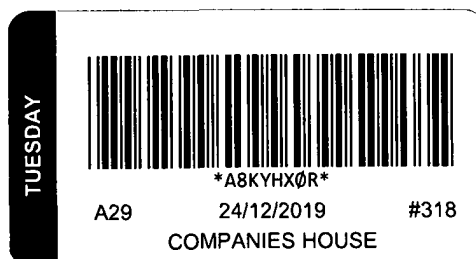


Eastern Airways (UK) Limited

**Directors' report and financial
statements**

Registered number 03468489

31 March 2019



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Company information

Directors	Mr R Lake Mr M Blaze Mr A Burgess Mr C Spink
Secretary	Mr M Hutchinson
Company number	03468489
Registered office	C/O Bissell & Brown Ltd Charter House 56 High Street Sutton Coldfield West Midlands B72 1UJ
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Business address	Schiphol House Humberside International Airport Kirmington DN39 6YH
Banker	Santander UK Plc Santander Corporate Banking 44 Merrion Street Leeds LS2 8JQ

Directors' report

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

Principal activity

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

Result for the year

The loss for the financial year ended 31 March 2019 was £5,192,000 (2018: £6,708,000). This included £33,000 of income and expenses which are considered exceptional in nature. Further detail can be found under notes to the financial statements.

Political and charitable contributions

Charitable contributions totalling £11,000 were made during the year (2018: £50). No political contributions were made during the year (2018: £nil).

Dividends

No dividend has been paid in the year (2018: £nil).

Directors

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

Mr R Lake	
Mr J Howell-Richardson	(resigned 10 May 2019)
Mr A Corbett	(resigned 10 May 2019)
Mr M Nicol	(appointed 17 January 2019, resigned 10 May 2019)
Mr M Blaze	(appointed 10 May 2019)
Mr M Burgess	(appointed 10 May 2019)
Mr C Spink	(appointed 10 May 2019)

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)*

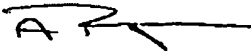
Disclosure of information to the auditor

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



Anthony Burgess
Director

Registered Office:

C/O Bissell & Brown Ltd Charter House
56 High Street
Sutton Coldfield
West Midlands
B72 1UJ

Dated: 20/2/19

Strategic report

Business review

The results of the company for the year ended 31 March 2019 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 a good 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 during both the current and the previous financial years. We are expecting to see some improvements in passenger volumes in 2020 as the oil price continues to recover.

The results for the year ended 31 March 2019 continue to be impacted by the referendum to leave the European Union in January 2020, which resulted in significant fluctuations in sterling values against the dollar and the euro. A large proportion of aircraft parts, leasing, fuel and other costs are priced in US dollars, and this is only partly mitigated by revenues.

At the year end the company operated a mixed fleet of Jetstream 41, Saab 2000, ERJ 135/145, and ATR-600 aircraft which allows for considerable flexibility in matching demand to capacity in both the scheduled airline and charter markets.

The year a franchise agreement with Flybe plc continues to be beneficial to both parties. This increases our reach to the wider public, as well as increasing our brand presence within the regional aviation industry.

The outlook for the year ended March 2020 is improving with oil and gas contracts in place and the continuation of our partnership with Flybe. The fleet strategy is continuously being assessed and as part of this, we will continue to phase out some of the older SAAB aircraft as these routes can now be covered by the ATR-600 aircraft. This will continue to reduce costs as well as increase our operational efficiency due to the ATR-600 aircraft requiring less maintenance.

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 2019, 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.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

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 2019, no currency hedges were in place.

Going concern

Following the year end the group was purchased by Orient Industrial Holdings Limited, as such this created significant positive reserves in the parent company Eastern Airways International Limited and positive reserves in excess of £20 million in the consolidated Eastern Airways Group. As such Eastern Airways International Limited offers support to all companies within the group. The company will have sufficient funds, through funding from its parent company, Eastern Airways International Limited, to meet its liabilities as they fall due for that period.

Britain Leaving the European Union

The future of Britain leaving the EU is uncertain and this has a potential impact to reduce demand for flights in and out of the UK. Although the majority of the company's revenue is generated within the British Isles there may be a decline in adhoc charter flights within the EU.

Parts are also imported from within the EU and dependent on future trade talks may extend lead times however Eastern will continue to choose the most efficient suppliers which will have the least impact on our maintenance schedules.

Key performance indicators ("KPIs")

The company's directors monitor route revenue, direct operating costs and business profitability as the main key performance indicators. As the routes operated vary over time, as do the related direct operating costs, no specific KPIs have been disclosed. The performance of the business during the year can be seen in the profit and loss account.

On behalf of the board



Anthony Burgess
Director

Registered Office:

C/O Bissell & Brown Ltd Charter House
56 High Street
Sutton Coldfield
West Midlands
B72 1UJ

Dated: 20/12/19

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 year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 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 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 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 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 company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Eastern Airways (UK) Limited ("the company") for the year ended 31 March 2019 which comprise the profit and loss account, the balance sheet, the 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 company's affairs as at 31 March 2019 and of its 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 company 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 Britain 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 recoverability of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend 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 company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company 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.~~

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. 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.

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.

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

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, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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 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 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

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.



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: 20th December 2019

Profit and loss account
for the year ended 31 March 2019

	Note	Before exceptional items 2019 £000	Exceptional items 2019 £000	Total 2019 £000	Before exceptional item 2018 £000	Exceptional item 2018 £000	Total 2018 £000
Turnover	2	61,160	-	61,160	61,598	-	61,598
Cost of sales		(59,735)	-	(59,735)	(54,909)	-	(54,909)
Gross profit		1,425	-	1,425	6,689	-	6,689
Administrative expenses	3	(6,409)	33	(6,376)	(6,530)	(561)	(7,091)
Impairment of stock		-	-	-	-	(441)	(441)
Provision for irrecoverable intercompany loans		-	-	-	-	(6,095)	(6,095)
Operating (loss)/profit		(4,984)	33	(4,951)	159	(7,097)	(6,938)
Profit/(Loss) on disposal of tangible fixed assets		-	-	-	93	-	93
Interest receivable and similar expenses	6	-	-	-	726	-	726
Interest payable and similar income	7	(1,228)	-	(1,228)	(638)	-	(638)
(Loss)/Profit before taxation		(6,212)	33	(6,179)	340	(7,097)	(6,757)
Tax on (loss)/profit	9	987	-	987	49	-	49
(Loss)/Profit after taxation		(5,225)	33	(5,192)	389	(7,097)	(6,708)

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 2019

	<i>Note</i>	2019		2018	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	<i>10</i>		723		798
Current assets					
Stocks	<i>11</i>	89		89	
Debtors (including £859,000 (2018: £1,337,000) due after more than one year)	<i>12</i>	68,800		62,601	
		<u>68,889</u>		<u>62,690</u>	
Creditors: amounts falling due within one year	<i>13</i>	<u>(70,394)</u>		<u>(57,883)</u>	
Net current (liabilities)/assets			<u>(1,505)</u>		<u>4,807</u>
Total assets less current liabilities			<u>(782)</u>		<u>5,605</u>
Creditors: amounts falling due after more than one year	<i>14</i>		<u>(213)</u>		<u>(1,386)</u>
Provisions for liabilities and charges	<i>15</i>		<u>-</u>		<u>(22)</u>
Net (liabilities)/ assets			<u>(995)</u>		<u>4,197</u>
Capital and reserves					
Called up share capital	<i>16</i>		501		501
Profit and loss account			<u>(1,496)</u>		<u>3,696</u>
Shareholders' funds			<u>(995)</u>		<u>4,197</u>

The attached notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 26/12/19 and signed on its behalf by:



Anthony Burgess
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 2017	501	10,404	10,905
Total comprehensive loss for the period Loss	-	(6,708)	(6,708)
Transactions with owners, recorded directly in equity Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2018	501	3,696	4,197
	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	501	3,696	4,197
Total comprehensive loss for the period Loss	-	(5,192)	(5,192)
Transactions with owners, recorded directly in equity Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2019	501	(1,496)	(995)

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. The registered number is 03468489 and the registered address is C/O Bissell & Brown Ltd Charter House, 56 High Street, Sutton Coldfield, West Midlands, B72 1UJ

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"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's 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 19. 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 20.

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

Notwithstanding a loss before tax in the year of £6,179,000 and net liabilities of £995,000 as at 31 March 2019, the financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

The company is a wholly owned subsidiary of Eastern Airways International Limited (the 'Group'). On 10 May 2019 the Group was purchased by Orient Industrial Holdings Limited for £1. As part of this transaction, the Group sold its investment in Humberside International Airport Limited and previously unrecognised tax losses to its previous owner and the existing intercompany loan was waived. This resulted in an increase in the net assets of the Group of £42,700,000, which includes approximately £19,400,000 of cash.

The directors have prepared cash flow forecasts for a period of 15 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 immediate parent company, Eastern Airways International Limited, to meet its liabilities as they fall due for that period.

Notes (continued)

1 Accounting policies (continued)

1.2. Going concern (continued)

Those forecasts are dependent on Eastern Airways International Limited providing additional financial support during that period. Eastern Airways International Limited has indicated its intention to continue to make available such funds as are needed by the company 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.

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.

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.

Notes (continued)

1 Accounting policies (continued)

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.

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.

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.

Notes (continued)

1 Accounting policies (continued)

1.8. Impairment excluding stocks (continued)

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.

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.

Notes (continued)

1 Accounting policies (continued)

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.

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:

	2019 £000	2018 £000
Within the British Isles	48,923	51,914
Between British Isles and Europe	8,792	6,920
Rest of the World	3,445	2,764
	61,160	61,598

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. Turnover relating to the rest of the world comprises revenue from flights outside of both the British Isles and Europe.

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 item

The exceptional item of £33,000 is made up of £60,000 redundancy costs, £55,000 relates to closure of the French branch and income of £148,000 relates to part of a loan which has been waived between the company and the Director.

Notes (continued)

4 Remuneration of directors

	2019	2018
	£000	£000
<i>Directors' emoluments consist of:</i>		
Remuneration for management services	-	622
	<u> </u>	<u> </u>

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

The aggregate emoluments of the highest paid director were £nil (2018: £597,000). At the year end accrued pension benefits amounted to £nil (2018: £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	
	2019	2018
Administration	60	68
Operations	223	273
	<u> </u>	<u> </u>
	283	341
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	9,378	10,554
Social security costs	985	1,148
Other pension costs	170	101
	<u> </u>	<u> </u>
	10,533	11,803
	<u> </u>	<u> </u>

6 Interest receivable

	2019	2018
	£000	£000
Other interest	-	1
Foreign exchange gain	-	725
	<u> </u>	<u> </u>
	-	726
	<u> </u>	<u> </u>

Notes (continued)

7 Interest payable and similar expenses

	2019	2018
	£000	£000
On bank loans and overdrafts	24	30
Other interest	39	54
On inter-company loans	470	554
Foreign exchange loss	695	-
	1,228	638

8 Auditor's remuneration

	2019	2018
	£000	£000
Audit of these financial statements	52	56
	52	56

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.

9 Taxation

Total tax expense recognised in the profit and loss account

	2019		2018	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period		(1,000)		(35)
Adjustments in respect of prior periods		35		51
Total current tax		(965)		16
<i>Deferred tax (note 15)</i>				
Origination and reversal of timing differences	12		(77)	
Adjustments in respect of prior periods	(51)		4	
Change in tax rate	17		8	
Total deferred tax	(22)	(22)	(65)	(65)
Total tax		(987)		(49)

Notes (continued)

9 Taxation

Reconciliation of effective tax rate

	2019 £000	2018 £000
(Loss)/Profit for the year	(5,192)	(6,708)
Total tax (income)	(987)	(49)
	<hr/>	<hr/>
(Loss)/Profit excluding taxation	(6,179)	(6,757)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2018: 19%)	(1,174)	(1,284)
Increase/(reduction) in tax rate on deferred tax balances	17	8
Non-deductible expenses	11	1,172
Under provided in prior years	(15)	56
Deferred tax not recognised	174	-
Tax-exempt revenues	-	(22)
FV adjustment on investment	-	(7)
Chargeable gains	-	28
	<hr/>	<hr/>
Total tax (income)/expense included in profit or loss	(987)	(49)
	<hr/>	<hr/>

Finance Act 2016 had the effect of reducing the main rate of corporation tax from 19% to 17% from 1 April 2020. Any deferred tax assets or liabilities have been calculated at 19% or 17% in line with when the company anticipates the temporary differences will unwind.

10 Tangible fixed assets

	Portable buildings £000	Aircraft improve- ments £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At 1 April 2018	404	2,124	3,116	223	5,867
Additions		158	84	-	242
Disposals	(14)	-	(2)	(7)	(23)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	390	2,282	3,198	216	6,086
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 April 2018	202	2,085	2,622	160	5,069
Expense for year	28	15	241	33	317
Disposals	(14)	-	(2)	(7)	(23)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	216	2,100	2,861	186	5,363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2019	174	182	337	30	723
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	202	39	494	63	798
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Stocks

	2019 £000	2018 £000
Other	89	89
	<u>89</u>	<u>89</u>

12 Debtors

	2019 £000	2018 £000
Trade debtors	4,823	7,531
Amounts owed by group undertakings	57,542	48,797
Other debtors	1,657	2,594
Corporation tax	1,000	68
Prepayments and accrued income	3,778	3,611
	<u>68,800</u>	<u>62,601</u>

Included within other debtors are the following amounts due after more than one year:

	2019 £000	2018 £000
Deposits	859	1,337
	<u>859</u>	<u>1,337</u>

During the prior year, the company recognised a provision against the amounts owed by group undertakings of £6,095,000, which given the one-off nature have been classified as exceptional in the profit and loss account.

Notes (continued)

13 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Bank overdraft	1,033	6,353
Trade creditors	12,386	10,488
Amounts owed to group undertakings	45,686	28,970
Other tax and social security	424	890
Other creditors	2,237	-
Accruals and deferred income	8,628	11,182
	70,394	57,883

14 Creditors: amounts falling due after more than one year

	2019	2018
	£000	£000
Other creditors	-	1,169
Capital grants	213	217
	213	1,386

15 Provisions for liabilities and charges

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	(68)	-	-	-	(68)
Other	-	-	-	90	-	90
	-	(68)	-	90	-	22
Net tax (assets) / liabilities	-	(68)	-	90	-	22

The company has unrecognised deferred tax asset of £174,000 (£2018: nil) in respect of losses, fixed asset and short term timing differences. The company does not expect to recover the assets in the short term.

16 Capital and reserves

Share capital

	2019	2018
	£000	£000
<i>Allotted, called up and fully paid</i>		
501,000 Ordinary shares of £1 each	501	501
	501	501

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.

Notes (continued)

17 Commitments

a) Capital commitments

At 31 March 2019, contracts for capital commitments amounted to £nil (2018: £nil).

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

	2019 £000	2018 £000
Less than one year	320	345
Between one and five years	770	744
More than five years	5,958	6,136
	7,048	7,225

During the year £704,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £799,000).

18 Related parties

Transactions with related parties are disclosed below:

The company is exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS 102.

The following transactions are with entities which are considered to be under the control of certain owners of the Company but are not consolidated or wholly owned:

Related party	Sales to related party		Purchases from related party		Balance due from/(to) related party	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Humberside International Airport Limited	232	234	1,105	1,085	(904)	(1,063)
Global Aviation Limited	52	4	197	254	147	8
Bristow Helicopters Limited	17,893	18,386	349	131	(21)	101
Magnificent Obsessions Limited	-	-	-	546	-	-
P & B Investments Limited	-	-	-	25	-	-
	18,177	18,624	1,651	1,995	136	109

19 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 as at 31 March 2019.

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 as at 31 March 2019. 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 its registered address at Redhill Aerodrome, Redhill, Surrey, RH1 5JZ.

20 Accounting estimates and judgements

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.

Key sources of estimation uncertainty

Recoverability of amounts due from group and related undertakings

The Group and Company have significant amounts due from group undertakings of £57,542,000 (2018: £48,797,000). These balances are financial assets carried at amortised cost. They are assessed by the Directors at each reporting date to determine whether there is objective evidence that the asset is impaired, who consider the financial performance, position and prospects of the subsidiaries and related undertakings. If there are indicators of impairment, the impairment loss 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.

21 Events after the reporting period

On 10 May 2019 the company was sold by the ultimate parent, Bristow Aviation Holdings Limited. The parent undertaking of the largest group, Eastern Airways International Limited, was then purchased by Orient Industrial Holdings Limited, a company incorporated in the UK and registered in England and Wales, also on 10 May 2019.