

Financial Statements of

**NATIONAL HELICOPTER SERVICES LIMITED**

September 30, 2012



**Independent Auditors' Report**  
**To the Shareholders of National Helicopter Services Limited**

We have audited the accompanying financial statements of National Helicopter Services Limited (the Company) as at December 31, 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

July 26, 2013  
Port of Spain  
Trinidad and Tobago

# NATIONAL HELICOPTER SERVICES LIMITED

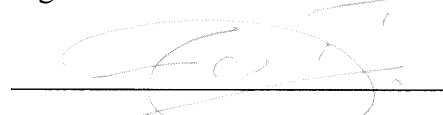
## Statement of Financial Position

September 30, 2012

	Note	2012	Restated 2011	Restated 2010
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	\$ 158,462,749	172,611,596	125,767,775
Retirement benefit asset	2	-	96,200	-
Deferred expenditure – major aircraft components	3	41,968,648	31,135,633	30,199,660
GORTT receivable	4	-	2,937,143	16,865,357
		<u>200,431,397</u>	<u>206,780,572</u>	<u>172,832,792</u>
<b>Current assets</b>				
Prepaid expenses		2,290,269	2,277,098	2,179,268
Inventories	5	27,754,316	31,019,396	30,662,973
Taxation recoverable		4,523,281	4,507,243	3,359,111
Accounts receivable	6	31,632,569	36,659,336	33,604,473
Cash		11,922,155	6,758,184	3,706,637
Short-term deposits		32,146,647	26,629,050	9,822,501
		<u>110,269,237</u>	<u>107,850,307</u>	<u>83,334,963</u>
<b>Total assets</b>		<u>\$ 310,700,634</u>	<u>314,630,879</u>	<u>256,167,755</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	\$ 23,766,278	23,766,278	23,766,278
Retained earnings		104,852,185	89,271,996	79,559,685
		<u>128,618,463</u>	<u>113,038,274</u>	<u>103,325,963</u>
<b>Non-current liabilities</b>				
Borrowings	8	114,191,280	132,570,147	83,356,978
Retirement benefit liability	2	156,600	-	104,100
Deferred taxation	9	26,034,261	19,957,465	16,794,323
		<u>140,382,141</u>	<u>152,527,612</u>	<u>100,255,401</u>
<b>Current liabilities</b>				
Current portion of borrowings	8	15,685,413	18,857,722	20,681,696
Taxation payable		-	-	846,077
Trade payables		8,599,213	10,069,959	7,981,273
Other payables and accrued liabilities	10	17,415,404	20,137,312	23,077,345
		<u>41,700,030</u>	<u>49,064,993</u>	<u>52,586,391</u>
<b>Total equity and liabilities</b>		<u>\$ 310,700,634</u>	<u>314,630,879</u>	<u>256,167,755</u>

See accompanying notes to financial statements.

Signed on behalf of the Board

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

## NATIONAL HELICOPTER SERVICES LIMITED

### Statement of Comprehensive Income

Year ended September 30, 2012

	Notes	2012	Restated 2011
<b>Revenue</b>	11	\$ 136,058,806	136,118,351
Direct operating costs	12	<u>(97,046,815)</u>	<u>(108,644,302)</u>
<b>Gross profit</b>		39,011,991	27,474,049
Other income	13	<u>6,344,120</u>	<u>6,459,437</u>
		45,356,111	33,933,486
Administration and other operating expenses	14	<u>(14,438,134)</u>	<u>(13,320,433)</u>
<b>Operating profit before pension costs</b>		30,917,977	20,613,053
Net pension (cost) income		<u>(252,800)</u>	<u>200,300</u>
<b>Operating profit after pension costs</b>		30,665,177	20,813,353
Net financing cost	15	<u>(6,230,713)</u>	<u>(8,046,924)</u>
<b>Profit before taxation</b>		24,434,464	12,766,429
Taxation	9	<u>(6,477,647)</u>	<u>(3,054,118)</u>
<b>Net profit being total comprehensive income for the year</b>		\$ <u>17,956,817</u>	<u>9,712,311</u>

*See accompanying notes to financial statements.*

## NATIONAL HELICOPTER SERVICES LIMITED

### Statement of Changes in Equity

Year ended September 30, 2012

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b><i>Year ended September 30, 2011</i></b>			
Opening balance at October 1, 2010, as previously stated	\$ 23,766,278	68,115,144	91,881,422
Change in accounting policy (Note 22)	-	11,444,541	11,444,541
Opening balance at October 1, 2010, as restated	23,766,278	79,559,685	103,325,963
<b>Total comprehensive income for the year</b>			
Net profit for the year	-	9,712,311	9,712,311
Closing balance at September 30, 2011, as restated	\$ <u>23,766,278</u>	<u>89,271,996</u>	<u>113,038,274</u>
<b><i>Year ended September 30, 2012</i></b>			
Opening balance at October 1, 2011, as previously stated	\$ 23,766,278	75,515,323	99,281,601
Change in accounting policy (Note 22)	-	13,756,673	13,756,673
Opening balance at October 1, 2011, as restated	23,766,278	89,271,996	113,038,274
<b>Total comprehensive income for the year</b>			
Net profit for the year	-	17,956,817	17,956,817
Dividends paid for years ended September 30, 2010 and 2011	-	(2,376,628)	(2,376,628)
Closing balance at September 30, 2012	\$ <u>23,766,278</u>	<u>104,852,185</u>	<u>128,618,463</u>

*See accompanying notes to financial statements.*

# NATIONAL HELICOPTER SERVICES LIMITED

## Statement of Cash Flows

Year ended September 30, 2012

	2012	Restated 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	\$ 24,434,464	12,766,429
Adjustments for:		
Depreciation	16,000,155	14,531,638
Amortisation of expenditure - major aircraft components	14,952,774	14,974,357
Net pension cost	1,107,900	971,100
Gain on disposal of property, plant and equipment	<u>(114,998)</u>	<u>-</u>
Operating profit before working capital changes	56,380,295	43,243,524
Change in accounts receivable	7,963,910	10,873,351
Change in inventories	3,265,080	(356,423)
Change in prepaid expenses	(13,171)	(97,830)
Change in trade payables	(1,470,746)	2,088,686
Change in other payables and accrued liabilities	(2,721,908)	(2,940,036)
Taxes paid	(416,888)	(1,885,183)
Pension contributions paid	<u>(855,100)</u>	<u>(1,171,400)</u>
Cash flows from operating activities	<u>62,131,472</u>	<u>49,754,689</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,920,720)	(61,375,459)
Proceeds from disposal of property, plant and equipment	184,409	-
Expenditure on major aircraft components	<u>(25,785,789)</u>	<u>(15,910,330)</u>
Net cash used in investing activities	<u>(27,522,100)</u>	<u>(77,285,789)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	74,642,416
Dividends Paid	(2,376,628)	-
Repayment of borrowings	<u>(21,551,176)</u>	<u>(27,253,220)</u>
Net cash (used in) from financing activities	<u>(23,927,804)</u>	<u>47,389,196</u>
<b>Net increase in cash and cash equivalents</b>	<b>10,681,568</b>	<b>19,858,096</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<u>33,387,234</u>	<u>13,529,138</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ <u>44,068,802</u></b>	<b>\$ <u>33,387,234</u></b>
<b>Cash and cash equivalents represented by:</b>		
Cash	\$ 11,922,155	6,758,184
Short-term deposits	<u>32,146,647</u>	<u>26,629,050</u>
	<b>\$ <u>44,068,802</u></b>	<b>\$ <u>33,387,234</u></b>

See accompanying notes to financial statements

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## **Incorporation and Principal Activity**

The Company was incorporated as a company limited by shares under the laws of the Republic of Trinidad and Tobago on October 3, 1989 to establish and carry on the business of air transport and helicopter services. Its registered office is located at NHSL Heliport, Camden, Couva, Trinidad and Tobago.

These financial statements were authorised for issue by the Directors on July 26, 2013.

## **Summary of Significant Accounting Policies**

### ***(a) Statement of compliance***

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretation adopted by the International Accounting Standards Board.

### ***(b) Basis of preparation***

These financial statements have been prepared under the historical cost convention modified for the inclusion of financial instruments at fair value through profit or loss.

### ***(c) Foreign currency translation***

#### **i) Functional and presentation currency**

These financial statements are presented in Trinidad and Tobago dollars which is the Company’s functional currency and has been rounded to the nearest dollar.

#### **ii) Transactions and balances**

Foreign currency transactions are translated into Trinidad and Tobago dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Trinidad and Tobago dollars at the selling rate ruling at that date. Foreign transaction gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.



## NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements  
September 30, 2012

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### Summary of Significant Accounting Policies (continued)

#### *(d) Use of estimates and judgments*

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

#### *(e) Change in accounting policy*

Effective October 1, 2011 the Company changed its accounting policy in relation to how 'Power by the Hour' transactions are recognised and measured. In the prior years, amounts paid in relation to these transactions were charged to the statement of comprehensive income.

Management has decided, the more prudent accounting treatment was to expense monthly 30% and 25% of the monthly Power by the Hour (PBH) component utilization cost for the engines and the gear boxes respectively.

The remaining 70% and 75% respectively on the engines and the gearboxes are to be capitalized under Deferred Maintenance Major Aircraft Components until the components are actually changed on the aircraft, at which point the accumulated cost is then expensed monthly to the Statement of Comprehensive Income using the Deferral Method, based on the actual flying hours on each component.

#### *(f) Property, plant and equipment*

- i) Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Projects under construction are stated at cost less impairment losses and capitalised when the asset is put into use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income during the financial period as an expense as incurred.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## Summary of Significant Accounting Policies (continued)

### *(f) Property, plant and equipment* (continued)

- ii) Depreciation is charged to the statement of comprehensive income on a reducing balance basis over the estimated useful life of items of property, plant and equipment. Freehold land is not depreciated as it is deemed to have an infinite life. Depreciation is provided over the estimated useful life of the respective assets at the following rates and methods:

Leasehold land and buildings	1.67%-2.02%
Aircraft	8.33%-12.5%
Ground and workshop equipment	20%
Office furniture and equipment	15%
Computer	20%
Motor vehicles	25%

- iii) Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the net income for the year.

### *(g) Impairment*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. (See accounting policy (g)(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

#### *(i) Calculation of recoverable amount*

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *(ii) Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## Summary of Significant Accounting Policies (continued)

### **(h) Inventories**

Inventories which consist mainly of spare parts are measured at the lower of cost and net realizable value. The cost of the inventories is based on the first in, first out principle, with cost being the supplier's invoice cost excluding freight and other import cost.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

### **(i) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdraft.

### **(j) Accounts receivable**

Accounts receivable are recognised at the original amount less any provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the statement of comprehensive income. Bad debts are written off to the statement of comprehensive income when identified.

### **(k) Provisions**

Provisions are recognised when, the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

### **(l) Financial instruments**

Financial instruments include cash, short-term deposits, accounts receivable, trade payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### **(m) Borrowings**

Borrowings are recognised initially as the proceeds are received. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## Summary of Significant Accounting Policies (continued)

### **(n) Revenue recognition**

- (i) Revenue is recognised on the accrual basis upon performance of services.
- (ii) Government grants are recognized as income in the statement of comprehensive income to match the related cost for which the grants are intended to compensate.

### **(o) Trade and other payables**

Liabilities for trade and other payables which are normally settled on thirty to ninety day terms are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Company.

### **(p) Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the statement of comprehensive income using the effective interest method.

Finance costs comprise interest expense on borrowings unwinding of the discount on provisions, impairment losses recognized on financial assets recognized on the statement of comprehensive income.

### **(q) Pension obligations**

The Company operates a defined benefit plan, the assets of which are held in a separate trustee administered fund. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service life of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans annually.

### **(r) Deferred expenditure – major aircraft components**

The cost of major component overhaul or replacement is accounted for by the deferral method. The cost of each overhaul or replacement is deferred and written-off over the expected life of the component.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## Summary of Significant Accounting Policies (continued)

### (s) *Taxation*

Income tax comprises current and deferred tax and is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and green fund levy, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss).

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

### (t) *Related parties*

A number of transactions have been entered into with related parties in the normal work of business. These transactions were conducted at market rates on commercial terms and conditions.

### (u) *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company except for the following:

IAS 1 Presentation of Financial Statements (amendment) – The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss and the title of statement of comprehensive income is changed to the statement of profit or loss and other comprehensive income. However the entity is still allowed to use other titles. This amendment is effective July 1, 2012.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## Summary of Significant Accounting Policies (continued)

### (u) *New standards adopted and new standards and interpretations not yet adopted* (continued)

#### **New standards and interpretations not yet adopted** (continued)

IFRS 9 Financial Instruments (2010) - The revised IFRS supersedes the previous version of IFRS 9 issued in 2009 and is effective for accounting periods beginning on or after January 1, 2015. The revised standard now includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 Financial Instruments: Recognition and Measurement on the recognition and de-recognition of financial assets and financial liabilities. The Company is assessing the impact that the standard may have on the 2015 financial statements.

IFRS 13 Fair Value Measurement – The standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value and sets out disclosure requirements for fair value measurements. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. This standard is effective January 1, 2013.

IAS 19 *Employee Benefits*, which becomes mandatory for the Company's 2013 financial statements and will result in a change in accounting policy and related prior year restatement of the financial statements to recognise accumulated unrecognised actuarial gains/losses through the statement of comprehensive income. The impact on the financial statements on initial application of the Standard will be a reduction in the retained earnings however the extent of the impact has not yet been determined.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

## 1. Property, Plant and Equipment

	2012						
	Land and Building	Aircraft	Equipment	Computers	Motor Vehicles	Project Under Construction	Total
<b>Cost</b>							
Opening balance as at October 1, 2011	\$ 13,723,049	250,448,869	9,087,023	2,572,423	826,037	2,713,622	279,371,023
Additions	-	212,608	373,981	203,355	265,737	865,039	1,920,720
Disposals	-	-	(851,173)	(124,815)	(254,720)	-	(1,230,708)
Transfers	-	-	32,985	-	249,998	(282,983)	-
Closing balance as at September 30, 2012	\$ 13,723,049	250,661,477	8,642,816	2,650,963	1,087,052	3,295,678	280,061,035
<b>Depreciation</b>							
Opening balance as at October 1, 2011	\$ 2,530,377	93,912,912	7,329,432	2,160,681	826,025	-	106,759,427
Charge for the year	251,634	14,710,696	740,563	214,182	83,080	-	16,000,155
Disposals	-	-	(794,838)	(111,740)	(254,718)	-	(1,161,296)
Closing balance as at September 30, 2012	\$ 2,782,011	108,623,608	7,275,157	2,263,123	654,387	-	121,598,286
<b>Carrying Value</b>							
As at September 30, 2012	\$ 10,941,038	142,037,868	1,367,660	387,840	432,665	3,295,678	158,462,749
As at September 30, 2011	\$ 11,192,672	156,535,956	1,757,591	411,742	12	2,713,622	172,611,596

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

### 1. Property, Plant and Equipment (continued)

	2011						
	Land and Building	Aircraft	Equipment	Computers	Motor Vehicles	Project Under Construction	Total
<b>Cost</b>							
Opening balance as at October 1, 2010	\$ 13,717,812	176,664,540	8,737,920	2,394,813	826,037	15,654,442	217,995,564
Additions	5,237	1,040,669	326,903	177,610	-	59,825,040	61,375,459
Transfers	-	72,743,660	22,200	-	-	(72,765,860)	-
Closing balance as at September 30, 2011	\$ <u>13,723,049</u>	<u>250,448,869</u>	<u>9,087,023</u>	<u>2,572,423</u>	<u>826,037</u>	<u>2,713,622</u>	<u>279,371,023</u>
<b>Depreciation</b>							
Opening balance as at October 1, 2010	\$ 2,278,805	80,653,742	6,523,417	1,945,800	826,025	-	92,227,789
Charge for the year	<u>251,572</u>	<u>13,259,170</u>	<u>806,014</u>	<u>214,882</u>	<u>-</u>	<u>-</u>	<u>14,531,638</u>
Closing balance as at September 30, 2011	\$ <u>2,530,377</u>	<u>93,912,912</u>	<u>7,329,431</u>	<u>2,160,682</u>	<u>826,025</u>	<u>-</u>	<u>106,759,427</u>
<b>Carrying Value</b>							
As at September 30, 2011	\$ <u>11,192,672</u>	<u>156,535,957</u>	<u>1,757,592</u>	<u>411,741</u>	<u>12</u>	<u>2,713,622</u>	<u>172,611,596</u>
As at September 30, 2010	\$ <u>11,439,007</u>	<u>96,010,798</u>	<u>2,214,503</u>	<u>449,013</u>	<u>12</u>	<u>15,654,442</u>	<u>125,767,775</u>



# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

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### 2. Retirement Benefit (Asset) Liability

The Company has established a pension scheme that covers substantially all of the employees. The pension scheme is a final salary defined benefit plan and is fully funded. The assets of the funded plan are held independently of the Company's assets in a separate trustee administered fund. The scheme was valued by independent actuaries as at September 30, 2011 using the projected unit credit method.

	<u>2012</u>	<u>2011</u>
The details are as follows:		
Present value of funded obligation	\$ 25,575,200	18,555,100
Fair value of plan assets	(17,193,100)	(15,702,000)
	8,382,100	2,853,100
Unrecognised actuarial losses	(8,225,500)	(2,949,300)
Liability (asset) recognized in statement of financial position	\$ <u>156,600</u>	<u>(96,200)</u>

#### *Changes in the present value of the defined benefit obligation are:*

Opening present value of defined benefit obligation	\$ 18,555,100	16,211,300
Current service cost	860,400	709,800
Plan participant contributions	628,700	547,100
Interest cost	1,306,300	1,245,800
Actuarial losses on obligation	5,502,300	298,300
Benefits paid	(1,277,600)	(457,200)
	\$ <u>25,575,200</u>	<u>18,555,100</u>

#### *Changes in the fair value of plan assets are as follows:*

Opening fair value of plan assets	\$ 15,702,000	13,781,300
Expected return on plan assets	1,106,400	1,016,500
Actuarial loss on plan assets	178,500	(357,100)
Employer contributions	855,100	1,171,400
Plan participant contributions	628,700	547,100
Benefits paid	(1,277,600)	(457,200)
Closing fair value of plan assets	\$ <u>17,193,100</u>	<u>15,702,000</u>

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

## 2. Retirement Benefit (Asset) Liability (continued)

	<u>2012</u>	<u>2011</u>
The amount recognised in the statement of comprehensive income is as follows:		
Current service cost	\$ 860,400	709,800
Interest cost	1,306,300	1,245,800
Expected return on assets	(1,106,400)	(1,016,500)
Net Actuarial loss recognised in year	<u>47,600</u>	<u>32,000</u>
	<u>\$ 1,107,900</u>	<u>971,100</u>

The actuarial return on Plan assets was \$929,400 (2011: \$711,900).

Movement recognised in the statement of financial position:

At the beginning of the year	\$ 96,200	(104,100)
Total expense as above	(1,107,900)	(971,100)
Contribution paid	<u>855,100</u>	<u>1,171,400</u>
At the end of the year	<u>\$ (156,600)</u>	<u>96,200</u>

The principal actuarial assumptions used for accounting purposes were:

Discount rate	5.0%	7.0%
Expected rate of return on plan assets	5.0%	7.0%
Expected average remaining working lives of employees (years)	22.10	23.10
Future salary increases	3.5%	5.5%

**Amounts for the current and previous periods are as follows:**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Defined benefit obligation	(25,575,200)	(18,555,100)	(16,211,300)	(14,157,300)	(11,549,100)
Plan asset	<u>17,193,100</u>	<u>15,702,000</u>	<u>13,781,300</u>	<u>12,236,900</u>	<u>11,026,300</u>
(Deficit) surplus	<u>(8,382,100)</u>	<u>(2,853,100)</u>	<u>(2,430,000)</u>	<u>(1,920,400)</u>	<u>(522,800)</u>
Experience adjustments on					
Plan liabilities loss (gain)	<u>1,157,500</u>	<u>(480,200)</u>	<u>(551,100)</u>	<u>449,300</u>	<u>1,241,000</u>
Experience adjustments on					
Plan assets loss	<u>(177,000)</u>	<u>(435,400)</u>	<u>(298,100)</u>	<u>(248,100)</u>	<u>(336,000)</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

	<u>2012</u>	<u>2011</u>
<b>3. Deferred Expenditure – Major Aircraft Components</b>		
Opening balance as at October 1	\$ 31,135,633	30,199,660
Amortisation of deferred expenditure	(14,952,774)	(14,974,357)
Expenditure on major aircraft components	<u>25,785,789</u>	<u>15,910,330</u>
Closing balance as at September 30	\$ <u>41,968,648</u>	<u>31,135,633</u>
<b>4. Government of the Republic of Trinidad and Tobago (GORTT) Receivable</b>		
GORTT receivable represents amounts owed by the Ministry of National Security (MNS) for the purchase of air assets. The loans to acquire the purchase of these assets are guaranteed and are being repaid by the Government of the Republic of Trinidad and Tobago. As payments are made on the loan balances, set out in note 8(ii) and (iv), the accounts receivable is reduced accordingly	\$ <u>-</u>	<u>2,937,143</u>
<b>5. Inventories</b>		
Aircraft spares	\$ 25,896,173	28,396,625
Goods-in transit	1,286,962	2,165,660
Fuel	<u>571,181</u>	<u>457,111</u>
	\$ <u>27,754,316</u>	<u>31,019,396</u>
Inventories are shown net of provision for slow moving and obsolete stock of \$10,401,166 (2011: \$7,718,399).		
	<u>2012</u>	<u>2011</u>
<b>6. Accounts Receivable</b>		
Accounts receivable - trade	\$ 26,267,104	34,572,628
Other	<u>5,365,465</u>	<u>2,086,708</u>
	\$ <u>31,632,569</u>	<u>36,659,336</u>

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2011

	<u>2012</u>	<u>2011</u>
<b>7. Share Capital</b>		
Authorised An unlimited number of shares of no par value		
Issued and fully paid 23,766,278 ordinary shares of no par value	\$ <u>23,766,278</u>	<u>23,766,278</u>
<b>8. Borrowings</b>		
i) Facility from Citibank Trinidad & Tobago Limited of US\$6,425,000 (\$40,477,500) for the purchase of two helicopters on behalf of the Ministry of National Security. The loan is secured by a guarantee from the GORTT dated December 8, 2004. The loan bears interest at a rate of LIBOR plus 1.5% per annum. Principal and interest are payable semi-annually	\$ -	2,937,143
ii) Facility from Citibank Trinidad & Tobago Limited of US\$3,500,000 (\$22,050,000) for the purchase of a S76 helicopter 9YNHS. This loan is secured by the said helicopter and the assignment of specific accounts receivable balances. The loan bears interest at a rate of LIBOR plus 1.5% per annum. Principal and interest are payable semi-annually	3,200,000	6,400,000
iii) Facility from RBTT Bank Ltd of US\$715,000 (\$4,483,050) to assist with the construction of a helipad at Mucurapo Foreshore and expansion of the administration building at Camden Base Couva. The loan bears an interest rate of 7.5% for a period of eight (8) years. The loan is being repaid on a monthly basis	<u>-</u>	<u>3,349,663</u>
Balance carried forward	\$ <u>3,200,000</u>	<u>12,686,806</u>

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

	2012	2011
<b>8. Borrowings (continued)</b>		
Balance brought forward	\$ 3,200,000	12,686,806
iv) This bridging facility was converted to a long term facility on April 28, 2011, financed as follows:		
a) Facility with RBL Bank Ltd for US\$3,000,000 (\$19,200,000). This facility is secured by a Letter of Comfort issued by the GORTT and bears an interest rate of 6.135% for a period of ten (10) years. Principal and interest are payable semi-annually	17,280,000	19,200,000
b) Facility with PEFCO Bank Ltd for US\$7,453,734 (\$47,703,898). This facility is secured by a Letter of Comfort issued by the GORTT and bears an interest rate of 3.501% for a period of eight and a half (8 1/2) years. Principal and interest are payable semi-annually	39,285,563	44,897,786
v) Facility with RBL Bank Ltd for US\$11,663,013 (\$74,643,277) for the purchase of an S76C++ Helicopter 9Y-NCN. This loan is secured by a Letter of Comfort issued by the Government of the Republic of Trinidad and Tobago. The loan bears an interest rate of 5.05% for a period of twelve (12) years. Principal and interest are payable semi-annually	69,984,568	74,643,277
vi) Facility with General Finance Corporation Ltd for \$201,641 for the lease of a motor vehicle. This loan is secured by the said motor vehicle. The loan bears interest of 6.50% per annum for a period of 36 months. Principal and interest are payable monthly	126,562	-
Total borrowings	129,876,693	151,427,869
Less current portion of borrowings	(15,685,413)	(18,857,722)
	<u>\$ 114,191,280</u>	<u>132,570,147</u>

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

	<u>2012</u>	<u>2011</u>
<b>9. Provision for Taxation</b>		
<b>a) Taxation for the year is comprised of:</b>		
Deferred tax	\$ 6,076,795	3,163,141
Business levy	267,235	275,375
Green fund levy	133,617	137,688
Over provision of prior years taxes		
- Current tax	<u>-</u>	<u>(522,086)</u>
	<u>\$ 6,477,647</u>	<u>3,054,118</u>

The Company applicable tax rate is the statutory tax rate of 25%. The following is a reconciliation of the current tax provision calculated at the applicable tax rate with the provision for taxation.

	<u>2012</u>	<u>2011</u>
<b><i>Reconciliation of effective tax rate</i></b>		
Profit before provision for taxation	\$ <u>24,434,464</u>	<u>12,766,429</u>
Computed tax using the applicable corporation tax rate	\$ 6,108,435	3,191,607
Tax effect of non-deductible items and non-taxable income	(31,640)	(28,466)
Business levy	267,235	275,375
Green fund levy	133,617	137,688
Over provision of prior years taxes	<u>-</u>	<u>(522,086)</u>
Total tax provision	<u>\$ 6,477,647</u>	<u>3,054,118</u>

**b) Deferred tax liabilities are attributable to items detailed in the table below:**

Property, plant and equipment	\$ 18,579,637	16,068,371
Retirement benefit asset (liability)	(39,150)	24,050
Deferred expenditure – major aircraft components	10,492,162	7,783,908
Losses	(353,104)	(1,932,553)
Unrealised foreign currency translation differences	(44,993)	(56,711)
Stock obsolescence	<u>(2,600,291)</u>	<u>(1,929,600)</u>
Deferred tax liability	<u>\$ 26,034,261</u>	<u>19,957,465</u>

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## 9. Provision for Taxation (continued)

### Deferred tax liability (asset)

	2011	Charge (credit) to profit or loss	2012
Property, plant and equipment	\$ 16,068,371	2,511,266	18,579,637
Retirement benefit (liability) asset	24,050	(63,200)	(39,150)
Deferred expenditure—major aircraft components	7,783,908	2,708,254	10,492,162
Losses	(1,932,553)	1,579,449	(353,104)
Unrealised foreign currency translation differences	(56,711)	11,718	(44,993)
Stock obsolescence	(1,929,600)	(670,691)	(2,600,291)
	<u>\$ 19,957,465</u>	<u>6,076,796</u>	<u>26,034,261</u>

2012 2011

## 10. Other Payables and Accrued Liabilities

VAT payable	\$ 2,481,301	2,564,421
Employee withholdings	750,124	712,563
GORTT payable	4,687,228	4,720,219
Accrued liabilities	<u>9,496,751</u>	<u>12,140,109</u>
	<u>\$ 17,415,404</u>	<u>20,137,312</u>

## 11. Revenue

Helicopter services	\$ 133,692,466	132,536,098
Lease rental of aircraft	<u>2,366,340</u>	<u>3,582,253</u>
	<u>\$ 136,058,806</u>	<u>136,118,351</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

	<u>2012</u>	<u>2011</u>
<b>12. Direct Operating Costs</b>		
Aircraft spares and accessories	\$ 15,009,837	15,942,526
Amortization of deferred expenditure - major aircraft components	14,952,774	14,974,357
Rental of aircraft/equipment	110,318	13,444,004
Depreciation	14,710,696	13,259,170
Insurance	4,951,487	4,666,518
Fuel	13,979,696	13,492,889
Employees costs and benefits	29,179,214	24,713,637
Operating supplies	511,967	717,789
Purchased services	541,127	4,005,137
Training	1,704,723	2,412,974
Vehicle expenses	144,612	161,687
Lease rental of vehicles	368,233	306,663
Miscellaneous	882,131	546,951
	<u>\$ 97,046,815</u>	<u>108,644,302</u>
<b>13. Other Income</b>		
<i>Other income</i>		
Government grant	\$ 10,543	511,198
Management fees	4,414,221	4,543,235
Miscellaneous	1,624,387	1,631,848
	<u>6,049,151</u>	<u>6,686,281</u>
<i>Other expenses</i>		
Foreign currency translation differences	179,971	(226,844)
Disposal of property, plant and equipment	114,998	-
	<u>294,969</u>	<u>(226,844)</u>
	<u>\$ 6,344,120</u>	<u>6,459,437</u>



# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

	<u>2012</u>	<u>2011</u>
<b>14. Administration &amp; Other Operating Expenses</b>		
Repairs and maintenance	\$ 524,556	473,179
Depreciation	1,289,460	1,272,468
Insurance	257,645	312,060
Employee costs and benefits	5,926,422	5,463,623
Training	114,937	89,384
Vehicle expenses	77,062	87,772
Lease rental of vehicles	175,613	110,078
Telephone and electricity	589,712	574,759
Travel and entertainment	127,466	68,570
Subscriptions and donations	162,229	161,900
Professional services	319,646	297,841
Directors' fees	378,600	207,875
Promotions	226,977	252,754
Security	2,166,426	2,112,384
Staff welfare	572,621	570,566
Purchased services	774,938	716,561
Printing and stationery	238,265	237,182
Operating supplies	158,615	139,138
Miscellaneous	356,944	172,339
	<u>\$ 14,438,134</u>	<u>13,320,433</u>
<b>15. Net Financing Cost</b>		
Interest expense	\$ 6,524,102	8,265,796
Interest income	<u>(293,389)</u>	<u>(218,872)</u>
	<u>\$ 6,230,713</u>	<u>8,046,924</u>

### 16. Related Parties

The Company is a state enterprise owned by the GORTT, an 82.3% shareholder, and The National Gas Company of Trinidad and Tobago Limited (NGC) owning the remaining 17.7% of the issued share capital.

The Company provides third party aircraft maintenance services and logistics support to the Ministry of National Security – Special Anti Crime Unit (MNS-S.A.U.T.T.), renamed National Security Operations Centre (N.S.O.C) on August 31, 2011.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## 16. Related Parties (continued)

Significant transactions arising in the ordinary course of business with related parties are as follows:

	<u>2012</u>	<u>2011</u>
<b>Revenue - Helicopter Services</b>		
GORTT	\$ 6,992,472	7,923,899
NGC	14,210,186	13,721,159
	\$ <u>21,202,658</u>	<u>21,645,058</u>
<b>Other income – OPM-NSOC</b>		
Management fees – OPM-NSOC	\$ 4,414,221	4,543,235
Lease BO105 – OPM-NSOC	2,366,340	3,582,253
Government Grant	<u>10,543</u>	<u>511,198</u>
	\$ <u>6,791,104</u>	<u>8,636,686</u>
<b>Finance cost (on behalf of OPM-NSOC)</b>	\$ <u>10,543</u>	<u>511,198</u>
<b>Outstanding balances with related parties are as follows:</b>		
<b>Accounts receivable</b>		
GORTT - borrowings on behalf of OPM-NSOC (Note 4)	\$ -	2,937,143
GORTT - helicopter services	1,444,320	1,840,206
NGC - helicopter services	2,940,146	2,942,112
OPM-NSOC – other	<u>5,180,050</u>	<u>1,930,716</u>
	\$ <u>9,564,516</u>	<u>9,650,177</u>
<b>Accounts payable</b>		
GORTT – other	\$ <u>4,687,228</u>	<u>4,720,219</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

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	<u>2012</u>	<u>2011</u>
<b>17. Directors' Fees</b>		
Fees are based upon rates provided by the Ministry of Finance (Investments)		
Fees	\$ <u>378,600</u>	<u>207,875</u>
<b>18. Staff Costs</b>		
Wages and salaries	\$ 32,292,251	27,184,675
National Insurance and Health Surcharge cost	1,821,257	1,706,569
Pension cost	<u>992,127</u>	<u>1,286,016</u>
	\$ <u>35,105,635</u>	<u>30,177,260</u>

## 19. Financial Risk Management

### *Introduction and Overview*

#### *Overview*

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### *(a) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises on accounts receivables.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## 19. Financial Risk Management (continued)

### (a) Credit risk (continued)

#### Management of credit risk

A credit policy has been established under which each new customer is analysed individually for credit worthiness. Credit is granted to customers on the approval of the Director of Corporate Services. During the credit approval process, the customer is assessed for certain indicators of possible delinquency. In monitoring customer credit risk, customers are grouped according to the ageing of their debt.

The Company established an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The allowance for doubtful debts is based on the ageing of the trade receivables. The Company also makes special provision for receivables based on information that they have that shows that the receivables balance is uncollectible.

The Company limits its exposure to credit risks by only investing in liquid securities and only with counterparts that are licensed under the Banking Act. Management does not expect any counterparty to fail to meet its obligations.

The aging of accounts receivables at the reporting date was:

		Gross
	2012	2011
Not past due 0-30 days	\$ 11,837,148	26,373,478
Past due 31-60 days	11,849,252	-
Past due 61-90 days	-	4,607,493
Over 90 days	<u>2,580,704</u>	<u>3,591,657</u>
	<u>\$ 26,267,104</u>	<u>34,572,628</u>

The movement in the allowance for doubtful debts occurred in respect of receivables during the year was:

	2012	2011
Balance as at October 1,	\$ -	-
Increase in allowance	<u>94,693</u>	-
Balance as at September 30	<u>\$ 94,693</u>	-

The increase in the allowance is as a result of a provision for bad debt provided for during the year.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

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### 19. Financial Risk Management (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

#### Management of Liquidity

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value.

Typically the Company ensures that it has sufficient cash on demand and marketable securities to meet operational expenses including the servicing of financial obligations.

The table below analyses the Company's liabilities which will be settled on a gross basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

#### 2012

		Carrying Amounts	Contractual Cash Flows	1 Year or Less	2-5 Years	More than 5 years
Borrowings	\$	129,876,694	162,377,692	21,610,906	86,767,677	53,999,108
Trade payables		8,599,213	8,599,213	8,599,213	-	-
Other payables		17,415,404	17,415,404	17,415,404	-	-
	\$	<u>155,891,311</u>	<u>188,392,309</u>	<u>47,625,523</u>	<u>86,767,677</u>	<u>53,999,108</u>

#### 2011

Borrowings	\$	151,427,869	188,780,725	25,637,105	93,641,854	69,501,766
Trade payables		10,069,959	10,069,959	10,069,959	-	-
Other payables		20,137,312	20,137,312	20,137,312	-	-
	\$	<u>181,635,140</u>	<u>218,987,996</u>	<u>55,844,376</u>	<u>93,641,854</u>	<u>69,501,766</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2012

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### 19. Financial Risk Management (continued)

#### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management are to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

#### (i) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured. The functional and presentation currency is Trinidad and Tobago dollars. Foreign currency risk arises in purchase transactions with supplies and sales transactions with some customers.

The Company is exposed to currency risk on cash and deposits that are denominated in a currency other than the respective functional currency of the Company, which is Trinidad and Tobago dollar (TTD). The main currency is the United States dollar (USD).

#### Management of currency risk

The Company ensures that the risk is kept to an acceptable level by monitoring their risk exposure.

#### *Exposure to currency risk*

The Company's exposure to foreign currency risk at the reporting date was as follows, based on notional amounts:

	<u>2012</u>	<u>2011</u>
<i>Balance sheet exposure</i>		
Cash	\$ 3,250,263	5,973,514
Short term deposits	32,100,797	22,592,004
Accounts receivable	12,614,365	20,449,204
Trade and other payables	(4,216,709)	(5,420,291)
Borrowings	(129,750,130)	(151,427,869)
Net balance sheet exposure to USD in TTD	\$ <u>(86,001,414)</u>	<u>(107,833,438)</u>

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# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## 19. Financial Risk Management (continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

##### *Exposure to currency risk (continued)*

A strengthening of the TTD against the USD by 1% at September 30, 2012 would have increased profit by \$860,014 (2011 – increased profit by \$1,078,334) with a similar but opposite effect in the event of a weakening. This analysis is based on foreign currency exchange differences that the Company considered to be reasonable possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

#### (ii) Interest risk rate

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
	2012	2011
<b>Fixed rate instruments</b>		
Financial assets	\$ 32,241,340	26,629,050
Financial liabilities	(126,676,693)	(142,090,726)
	\$ <u>(94,435,353)</u>	<u>(115,461,676)</u>
<b>Variable rate instruments</b>		
Financial liabilities	\$ <u>(3,200,000)</u>	<u>(9,337,143)</u>

#### *Sensitivity analysis*

A change of 1% in interest rates at the reporting date would have increased (decreased) profit or loss by \$32,000 (2011: \$93,371). This analysis assumes that all other variables remain constant.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## 19. Financial Risk Management (continued)

### (d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

## 20. Capital Management

The Board seeks to maintain a strong capital base so as to maintain shareholder and creditor confidence. The Company defines capital as total shareholders' equity. There were no changes to the Company's approach to capital management during the year.

The Company is not subject to any externally-imposed capital requirements.

## 21. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 437,425	313,980
Between two to five years	<u>907,249</u>	<u>220,125</u>
	\$ <u>1,344,674</u>	<u>534,105</u>

The lease rentals represent future payments under operating leases for motor vehicles. The lease terms are for varied periods with no option to renew the lease after that date. None of the leases include contingent rentals.

During the year ended September 30, 2012 \$NIL (2011: \$8,825,663) was recognized as an expense in the statement of comprehensive income in respect of operating leases, of which \$3,676,581 was incurred in relation to the time taken for the restoration of the S76C++ aircraft as per the terms on the lease agreement. The S76C++ aircraft was returned on March 15, 2011 and the monthly lease rental was incurred to July 15, 2011).



# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2012

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## 22. Prior Period Adjustment

	<b>October 1, 2010</b>	<b>Change in year</b>	<b>September 30, 2011</b>
<b>Statement of Financial Position</b>			
Deferred expenditure, as previously stated	\$ 14,940,271	(3,705,733)	11,234,538
Change in accounting policy, as restated	<u>15,259,389</u>	<u>4,641,706</u>	<u>19,901,095</u>
	<u>30,199,660</u>	<u>935,973</u>	<u>31,135,633</u>
Deferred tax, as previously stated	12,979,476	2,392,431	15,371,907
Change in accounting policy, as restated	<u>3,814,847</u>	<u>770,711</u>	<u>4,585,558</u>
	\$ <u>16,794,323</u>	<u>3,163,142</u>	<u>19,957,465</u>

The net effect on retained earnings at October 1, 2010 is an increase of \$11,444,541.

## Statement of Comprehensive Income

### Year ended September 30, 2011

	<u>As stated Previously</u>	<u>Adjustment on Change in Accounting Policy</u>	<u>As Restated</u>
Net profit for the year	\$ <u>6,526,160</u>	<u>3,186,151</u>	<u>9,712,311</u>

Prior period adjustment is due to management's decision to change the accounting treatment of the "power by the hour" transactions. See accounting policy (e).

## 23. Capital Commitment

During the year, the Board approved the purchase of an S76 C++ aircraft for US\$11.5 million which will be financed by borrowings to be repaid by the Company.