

Eastern Airways (UK) Limited

**Directors' report and financial
statements**

Registered number 03468489

31 March 2016



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Company information

Directors

Mr R Lake
Mr B Huxford
Mr J Howell-Richardson
Mr A Corbett
Mr C Dixon

Secretary

Mr M Adamson

Company number

03468489

Registered office

Redhill Aerodrome
Kings Mill Lane
Redhill
RH1 5JZ

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Business address

Schiphol House
Humberside International Airport
Kirmington
DN39 6YH

Bankers

Santander UK Plc
Santander Corporate Banking
44 Merrion Street
Leeds
LS2 8JQ

Solicitors

Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Directors' report

The directors present the annual report and audited financial statements for the year ended 31 March 2016.

Principal activity

The principal activity of the company continues to be the operation of airline services.

Result for the year

The profit for the financial year ended 31 March 2016 was £478,000 (2015: £2,864,000).

Political and charitable contributions

Charitable contributions totalling £1,360 were made during the year (2015: £1,320). No political contributions were made during the year (2015: £nil).

Dividends

No dividend has been paid in the year (2015: £nil).

Directors

The directors who held office during the year were as follows:

Mr R Lake	
Mr B Huxford	
Mr M Imlach	(resigned 18 April 2016)
Mr A Bowie	(resigned 7 October 2015)
Mr J Howell-Richardson	
Mr A Corbett	(appointed 17 October 2015)
Mr C Dixon	(appointed 28 April 2016)

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 company 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 company 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 company. 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.

Directors' report *(continued)*

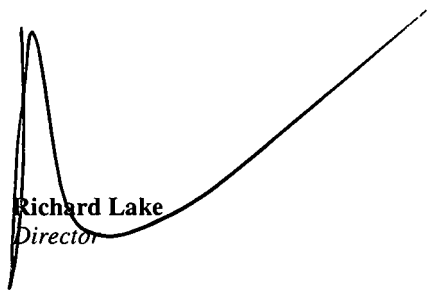
Disclosure of information to the auditor

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 they 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.

Auditor

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

On behalf of the board



Richard Lake
Director

Registered Office:

Redhill Aerodrome
Kings Mill Lane
Redhill
RH1 5JZ

Dated: 19/2/16

Strategic report

Business review

The results of the company for the year ended 31 March 2016 are as disclosed in the attached financial statements.

The company continues to provide scheduled airline services, charter and leasing of aircraft and crew, to domestic and European destinations for which it enjoys an excellent reputation for operational reliability. The company continues to be a major support and logistics provider to the oil industry.

The impact of cost reductions implemented by the oil and gas sector as a result of the fall in the oil price has resulted in reduced passengers carried on those routes servicing this sector. The oil and gas sector remains challenging and flying has been adjusted in light of these challenges. At the year end the company operated a mixed fleet of Jetstream 41, Saab 2000 and ERJ 135/145 aircraft which allows for considerable flexibility in matching demand to capacity in both the scheduled airline and charter markets. The fleet has been increased to include ERJ170 aircraft which have been delivered in the next financial year.

Principal risks and uncertainties

The key financial risks and uncertainties facing the company are set out below. The directors feel that the company has a good mix of business activities and is well-balanced to handle the risks and uncertainties that it may face.

The directors believe the key areas of risk facing the company are:

Environmental and government legislation

There continues to be uncertainty in the airline industry regarding taxation levied on domestic travel. The directors believe that due to the use of fuel efficient turbo-prop aircraft, Eastern enjoys a competitive advantage over the rest of the industry.

Fuel prices

During the year the fuel price fell substantially. As in previous years, the company continues to use fuel hedges to mitigate the risk where appropriate. At 31 March 2016, no fuel hedges were in place.

The price of oil continues to be a risk for the company. However due to the fuel efficient nature of the turbo-prop aircraft used, the proportionate cost of fuel to other operating costs is lower than the industry average.

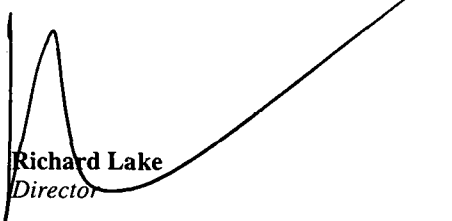
Currency movements

A large proportion of aircraft parts, leasing, fuel and other costs are priced in US dollars. The company matches some revenues and costs to reduce this risk. There is an exposure to US dollar movements above the natural hedge and the company has in the past used forward contracts to manage this risk. At 31 March 2016, no currency hedges were in place.

Key performance indicators ("KPIs")

The company's directors believe that an analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business.

On behalf of the board



Richard Lake
Director

Registered Office:

Redhill Aerodrome
Kings Mill Lane
Redhill
RH1 5JZ

Dated: 19/2/16

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

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Eastern Airways (UK) Limited

We have audited the financial statements of Eastern Airways (UK) Limited for the year ended 31 March 2016 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Craig Parkin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham

NG1 6FQ

Dated: 20 December 2016

Profit and loss account
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	56,087	70,897
Cost of sales		(43,550)	(49,569)
Gross profit		<u>12,537</u>	<u>21,328</u>
Administrative expenses		(12,031)	(17,391)
Operating profit before exceptional item		<u>833</u>	<u>5,145</u>
Exceptional items	3	(327)	(1,208)
Operating profit		<u>506</u>	<u>3,937</u>
Loss on disposal of tangible fixed assets		-	(23)
Interest receivable and similar income	6	187	24
Interest payable and similar charges	7	(65)	(23)
Profit on ordinary activities before taxation	8	<u>628</u>	<u>3,915</u>
Tax on profit on ordinary activities	9	(150)	(1,051)
Profit for the financial year		<u><u>478</u></u>	<u><u>2,864</u></u>

In both the current and prior year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

The attached notes form part of these financial statements.

Balance sheet
at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	10	1,351	1,614
Investments	11	43	43
		<u>1,394</u>	<u>1,657</u>
Current assets			
Stocks	12	216	210
Debtors	13	32,711	29,739
		<u>32,927</u>	<u>29,949</u>
Creditors: amounts falling due within one year	14	<u>(19,517)</u>	<u>(17,197)</u>
Net current assets		<u>13,410</u>	<u>12,752</u>
Total assets less current liabilities		<u>14,804</u>	<u>14,409</u>
Creditors: amounts falling due after more than one year	15	(196)	(52)
Provisions for liabilities and charges	17	(91)	(318)
Net assets		<u><u>14,517</u></u>	<u><u>14,039</u></u>
Capital and reserves			
Called up share capital	18	501	501
Profit and loss account		14,016	13,538
Shareholders' funds		<u><u>14,517</u></u>	<u><u>14,039</u></u>

The attached notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 19/2/16 and signed on its behalf by:


Richard Lake
Director

Registered number : 03468489

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	501	10,674	11,175
Total comprehensive income for the period			
Profit or loss	-	2,864	2,864
	-----	-----	-----
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
	-----	-----	-----
Total contributions by and distributions to owners	-	-	-
	-----	-----	-----
Balance at 31 March 2015	501	13,538	14,039
	=====	=====	=====

	Called up Share Capital £000	Profit and loss Account £000	Total Equity £000
Balance at 1 April 2015	501	13,538	14,039
Total comprehensive income for the period			
Profit or loss	-	478	478
	-----	-----	-----
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
	-----	-----	-----
Total contributions by and distributions to owners	-	-	-
	-----	-----	-----
Balance at 31 March 2016	501	14,016	14,517
	=====	=====	=====

The attached notes form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Eastern Airways (UK) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These 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") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 24.

The Company's intermediate parent undertaking, Bristow Aviation Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Bristow Aviation Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the address given in note 22. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Bristow Aviation Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- 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 23.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that it is itself included within the consolidated accounts of a parent undertaking established under the laws of an EEA state (Bristow Aviation Holdings Ltd). These financial statements present information about the company as an individual undertaking and not about its group.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The directors have prepared trading and cash flow forecasts for the company for a period in excess of 12 months following the date of approval of these financial statements. These forecasts indicate appropriate cash and covenant headroom based upon the bank facilities on this date. On this basis the directors are of the opinion that the company has adequate resources to trade in an orderly fashion for the foreseeable future and accordingly adopt the going concern basis in preparing these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Portable buildings	- 7% per annum
Fixtures, fittings and equipment	- 15-25% per annum
Motor vehicles	- 8-33% per annum
Aircraft rotables	- 5% per annum from the date of acquisition to estimated residual value
Aircraft improvements	- over the shorter of the life or remaining lease period of the relevant aircraft

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.

1.4. Classification of financial instruments issued by the Company

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

- (a) they include no contractual obligations upon the company 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 company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's 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 company'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.

1.5. 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 subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.6. Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

1.7. Stocks

Stocks are valued at the lower of cost and net realisable value including provision for obsolescence.

1.8. Impairment excluding stocks

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.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks, 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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.

1.9. Foreign currencies

Transactions in foreign currencies are translated to the Company's 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.10. 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, 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 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.

1.11. 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.

1.12. Turnover

Turnover represents flown revenue from scheduled services, freight and other activities net of value added tax and Airport Passenger Duty.

Ticket sales are recorded as current liabilities in a 'forward sales' account and are included in creditors, within deferred income, until recognised as revenue when transportation occurs. Unused tickets are recognised as revenue when the right to travel expires which is determined by the terms and conditions of the ticket.

All other revenue streams are recognised at the point of fulfilling the service or the date at which the right to receive consideration occurs

1.13. 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 which 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.

Interest payable

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

2 Analysis of turnover

It is the view of the directors that all activities of the company fall within one class of business, that of airline operator.

Analysis of turnover by geographical area:

	2016 £000	2015 £000
Within the British Isles	52,707	66,071
Between British Isles and Europe	3,380	4,826
	<u>56,087</u>	<u>70,897</u>

Turnover within the British Isles comprises revenue from domestic flights. Turnover between the British Isles and Europe comprises revenue from inbound and outbound flights between the British Isles and Europe and Europe to Europe travel.

The activities of the company are managed and administered on a central basis within the British Isles. As a result it would not be possible to provide a meaningful analysis of the operating results and net assets of the company on a route by route basis. Consequently, the operating results and net assets of the company are not shown across the geographical areas defined.

3 Exceptional items

The exceptional item relates to £327,000 of costs incurred in respect of the closure of two of the company's French branches (2015: £301,000).

4 Remuneration of directors

	2016 £000	2015 £000
<i>Directors' emoluments consist of:</i>		
Remuneration for management services	387	325

No retirement benefits were accruing for directors in either the current year or prior period.

The aggregate emoluments of the highest paid director were £357,000 (2015: £295,000). At the year end accrued pension benefits amounted to £nil (2015: £nil).

The above figure represents total emoluments received by the directors for all services to Eastern Airways (UK) Limited, Air Kilroe Limited and Eastern Airways International Limited. The directors do not consider that it is practical to apportion the remuneration between their services as directors of the three companies.

5 Staff numbers and costs

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

	Number of employees 2016	2015
Administration	69	76
Operations	345	334
	<u>414</u>	<u>410</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	10,706	10,684
Social security costs	1,114	1,034
Other pension costs	63	106
	<u>11,883</u>	<u>11,824</u>

6 Interest receivable and similar income

	2016 £000	2015 £000
Bank interest	4	5
Other interest	6	4
Foreign exchange gain	177	15
	<u>187</u>	<u>24</u>

7 Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts	26	21
Other interest	17	-
On inter-company loans	22	2
	<u>65</u>	<u>23</u>

8 Auditor's remuneration

	2016 £000	2015 £000
Audit of these financial statements	56	46

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Bristow Aviation Holdings Limited.

Notes (continued)

9 Taxation

Total tax expense recognised in the profit and loss account

	2016		2015
	£000	£000	£000
<i>Current tax</i>			
Current tax on income for the period		232	1,127
Adjustments in respect of prior periods		25	28
		<hr/>	<hr/>
Total current tax		257	1,155
<i>Deferred tax (note 17)</i>			
Origination and reversal of timing differences	(106)		(97)
Change in tax rate	(1)		(7)
	<hr/>		<hr/>
Total deferred tax		(107)	(104)
		<hr/>	<hr/>
Total tax		150	1,051
		<hr/>	<hr/>

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Profit for the year	478	2,864
Total tax expense	150	1,051
	<hr/>	<hr/>
Profit excluding taxation	628	3,915
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20% (2015: 21 %)	125	822
Reduction in tax rate on deferred tax balances	(8)	(7)
Non-deductible expenses	8	208
Under provided in prior years	25	28
	<hr/>	<hr/>
Total tax expense included in profit or loss	150	1,051
	<hr/>	<hr/>

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future tax charge accordingly.

Notes (continued)

10 Tangible fixed assets

	Portable buildings £000	Aircraft improve- ments £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2015	338	2,132	2,652	313	5,435
Additions	40	64	267	17	388
Disposals	-	(95)	-	(21)	(116)
At 31 March 2016	378	2,101	2,919	309	5,707
Accumulated depreciation					
At 1 April 2015	111	1,870	1,670	170	3,821
Charge for year	27	131	354	41	553
Disposals	-	-	-	(18)	(18)
At 31 March 2015	138	2,001	2,024	193	4,356
Net book value					
At 31 March 2016	240	100	895	116	1,351
At 31 March 2015	227	262	982	143	1,614

11 Fixed asset investments

	2016 £000	2015 £000
Investment in The Professional Darts Corporation Limited (0.6%)	43	43

12 Stocks

	2016 £000	2015 £000
Other	216	210

Notes (continued)

13 Debtors

	2016 £000	2015 £000
Trade debtors	4,379	1,664
Amounts owed by group undertakings	25,025	24,475
Other debtors	1,308	783
Other tax and social security	-	454
Prepayments and accrued income	1,999	2,363
	<u>32,711</u>	<u>29,739</u>

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdraft	957	1,152
Bank loans	-	77
Trade creditors	6,354	5,788
Corporation tax	180	1,174
Amounts owed to group undertakings	3,442	-
Other tax and social security	735	892
Other creditors	943	-
Accruals and deferred income	6,906	7,829
Other financial liabilities (see note 16)	-	285
	<u>19,517</u>	<u>17,197</u>

The bank overdraft is secured as part of a cross guarantee arrangement for a lending facility in Eastern Airways International Limited. Bank loans of £10,901,125 (2015: £10,645,000) are secured by fixed and floating charges over various assets (excepting aircraft and real estate) and are repayable in equal instalments to August 2018, and any drawings under the revolving credit facility by August 2018. Interest is repayable at LIBOR plus 1.75%.

15 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Bank loans	-	52
Capital grant	196	-
	<u>196</u>	<u>52</u>

The maturity of obligations under bank and other loans are as follows:

Within one year	-	77
Between one and two years	-	52
Between two and five years	-	-
	<u>-</u>	<u>129</u>

Notes (continued)

16 Other financial liabilities

	2016 £000	2015 £000
Amounts falling due within one year		
Financial liabilities designated as fair value through profit or loss	-	285
	<u>-</u>	<u>285</u>

17 Provisions for liabilities and charges

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Accelerated capital allowances	-	-	43	143	43	143
Unused tax losses	-	-	-	-	-	-
Other	-	-	48	175	48	175
	<u>-</u>	<u>-</u>	<u>91</u>	<u>318</u>	<u>91</u>	<u>318</u>
Net tax (assets) / liabilities	-	-	91	318	91	318

18 Capital and reserves

Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
501,000 Ordinary shares of £1 each	501	501
	<u>501</u>	<u>501</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Commitments

a) Capital commitments

At 31 March 2016, contracts for capital commitments amounted to £nil (2015: £nil).

b) Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	485	840
Between one and five years	776	966
More than five years	6,492	6,671
	<u>7,753</u>	<u>8,477</u>

During the year £1,292,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: 1,426,000).

Notes (continued)

20 Contingencies

The company is part of a cross guarantee arrangement for a lending facility in Eastern Airways International Limited as set out in note 14.

21 Related parties

Transactions with related parties are disclosed below:

Related party	Sales to related party		Purchases from related party		Balance due from/(to) related party	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Humberside International Airport Limited	388	-	804	1,023	(793)	(869)
Global Aviation Limited	62	45	43	4	4	17
Bristow Helicopters Limited	20,190	22,940	16	58	311	2,623
Magnificent Obsessions Limited	-	-	321	295	-	-
P & B Investments Limited	1	-	30	30	-	-

22 Ultimate parent company

The directors regard Bristow Aviation Holdings Limited, a company incorporated in the UK and registered in England and Wales, as the ultimate parent company and ultimate controlling party.

The parent undertaking of the largest group in which the results of the company are consolidated is that headed by Bristow Group Inc., incorporated in the United States of America. The parent undertaking of the smallest group in which they are consolidated is that headed by Bristow Aviation Holdings Limited. No other group financial statements include the results of the company. Copies of the Bristow Aviation Holdings Limited consolidated financial statements are available from Redhill Aerodrome, Redhill, Surrey, RH1 5JZ.

23 Accounting estimates and judgements

Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year such as the following.

Critical accounting judgements in applying the Company's accounting policies

There are no critical accounting judgements in applying the Company's accounting policies during the year.

Notes (continued)

24 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of profit and equity from old GAAP to FRS 102

	Note	Profit for the year ended 31 March 2015 £000	Equity as at 31 March 2015 £000	Equity as at 1 April 2014 £000
Amount under old GAAP		3,089	14,387	11,298
Recognition of fuel hedge at fair value	<i>a</i>	(285)	(285)	-
Tax effect of recognition of fuel hedge at fair value		60	60	-
Recognition to fair value of investment in PDC	<i>b</i>	-	31	31
Recognition of holiday pay accrual	<i>c</i>	-	(154)	(154)
Amount under FRS 102		2,864	14,039	11,175

Notes to the reconciliation of profit

- a) The fuel hedge was recognised at fair value in the prior period. This has been released in the current period as the hedge has expired.
- b) The investment in the PDC has been valued at its fair value in the brought forward figures.
- c) An accrual for holiday pay has been recognised in the brought forward and carried forward figures.