

Bristow Aviation Holdings Limited

Annual report and financial statements

Registered number 03234500

31 March 2019

FRIDAY



A8KQFUGR

A19

20/12/2019

#288

COMPANIES HOUSE

Contents

Strategic report	1
Directors' report	7
Statement of directors' responsibilities in respect of the annual report and the consolidated financial statements	9
Independent auditor's report to the members of Bristow Aviation Holdings Limited	10
Consolidated profit and loss account	13
Consolidated balance sheet	14
Company balance sheet	15
Consolidated cash flow statement	16
Consolidated statement of changes in equity	17
Company statement of changes in equity	18
Notes to the financial statements	19

Strategic report

Business Strategy and Objectives

Our goal is to strengthen our position as the leading industrial aviation services provider to the offshore energy industry and a leading industrial aviation services provider for civilian Search and Rescue (SAR), and to pursue additional business opportunities that leverage our strengths in these markets. Our vision is to be a safe, financially strong and diversified global leader, succeeding no matter how challenging market conditions may be. To achieve this goal and vision, we intend to employ our “STRIVE” strategy as follows:

- *Sustain Target Zero Safety Culture.* Safety will always be our number one focus. The best approach to be Target Zero is to continuously improve our safety systems and processes to allow us to become even safer and to build confidence in our industry and among our regulators with respect to the safety of helicopter transportation globally.
- *Train and Develop our People.* We continue to invest in employee training to ensure that we have the best workforce in the industry. We believe that the skills, talent and dedication of our employees are our most important assets, and we plan to continue to invest in them, especially in entry level learning, the continued control and ownership of our training assets, and creation of leadership programming.
- *Renew Commercial Strategy and Operational Excellence.* We are in the process of renewing both our commercial strategy to improve revenue productivity across our global markets and our operational strategy to serve our clients safely, reliably and efficiently. We believe that we need to renew these strategies in order to thrive in an economy that is undergoing long-term structural change.
- *Improve Balance Sheet and Return on Capital.* We seek to continue to improve our balance sheet and liquidity, and reduce our capital costs, with a goal of debt reduction and profitability. To achieve this we have historically practiced the principal of prudent balance sheet management and have proactively managed our liquidity position with cash flows from operations, as well as external financings.
- *Value Added Acquisitions and Divestitures.* We intend to pursue value-added acquisitions that don’t just make us bigger but make us better; that improve our competitive posture to thrive in an economy that is undergoing long-term structural change. We may also divest portions of our business or assets to narrow our product lines and reduce our operational footprint to reduce leverage and improve return on capital.
- *Execute on Bristow Transformation.* We intend to sustain our strategy and the effective transformation of our business by focussing on execution globally.

Strategic report (*continued*)

Business Review (*continued*)

Market outlook

Our core business is providing industrial aviation services to the worldwide oil and gas industry. We also provide public and private sector SAR services and fixed wing transportation services. Our global operations and critical mass of helicopters provide us with geographic and client diversity which helps mitigate risks associated with a single market or client.

The oil and gas business environment has experienced significant volatility since fiscal year 2015. Brent crude oil prices declined from approximately \$106 per barrel as of July 1, 2014 to a low of approximately \$26 per barrel in February 2016. A recovery in Brent crude oil prices followed to approximately \$77 per barrel as of June 27, 2018 with another decline to approximately \$44 per barrel as of December 27, 2018. Brent crude oil prices were approximately \$60 per barrel as of March 31, 2019 and have remained stable since that date.

The decrease in oil prices beginning in fiscal year 2015 was driven by increased global supply primarily from unconventional oil resources in the U.S. Permian Basin and forecasts of reduced demand for crude oil resulting from weaker global economic growth in many regions of the world. The oil price decline negatively impacted the cash flow of our customers and resulted in their implementation of measures to reduce operational and capital costs, negatively impacting helicopter activity beginning in fiscal year 2015. These cost reductions have continued into fiscal year 2019 and have impacted both the offshore production and the offshore exploration activity of our customers resulting in a change in the industry with continued focus on supply chain efficiencies without a similar offsetting decrease to our maintenance costs.

The largest share of our revenue relates to oil and gas production; however, our largest contract, the contract with the U.K. Department for Transport (the “DfT”) to provide public sector SAR services for all of the U.K. (the “U.K. SAR contract”), is not directly impacted by declining oil prices. The significant drop in the price of crude oil resulted in the rescaling, delay or cancellation of planned offshore projects and has negatively impacted our operations and could continue to negatively impact our operations in future periods.

To further reduce costs and make offshore drilling more economical, the industry is implementing technology-driven solutions that could result in increased transportation needs initially but could result in decreased activity once complete. Recently, we have seen opportunities in market share gains rather than increased activity. Our oil and gas markets remain competitive as material cost reductions and technological improvements have taken place in the offshore supply chain. The continued volatility of oil prices combined with the excess supply of aircraft could continue to impact the price and demand for helicopters and may continue to have a material impact on our financial position, cash flow and results of operations.

Bristow Group Inc.

On May 11, 2019 (the “Petition Date”), Bristow Group Inc. and seven of its subsidiaries, including two within the BAML group, BriLog Leasing Ltd. and Bristow Equipment Leasing Ltd. (together, the “Debtors”) filed voluntary petitions (the “Chapter 11 Cases”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”) seeking relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ Chapter 11 Cases are jointly administered under the caption *In re: Bristow Group Inc., et al.*, Main Case No. 19-32713.

The Debtors (including the two subsidiaries within BAML group) continued to operate their businesses and manage their properties as “debtors-in-possession” during the Chapter 11 process.

On October 31, Bristow Group Inc successfully exited from Bankruptcy.

Strategic report (continued)

Business Review (continued)

General operations overview and key performance indicators

Key performance indicators

The key performance indicators for the Group are represented below:

	2019 £000	2018 £000	Change %
Turnover	1,051,495	1,060,276	(1)%
Gross profit/(loss)	49,475	(8,986)	651%
Gross profit %	5%	(1)%	
Administrative expenses	(92,909)	(100,065)	(7)%
Other operating (charges)/income	(8,656)	60,491	(114)%
Loss before tax	(263,707)	(229,942)	(15)%

Turnover, excluding share of joint ventures' turnover, decreased slightly on the previous year.

Gross profit increased by £58.5m to £49.5m profit in the year to 31 March 2019. The gross profit percentage increased from (1)% to 5% in 2019. The improvement in the prior year gross loss relates to the inclusion in 2018 of impairment charges on aircraft, principally H225LP aircraft due to extended grounding by the EASA (European Aviation Safety Authority), of £71.3m and a loss on disposal of aircraft of £21.0m.

Administrative expenses reduced year on year.

Other operating charges in the year of £8.7m mainly relate to exchange losses of £15.8m (2018: £12.0m gain) offset by aircraft settlements of £5.7m (2018: £70.5m).

The group has a loss before tax of £263.7m (2018: £229.9m). The loss before tax includes interest payable and financing charges of £223.8m (2018: £188.1m).

Bristow continues to meet its pension obligations on an on-going basis; the overall net pension deficit reduced to £20m from £26m in 2018.

Capital expenditure in the year amounted to £16.5m (2018: £89.9m) which was mainly related to aircraft.

Strategic report *(continued)*

Business Review *(continued)*

European operations

Based on the number of aircraft operating, we are one of the largest providers of industrial aviation services in the North Sea, where there are harsh weather conditions and geographically concentrated offshore facilities. As of March 31, 2019, we operated our oil and gas operations in our Europe Caspian region from four bases in the U.K. and four bases in Norway. The offshore facilities in the Northern North Sea and Norwegian North Sea are large and require frequent crew change flight services. In the Southern North Sea, the facilities are generally smaller with some unmanned platforms requiring shuttle operations to up-man in the morning and down-man in the evening. We deploy the majority of the large aircraft in our consolidated fleet in the North Sea, where our customers are primarily major integrated and independent offshore energy companies. Our North Sea operations are subject to seasonality as drilling activity is lower during the winter months due to harsh weather and shorter days.

We provide commercial SAR services for a number of oil and gas companies operating in the Norwegian North Sea. We have the U.K. SAR contract with the DfT to provide public sector SAR services for all of the U.K. on behalf of the MCA. The U.K. SAR contract has a phased-in transition period that began in April 2015 and continued to July 2017, with a contract length of approximately ten years. We are currently operational at all ten SAR bases. Although the U.K. SAR contract calls for 11 U.K. SAR configured S-92s and 11 U.K. SAR configured AW189s, as of March 31, 2019, we are servicing this contract utilizing the following U.K. SAR configured aircraft: 13 S-92s (ten of which are leased) and 11 AW189s (four of which are leased).

Bristow Helicopters Limited owned a 100% interest in Eastern Airways, a regional fixed wing operator based in the U.K. Eastern Airways has approximately 530 employees and its operations focus on providing scheduled and charter services targeting U.K. oil and gas transport. Eastern Airways operates 31 fixed wing aircraft and provides technical support for two fixed wing aircraft operating in our Africa region. On May 10, 2019, we sold our ownership interest in Eastern Airways. We retained our ownership stake in Humberside Airport and continue to conduct our SAR operations from the Humberside base. Additionally, our Europe Caspian region includes operations in Turkmenistan. We operate one medium aircraft through our 51% interest in Turkmenistan Helicopters Limited, a Turkmenistan corporation that provides industrial aviation services to an international offshore energy company from a single location.

International operations

As of March 31, 2019, most of the aircraft in our Africa region operated in Nigeria, where we are the largest provider of industrial aviation services to the offshore energy industry. We have historically deployed a combination of small, medium and large aircraft in Nigeria and service a client base comprised mostly of major integrated offshore energy companies. We have four operational bases located as follows: Lagos, Eket and two in Port Harcourt. The marketplace for our services had historically been concentrated predominantly in the oil rich swamp and shallow waters of the Niger Delta area; however, more recently we have been undertaking work further offshore in support of deepwater exploration. Operations in Nigeria are subject to seasonality as the Harmattan, a dry and dusty trade wind, blows between the end of December and the middle of February. At times when the heavy amount of dust in the air severely limits visibility, our aircraft are unable to operate.

Strategic report *(continued)*

Business Review *(continued)*

International operations *(continued)*

In October 2015, we began providing fixed wing services to provide end-to-end transportation services for principally oil and gas industry customers and currently operate two fixed wing aircraft in support of this service.

As of March 31, 2019, we operated in Australia from three bases located in Western Australia, one base in Victoria and one base in Northern Territory. Our operating bases are located in the vicinity of the major offshore energy exploration and production fields in the North West Shelf, the Browse and Carnarvon basins of Western Australia and the Bass Straits in Victoria. Our customers in Australia are primarily major integrated offshore energy companies. Additionally, we provide SAR and medical evacuation services to the oil and gas industry in Australia and engineering support to the Republic of Singapore Air Force's fleet of helicopters at their base in Oakey, Queensland. Operations in the Asia Pacific region during the months of November through April may be impacted by cyclones that may reduce activity as we are unable to operate in the area of the storm.

Bristow Helicopters Australia Pty Ltd owns a 100% interest in Airnorth, a regional fixed wing operator based in Darwin, Northern Territory, Australia. Airnorth has approximately 270 employees and its operations focus on providing both charter and scheduled services targeting the energy and mining industries in Northern and Western Australia as well as international services to Dili, Timor-Leste. Airnorth operates 14 fixed wing aircraft.

Additionally, as of March 31, 2019, we operated seven large aircraft in Russia from three locations on Sakhalin Island, where we have provided industrial aviation services to international and domestic offshore energy companies and have operated a local SAR service. In April and June 2019, we sold our ownership interests in two entities related to these operations.

Competition

The helicopter and fixed wing businesses are highly competitive throughout the world. We compete directly against multiple providers in almost all of our operating regions. We have several significant competitors in the North Sea, Nigeria and Australia, and a number of smaller local competitors in other markets. Globally, we have seen a recent increase in competitive pressure and new regulation that could impact our ability to win future work. Competition has intensified, and new competitors could enter our industry if they are willing to make a significant capital investment, have access to working capital, onshore and offshore bases, personnel and operating experience. These requirements can be achieved with the appropriate level of client support and commitment. In addition, while not the predominant practice, certain of our customers and potential customers in the offshore energy industry perform their own industrial aviation services.

In most situations, customers charter aircraft on the basis of competitive bidding. On limited occasions, our customers renew or extend existing contracts without employing a competitive bid process. Contracts are generally awarded based on a number of factors, including price, quality of service, operational experience, record of safety, quality and type of equipment, client relationship and professional reputation. Incumbent operators typically have a competitive advantage in the bidding process based on their relationship with the client, knowledge of the site characteristics and existing facilities to support the operations. Because certain of our customers in the offshore energy industry have the capability to perform their own industrial aviation services, our ability to increase charter rates may be limited under certain circumstances.

Strategic report *(continued)*

Safety

Our well established global safety programme called “Target Zero” focuses on improved safety performance. Our safety vision is to have zero accidents, zero harm to people, and zero harm to the environment. The key components to achieving this are to improve safety culture and individual behaviour, increase the level of safety reporting by the frontline employees, increase accountability for addressing identified hazards by the operational managers and provide for independent oversight of the operational safety programmes.

Principal risks and uncertainties

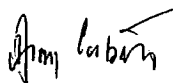
- Our future growth depends on the level of international oil and gas activity.
- Our failure to attract and retain qualified personnel could have an adverse effect on us.
- We face substantial competition in the industrial aviation services.
- Foreign exchange risks and controls may affect our financial 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.
- The group has a significant defined benefit pension obligation to fund.

Going concern

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

After incurring an operating loss of £52.1m and with consolidated net liabilities of £906.0m, the Group and Company is dependent on BGI Group Inc.’s financial support to provide additional funds which may be required to meet current and future cash flow requirements and to not seek repayment of amounts owed to the parent company and its subsidiaries. Bristow Group Inc. has indicated its intention to continue to make available such financial support for at least 12 months from the date of these financial statements.

By order of the board,



A Corbett
Director

Redhill Aerodrome
Kings Mill Lane
Redhill
Surrey
RH1 5JZ

18 December 2019

Directors' report

The directors present their report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the Group (also referred to as 'Bristow' or 'company') is to provide industrial aviation 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 2019 are set out on pages 13 to 62. The Group loss for the financial year after taxation was £274.7m (2018: £236.1m). Loss for the year attributable to shareholders of the parent company was £267.3m (2018: £233.6m).

The directors do not recommend the payment of a dividend (2018: *£nil*).

Pensions

The Group is showing a net pension deficit of £19.7m as at 31 March 2019 (2018: £26.4m). Movements in the valuation of the pension schemes are fully disclosed in the notes to the financial statements.

Further information is outlined in note 27.

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 themselves 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, Kings Mill 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:

J E Baliff	(resigned 28 February 2019)
S A King	(resigned 14 March 2019)
M S Masters	(resigned 30 January 2019)
A Corbett	
J Howell-Richardson	(appointed 30 January 2019)
L D Miller	(appointed 28 February 2019)
I A Godden	(appointed 14 March 2019)

The directors benefit from third party indemnity provisions in place during the financial year and at the date of this report.

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 (2018: *£nil*).

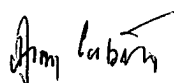
Financial instruments

Details of the Group's financial instruments and financial risk management are set out in note 23.

Auditor

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,



A Corbett
Director

Redhill Aerodrome
Kings Mill Lane
Redhill
Surrey
RH1 5JZ

18 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOW AVIATION HOLDINGS LIMITED

Opinion

We have audited the financial statements of Bristow Aviation Holdings Limited ("the company") for the year ended 31 March 2019 which comprise the Consolidated profit and loss account, Consolidated balance sheet, Company balance sheet, Consolidated cash flow statement, Consolidated statement of changes in equity, Company statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

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

Going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOW AVIATION HOLDINGS LIMITED (continued)

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

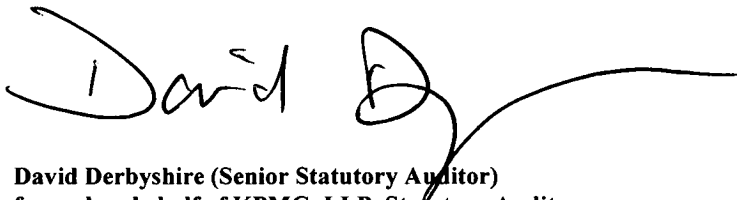
A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOW
AVIATION HOLDINGS LIMITED (*continued*)**

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

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

A handwritten signature in black ink, appearing to read 'David D', with a long horizontal flourish extending to the right.

**David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

37 Albyn Place

Aberdeen

AB10 1JB

19 December 2019

Consolidated profit and loss account
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	1,051,495	1,060,276
Cost of sales		(1,002,020)	(1,069,262)
Gross profit/ (loss)		49,475	(8,986)
Administrative expenses		(92,909)	(100,065)
Other operating (expenses)/income	5	(8,656)	60,491
Group operating loss		(52,090)	(48,560)
Share of operating profit in:			
Associates	13	123	144
Interest receivable and similar income	6	12,053	6,558
Interest payable and similar expenses	7	(223,793)	(188,084)
Loss before taxation	8	(263,707)	(229,942)
Tax on loss	9	(11,016)	(6,124)
Loss for the financial year		(274,723)	(236,066)
Other comprehensive income			
Foreign exchange on translation of foreign operations		40,634	(107,055)
Actuarial (loss)/gain on defined benefit pension scheme	27	(2,651)	11,816
Current tax attributable to loss		2,008	2,078
Movement on deferred tax relating to pension deficit	21	(4,491)	(3,878)
		35,500	(97,039)
Total comprehensive income for the year		(239,223)	(333,105)
<i>Loss for the year attributable to</i>			
Shareholders of the parent company		(267,314)	(233,591)
Non-controlling interest		(7,409)	(2,475)
Total loss		(274,723)	(236,066)
<i>Total comprehensive income attributable to</i>			
Shareholders of the parent company		(285,012)	(245,782)
Non-controlling interest		45,789	(87,323)
Total comprehensive income		(239,223)	(333,105)

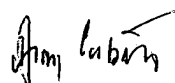
The notes on pages 19 to 62 form part of these financial statements.

Consolidated balance sheet
at 31 March 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Goodwill	10	3,176		6,683	
Intangible assets	11	1,076		3,776	
Tangible assets	12	522,168		531,742	
Investments	13	576		763	
			526,996		542,964
Current assets					
Stocks	14	63,205		67,054	
Debtors - due within one year	15	193,346		202,591	
Debtors - due over one year	16	469,304		450,548	
Cash at bank and in hand	17	64,999		65,310	
		790,854		785,503	
Creditors: amounts falling due within one year	18	(293,877)		(393,993)	
Net current assets			496,977		391,510
Total assets less current liabilities			1,023,973		934,474
Creditors: amounts falling due after more than one year	19		(1,910,155)		(1,573,708)
Pension liabilities	27		(19,747)		(26,417)
Provisions	21		(95)		(683)
Net liabilities			(906,024)		(666,334)
Capital and reserves					
Called up share capital	22		10,000		10,000
Revaluation reserve	22		1,531		1,422
Profit and loss account	22		(1,650,895)		(1,365,774)
Deficit attributable to parent's shareholders			(1,639,364)		(1,354,352)
Non-controlling interest			733,340		688,018
Deficit in shareholders' funds			(906,024)		(666,334)

The notes on pages 19 to 62 form part of these financial statements.

These financial statements were approved by the board of directors on 18 December 2019 and were signed on its behalf by:



A Corbett
Director

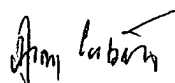
Company number: 03234500

Company balance sheet
at 31 March 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	13		101,000		101,000
Current assets					
Debtors - due within one year	15	-		-	
Debtors - due over one year	16	8,712		8,207	
Creditors: amounts falling due within one year	18	<u>(5,100)</u>		<u>(4,935)</u>	
Net current assets			3,612		3,272
Total assets less current liabilities			104,612		104,272
Creditors: amounts falling due after more than one year	19		(1,675,739)		(1,470,588)
Net liabilities			(1,571,127)		(1,366,316)
Capital and reserves					
Called up share capital	22		10,000		10,000
Profit and loss account	22		(1,581,127)		(1,376,316)
Deficit in shareholders' funds			(1,571,127)		(1,366,316)

The notes on pages 19 to 62 form part of these financial statements.

These financial statements were approved by the board of directors on 18 December 2019 and were signed on its behalf by:



A Corbett
Director

Company number: 03234500

Consolidated cash flow statement
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Cash flow statement			
Cash flows from operating activities			
Loss for the year		(274,723)	(236,066)
Adjustments for:			
Depreciation	12	45,427	58,627
Impairment charge of fixed assets	12	687	84,248
Goodwill and intangible amortisation	10,11	6,252	4,358
Impairment of investment	13	310	2,465
Loss on disposal of tangible fixed assets	5	1,200	20,983
Share of operating profit in associates	13	(123)	(144)
Interest receivable and similar income	6	(12,053)	(6,558)
Interest payable and similar expenses	7	223,793	188,084
Taxation	9	11,016	6,124
Decrease in stocks	14	3,849	3,895
(Increase)/decrease in debtors		14,308	18,854
Increase/(decrease) in creditors		62,299	(101,364)
(Decrease) in provisions and employee benefits		(9,844)	(12,182)
Tax Paid		(8,178)	(12,379)
Net cash inflows/(outflows) from operating activities		64,220	18,945
Cash flows from investing activities			
Acquisition of tangible fixed assets		(16,496)	(22,636)
Proceeds from sale of tangible fixed assets		4,463	31,429
Net cash from investing activities		(12,033)	8,793
Cash flows from financing activities			
Proceeds from new external loans		-	165,083
Interest paid		(18,050)	(5,846)
Repayment of external borrowings		(28,509)	(7,994)
Loans to group undertakings		-	(124,926)
Dividends		(467)	(59,818)
Net cash from financing activities		(47,026)	(33,501)
Increase/(decrease) in cash and cash equivalents		5,161	(5,763)
Cash and cash equivalents at 1 April	17	58,902	69,116
Effect of exchange rate fluctuations on cash held		936	(4,451)
Cash and cash equivalents at 31 March	17	64,999	58,902

The notes on pages 19 to 62 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2019

2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total shareholders' equity	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	10,000	2,433	(1,121,003)	(1,108,570)	835,159	(273,411)
Total comprehensive income for the year						
Profit or loss	-	-	(233,591)	(233,591)	(2,475)	(236,066)
Other comprehensive income	-	140	(12,331)	(12,191)	(84,848)	(97,039)
Total comprehensive income for the year	-	140	(245,922)	(245,782)	(87,323)	(333,105)
Transfer to profit and loss account	-	(1,151)	1,151	-	-	-
<i>Shareholder transactions recorded in equity</i>						
Dividends	-	-	-	-	(59,818)	(59,818)
Balance as at 31 March 2018	10,000	1,422	(1,365,774)	(1,354,352)	688,018	(666,334)

2019

	Called up share capital	Revaluation reserve	Profit and loss account	Total shareholders' equity	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	10,000	1,422	(1,365,774)	(1,354,352)	688,018	(666,334)
Total comprehensive income for the year						
Profit or loss	-	-	(267,314)	(267,314)	(7,409)	(274,723)
Other comprehensive income	-	109	(17,807)	(17,698)	53,198	35,500
Total comprehensive income for the year	-	109	(285,121)	(285,012)	45,789	(239,223)
Transfer to profit and loss account	-	-	-	-	-	-
<i>Shareholder transactions recorded in equity</i>						
Dividends	-	-	-	-	(467)	(467)
Balance as at 31 March 2019	10,000	1,531	(1,650,895)	(1,639,364)	733,340	(906,024)

The notes on pages 19 to 62 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 March 2019

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	10,000	(1,198,796)	(1,188,796)
Total comprehensive income for the year			
Profit or loss	-	(177,520)	(177,520)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(177,520)	(177,520)
Transactions with owners, recorded directly in equity	-	-	-
Balance as at 31 March 2018	10,000	(1,376,316)	(1,366,316)

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	10,000	(1,376,316)	(1,366,316)
Total comprehensive income for the year			
Profit or loss	-	(204,811)	(204,811)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(204,811)	(204,811)
Transactions with owners, recorded directly in equity	-	-	-
Balance as at 31 March 2019	10,000	(1,581,127)	(1,571,127)

The notes on pages 19 to 62 form part of these financial statements.

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

1 Accounting policies

Bristow Aviation Holdings Limited is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 03234500 and the registered address is Redhill Aerodrome, Kings Mill Lane, Redhill, RH1 5JZ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

Basis of preparation

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

Going concern

Notwithstanding an operating loss of £52.1m for the year ended 31 March 2019 and with consolidated net liabilities of £906.0m at 31 March 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent undertaking, Bristow Group Inc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bristow Group Inc. not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £106.1m (falling due within one year), and providing additional financial support during that period. Bristow Group Inc. as indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Notes (continued)

1 Accounting policies (continued)

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 2019. 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 control commences to the date that control ceases.

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. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an undertaking in which the Group has significant influence but not control over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is a contractual arrangement 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 using the equity method.

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 £204.8m (2018: £177.5m).

In the parent financial statements, investments in subsidiaries and associates are carried at cost less impairment.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

Group structure and minority interest

Bristow Aviation Holdings Limited (“BAHL”) is general partner in Bristow Worldwide Limited Partnership (“BWWLP”). 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 BWWLP 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 25. 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 BWWLP 100% of the issued share capital of Brillog Leasing Limited (“BLL”) and Bristow Cayman Limited (“BCL”) as capital, 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 BWWLP, 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 BWWLP, 5% of the ordinary share capital of BHGL and 95.8824% of the ordinary share capital of BLL and BCL. Profits of the BWWLP 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 BWWLP, 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 recognizes non-controlling interest of 5% of BHGL and 95.8824% of BLL and BCL results as non-controlling interests in reserves.

Notes (continued)

1 Accounting policies (continued)

Intangible assets (including goodwill)

Goodwill

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, is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

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 (2018: £15,858,000).

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

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.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are 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

The basis for choosing these useful lives is the period over which the Group expects to derive economic benefits from these assets.

Goodwill is amortised to nil by equal instalments over its estimates useful life of up to 5 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 *Impairment of assets* when there is an indication that goodwill or an intangible asset may be impaired.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets, capitalised interest costs and depreciation

Tangible fixed assets are stated at cost/deemed cost net of depreciation and any provision for impairment. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in the expenses policy below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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 & rotatable spares	-	2 – 15 years with a 30% - 50% residual value

No depreciation is provided on freehold land.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

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.

Notes (continued)

1 Accounting policies (continued)

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or, if it has been integrated, then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation. In this case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes (continued)

1 Accounting policies (continued)

Expenses (continued)

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, and branches, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee benefits *(continued)*

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the entity receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the entity's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss. As the company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 26.

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.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

2 Turnover

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

Turnover is recognised when it is realised or realisable, and earned. Turnover 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, turnover 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.

	2019 £000	2018 £000
Analysis of turnover by class of business:		
Helicopter services	1,051,495	1,060,276
Analysis of turnover by country of destination:		
United Kingdom	440,742	453,740
Europe	250,328	229,330
Rest of world	360,425	377,206
	1,051,495	1,060,276

3 Remuneration of directors

	2019 £000	2018 £000
Directors’ emoluments	504	282
Amounts receivable under long term incentive schemes	98	-
Company contributions to money purchase pension schemes	37	26
	639	308

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £476,970 (2018: £282,114), and company pension contributions of £35,114 (2018: £26,458) were made to a money purchase scheme on his behalf.

Notes (continued)

3 Remuneration of directors (continued)

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	2	1
	<u> </u>	<u> </u>
The number of directors who exercised share options	-	-
	<u> </u>	<u> </u>

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	
	2019	2018
Operating staff	2,600	2,886
Management and administration	505	681
	<u> </u>	<u> </u>
	3,105	3,567
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	227,147	259,417
Social security costs	23,341	24,834
Defined contribution pension costs (note 27)	21,917	20,425
Defined benefit pension costs (note 27)	20	25
	<u> </u>	<u> </u>
	272,425	304,701
	<u> </u>	<u> </u>

During the year, share based payment costs of £2.2m (2018: £1.8m) were charged in the year (note 26).

5 Other operating (expenses)/income

	2019	2018
	£000	£000
Exchange movements	(15,799)	12,010
Loss on disposal of tangible fixed assets	(1,200)	(20,983)
OEM settlement	5,728	70,542
Amounts written off investments	-	(2,465)
Other expenses	2,615	1,387
	<u> </u>	<u> </u>
	(8,656)	60,491
	<u> </u>	<u> </u>

Notes (continued)

6 Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable	583	1,043
Interest receivable from related companies	11,470	5,515
	<u>12,053</u>	<u>6,558</u>

7 Interest payable and similar expenses

	2019 £000	2018 £000
Interest on related party loans	205,220	180,187
Interest on other loans	18,050	6,859
Interest on defined benefit pension scheme	523	1,038
	<u>223,793</u>	<u>188,084</u>

Interest on related party loans arises mainly on the principal and unpaid interest balance of the Group's unsecured 13.5% loan stock.

8 Expenses and auditor's remuneration

	2019 £000	2018 £000
<i>Loss before taxation is stated after charging:</i>		
Depreciation:		
Owned assets	45,427	58,627
Impairment charge on tangible fixed assets	687	84,248
Operating lease rental expenses	152,014	165,326
Amortisation of goodwill	3,553	3,697
Amortisation of intangible assets	2,699	661
Cost of stock recognised as an expense	1,321	570
Impairment of stock recognised as an expense	7,713	3,274
	<u></u>	<u></u>

Auditor's Remuneration

	2019 £000	2018 £000
Audit of these financial statements	49	49
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	1,023	1,051
Taxation compliance services	148	164
Other tax advisory services	182	5
Other assurance services	-	21
	<u></u>	<u></u>

Notes (continued)

9 Taxation

Analysis of charge in year

	2019 £000	2019 £000	2019 £000	2018 £000	2018 £000	2018 £000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	11,647	(631)	11,016	7,966	(1,842)	6,124
Recognised in other comprehensive income	(2,008)	4,491	2,483	(2,078)	3,878	1,800
	<u>9,639</u>	<u>3,860</u>	<u>13,499</u>	<u>5,888</u>	<u>2,036</u>	<u>7,924</u>

Analysis of charge in year in profit and loss

	2019 £000	2018 £000
<i>UK corporation tax</i>		
Current tax on income for the year	3,192	2,262
Double taxation relief	(1,290)	(89)
	<u>1,902</u>	<u>2,173</u>
<i>Foreign tax</i>		
Current tax on income for the year	9,000	7,500
	<u>10,902</u>	<u>9,673</u>
Adjustments in respect of prior year		
UK corporation tax	-	170
Foreign tax	745	(1,877)
	<u>11,647</u>	<u>7,966</u>
Share of joint ventures' tax	-	-
Total current tax charge	<u><u>11,647</u></u>	<u><u>7,966</u></u>
Deferred taxation		
Origination and reversal of timing differences – current year	(631)	(1,635)
Origination and reversal of timing differences – prior years	-	(267)
Rate change	-	60
	<u>(631)</u>	<u>(1,842)</u>
Total deferred tax	<u><u>(631)</u></u>	<u><u>(1,842)</u></u>
Total tax on loss	<u><u>11,016</u></u>	<u><u>6,124</u></u>

Notes (continued)

9 Taxation (continued)

Tax reconciliation

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

	2019 £000	2018 £000
Loss for the year	(274,723)	(236,066)
Total tax expense	(11,016)	(6,124)
	<hr/>	<hr/>
Loss excluding taxation	(263,707)	(229,942)
	<hr/>	<hr/>
Tax at 19% (2018: 19%)	(50,104)	(43,689)
Effects of:		
Net expenses and income not deductible for tax purposes	42,147	35,615
Losses not recognised for tax	14,507	12,578
Tax rate differentials on overseas earnings	(1,673)	(2,349)
Impact on rate change on deferred tax balances	-	60
Irrecoverable overseas withholding tax	5,394	5,883
	<hr/>	<hr/>
	10,271	8,098
Adjustments to tax charge in respect of previous periods	745	(1,974)
	<hr/>	<hr/>
Total tax charge	11,016	6,124
	<hr/>	<hr/>

Factors affecting the future tax charge

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on these rates.

Notes *(continued)*

10 Goodwill

Group

£000

Cost

At beginning of year	40,400
Exchange movements	(52)

At end of year	40,348
----------------	--------

Amortisation and impairment

At beginning of year	33,717
Charge for the year	3,553
Exchange movements	(98)

At end of year	37,172
----------------	--------

Net book value

At 31 March 2019	3,176
-------------------------	--------------

At 31 March 2018	6,683
------------------	-------

Notes (continued)

11 Intangible assets

Group	Contracts £000	Customer relationships £000	Licences £000	Trademarks and Trade Name £000	Internally Developed Software £000	Total £000
Cost						
At beginning of year	4,626	8,832	440	3,519	821	18,238
Exchange adjustments	(74)	(22)	(8)	(1)	-	(105)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	4,552	8,810	432	3,518	821	18,133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation and impairment						
At beginning of year	4,626	7,831	414	907	684	14,462
Exchange adjustments	(74)	(22)	(8)	-	-	(104)
Charge for year	-	178	26	2,358	137	2,699
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	4,552	7,987	432	3,265	821	17,057
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2019	-	823	-	253	-	1,076
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	-	1,001	26	2,612	137	3,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Tangible assets

Group	Land and buildings £000	Aircraft £000	Plant, equipment and rotatable spares £000	Assets in course of construction £000	Total £000
Cost					
At beginning of year	86,859	527,988	65,808	18,193	698,848
Exchange adjustments	326	29,328	543	622	30,819
Additions	3,869	7,965	2,541	2,121	16,496
Transfers	5,211	-	3,737	(8,948)	-
Disposals	(370)	(8,615)	(2,831)	(559)	(12,375)
At end of year	95,895	556,666	69,798	11,429	733,788
Depreciation					
At beginning of year	21,355	112,962	32,789	-	167,106
Exchange adjustments	189	4,607	316	-	5,112
Charge for the year	3,722	28,546	13,159	-	45,427
Disposals	(2,552)	(4,132)	(28)	-	(6,712)
Impairment losses	-	687	-	-	687
At end of year	22,714	142,670	46,236	-	211,620
Net book value					
At 31 March 2019	73,181	413,996	23,562	11,429	522,168
At 31 March 2018	65,504	415,026	33,019	18,193	531,742

Capitalised interest on aircraft for the year ended 31 March 2019 was £nil (2018: £0.3m).

Construction in progress is mainly progress payments on aircraft purchases and facility construction.

Aircraft impairment relates to individual aircraft and is principally based on forecasted future earnings and discounted cash flows.

Further analysis of land and buildings:

The net book value of land and buildings comprises:	2019 £000	2018 £000
Freehold	18,520	17,830
Short leasehold	2,380	2,367
Long leasehold	52,281	45,307
	73,181	65,504

Notes *(continued)*

13 Fixed asset investments

	Interests in associated undertakings £000
Group	
<i>Cost</i>	
At beginning of year	3,228
Additions	-
Share of current year profits	123
	<hr/>
At end of year	3,351
	<hr/>
<i>Provisions</i>	
At beginning of year	2,465
Provision	310
	<hr/>
At end of year	2,775
	<hr/>
<i>Net book value</i>	
At 31 March 2019	576
	<hr/>
At 31 March 2018	763
	<hr/>

Notes (continued)

13 Fixed asset investments (continued)

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

	2019 £000	2018 £000
Turnover	2,317	2,159
Profit/(loss) before tax	123	144
Taxation	-	-
Profit/(loss) after tax	123	144

Company	Shares in subsidiary undertakings £000
Cost	
At beginning and end of year	101,000
Provisions	
At beginning and end of year	-
Net book value	
At 31 March 2019	101,000
At 31 March 2018	101,000

The subsidiary and associated undertakings at 31 March 2019 are shown in note 25.

Notes (continued)

14 Stocks

Group	2019 £000	2018 £000
Raw materials and consumables	63,177	67,010
Work in progress	28	44
	<u>63,205</u>	<u>67,054</u>

Raw materials and consumables and changes in finished goods and work in progress recognised as cost of sales amounted to £1,320,634 (2018: £570,414). The write-down of stocks to net realisable value amounted to £7,713,371 (2018: £3,274,011). The write-down in the current year principally related to H225 aircraft related inventory.

15 Debtors: amounts due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	127,743	125,319	-	-
Amounts due from associated undertakings	4,729	4,175	-	-
Amounts due from related company	15,560	17,532	-	-
Corporation tax debtor	819	1,691	-	-
Other debtors	12,249	13,564	-	-
Deferred tax (see note 21)	-	4,494	-	-
Prepayments and accrued income	32,246	35,816	-	-
	<u>193,346</u>	<u>202,591</u>	<u>-</u>	<u>-</u>

16 Debtors: amounts due after more than one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Other debtors	11,233	4,145	-	-
Amounts due from subsidiary undertakings	-	-	8,712	8,207
Amounts due from related company	429,081	409,417	-	-
Prepayments and accrued income	28,990	36,986	-	-
	<u>469,304</u>	<u>450,548</u>	<u>8,712</u>	<u>8,207</u>

Notes (continued)

17 Cash and cash equivalents/bank overdrafts

Group	2019 £000	2018 £000
Cash at bank and in hand	64,999	65,310
Bank overdrafts	-	(6,408)
Cash and cash equivalents per cash flow statements	64,999	58,902

18 Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Finance loan	4,238	4,239	-	-
Secured loans	2,176	1,951	-	-
Term loan	13,473	158,957	-	-
Bank loan	-	16,758	-	-
Trade creditors	58,008	51,926	-	-
Amounts owed to subsidiary undertakings	-	-	5,004	4,885
Amounts owed to related company	106,064	46,101	-	-
Corporation tax payable	2,510	1,965	96	50
Taxation and social security	8,641	10,868	-	-
Other creditors	29,721	20,874	-	-
Accruals and deferred income	69,046	80,354	-	-
	293,877	393,993	5,100	4,935

19 Creditors: amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Finance loan	58,974	63,211	-	-
Secured loans	6,311	7,910	-	-
Term loan	145,226	-	-	-
Unsecured subordinated loan stock at 13.5% p.a.	1,675,739	1,470,588	1,675,739	1,470,588
Other creditors	17,975	23,628	-	-
Amounts owed to related company	5,930	8,358	-	-
Accruals and deferred income	-	13	-	-
	1,910,155	1,573,708	1,675,739	1,470,588

Notes (continued)

20 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Creditors falling due more than one year				
Finance loan	58,974	63,211	-	-
Secured loans	6,311	7,910	-	-
Term loan	145,226	-	-	-
Unsecured subordinated loan stock at 13.5% p.a.	1,675,739	1,470,588	1,675,739	1,470,588
	<u>1,886,250</u>	<u>1,541,709</u>	<u>1,675,739</u>	<u>1,470,588</u>

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Creditors falling due within less than one year				
Finance loan	4,238	4,239	-	-
Secured loans	2,176	1,951	-	-
Term loan	13,473	158,957	-	-
Bank loan	-	16,758	-	-
	<u>19,887</u>	<u>181,905</u>	<u>-</u>	<u>-</u>

Notes (continued)

20 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 £000	2018 £000
Unsecured subordinated loan stock 13.5%	GBP	13.5%	-	Callable once other debt is repaid	91,000	91,000
Unsecured subordinated loan stock 13.5% accrued interest	GBP	13.5%	-	Callable once other debt is repaid	1,584,739	1,379,588
Secured loan	AUD	5.10%	2020	Within 1 year	359	315
Secured loan				Greater than 1 year	-	-
Secured loan	USD	3.10%	2023	Within 1 year	1,817	1,636
				Greater than 1 year	6,311	7,910
Finance loan	GBP	2.5116%	2024	Within 1 year	4,238	4,239
				Greater than 1 year	58,974	63,211
Bank loan	GBP	LIBOR+1.75%	2019	Within 1 year	-	10,350
				Greater than 1 year	-	-
Overdraft	GBP	1.98%	2019	Within 1 year	-	6,408
Term loan	USD	6.25%	2023	Within 1 year	13,473	158,957
				Greater than 1 year	145,226	-
					<u>1,906,137</u>	<u>1,723,614</u>

The finance loan totalling £63.2m (2018: £67.5m) is a secured loan. It is guaranteed by Bristow Group Inc. and is secured over five aircraft. The net book value of fixed assets pledged as security against this loan is £66.7m (2018: £70.6m).

There is a secured loan and overdraft totalling £8.5m (2018:£16.3m), which is guaranteed by Bristow Group Inc.

The term loan of £158.7m (2018: £159.0m). Twenty four aircraft are pledged as collateral for the term loan. The term loan is also secured by a pledge of all shares of the borrower and any other assets of the borrower, and is guaranteed by Bristow Group Inc.

Certain loans and financing arrangements within the Bristow Group Inc. are secured over assets or shares held by the company or its subsidiaries.

The unsecured subordinated loan stock at 13.5% p.a. is due to Bristow International Panama S de RL and is callable only after settlement of all other pari passu and senior debts.

As at 31 March 2018, the Group identified a non-financial covenant breach relating to the Term loan at 31 March 2018 and consequently the directors were required to classify the entire Term Loan as a current liability at 31 March 2018. The financial covenant breach was fully waived by the lender subsequent to the year end and at 31 March 2019 the relevant proportion of the loan has been reclassified as falling due after more than one year, in line with its contractual terms.

Notes *(continued)*

21 Deferred taxation

	Deferred tax asset 2019 £000	Deferred tax asset 2018 £000	Deferred tax liability 2019 £000	Deferred tax liability 2018 £000	Deferred tax total 2019 £000	Deferred tax total 2018 £000
Group						
At beginning of year	4,494	7,370	(683)	(1,772)	3,811	5,598
Exchange	-	24	(46)	225	(46)	249
Movement in provision (charged)/ credited to the profit and loss account during the year	(3)	1,842	634	-	631	1,842
Movement in provision charged to reserves for year	(4,491)	(4,742)	-	864	(4,491)	(3,878)
	<u>-</u>	<u>4,494</u>	<u>(95)</u>	<u>(683)</u>	<u>(95)</u>	<u>3,811</u>
At end of year						
Recognised as:						
Deferred tax asset (see note 15)					-	4,494
Deferred tax liability					(95)	(683)
Deferred tax is provided as follows:						
Accelerated capital allowances	-	(24)	(3)	(274)	(3)	(298)
Other short term timing differences	-	27	(92)	(409)	(92)	(382)
Pension deficit	-	4,491	-	-	-	4,491
	<u>-</u>	<u>4,494</u>	<u>(95)</u>	<u>(683)</u>	<u>(95)</u>	<u>3,811</u>

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £253.5m (2018: £179.6m).

Notes (continued)

22 Share capital and reserves

Called up share capital

	2019 £000	2018 £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/>	<hr/>
	10,000	10,000
	<hr/>	<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.

Profit and Loss Account

The profit and loss account comprises cumulative undistributed earnings of the Group.

Revaluation Reserve

The revaluation reserve arose on the revaluation of aircraft on transition to FRS 102.

Notes (continued)

23 Financial instruments

Carrying amount of financial instruments

The Group's principal financial instruments are cash and cash equivalents, bank loans, trade creditors and trade debtors. Financial instruments also comprise inter-company balances.

The carrying amounts of the financial assets and liabilities include amounts carried at amortised cost, comprising debtors and creditors, as disclosed in notes 15, 16, 18 and 19 and cash and cash equivalents (note 17). No material financial assets or liabilities were carried at fair value at the current or prior period end.

Financial risk management

The Group operates a decentralised treasury management which is responsible for managing the credit, liquidity, interest and foreign currency risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk arises from bank balances and trade receivables from customers. Management of credit risk is a prime objective of the Group. At 31 March 2019, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet. The bulk of the Group's business is conducted with large companies which have strong credit ratings. Management is of the opinion that adequate provision currently exists in respect of trade receivables.

The concentration of credit risk of liquid funds and financial instruments with individual bank counter-parties is monitored. The Group's exposure and the credit ratings of its counterparties are monitored.

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities. Cash flow forecasts form part of the Group's annual planning process and are revised during the financial period. Details of long term borrowing facilities available for the Group are set out in note 20.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the Group. The majority of the Group's business is conducted outside of the UK (note 2). Foreign currency risk is monitored on a weekly basis. From time to time, forward contracts may be used to mitigate the risk of adverse exchange rate movements.

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items or changes in interest income or expenses. Where appropriate, the Group will use interest rate swaps and collars to manage the risk relating to interest rate fluctuations.

24 Contingent liabilities

UK Bank facilities

The company is party to bank agreements guaranteeing its obligations and those of certain of its subsidiary undertakings. The agreement contains 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 2019 there was a £2.5m (2018: £1.5m) facility for revolving credit and guarantee facilities in place with National Westminster Bank Plc. On 31 March 2019 the amount due under revolving credit and guarantee facilities was £2.3m (2018: £0.9m).

Notes (continued)

24 Contingent liabilities (continued)

Legal issues

In November 2005, two of our consolidated foreign affiliates were named in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr. Benneth Osita Onwubalili and his affiliated company, Kensit Nigeria Limited, which allegedly acted as agents of our affiliates in Nigeria. The claimants allege that an agreement between the parties was terminated without justification and seek damages of \$16.3 million. We responded to this claim in early 2006. There has been minimal activity on this claim since then.

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.

25 Subsidiary and associated undertakings

Name	Registered address	Principal activity	Class	% held
Subsidiary undertakings				
Air Kilroe Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide fixed wing services	Ordinary	95.0
Air South West Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Dormant	Ordinary	95.0
Aviashelf*	420 Mira Ave Yuzhno-Sakhalinsk, Russia, 693000	Provide helicopter services	Ordinary	46.1
BGI International Limited*	2103 City West Boulevard, 4 th Floor, Houston, TX 77042	Provide helicopter services	Ordinary	4.1176
Bristow Caribbean Limited*	Golden Grove Road, Hangar #4 Piarco International Airport Arouca, Trinidad & Tobago	Provide helicopter services	Ordinary	95.0
Bristow Cayman Limited*	2103 City West Boulevard, 4 th Floor, Houston, TX 77042	Holding company	Ordinary	4.1176
Bristow Helicopters Australia Pty Ltd*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide helicopter services	Ordinary	95.0
Bristow Helicopters Group Limited	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Holding company	Ordinary Deferred	95.0 95.0
Bristow Helicopters (International) Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide helicopter services	Ordinary Preference	95.0 95.0
Bristow Helicopters Leasing Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide aircraft lease rentals	Ordinary	57.0
Bristow Helicopters Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide helicopter services	Ordinary 5% Non- cumulative preference	95.0 95.0
Bristow Helicopters (Nigeria) Limited*	General Aviation Area, Murtala Mohammed Airport, Ikeja, Lagos, Nigeria	Provide helicopter services	Ordinary	45.6
Bristow International Aviation (Guernsey) Limited*	Canada Court, Upland Road, St Peters Prt, Guernsey, GY1 4AT	Provide personnel to support aviation	Ordinary	95.0
Brilog Leasing Limited*	2103 City West Boulevard, 4 th Floor, Houston, TX 77042	Provide aircraft lease rentals	Ordinary	4.1176

Notes (continued)

25 Subsidiary, joint venture and associated undertakings (continued)

Bristow International Leasing Limited*	2103 City West Boulevard, 4 th Floor, Houston, TX 77042	Provide aircraft lease rentals	Ordinary	4.1176
Bristow Norway A.S.*	Flyplassveien 260, 4050 Sola, Rogaland, Norway	Provide helicopter services	Ordinary	95.0
Bristow Southeast Asia Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide helicopter services	Ordinary	95.0
Bristow Technical Services Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide technical services	Ordinary	95.0
Caledonian Helicopters Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide helicopter services	Ordinary	95.0
Eastern Airways Europe Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Holding company	Ordinary	95.0
Eastern Airways International Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Holding company	Ordinary	95.0
Eastern Airways IOM Limited*	3 rd Floor, Analyst House, Peel Road, Douglas, IM1 4LZ, Isle of Man	Dormant	Ordinary	95.0
Eastern Airways Share Plan Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Holding company	Ordinary	95.0
Eastern Airways (UK) Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide fixed wing services	Ordinary	95.0
Easternhill Estates Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Property ownership	Ordinary	95.0
Humberside International Airport Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Airport operator	Ordinary	78.565
Regional Handling Limited*	3 rd Floor, Analyst House, Peel Road, Douglas, Isle of Man	Dormant	Ordinary	95.0
Sakhalin Bristow Air Services Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide survival suits	Ordinary	57.0
United Helicopters Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Holding company	Ordinary	95.0
Aircraft Logistics Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide personnel to support aviation	Ordinary	95.0
Asia Pacific Air Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provides helicopter services	Ordinary	95.0
Capiteq Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provides fixed wing services	Ordinary	95.0
Syncom Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide aircraft lease rentals	Ordinary	95.0
Aircrew Logistics Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide personnel to support aviation	Ordinary	95.0
Airnorth Fleet Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide aircraft lease rentals	Ordinary	95.0
E170 Fleet Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide aircraft lease rentals	Ordinary	95.0
Bristow Aerial Solutions Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provides UAV services	Ordinary	95.0
Steadycontrast Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Dormant	Ordinary	78.565
Bristow Staff Pension Scheme Trustees Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Trustee of the Bristow Staff Pension Scheme	Ordinary	95.0
BGI Aviation Technical Services (Overseas) Limited*	Redhill Aerodrome, Redhill, Surrey, RH1 5JZ	Provide technical services	Ordinary	95.0
Bristow Helicopters (Ghana) Limited*	2 nd floor, Vanguard House, No 21 Independence Avenue, Ridge-Accra, Ghana	Dormant	Ordinary	95.0
Bristow Travel Propriety Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide travel services	Ordinary	95.0
Kingsmill Insurance Company Limited*	Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT	Provide insurance services	Ordinary	95.0

Notes (continued)

25 Subsidiary, joint venture and associated undertakings (continued)

Bristow Management Services Pty Limited*	130 Fauntleroy Ave, Redcliffe, WA 6104	Provide engineering services	Ordinary	95.0
Bristow Aircraft Leasing Limited*	Redhill Aerodrome, Surrey, RH1 5JZ	Provide aircraft lease rentals	Ordinary	95.0
Atyrau-Bristow Airways Services Limited*	Atyrau Airport, Atyrau, 465050, Kazakhstan	Provide helicopter services	Ordinary	47.0
Bristow Worldwide LP	Redhill Aerodrome, Surrey, RH1 5JZ	Holding Partnership	Ordinary	4.1176
Bristow Equipment Leasing Limited*	2103 City West Boulevard, 4 th Floor, Houston, TX 77042	Provide helicopter services	Ordinary	4.1176
Associates				
Turkmenistan Helicopters Limited*	54, Turkmenbashi av, Yimpash Business Centre /room 506/ Ashgabat, 744000 Turkmenistan	Provide helicopter services	Ordinary	48.5
Sky Futures Partners Limited	The Old Vinyl Factory, Blyth Road, Hayes, Middlesex, England, UB31 1HA	Provide UAV inspection services	Ordinary	16.3%

* Indicates entities held indirectly.

After the year end the group disposed of its investments in the Eastern Group of companies (with the exception of Humberside International Airport Ltd), Bristow Helicopter Leasing Limited and Aviasheff.

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)

26 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 (the “2007 Plan”). As of March 31, 2019, a maximum of 10,646,729 shares of Common Stock are reserved, including 2,207,294 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 our Common Stock) or performance awards, or any combination thereof, and may be made to outside directors, employees or consultants.

In addition, we have the following incentive and stock plans which have awards outstanding as of March 31, 2019, but under which we no longer make grants:

- The 2004 Stock Incentive Plan (the “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 10 years after the date of grant.
- The 2003 Non-qualified Stock Option Plan for Non-employee Directors (the “2003 Director Plan”), which provided for a maximum of 250,000 shares of our Common Stock to be issued pursuant to such plan. As of the date of each annual meeting, each non-employee director 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 was equal to the fair market value of our Common Stock on the date of grant, and the options were 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 2018, 2017 and 2016, the Compensation Committee of our board of directors recognised 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 our Common Stock on the grant date. The options will vest in annual installments 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 how Bristow Group Inc.’s 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 payout of \$13.4 million, \$10.6 million and \$5.2 million for the June 2018, June 2017 and June 2016 awards, respectively. The total value of the awards is recognised as compensation expense over a three-year vesting period with the recognition amount being adjusted quarterly.

Total share-based compensation expense, which includes stock options, restricted stock and restricted stock units, was \$6.4 million, \$10.4 million and \$12.4 million for fiscal years 2019, 2018 and 2017, respectively. Stock-based compensation expense is included in general and administrative expense in the consolidated statements of operations and has been allocated to our various regions.

On 23 May 2016, Bristow Group Inc.’s board of directors approved an amendment and restatement of the 2007 Plan, which was approved by Bristow Group Inc.’s stockholders on 3 August 2016, that affected each of the following changes: (i) reserve an additional 5,250,000 “shares” (or 2,625,000 full value shares) that, when combined with “shares” remaining for issuance under the 2007 Plan would result in a total of approximately 6,400,000 “shares” (or approximately 3,200,000 full value shares) available for issuance under the amended and restated 2007 plan, with each option and stock appreciation right granted under the amended and restated 2007 plan counting as one “shares” against total and with each incentive award that may be settled in common stock counting as two “shares” (or one full value share) against such total; (ii) increase the maximum share-based employee award under the amended and restated 2007 plan from 500,000 full value shares to 1,000,000 full value shares; (iii) set the maximum aggregate compensation and incentive awards that may be provided by the company in any calendar year to any-employee member of Bristow Group Inc.’s board of directors at \$1,125,000 and (iv) make other administrative and updating changes.

Notes (continued)

26 Equity-settled share option plans (continued)

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

	Number of share options	2019 Weighted average exercise Value (in \$)	Number of share options	2018 Weighted average exercise Value (in \$)
Outstanding at the beginning of the financial year	653,386	17,698,922	455,623	17,522,432
Granted during the year	116,334	1,418,111	248,979	1,750,322
Forfeited during the year	(15,899)	(153,411)	(24,991)	(244,936)
Exercised during the year	16,172	262,148	-	-
Expired during the year	(94,570)	(4,188,934)	(26,225)	(1,328,896)
Transfers in and out during the year	-	-	-	-
Outstanding at the end of the year	675,423	15,036,836	653,386	17,698,922
Exercisable at the end of the financial year	338,442	10,595,942	297,851	13,136,657

The options outstanding at 31 March 2019 had exercise prices ranging from \$7.03 to \$74.37 with a weighted average remaining contractual life of 7.32 years. In financial year 2019, options were granted on 5 June 2018. The aggregate of the estimated fair values of the options granted on this date is \$780,061.

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

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

	2019	2018
Weighted average share price	\$12.19	\$7.03
Weighted average exercise price	\$12.19	\$7.03
Expected volatility	62.83%	56.11%
Expected life	5	4.95
Risk-free rate	2.76%	1.78%
Expected dividends	0	3.98%

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.

Notes (continued)

26 Equity-settled share option plans (continued)

Bristow Aviation Holdings Limited and subsidiaries recognised total expenses of £0.4m related to equity settled share based payment transactions in financial year 2019 (2018: £0.4m). This amount was recharged from Bristow Group Inc. based on the fair value.

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

	Number of units and awards	2019 Weighted average exercise Value (in \$)	Number of units and awards	2018 Weighted average exercise Value (in \$)
Outstanding at the beginning of the financial year	302,372	3,907,188	201,278	5,542,860
Granted during the year	135,277	1,283,741	192,607	1,354,027
Forfeited during the year	(16,476)	(1,024,178)	(30,393)	(295,551)
Exercised during the year	(26,315)	(1,444,224)	(61,120)	(2,694,148)
Transfers in and out	-	-	-	-
Outstanding at the end of the year	394,858	2,722,527	302,372	3,907,188
Exercisable at the end of the financial year	-	-	-	-

In financial year 2019 awards were granted on 26 June 2018. The aggregate of the estimated fair values of the awards granted on this date is \$1,283,741.

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 2019 and 2018 are \$12.19 and \$7.03, respectively.

Bristow Aviation Holdings Limited and subsidiaries recognised total expenses of £1.8m related to restricted stock awards in financial year 2019 (2018: £1.4m). This amount was recharged from Bristow Group Inc. based on the fair value.

Notes (continued)

27 Pensions

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

Defined benefit section

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 was closed on 1 March 2016 and replaced with a defined contribution plan.

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.

Bristow Norway had a final salary defined benefit pension plan, which was closed on 1 March 2016. Under this plan, pilots could have retired from age 58 and other employees from age 62 (after meeting certain criteria). Bristow Norway also participates in the standard Norwegian Avtalefestet pension (contractual pension or "AFP"), which is accounted for as a defined contribution plan. The pension benefit was a percentage of final salary in excess of a deductible. The maximum pension was available to those with 30 or more years of services at the date of retirement. Additionally, there were associated death and disability benefits. Plan assets were held in an insurance policy with an insurance company and contributions followed Norwegian rule, which were based on an individual actuarial calculation for each plan member.

The closure of the Bristow Norway final salary plan has led to curtailment and settlement of the projected benefit obligations. All active members of the plan have been transferred to the new defined contribution for future service and the accrued individual insurance reserves for the majority of the beneficiaries will be transferred to individual insurance policies.

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 scheme's 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.

The FRS 102 valuation of the Company Scheme was assessed as at 31 March 2019 by an independent qualified actuary in accordance with FRS 102. As required by FRS 102, the defined benefit liabilities have been measured using the projected unit method.

The information disclosed below is in respect of the whole of the plans of the Group.

Guaranteed Minimum Pension

On 26 October 2018, the High Court in England handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded such schemes should be amended to equalise differences in pension benefits for men and women arising from amounts accrued under the Guaranteed Minimum Pension between 1990 and 1997. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The group has worked with the trustees of its defined benefit schemes to understand the extent to which the judgment has given rise to additional defined benefit pension liabilities. The financial impact of the High Court judgement has been reflected in the financial statements as a £2.3m past service cost in profit and loss.

Notes (continued)

27 Pensions (continued)

Net pension liability

	2019 £000	2018 £000
Defined benefit obligation ('DBO')	(386,900)	(388,600)
Plan assets	367,153	362,380
Derecognition of surplus	-	(197)
Net pension liability	19,747	26,417

Movements in present value of defined benefit obligation

	2019 Staff £000	Expatriate £000	Total £000
Year to 31 March 2019			
At start of the year	383,600	5,000	388,600
Interest cost	9,763	126	9,889
Current service cost	475	24	499
Actual benefit payments by the fund	(20,957)	(360)	(21,317)
Remeasurement of DBO	6,474	915	7,389
Plan introductions, changes, curtailments & settlements	2,300	-	2,300
Administrative expenses paid	(455)	(5)	(460)
At end of the year	381,200	5,700	386,900
	2018 Staff £000	Expatriate £000	Total £000
Year to 31 March 2018			
At start of the year	408,200	5,400	413,600
Interest cost	9,610	126	9,736
Current service cost	621	24	645
Actual benefit payments by the fund	(19,439)	(331)	(19,770)
Remeasurement of DBO	(14,810)	(215)	(15,025)
Administrative expenses paid	(582)	(4)	(586)
At end of the year	383,600	5,000	388,600

Notes (continued)

27 Pensions (continued)

Movements in fair value of plan assets

	2019 Staff £000	Expatriate £000	Total £000
Year to 31 March 2019			
At start of the year	357,183	5,197	362,380
Actual total benefit payments	(20,957)	(360)	(21,317)
Actual contributions – company	12,455	221	12,676
Interest income on fund assets	9,232	134	9,366
Return on fund assets (less)/greater than discount rate	4,570	(62)	4,508
Administrative expenses paid	(455)	(5)	(460)
At end of the year	362,028	5,125	367,153
Year to 31 March 2018	2018 Staff £000	Expatriate £000	Total £000
Market value at start of the year	358,973	5,251	364,224
Actual total benefit payments	(19,439)	(331)	(19,770)
Actual contributions – company	12,596	221	12,817
Interest income on fund assets	8,573	125	8,698
Return on fund assets (less)/greater than discount rate	(2,938)	(65)	(3,003)
Administrative expenses paid	(582)	(4)	(586)
At end of the year	357,183	5,197	362,380

Expense recognised in the profit and loss account

	2019 £000	2018 £000
Current service cost	20	25
Administrative expenses paid	479	620
Plan introductions, changes, curtailments and settlements	2,300	-
Net interest on net defined benefit liability	2,799 523	645 1,038
Total expense recognised in profit or loss	3,322	1,683

Notes (continued)

27 Pensions (continued)

Financial assumptions:

	As at 31 March 2019 % pa	As at 31 March 2018 % pa
UK schemes		
Inflation rate	3.20	3.10
Rate of increase in pensionable salary *	-	-
Rate of increase of pensions in payment **	3.00	2.90
Rate of increase for deferred pensioners **	2.20/3.20	2.10/3.10
Discount rate	2.40	2.60

* reflecting the Scheme amendments with effect from 1 February 2004

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

In valuing the liabilities of the pension fund at 31 March 2019, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.3 years (male), 23.3 years (female).
- Future retiree currently aged 50 upon reaching 65: 23.2 years (male), 24.4 years (female).

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 102 liabilities and the deficit of assets below the FRS 102 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.

<i>Staff Scheme</i>	2019 £000	2018 £000
Market value of assets		
Equities	85,402	106,191
Bonds	161,646	145,266
Other (including 6% real estate)	114,980	105,726
	<hr/>	<hr/>
Total value of plan assets	362,028	357,183
	<hr/>	<hr/>

Notes (continued)

27 Pensions (continued)

<i>Expatriate Scheme</i>	2019	2018
	£000	£000
Market value of assets		
Equities	2,928	3,246
Bonds	1,536	1,335
Other assets	661	616
	<hr/>	<hr/>
Total value of plan assets	5,125	5,197
	<hr/>	<hr/>
<i>Aggregated Schemes</i>	2019	2018
	£000	£000
Market value of assets		
Equities	88,330	109,437
Bonds	163,182	146,601
Other (including 6% real estate)	115,641	106,342
	<hr/>	<hr/>
Total value of plan assets	367,153	362,380
	<hr/>	<hr/>
Actual return on plan assets	13,874	5,695
	<hr/>	<hr/>

The Group expects to contribute £12.7m to its defined benefit pension scheme in fiscal year 2020.

Defined contribution pension scheme

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 £21.9m (2018: £20.4m).

Notes (continued)

28 Commitments

(a) Capital commitments are as follows:-

Group	2019 £000	2018 £000
<i>Aircraft, land and buildings</i>		
Contracted but not provided for:		
Within one year	45,188	-
In the second to fifth years inclusive	-	45,975
	<u>45,188</u>	<u>45,975</u>
<i>Options (aircraft)</i>		
Contracted but not provided for:		
Within one year	24,201	31,495
In the second to fifth years inclusive	-	22,480
	<u>24,201</u>	<u>53,975</u>

Other Purchase Obligations

At 31 March 2019 the group had approximately £84.7m (2018: £89.0m) of other purchase obligations representing non-cancellable power by the hour maintenance commitments.

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

Group	2019 £000	2018 £000
Operating leases which expire:		
Within one year	74,386	89,233
In the second to fifth years inclusive	57,226	101,806
Over five years	19,212	19,033
	<u>150,824</u>	<u>210,072</u>

During the year £152,013,826 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £165,325,744).

29 Related party transactions

a) Transactions with joint venture and associated undertakings

	2019 £000	2018 £000
Sales to associated undertakings in respect of aircraft rental and related services	17,624	21,172
Purchases from associated undertakings in respect of aircraft and related services	-	-
Other amounts receivable from associated undertakings	4,729	4,175

Notes (continued)

29 Related party transactions (continued)

b) Transactions with other related parties

	2019 £000	2018 £000
Purchases from Bristow Group Inc. subsidiary in respect of aircraft rental and related services	63,899	60,879
Sales to Bristow Group Inc. subsidiary in respect of aircraft rental and related services	46	2,988
Loss on sale of aircraft outwith BAHG group to Bristow Group Inc. subsidiary	-	20,983
Interest expense to Bristow Group Inc. subsidiary in respect of - unsecured subordinated loan stock 13.5%	205,220	180,187
Other interest expense	127	356
Interest income	11,470	5,515
Amounts due to Bristow Group Inc. subsidiary		
- management fees	4,885	4,885
- unsecured subordinated loan stock at 13.5% p.a. including interest	1,675,739	1,470,588
- creditors	111,994	54,459
Amounts due from Bristow Group Inc. subsidiary		
- debtors	444,641	426,949

c) Transactions with entities over which the Group has control (subject to the wholly owned exemption)

	2019 £000	2018 £000
Sales to entities over which the Group has control	4,784	1,215
Purchases from entities over which the Group has control	912	14,305
Amounts due from entities over which the Group has control	71,706	-
Amounts due to entities over which the Group has control	3,916	2,251

30 Ultimate parent company

At the date of signing these financial statements, Impigra Aviation Holdings Limited owns 51% of the ordinary share capital of Bristow Aviation Holdings Limited. Bristow Group Inc. subsidiaries own 49% of the ordinary share capital of Bristow Aviation Holdings Limited.

The largest group in which the results of the company and its group are consolidated is that headed by Bristow Group Inc., incorporated in the United States of America. The smallest group in which they are consolidated is that headed by Bristow Group Inc., incorporated in the United States of America. No other group financial statements include the results of the company. The consolidated financial statements of these groups are available to the public and may be obtained from 3151 Briarpark Drive, Suite 700, 7th Floor, Houston, Texas, 77042.

Notes (continued)

31 Accounting estimates and judgements

The preparation of these financial statements requires us to make estimates, judgements and assumptions that we believe are reasonable based upon information available. We base our estimates and judgements on historical experience, professional advice and various other sources that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. We believe that of our significant accounting policies, as discussed in note 1 in the “Notes to Consolidated Financial Statements” included elsewhere in this annual report, the following involve a higher degree of judgment and complexity. Judgements in respect of going concern are disclosed in note 1.

Pension Benefits

Pension obligations are actuarially determined and are affected by assumptions including discount rates, compensation increases and employee turnover rates. The recognition of these obligations through the profit and loss account is also affected by assumptions about expected returns on plan assets. We evaluate our assumptions periodically and make adjustments to these assumptions and the recorded liabilities as necessary.

Two of the most critical assumptions are the assumed discount rate and the mortality rate. We utilize a British pound sterling denominated AA corporate bond index as a basis for determining the discount rate for our U.K. plans. We base mortality rates utilized on actuarial research on these rates, which are adjusted to allow for expected mortality within our industry segment and, where available, individual plan experience data. Changes in these and other assumptions used in the actuarial computations could impact our projected benefit obligations, pension liabilities, pension expense and other comprehensive income. We base our determination of pension expense on a fair value valuation of assets and an amortization approach for assessed gains and losses that reduces year-to-year volatility. This approach recognises investment and other actuarial gains or losses over the average remaining lifetime of the plan members. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets.

Property and Equipment

Our net property and equipment represents 40% of our total assets as of March 31, 2019. We determine the carrying value of these assets based on our property and equipment accounting policies, which incorporate our estimates, assumptions, and judgements relative to capitalised costs, useful lives and salvage values of our assets. Our property and equipment accounting policies are also designed to depreciate our assets over their estimated useful lives. The assumptions and judgments we use in determining the estimated useful lives and residual values of our aircraft reflect both historical experience and expectations regarding future operations, utilisation and performance of our assets. The use of different estimates, assumptions and judgements in the establishment of property and equipment accounting policies, especially those involving the useful lives and residual values of our aircraft, would likely result in materially different net book values of our assets and results of operations.

Useful lives and residual values of aircraft are difficult to estimate due to a variety of factors, including changes in operating conditions or environment, the introduction of technological advances in aviation equipment, changes in market or economic conditions, including changes in demand for certain types of aircraft, and changes in laws or regulations affecting the aviation or offshore oil and gas industry. We evaluate the remaining useful lives of our aircraft when certain events occur that directly impact our assessment of their remaining useful lives. Our consideration of ultimate residual value takes into account current expectations of fair market value and the expected time to ultimate disposal. The determination of the ultimate value to be received upon sale depends largely upon the condition of the aircraft and the flight time left on the aircraft and major components until the next major maintenance check is required. The future value also depends on the aftermarket that exists as of that date, which can differ substantially over time. We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying value of assets or asset groups may be impaired.

Notes *(continued)*

31 Accounting estimates and judgements *(continued)*

Allowance for Doubtful Accounts

We establish allowances for doubtful accounts on a case-by-case basis when we believe the payment of amounts owed to us is unlikely to occur. In establishing these allowances, we consider a number of factors, including our historical experience and changes in our client's financial position as well as disputes with clients regarding the application of contract provisions to our services. We derive a significant portion of our turnover from services to major integrated oil and gas companies and government owned or government-controlled oil and gas companies. Our receivables are concentrated in certain oil-producing countries. We generally do not require collateral or other security to support client receivables. If the financial condition of our clients was to deteriorate resulting in impairment of their ability to make the required payments, additional allowances may be required.

Inventory Allowance

We maintain inventory that primarily consists of spare parts to service our aircraft. We establish an allowance to distribute the cost of spare parts expected to be on hand at the end of an aircraft type's life over the service lives of the related equipment, taking into account the estimated salvage value of the parts. Also, we periodically review the condition and continuing usefulness of the parts to determine whether the realisable value of this inventory is lower than its net book value. Parts related to aircraft types that our management has determined will no longer be included in our fleet or will be substantially reduced in our fleet in future periods are specifically reviewed. If our valuation of these parts is significantly lower than the net book value of the parts, an additional provision may be required.

Contingent Liabilities

We establish reserves for estimated contingent liabilities when we believe a loss is probable and the amount of the loss can be reasonably estimated. Our contingent liability reserves relate primarily to potential tax assessments, litigation, personal injury claims and environmental liabilities. Income for each reporting period includes revisions to contingent liability reserves resulting from different facts or information which becomes known or circumstances which change and affect our previous assumptions with respect to the likelihood or amount of loss. Such revisions are based on information which becomes known or circumstances that change after the reporting date for the previous period through the reporting date of the current period. Reserves for contingent liabilities are based upon our assumptions and estimates regarding the probable outcome of the matter. Should the outcome differ from our assumptions and estimates or other events result in a material adjustment to the accrued estimated reserves, revisions to the estimated reserves for contingent liabilities would be required to be recognised.

32 Subsequent events

As set out in note 25, subsequent to the year end, the Group disposed of its investments in the Eastern Group of companies (with the exception of Humberside International Airport Limited), Bristow Helicopter Leasing Limited and Aviashelf.