	(296)	(1,867)	(17,610)
Loss on change of assumptions	46,800	600	7,485	54,885
Experience (gain)/loss	(2,775)	(740)	2,938	(577)
Currency impact	-	-	(9,647)	(9,647)
Scheme liabilities at end of the year	370,500	5,300	54,852	430,652

		2014		
Year to 31 March 2014	Staff £000	Expatriate £000	Norway £000	Total £000
Scheme liabilities at start of the year	345,700	5,700	47,989	399,389
Interest cost	14,898	244	1,752	16,894
Current service cost	43	1	4,916	4,960
Actual benefit payments by the fund	(13,029)	(231)	(1,353)	(14,613)
(Gain)/loss on change of assumptions	(13,400)	(200)	52	(13,548)
Experience (gain)/ loss	(6,412)	(14)	1,538	(4,888)
Currency Impact	-	-	(5,755)	(5,755)
Scheme liabilities at end of the year	327,800	5,500	49,139	382,439

Notes (continued)

31 Pensions (continued)

Analysis of movement in scheme assets during the year

	2015			
	Staff £000	Expatriate £000	Norway £000	Total £000
Year to 31 March 2015				
Market value at start of the year	288,214	4,775	36,765	329,754
Actual total benefit payments	(15,447)	(296)	(1,867)	(17,610)
Actual contributions - company	12,462	221	8,951	21,634
Expected return on assets	18,091	270	978	19,339
Gain/(loss) on assets	17,341	31	(301)	17,071
Currency impact	-	-	(6,852)	(6,852)
Market value at end of the year	320,661	5,001	37,674	363,336
Year to 31 March 2014				
Market value at start of the year	277,947	4,662	32,665	315,274
Actual total benefit payments	(13,029)	(231)	(1,353)	(14,613)
Actual contributions - company	12,426	221	4,799	17,446
Expected return on assets	17,063	268	1,042	18,373
(Loss)/gain on assets	(6,193)	(145)	3,684	(2,654)
Currency impact	-	-	(4,072)	(4,072)
Market value at end of the year	288,214	4,775	36,765	329,754

Notes (continued)

31 Pensions (continued)

Analysis of amount recognised in the statement of total recognised gains and losses

	2015			
Year ended 31 March 2015	Staff £000	Expatriate £000	Norway £000	Total £000
(Gain)/ loss on assets	(17,341)	(31)	301	(17,071)
Experience (gain)/loss on liabilities	(2,775)	(740)	2,938	(577)
Loss on change of assumptions (financial and demographic)	46,800	600	7,485	54,885
Currency gain	-	-	(2,795)	(2,795)
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	26,684	(171)	7,929	34,442

	2014			
Year ended 31 March 2014	Staff £000	Expatriate £000	Norway £000	Total £000
Loss/(Gain) on assets	6,193	145	(3,684)	2,654
Experience (gain)/loss on liabilities	(6,412)	(14)	1,538	(4,888)
Loss/(gain) on change of assumptions (financial and demographic)	(13,400)	(200)	52	(13,548)
Currency gain	-	-	(1,683)	(1,683)
Total gain recognised in the statement of total recognised gains and losses before adjustment for tax	(13,619)	(69)	(3,777)	(17,465)

History of experience gains and losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<i>Staff Scheme</i>					
(Gain)/loss on assets	(17,341)	6,193	(14,377)	6,360	(2,297)
% of plan assets at end of year	(5.4)	2.1	(5.2)	2.6	(1.0)
Experience (gain)/loss on liabilities	(2,775)	(6,412)	(699)	5,579	6,076
% of plan liabilities at end of year	(0.7)	(2.0)	(0.2)	1.8	2.1
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	26,684	(13,619)	27,624	16,439	(2,521)
% of plan liabilities at end of year	7.2	(4.2)	8.0	5.4	(0.9)
<i>Expatriate Scheme</i>					
(Gain)/loss on assets	(31)	145	(43)	200	133
% of plan assets at end of year	(0.6)	3	(0.9)	4.6	4.3
Experience (gain)/loss on liabilities	(740)	(14)	402	66	13
% of plan liabilities at end of year	(14.0)	(0.3)	7.1	1.3	0.3
Total (gain)/loss recognised in the statement of total recognised gains and losses before adjustment for tax	(171)	(69)	809	466	146
% of plan liabilities at end of year	(3.2)	(1.3)	14.2	9.5	3.2

Notes (continued)

31 Pensions (continued)

History of exercise gains and losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<i>Norwegian Scheme</i>					
Loss/(Gain) on assets	301	(3,684)	1,319	(353)	255
% of plan assets at end of year	0.8	(10)	4.0	(1.2)	1.1
Experience loss/(gain) on liabilities	2,938	1,538	(505)	515	1,845
% of plan liabilities at end of year	5.4	3.1	(1.1)	1.2	5.3
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	7,929	(3,777)	(974)	5,394	5,153
% of plan liabilities at end of year	14.5	(7.7)	(2.0)	12.2	14.7

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<i>Aggregated schemes</i>					
(Gain)/loss on assets	(17,071)	2,654	(13,101)	6,207	(1,909)
% of plan assets at end of year	(4.7)	0.8	(4.2)	2.2	(0.7)
Experience (gain)/loss on liabilities	(577)	(4,888)	(802)	6,160	7,934
% of plan liabilities at end of year	(0.1)	(1.3)	(0.2)	1.8	2.4
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	34,442	(17,465)	27,459	22,299	2,778
% of plan liabilities at end of year	8.0	(4.6)	6.9	6.3	0.8

Analysis of amount charged to operating profit

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Current service cost – staff scheme	20	43	66	80	189
Current service cost – expatriate scheme	1	1	2	2	13
Current service cost – Norwegian scheme	4,900	4,916	5,126	3,888	3,109
Total charged to operating profit	4,921	4,960	5,194	3,970	3,311

Notes (continued)

31 Pensions (continued)

Analysis of amount charged to net pension finance charges

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<i>Staff scheme</i>					
Interest on pension plan liabilities	14,102	14,898	14,475	15,834	15,635
Expected return on assets in the pension plan	(18,091)	(17,063)	(16,581)	(17,100)	(16,002)
Total credited to net pension finance charges	(3,989)	(2,165)	(2,106)	(1,266)	(367)
<i>Expatriate scheme</i>					
Interest on pension plan liabilities	235	244	230	246	249
Expected return on assets in the pension plan	(270)	(268)	(294)	(223)	(170)
Total (credited)/charged to net pension finance income	(35)	(24)	(64)	23	79
<i>Norwegian scheme</i>					
Interest on pension plan liabilities	1,904	1,752	1,546	1,607	1,193
Expected return on assets in the pension plan	(978)	(1,042)	(1,400)	(1,207)	(928)
Total charged to net pension finance income	926	710	146	400	265
<i>Aggregated schemes</i>					
Interest on pension plan liabilities	16,241	16,894	16,251	17,687	17,077
Expected return on assets in the pension plan	(19,339)	(18,373)	(18,275)	(18,530)	(17,100)
Total credited to net pension finance charges	(3,098)	(1,479)	(2,024)	(843)	(23)

The defined benefit sections of both UK schemes were closed to new members on 31 December 1997. Most staff who commenced employment after this date were able to join a company defined contribution scheme operated by private insurance companies and a stakeholder pension plan. Contributions to these schemes by the group matched those of the employee up to a maximum of 7%, increased to 7.35% from 1st July 2008, of gross pensionable salary over the year.

Contributions into defined contribution schemes by the group during the year totalled £5.2m (2014: £4.1m).

Notes (continued)

32 Commitments

(a) Capital commitments are as follows:-

Group	2015 Land £000	2015 Buildings £000	2014 Land £000	2014 Buildings £000
Contracted but not provided for:				
Within one year	624	11,196	3,362	33,814
In the second to fifth years inclusive	-	9,104	-	9,104
	<u>624</u>	<u>20,300</u>	<u>3,362</u>	<u>42,918</u>

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

Group	2015 Land and buildings £000	2015 Aircraft, plant and machinery £000	2014 Land and buildings £000	2014 Aircraft, plant and machinery £000
Operating leases which expire:				
Within one year	335	2,046	1,400	603
In the second to fifth years inclusive	241	63,014	799	24,835
Over five years	484	16,412	3,959	18,138
	<u>1,060</u>	<u>81,472</u>	<u>6,158</u>	<u>43,576</u>

33 Related party transactions

a) Transactions with joint venture and associated undertakings

	2015 £000	2014 £000
Sales to associated undertakings in respect of aircraft rental and related services	3,596	3,525
Purchases from associated undertakings in respect of aircraft and related services	2	30
Other amounts receivable from associated undertakings	887	2,247

Notes (continued)

33 Related party transactions (continued)

b) Transactions with other related parties

	2015 £000	2014 £000
Purchases from Bristow Group Inc. in respect of aircraft rental and related services	53,319	34,142
Sales to Bristow Group Inc. in respect of aircraft rental and related services	13,055	13,009
Interest payable to Bristow Group Inc. in respect of - unsecured subordinated loan stock 13.5%	123,311	107,946
Amounts due to Bristow Group Inc.		
- management fees	4,884	4,884
- unsecured subordinated loan stock 13.5% including interest	995,032	871,721
- creditors	119,108	52,079
Amounts due from Bristow Group Inc.		
- debtors	131,126	40,300

Bristow Group Inc. owns 49% of the share capital of Bristow Aviation Holdings Limited.

34 Post Balance Sheet Events

QTEQ Limited

In relation to the acquisition of Capiteq Limited (Airmorth) during the fiscal year, a separate put and call option deed was signed out with the share and purchase agreement. The call option for the company was to buy the further 15% equity in Airmorth from QTEQ Limited after six months from acquisition date. This purchase proposal has been agreed since the balance sheet date at a value of AU\$7.3million.