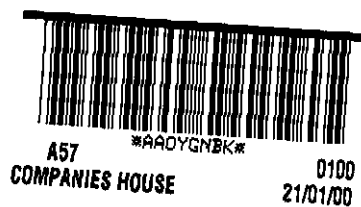


Bristow Aviation Holdings Limited

Financial statements 31 March 1999

together with directors' and auditors' reports

Registered number: 3234500



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Directors' report

For the year ended 31 March 1999

The directors present their annual report and the audited financial statements for the year ended 31 March 1999.

Principal activities and business review

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

Annual results

The loss for the period after taxation was £14,214,000 (1998 - £11,010,000). The directors do not recommend the payment of a dividend (1998 - £199,452).

Directors and directors' interests

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

S.W. Palframan	(resigned 21 May 1999)
K. Chanter	(appointed 21 May 1999)
P.N. Buckley	
J.H. Cartwright	
H. Schmidt-Reps	
H. Wolf	
A. Ugland	
L. Crane	

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

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

Employees

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

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

Directors' report (continued)

Health and safety

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

Year 2000

All aspects of the Group's business have been reviewed to ensure year 2000 compliance. This includes computer systems that may be affected, as well as any microprocessors or embedded systems fitted, on aircraft. We have also assessed our customers' and suppliers' ability to trade normally with the Group after the year 2000.

The total cost of ensuring compliance is estimated to be approximately £60,000 plus the replacement of some aircraft equipment. This estimate has been based on the time cost of staff and known requirements for new hardware and software. About 10% of the estimated total cost is still to be incurred.

Supplier payment policy

The Group's policy is to agree the terms of payment for each transaction and to ensure that these terms of payment are complied with.

Charitable donations


The Group made charitable donations during the year amounting to £9,396 (1998 - £14,291).

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Redhill Aerodrome
Redhill
Surrey
RH1 5JZ

By order of the Board,



I.B. McIntosh

Secretary

20 December 1999

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

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

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

Auditors' report

To the Shareholders of Bristow Aviation Holdings Limited:

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

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 1999 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

20 December 1999

Consolidated profit and loss account

For the year ended 31 March 1999

	Notes	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Turnover	2		
Continuing operations		174,037	203,515
Discontinued operations		-	1,027
		<hr/> 174,037	<hr/> 204,542
Net operating expenses	3	(164,360)	(183,301)
		<hr/>	<hr/>
Operating profit			
Continuing operations		9,677	21,199
Discontinued operations		-	42
		<hr/> 9,677	<hr/> 21,241
Profit/(loss) on disposal of fixed assets			
Continuing operations		55	(478)
Discontinued operations		-	379
		<hr/> 55	<hr/> (99)
Profit on ordinary activities before interest and investment returns		9,732	21,142
Income from interests in associated undertakings		1,745	1,126
Amounts written back to investments		318	466
Other interest receivable and similar income		466	1,214
Interest payable and similar charges	7	(22,778)	(30,066)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	4	(10,517)	(6,118)
Tax on loss on ordinary activities	8	(3,697)	(4,892)
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(14,214)	(11,010)
Minority interests	21	(34)	(11)
		<hr/>	<hr/>
Loss for the financial year		(14,248)	(11,021)
Dividends		-	(199)
		<hr/>	<hr/>
Accumulated loss for the year	20	(14,248)	(11,220)
		<hr/>	<hr/>

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

Consolidated balance sheet

31 March 1999

	Notes	31 March 1999 £'000	31 March 1998 As restated (see note 9) £'000
Fixed assets			
Goodwill	10	2,096	-
Tangible assets	11	188,273	198,416
Investments	12	(197)	(166)
		<u>190,172</u>	<u>198,250</u>
Current assets			
Stocks	13	7,184	5,856
Debtors	14	41,489	37,369
Cash at bank and in hand		8,062	5,678
		<u>56,735</u>	<u>48,903</u>
Creditors: amounts falling due within one year	15	(39,852)	(36,156)
Net current assets		<u>16,883</u>	<u>12,747</u>
Total assets less current liabilities		<u>207,055</u>	<u>210,997</u>
Creditors: amounts falling due after more than one year	16	(193,205)	(182,998)
Provisions for liabilities and charges	18	(10,498)	(11,099)
Net assets		<u>3,352</u>	<u>16,900</u>
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account	20	(6,773)	6,809
Shareholders' funds		<u>3,227</u>	<u>16,809</u>
Minority interests	21	125	91
Total capital and reserves		<u>3,352</u>	<u>16,900</u>

These financial statements on pages 5 to 30 were approved by the board of directors on 20 December 1999 and were signed on its behalf by:

K Chanter



Director

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

Company balance sheet

31 March 1999

	Notes	31 March 1999 £'000	31 March 1998 £'000
Fixed assets			
Investments	12	<u>101,000</u>	<u>101,000</u>
Current assets			
Debtors	14	<u>216</u>	<u>-</u>
		216	-
Creditors: amounts falling due within one year	15	<u>(3,460)</u>	<u>(1,656)</u>
Net current liabilities		<u>(3,244)</u>	<u>(1,656)</u>
Total assets less current liabilities		<u>97,756</u>	<u>99,344</u>
Creditors: amounts falling due after more than one year	16	<u>(122,715)</u>	<u>(107,687)</u>
Net liabilities		<u>(24,959)</u>	<u>(8,343)</u>
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account	20	<u>(34,959)</u>	<u>(18,343)</u>
Shareholders' funds		<u>(24,959)</u>	<u>(8,343)</u>

These financial statements were approved by the board of directors on 20 December 1999 and were signed on its behalf by:

K Chanter



Director

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

Reconciliation of movements in shareholders' funds

For the year ended 31 March 1999

	Group		Company	
	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Loss for the financial period	(14,248)	(11,021)	(16,616)	(18,144)
Dividend	-	(199)	-	(199)
Issue of share capital	-	10,000	-	10,000
Goodwill written off on acquisition of subsidiary undertakings	-	15,140	-	-
Goodwill written off on acquisition of associated undertakings	-	(516)	-	-
Goodwill transfer on associated undertaking becoming subsidiary undertaking	-	(132)	-	-
Goodwill taken to profit and loss account on disposal of assets of subsidiary	-	909	-	-
Goodwill taken to profit and loss account on disposal of subsidiary	530	-	-	-
Exchange adjustment	136	238	-	-
Net (reduction)/addition to shareholders' funds	(13,582)	14,419	(16,616)	(8,343)
Opening shareholders' funds	16,809	-	(8,343)	-
Prior period adjustment (see note 9)	-	2,390	-	-
Closing shareholders' funds	3,227	16,809	(24,959)	(8,343)

Statement of total recognised gains and losses

For the year ended 31 March 1999

	Group		Company	
	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Accumulated loss for the year	(14,248)	(11,220)	(16,616)	(18,144)
Exchange adjustment	111	144	-	-
Total losses for the year	(14,137)	(11,076)	(16,616)	(18,144)

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

Consolidated cash flow statement

For the year ended 31 March 1999

	Notes	Year ended 31 March 1999		16 months ended 31 March 1998	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22		22,147		28,040
Return on investments and servicing of finance					
Interest received		420		1,129	
Interest paid		(8,086)		(27,551)	
Interest element of finance lease rental payments		(291)		(622)	
Dividends paid		-		(199)	
Net cash outflow from return on investments and servicing of finance			(7,957)		(27,243)
Taxation			(2,203)		(3,439)
Capital expenditure					
Purchase of tangible fixed assets		(7,466)		(8,398)	
Sale of tangible fixed assets		2,898		8,063	
Net cash outflow from capital expenditure			(4,568)		(335)
Acquisitions and disposals					
Purchase of subsidiary undertakings		-		(102,979)	
Net overdrafts acquired with subsidiary undertakings		-		(311)	
Purchase of associated undertakings		(1,729)		-	
Disposal of subsidiary undertakings		340		-	
Repayment of loans to associates		-		6,250	
Net cash outflow from acquisitions and disposals			(1,389)		(97,040)
			6,030		(100,017)
Financing					
Issue of share capital		-		10,000	
Issue of subordinated loan stock		-		91,000	
New unsecured loan		-		50,000	
Repayment of bank loans		(2,000)		(5,000)	
Repayment of loan notes and loan stock		(1,254)		(35,484)	
Capital element of finance lease rentals		(392)		(4,821)	
Net cash inflow from financing			(3,646)		105,695
Increase in cash	23		2,384		5,678

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

Notes to financial statements

For the year ended 31 March 1999

1 Accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding period, except in respect of accounting for aircraft component overhauls as set out in note 9, is set out below.

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

a) Going Concern

The Company has net liabilities of £24,959,000. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of Bristow Aviation Holdings Limited and its subsidiary undertakings (see note 28). The Group's share of the profits less losses of associated undertakings is included in the consolidated profit and loss account and its interest in the net assets, other than goodwill, is included in investments in the consolidated balance sheet.

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

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Since the implementation of Financial Reporting Standard No. 10, all goodwill is capitalised and amortised over its estimated useful life. However, on implementation of FRS 10 in the year to 31 March 1999 the Company has decided to take advantage of the exemptions available not to apply FRS 10 retrospectively.

Accordingly, goodwill arising in respect of acquisitions before 1 April 1998 has been credited or debited to reserves.

The cumulative amount credited to reserves is £16,050,000. On subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after crediting the gross amount of any related goodwill previously taken to reserves.

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

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

The amount of the loss for the Company for the financial year is disclosed in note 20.

Notes to financial statements (continued)

1 Accounting policies (continued)

c) Foreign currencies

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

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

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

d) Depreciation of tangible fixed assets

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

Freehold buildings	- 15 – 40 years
Freehold land	- Nil
Long leasehold property	- over lease period
Short leasehold property	- over lease period
Plant and equipment	- 3 – 10 years
Vehicles	- 3 – 5 years
Aircraft and capital spares	- 8 – 15 years
Aircraft components	- 3 – 6 years

The policy concerning aircraft components has changed during the year (see note 9).

e) Taxation

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

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

f) Provisions for component overhauls

Where the Group is not responsible for aircraft maintenance, the costs of component overhauls are charged to the profit and loss account as incurred. Formerly, certain component overhauls were provided on an hourly basis. Refer to note 9 for details of the change in accounting policy.

Notes to financial statements (continued)

1 Accounting policies (continued)

g) Research and development expenditure

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

h) Leased assets

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

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

i) Loan stock and term loans

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

j) Stocks

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

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

k) Pensions and other post retirement benefits

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

The Group also contributes to a money purchase scheme. The amounts charged to the profit and loss account in respect of pension costs and other post retirement benefits are the contributions payable in the period.

2 Turnover

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

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

Notes to financial statements (continued)

3 Net operating expenses

	Year ended 31 March 1999		16 months ended 31 March 1998		
	Continuing £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Other operating income	63	63	51	5	56
Raw materials/consumables	(51,045)	(51,045)	(51,487)	(235)	(51,722)
Staff costs	(62,363)	(62,363)	(73,436)	(312)	(73,748)
Depreciation	(15,156)	(15,156)	(15,331)	(271)	(15,602)
Other operating charges	(35,859)	(35,859)	(42,113)	(172)	(42,285)
	<u>(164,360)</u>	<u>(164,360)</u>	<u>(182,316)</u>	<u>(985)</u>	<u>(183,301)</u>

4 Loss on ordinary activities before taxation

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Loss on ordinary activities before taxation is stated after charging:		
Rentals paid under operating leases		
- aircraft hire	6,469	2,518
- rental of properties	887	1,213
- hire of plant and machinery	116	106
Remuneration of auditors		
- audit fees	115	93
- other	<u>88</u>	<u>35</u>

5 Staff numbers and costs

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

	1999 Number	1998 Number
Operating staff	1,483	1,483
Management and administration	<u>253</u>	<u>260</u>
	<u>1,736</u>	<u>1,743</u>

Notes to financial statements (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Wages and salaries	53,042	63,844
Social security costs	3,787	4,582
Other pensions costs (see note 26)	5,534	5,322
	<u>62,363</u>	<u>73,748</u>

6 Directors' remuneration

Remuneration

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Emoluments	<u>338</u>	<u>339</u>
Fees paid to third parties in respect of directors' services	<u>49</u>	<u>88</u>

Pensions

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

	Year ended 31 March 1999 Number	16 months ended 31 March 1998 Number
Defined benefit schemes	<u>1</u>	<u>1</u>

Notes to financial statements (continued)

6 Directors' remuneration (continued)

Highest paid director

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

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Emoluments	221	339

The accrued pension entitlement under the Group's defined benefit scheme of the highest paid director at 31 March 1999 was £35,277 (1998 - £29,549) and the accrued lump sum entitlement at 31 March 1999 was £nil (1998 - £nil).

7 Interest payable and similar charges

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
On bank loans and overdrafts	2,013	4,511
On other loans	20,352	24,721
Finance lease charges	291	633
Other interest and similar charges	122	201
	<u>22,778</u>	<u>30,066</u>

Notes to financial statements (continued)

8 Taxation

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
UK corporation tax at 31.0% (1998 – 31.4%) on loss for the year		
Corporation tax		
- current year	1,985	1,845
- prior year	(387)	(119)
Deferred taxation	369	1,713
Overseas taxation	2,085	2,582
Associated undertakings	1,649	1,447
	<hr/> 5,701	<hr/> 7,468
Double taxation relief	(2,004)	(2,576)
	<hr/> 3,697	<hr/> 4,892

9 Prior year adjustment

Financial Reporting Standard No. 12 – “Provisions, Contingent Liabilities and Contingent Assets” has been adopted for these accounts. The Group’s former accounting policy of providing for major component overhauls in advance over the period of usage of the related major component is not in accordance with the requirements of FRS12 and accordingly the Group has revised its policy. The comparative figures in the primary statements and notes have been restated to reflect the new policy, which complies with the provisions of FRS12.

Where the Group performs the maintenance itself, for the major components of twin engine helicopters and certain fixed wing aircraft, the related components are now depreciated on an accelerated basis over the period to the first overhaul, and the cost of the major component overhaul is capitalised in tangible fixed assets and depreciated over the period to the next scheduled overhaul. Where the Group is not responsible for the maintenance, but the maintenance is performed by a third party, the annual cost is charged to the raw materials and consumables line in the profit and loss account.

Notes to financial statements (continued)

9 Prior year adjustment (continued)

The effects of the change in policy are summarised below:

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Profit and loss account		
Raw materials and consumables	(3,725)	(3,043)
Depreciation	2,858	3,043
Profit and loss on disposal of assets	569	-
Profit for the financial period	(298)	-

	31 March 1999 £'000	31 March 1998 £'000
Balance sheet		
Fixed assets - cost	(811)	415
- accumulated depreciation	1,633	(12,223)
Stock	-	466
Provisions for liabilities and charges	(939)	14,147
Accruals	415	(415)
Increase in net assets	298	2,390
Increase in reserves	298	2,390

Due to the nature of the provision recorded up to 31 March 1998, the required component depreciation is materially equivalent to the provision previously recorded and accordingly the adjustment required eliminates the provision and establishes an incremental accumulated depreciation balance of equal amount.

Notes to financial statements (continued)

10 Intangible fixed assets - goodwill

Group	Positive Goodwill £'000
Cost	
At 1 April 1998	-
Additions	2,231
At 31 March 1999	2,231
Depreciation	
At 1 April 1998	-
Charge for year	135
At 31 March 1999	135
Net book value	
At 31 March 1999	2,096
At 31 March 1998	-

Notes to financial statements (continued)

11 Tangible fixed assets

Group	Land and buildings £'000	Aircraft £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 April 1998	13,722	212,444	46,381	272,547
Prior year adjustment (see note 9)	-	(22,135)	22,550	415
At 1 April 1998 (restated)	13,722	190,309	68,931	272,962
Exchange adjustments	142	82	144	368
Additions	682	509	6,275	7,466
Disposals	(2,019)	(1,560)	(6,010)	(9,589)
At 31 March 1999	12,527	189,340	69,340	271,207
Depreciation				
At 1 April 1998	8,226	12,882	41,215	62,323
Prior year adjustment (see note 9)	-	-	12,223	12,223
At 1 April 1998 (restated)	8,226	12,882	53,438	74,546
Exchange adjustments	47	(6)	127	168
Charge for year	258	10,399	4,499	15,156
Disposals	(649)	(249)	(6,038)	(6,936)
At 31 March 1999	7,882	23,026	52,026	82,934
Net book value				
At 31 March 1999	4,645	166,314	17,314	188,273
At 31 March 1998 (restated)	5,496	177,427	15,493	198,416

The net book value of aircraft at 31 March 1999 includes £8,177,662 (1998 - £8,644,799) in respect of aircraft acquired under finance leases and hire purchase contracts. Aircraft depreciation for the year to 31 March 1999 includes £467,137 (1998 - £505,123) relating to these aircraft.

Notes to financial statements (continued)

11 Tangible fixed assets (continued)

Further analysis of land and buildings:

Group	Freehold £'000	Long Leasehold £'000	Short leasehold £'000	Total land & buildings £'000
Cost				
At 1 April 1998	2,939	1,331	9,452	13,722
Exchange adjustments	1	-	141	142
Additions	6	-	676	682
Disposals	(498)	-	(1,521)	(2,019)
At 31 March 1999	2,488	1,331	8,748	12,527
Depreciation				
At 1 April 1998	521	299	7,406	8,226
Exchange adjustments	1	-	46	47
Charge for year	13	13	232	258
Disposals	(99)	-	(50)	(649)
At 31 March 1999	436	312	7,134	7,882
Net book value				
At 31 March 1999	2,012	1,019	1,614	4,645
At 31 March 1998	2,418	1,032	2,046	5,496

Notes to financial statements (continued)

12 Fixed asset investments

Group	Associated undertakings		Other unlisted investments £'000	Total £'000
	Shares £'000	Loans £'000		
Cost				
At 1 April 1998	98	1,006	966	2,070
Exchange adjustments	(4)	15	-	11
Additions	(502)	46	-	(456)
Transfers	(516)	-	-	(516)
Share of current year profits	96	-	-	96
At 31 March 1999	(828)	1,067	966	1,205
Provisions				
At 1 April 1998	731	810	695	2,236
Provided/(released) in year	397	(783)	68	(318)
Transfers	(516)	-	-	(516)
At 31 March 1999	612	27	763	1,402
Net book value				
At 31 March 1999	(1,440)	1,040	203	(197)
At 31 March 1998	(633)	196	271	(166)

Company	Shares in Subsidiary Undertakings £'000
Cost	
At 1 April 1998 and 31 March 1999	101,000

The principal subsidiary and associated undertakings at 31 March 1999 are shown in note 28.

Notes to financial statements (continued)

13 Stocks

Group	31 March 1999 £'000	31 March 1998 £'000
Consumable spares, rotatable stocks and fuel	6,015	4,867
Work in progress	1,169	523
	<u>7,184</u>	<u>5,390</u>
Prior year adjustment (see note 9)	-	466
	<u>7,184</u>	<u>5,856</u>

14 Debtors

	31 March 1999		31 March 1998	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year				
Trade debtors	32,700	-	30,405	-
Amounts due from associated undertakings	2,619	-	1,853	-
Other debtors	2,244	216	1,313	-
Prepayments and accrued income	3,549	-	3,482	-
	<u>41,112</u>	<u>216</u>	<u>37,053</u>	<u>-</u>
Amounts falling due after more than one year				
Prepayments and accrued income	377	-	316	-
	<u>41,489</u>	<u>216</u>	<u>37,369</u>	<u>-</u>

15 Creditors: amounts falling due within one year

	31 March 1999		31 March 1998	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts (see note 17)	420	-	392	-
Bank loan	3,000	-	2,000	-
Unsecured subordinated loan stock	1,330	-	1,289	-
Trade creditors	15,362	-	13,018	-
Amounts owed to subsidiary undertakings	-	1,705	-	801
Corporation tax	3,729	-	4,055	-
Other taxes and social security	2,710	-	2,370	-
Other creditors	2,650	1,755	2,120	855
Accruals and deferred income	10,651	-	10,912	-
	<u>39,852</u>	<u>3,460</u>	<u>36,156</u>	<u>1,656</u>

Notes to financial statements (continued)

16 Creditors: amounts falling due after more than one year

	31 March 1999		31 March 1998	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts (see note 17)	2,919	-	3,339	-
Bank loan	15,000	-	18,000	-
Unsecured subordinated loan stock	2,571	-	3,972	-
Unsecured loan 8.335%	50,000	-	50,000	-
Unsecured subordinated loan stock 13.5%	122,715	122,715	107,687	107,687
	<u>193,205</u>	<u>122,715</u>	<u>182,998</u>	<u>107,687</u>

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

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

17 Obligations under finance leases and hire purchase contracts

	31 March 1999		31 March 1998	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts fall due as follows:				
- within one year	420	-	392	-
- within two to five years	2,919	-	3,339	-
	<u>3,339</u>	<u>-</u>	<u>3,731</u>	<u>-</u>

Notes to financial statements (continued)

18 Provisions for liabilities and charges

Group	Deferred taxation £'000	Component overhauls and self-insured risks £'000	Total £'000
At 1 April 1998	10,308	14,938	25,246
Prior year adjustment (see note 9)	-	(14,147)	(14,147)
At 1 April 1998 (restated)	10,308	791	11,099
Charge for year	190	(791)	(601)
At 31 March 1999	10,498	-	10,498

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

	31 March 1999		31 March 1998	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances	9,703	-	9,838	-
Corporation tax on chargeable gain rolled over	1,156	-	1,141	-
Interest equalisation and other timing differences	(361)	-	(671)	-
	10,498	-	10,308	-

19 Called up share capital

	31 March 1999 £'000	31 March 1998 £'000
<i>Authorised, issued and fully paid</i>		
4,900,000 'A' Ordinary shares of £1 each	4,900	4,900
4,900,000 'B' Ordinary shares of £1 each	4,900	4,900
200,000 'C' Ordinary shares of £1 each	200	200
	10,000	10,000

Notes to financial statements (continued)

20 Reserves

Group	Profit and loss account £'000
At 1 April 1998	4,419
Prior year adjustment	2,390
At 1 April 1998 (restated)	6,809
Loss for year	(14,248)
Exchange adjustments	136
Disposal of subsidiary undertaking	530
At 31 March 1999	(6,773)

Company	Profit and loss account £'000
At 1 April 1998	(18,343)
Loss for year	(16,616)
At 31 March 1999	(34,959)

The Group profit and loss account at 31 March 1999 includes a credit for goodwill of £16,050,000.

21 Minority interests

	Equity £'000
At 1 April 1998	91
Profit on ordinary activities after taxation	34
At 31 March 1999	125

Notes to financial statements (continued)

22 Reconciliation of operating profit to net cash inflow from operating activities

Group	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Operating profit	9,677	21,241
Depreciation charge	15,156	15,602
Increase in stocks	(1,328)	(372)
Increase in debtors	(4,983)	(589)
Increase/(decrease) in creditors	4,356	(11,931)
(Decrease)/increase in provisions	(791)	3,288
Goodwill written off	135	-
Exchange movement	(75)	801
Net cash inflow from operating activities	<u>22,147</u>	<u>28,040</u>

23 Reconciliation of net cash flow to movement in net debt

Group	1999 £'000	1998 £'000
Increase in cash in the period	2,384	5,678
Cash outflow/(inflow) from decrease in debt and lease financing	<u>3,646</u>	<u>(82,058)</u>
Changes in net debt resulting from cash flows	6,030	(76,380)
Acquisition of subsidiary undertakings	-	(89,594)
Changes in interest accruals	<u>(14,922)</u>	<u>(15,027)</u>
Movement in net debt in the period	(8,892)	(181,001)
Net debt at beginning of period	<u>(181,001)</u>	<u>-</u>
Net debt at end of period	<u>(189,893)</u>	<u>(181,001)</u>

Notes to financial statements (continued)

24 Analysis of net debt

Group	At 1 April 1998 £'000	Cash flows £'000	Non-cash Changes £'000	At 31 March 1999 £'000
Cash at bank and in hand	5,678	2,384	-	8,062
Debt falling due within one year	(3,289)	(1,000)	(41)	(4,330)
Debt falling due after more than one year	(179,659)	4,254	(14,881)	(190,286)
Finance leases	(3,731)	392	-	(3,339)
	<u>(186,679)</u>	<u>3,646</u>	<u>(14,922)</u>	<u>(197,955)</u>
Total net debt	<u>(181,001)</u>	<u>6,030</u>	<u>(14,922)</u>	<u>(189,893)</u>

25 Contingent liabilities

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

On 31 March 1999 the amount outstanding under the revolving and guarantee facilities was £1.4m (1998 - £2.3m) and the overdrafts of the Company's subsidiary undertakings were £nil (1998 - £nil).

26 Pension scheme

The Group final salary pension schemes commenced on 31 January 1992. Prior to this date employees were members of pension schemes operated by The Bricom Group Limited. Independent actuaries have confirmed that the schemes were fully funded at the date of transfer from the Bricom Group Schemes to the Bristow Group Schemes and established the contribution rates to be adopted.

The main Group final salary pension scheme is that of Bristow Helicopters Ltd, which provides benefits based on final pensionable earnings. The assets of the scheme are held in separate trustee administered funds and contributions are invested independently of the Group's assets. The scheme is of the defined benefit type funded by contributions partly from employees and partly from Group companies at rates determined by independent actuaries on the basis of triennial valuations. The last completed actuarial assessment of the scheme was at 31 March 1998 which showed the market value of the schemes' assets was £134.65m. The past service surplus, being the actuarial value of assets expressed as a percentage of the benefits accrued to members, was 101% at 31 March 1998. The Minimum Funding Requirement valuation certificate was signed on 8 October 1998 and revealed a funding level of 102%. A Schedule of Contributions was signed on 5 November 1998 showing a minimum contribution rate of 17.4%. On the advice of the actuary, the Group increased its contributions from 12.9% to 17.4% from 1 October 1998 and to 18.4% from 1 April 1999. The valuation was made on a market-related basis.

26 Pension scheme (continued)

The final salary schemes closed to new members on 31 December 1997 and a Group Personal Pension Plan became available to new employees from 1 July 1998.

Notes to financial statements (continued)

The charge for providing pension benefits for the year to 31 March 1999 was £5,491,000 (1998 - £5,322,000) for the final salary schemes and £42,589 (1998 - £nil) for the Group Personal Pension Plan.

27 Capital commitments

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

Group	31 March 1999 £'000	31 March 1998 £'000
Contracted but not provided	740	2,763
Authorised but not contracted	408	731
	<u>1,148</u>	<u>3,494</u>

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

	31 March 1999		31 March 1998	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Operating leases which expire				
- within one year	13	276	-	-
- within two to five years	146	5,989	70	2,608
- over five years	707	-	845	-
	<u>866</u>	<u>6,265</u>	<u>915</u>	<u>2,608</u>

Notes to financial statements (continued)

28 Principal subsidiary and associated undertakings

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

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

* Indicates entities held indirectly.

Notes to financial statements (continued)

29 Related party transactions

a) Transactions with associated undertakings

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Sales from associated undertakings in respect of aircraft rental and related services	9,252	13,582
Interest receivable by Group from associated undertakings on loans charged at commercial rates	61	582
Expenditure charged to Group from associated undertakings relating to management charges	3,908	4,269
	31 March 1999 £'000	31 March 1998 £'000
Loans outstanding at 31 March 1999 to associated undertakings	1,067	1,006
Amounts provided against loans outstanding at 31 March 1999	27	(810)
Other amounts receivable at 31 March 1999	757	1,853

b) Transactions with shareholders of the Group

	Year ended 31 March 1999 £'000	16 months ended 31 March 1998 £'000
Interest payable to Caledonia Investments plc on :		
- unsecured subordinated loan stock	-	2,032
- other loans	-	1,236
Interest payable to Offshore Logistics, Inc. on:		
- unsecured subordinated loan stock	857	1,210
- unsecured loan 8.335%	4,167	1,012
- unsecured subordinated loan stock 13.5%	15,028	16,687
	31 March 1999 £'000	31 March 1998 £'000
Amounts due at 31 March 1999 to Offshore Logistics, Inc.		
- management fees	1,755	855
- unsecured subordinated loan stock	3,762	5,261
- unsecured loan 8.335%	50,000	50,000
- unsecured subordinated loan stock 13.5%	107,687	107,687