

Financial Statements of

**NATIONAL HELICOPTER SERVICES LIMITED**

September 30, 2013

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**KPMG**

**Chartered Accountants**

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**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), which comprise the statement of financial position as at September 30, 2013 and 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

May 29, 2014  
Port of Spain  
Trinidad and Tobago

# NATIONAL HELICOPTER SERVICES LIMITED

## Statement of Financial Position

September 30, 2013

	Note	2013 \$	Restated 2012 \$	Restated 2011 \$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	265,867,237	158,462,749	172,611,596
Deferred expenditure – major aircraft components	3	50,615,604	41,968,648	31,135,633
GORTT receivable (NSOC Air Assets)		-	-	2,937,143
		<u>316,482,841</u>	<u>200,431,397</u>	<u>206,684,372</u>
<b>Current assets</b>				
Prepaid expenses		3,498,433	2,290,269	2,277,098
Inventories	4	28,326,763	27,754,316	31,019,396
Taxation recoverable		4,523,280	4,523,281	4,507,243
Accounts receivable	5	50,935,597	31,632,569	36,659,336
Cash		-	11,922,155	6,758,184
Short-term deposits		178,430	32,146,647	26,629,050
		<u>87,462,503</u>	<u>110,269,237</u>	<u>107,850,307</u>
<b>Total assets</b>		<u>403,945,344</u>	<u>310,700,634</u>	<u>314,534,679</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	6	23,766,278	23,766,278	23,766,278
Retained earnings		118,356,733	98,683,060	87,060,021
		<u>142,123,011</u>	<u>122,449,338</u>	<u>110,826,299</u>
<b>Non-current liabilities</b>				
Borrowings	7	164,015,463	114,191,280	132,570,147
Retirement benefit obligation	2	7,346,500	8,382,100	2,853,100
Deferred taxation	8(d)	31,183,082	23,977,886	19,220,140
		<u>202,545,045</u>	<u>146,551,266</u>	<u>154,643,387</u>
<b>Current liabilities</b>				
Current portion of borrowings	7	20,095,831	15,685,413	18,857,722
Trade payables		12,391,324	8,599,213	10,069,959
Other payables and accrued liabilities	9	16,062,692	17,415,404	20,137,312
Bank overdraft		10,727,441	-	-
		<u>59,277,288</u>	<u>41,700,030</u>	<u>49,064,993</u>
<b>Total equity and liabilities</b>		<u>403,945,344</u>	<u>310,700,634</u>	<u>314,534,679</u>

*The accompanying notes are an integral part of these financial statements.*

Signed on behalf of the Board

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Director

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Director

**NATIONAL HELICOPTER SERVICES LIMITED**

## Statement of Comprehensive Income

Year ended September 30, 2013

	Notes	2013 \$	Restated 2012 \$
<b>Revenue</b>	10	135,586,938	136,058,806
Direct operating costs	11	<u>(94,118,922)</u>	<u>(97,046,815)</u>
<b>Gross profit</b>		41,468,016	39,011,991
Other income	12	<u>10,390,292</u>	<u>6,344,120</u>
		51,858,308	45,356,111
Administration and other operating expenses	13	<u>(20,105,708)</u>	<u>(14,438,134)</u>
<b>Operating profit before pension costs</b>		31,752,600	30,917,977
Net pension income (cost)		<u>1,439,800</u>	<u>(205,200)</u>
<b>Operating profit after pension costs</b>		33,192,400	30,712,777
Net financing cost	14	<u>(5,485,750)</u>	<u>(6,230,713)</u>
<b>Profit before taxation</b>		27,706,650	24,482,064
Taxation	8(a)	<u>(7,729,827)</u>	<u>(6,489,547)</u>
<b>Net profit for the year</b>		<u>19,976,833</u>	<u>17,992,517</u>
<b>Other comprehensive income (expenses)</b>			
Actuarial loss on retirement benefit obligation		(404,200)	(5,323,800)
Taxation on actuarial loss	8(b)	<u>101,050</u>	<u>1,330,950</u>
		<u>(303,150)</u>	<u>(3,992,850)</u>
<b>Total comprehensive income for the year</b>		<u>19,673,673</u>	<u>13,999,667</u>

*The accompanying notes are an integral part of these financial statements.*

**NATIONAL HELICOPTER SERVICES LIMITED**

Statement of Changes in Equity

Year ended September 30, 2013

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$	\$
<b><i>Year ended September 30, 2012</i></b>			
Opening balance at October 1, 2011, as previously stated	23,766,278	89,271,996	113,038,274
Change in accounting policy (Note 22)	<u>-</u>	<u>(2,211,975)</u>	<u>(2,211,975)</u>
Opening balance at October 1, 2011, as restated	23,766,278	87,060,021	110,826,299
Total comprehensive income for the year	-	13,999,667	13,999,667
Dividends paid for years ended September 30, 2010 and 2011	<u>-</u>	<u>(2,376,628)</u>	<u>(2,376,628)</u>
Closing balance at September 30, 2012	<u>23,766,278</u>	<u>98,683,060</u>	<u>122,449,338</u>
<b><i>Year ended September 30, 2013</i></b>			
Opening balance at October 1, 2012	23,766,278	98,683,060	122,449,338
Total comprehensive income for the year	<u>-</u>	<u>19,673,673</u>	<u>19,673,673</u>
Closing balance at September 30, 2013	<u>23,766,278</u>	<u>118,356,733</u>	<u>142,123,011</u>

*The accompanying notes are an integral part of these financial statements.*

# NATIONAL HELICOPTER SERVICES LIMITED

## Statement of Cash Flows

Year ended September 30, 2013

	2013	2012
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	27,706,650	24,482,064
Adjustments for:		
Depreciation	15,172,218	16,000,155
Amortisation of expenditure - major aircraft components	12,486,343	14,952,774
Net pension cost	1,606,900	1,060,300
Gain on disposal of property, plant and equipment	<u>(3,053,579)</u>	<u>(114,998)</u>
Operating profit before working capital changes	53,918,532	56,380,295
Change in accounts receivable	(19,303,028)	7,963,910
Change in inventories	(572,447)	3,265,080
Change in prepaid expenses	(1,208,164)	(13,171)
Change in trade payables	3,792,111	(1,470,746)
Change in other payables and accrued liabilities	(1,352,712)	(2,721,908)
Taxes paid	(423,580)	(416,888)
Pension contributions paid	<u>(3,046,700)</u>	<u>(855,100)</u>
Net cash flows from operating activities	<u>31,804,012</u>	<u>62,131,472</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(122,580,260)	(1,920,720)
Proceeds from disposal of property, plant and equipment	3,057,133	184,409
Expenditure on major aircraft components	<u>(21,133,299)</u>	<u>(25,785,789)</u>
Net cash used in investing activities	<u>(140,656,426)</u>	<u>(27,522,100)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	73,600,000	-
Dividends paid	-	(2,376,628)
Repayment of borrowings	<u>(19,365,399)</u>	<u>(21,551,176)</u>
Net cash from (used in) financing activities	<u>54,234,601</u>	<u>(23,927,804)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(54,617,813)</b>	<b>10,681,568</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<u>44,068,802</u>	<u>33,387,234</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u><u>(10,549,011)</u></u>	<u><u>44,068,802</u></u>
<b>Cash and cash equivalents represented by:</b>		
Cash	-	11,922,155
Short-term deposits	178,430	32,146,647
Bank overdraft	<u>(10,727,441)</u>	-
	<u><u>(10,549,011)</u></u>	<u><u>44,068,802</u></u>

*The accompanying notes are an integral part of these financial statements.*

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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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 May 29, 2014.

### **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.

#### **(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.



# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2013

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## Summary of Significant Accounting Policies (continued)

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

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) *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.

- 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.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2013

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## Summary of Significant Accounting Policies (continued)

### **(f) 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 (f)(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.

### **(g) 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.

### **(h) 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.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### Summary of Significant Accounting Policies (continued)

**(i) *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.

**(j) *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.

**(k) *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.

**(l) *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.

**(m) *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.

**(n) *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.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2013

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## Summary of Significant Accounting Policies (continued)

### (o) *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.

### (p) *Retirement benefit 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 the employees and the Company, taking account of the recommendations of independent actuaries.

The retirement benefit obligation recognised in the statement of financial position in respect of the defined benefit plan is the fair value of plan assets at the reporting date less the present value of the defined benefit obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit actuarial method.

Under the revised IAS 19, all actuarial gains and losses of the Plan are brought onto the statement of financial position and no allowance is made for an expected rate of return from the Pension Plan's assets in excess of the discount rate applied to future benefit payments in the calculation of the net pension cost.

This is a change in accounting policy resulting from the adoption by the Company of IAS 19 (revised). Refer to Note 21 for the impact of this change in accounting policy on previously reported amounts in the statements of financial position and comprehensive income.

### (q) *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.

Power by the Hour transaction costs are expensed monthly, 30% and 25% for engines and 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.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### Summary of Significant Accounting Policies (continued)

**(r) 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.

**(s) 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.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### Summary of Significant Accounting Policies (continued)

#### (t) *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, 2013, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Company, except:

- IFRS 9 *Financial Instruments* (2009 & 2010) – IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets, whilst IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB has been working on an active project to make limited amendments to IFRS 9 and add new requirements on impairment and hedge accounting. These become effective for the Company's 2016 financials.
- IAS 32 *Financial Instruments: Presentation* (Amendments) Offsetting Financial Assets and Financial Liabilities which will be mandatory for the Company's 2015 financial statements. These amendments clarify the offsetting criteria and address inconsistencies in their application. The amendments are to be applied retrospectively.
- IAS 36 *Impairment of Assets* (Amendments) Recoverable Amount Disclosures for Non-Financial Assets which will be mandatory for the Company's 2015 financial statements. The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

### 1. Property, Plant and Equipment

	2013						
	Land and Building	Aircraft	Equipment	Computers	Motor Vehicles	Project Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
Opening balance as at October 1, 2012	13,723,049	250,661,477	8,642,816	2,650,963	1,087,052	3,295,678	280,061,035
Additions	103,000	-	897,520	609,081	394,669	120,575,990	122,580,260
Disposals	-	(13,050,000)	(5,920)	-	-	-	(13,055,920)
Transfers	-	84,028,363	238,446	-	-	(84,266,809)	-
Closing balance as at September 30, 2013	<u>13,826,049</u>	<u>321,639,840</u>	<u>9,772,862</u>	<u>3,260,044</u>	<u>1,481,721</u>	<u>39,604,859</u>	<u>389,585,375</u>
<b>Depreciation</b>							
Opening balance as at October 1, 2012	2,782,011	108,623,608	7,275,157	2,263,123	654,387	-	121,598,286
Charge for the year	252,501	13,906,848	636,124	173,811	202,934	-	15,172,218
Disposals	-	(13,049,998)	(2,368)	-	-	-	(13,052,366)
Closing balance as at September 30, 2013	<u>3,034,512</u>	<u>109,480,458</u>	<u>7,908,913</u>	<u>2,436,934</u>	<u>857,321</u>	<u>-</u>	<u>123,718,138</u>
<b>Carrying Value</b>							
As at September 30, 2013	<u>10,791,537</u>	<u>212,159,382</u>	<u>1,863,949</u>	<u>823,110</u>	<u>624,400</u>	<u>39,604,859</u>	<u>265,867,237</u>
As at September 30, 2012	<u>10,941,038</u>	<u>142,037,869</u>	<u>1,367,659</u>	<u>387,840</u>	<u>432,665</u>	<u>3,295,678</u>	<u>158,462,749</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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

	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	<u>13,723,049</u>	<u>250,661,477</u>	<u>8,642,816</u>	<u>2,650,963</u>	<u>1,087,052</u>	<u>3,295,678</u>	<u>280,061,035</u>
<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	<u>2,782,011</u>	<u>108,623,608</u>	<u>7,275,157</u>	<u>2,263,123</u>	<u>654,387</u>	<u>-</u>	<u>121,598,286</u>
<b>Carrying Value</b>							
As at September 30, 2012	<u>10,941,038</u>	<u>142,037,869</u>	<u>1,367,659</u>	<u>387,840</u>	<u>432,665</u>	<u>3,295,678</u>	<u>158,462,749</u>
As at September 30, 2011	<u>11,192,672</u>	<u>156,535,956</u>	<u>1,757,591</u>	<u>411,742</u>	<u>12</u>	<u>2,713,622</u>	<u>172,611,596</u>



# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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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, 2013 using the projected unit credit method.

	<u>2013</u>	<u>2012</u>
	\$	\$
The details are as follows:		
Present value of funded obligation	27,467,500	25,575,200
Fair value of plan assets	<u>(20,121,000)</u>	<u>(17,193,100)</u>
Liability recognized in statement of financial position	<u>7,346,500</u>	<u>8,382,100</u>

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

Opening present value of defined benefit obligation	25,575,200	18,555,100
Current service cost	1,233,100	860,400
Plan participant contributions	707,200	628,700
Interest cost	1,288,200	1,306,300
Actuarial losses on obligation	227,300	5,502,300
Benefits paid	<u>(1,563,500)</u>	<u>(1,277,600)</u>
	<u>27,467,500</u>	<u>25,575,200</u>

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

Opening fair value of plan assets	17,193,100	15,702,000
Expected return on plan assets	914,400	1,106,400
Actuarial loss on plan assets	(176,900)	178,500
Employer contributions	3,046,700	855,100
Plan participant contributions	707,200	628,700
Benefits paid	<u>(1,563,500)</u>	<u>(1,277,600)</u>
Closing fair value of plan assets	<u>20,121,000</u>	<u>17,193,100</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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

	2013	2012
	\$	\$
The amount recognised in the statement of comprehensive income is as follows:		
Current service cost	1,233,100	860,400
Interest cost	1,288,200	1,306,300
Expected return on assets	<u>(914,400)</u>	<u>(1,106,400)</u>
	<u>1,606,900</u>	<u>1,060,300</u>

The actuarial return on Plan assets was \$737,500 (2012: \$929,400).

Movement recognised in the statement of financial position:

At the beginning of the year	(8,382,100)	(2,853,100)
Pension costs, net	(1,606,900)	(1,060,300)
Contribution paid	3,046,700	855,100
Re-measurement recognized in other comprehensive income	<u>(404,200)</u>	<u>(5,323,800)</u>
At the end of the year	<u>(7,346,500)</u>	<u>(8,382,100)</u>

The principal actuarial assumptions used for accounting purposes were:

Discount rate	5.0%	5.0%
Future salary increases	3.5%	3.5%

Amounts for the current and previous periods are as follows:

	2013	2012	2011	2010	2009
	\$	\$	\$	\$	\$
Defined benefit obligation	(27,467,500)	(25,575,200)	(18,555,100)	(16,211,300)	(14,157,300)
Plan asset	<u>20,121,000</u>	<u>17,193,100</u>	<u>15,702,000</u>	<u>13,781,300</u>	<u>12,236,900</u>
Deficit	<u>(7,346,500)</u>	<u>(8,382,100)</u>	<u>(2,853,100)</u>	<u>(2,430,000)</u>	<u>(1,920,400)</u>
Experience adjustments on Plan liabilities loss (gain)	<u>227,300</u>	<u>1,157,500</u>	<u>(480,200)</u>	<u>(551,100)</u>	<u>449,300</u>
Experience adjustments on Plan assets loss	<u>(176,900)</u>	<u>(177,000)</u>	<u>(435,400)</u>	<u>(298,100)</u>	<u>(248,100)</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### 3. Deferred Expenditure – Major Aircraft Components

	<u>2013</u>	<u>2012</u>
	\$	\$
Opening balance as at October 1	41,968,648	31,135,633
Amortisation of deferred expenditure	(12,486,343)	(14,952,774)
Expenditure on major aircraft components	<u>21,133,299</u>	<u>25,785,789</u>
Closing balance as at September 30	<u>50,615,604</u>	<u>41,968,648</u>

### 4. Inventories

Aircraft spares	27,065,583	25,896,173
Goods-in transit	1,007,902	1,286,962
Fuel	<u>253,278</u>	<u>571,181</u>
	<u>28,326,763</u>	<u>27,754,316</u>

Inventories are shown net of provision for slow moving and obsolete stock of \$10,483,960 (2012: \$10,401,166).

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>5. Accounts Receivable</b>		
Accounts receivable – trade (Note 18 (a))	40,873,863	26,267,104
Other	<u>10,061,734</u>	<u>5,365,465</u>
	<u>50,935,597</u>	<u>31,632,569</u>

### 6. Share Capital

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>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>7. Borrowings</b>		
i) 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
ii) Facility from RBC Ltd of US\$11,500,000 (\$73,600,000) for the purchase of an S76C++ Helicopter 9Y-LAS. This loan is secured by a Chattel Mortgage over one (1) pre-owned Sikorsky S76C++ Helicopter. The loan bears an interest rate of 2.5336% for a period of five (5) years. Principal and interest are payable quarterly	69,920,000	-
iii) This bridging facility was converted to a long term facility on April 28, 2011, financed as follows:		
a) Facility with RBL 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	15,360,000	17,280,000
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	<u>33,673,340</u>	<u>39,285,563</u>
<i>Balance carried forward</i>	<u>118,953,340</u>	<u>59,765,563</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>7. Borrowings (continued)</b>		
<i>Balance brought forward</i>	118,953,340	59,765,563
iv) Facility with RBL 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	65,087,623	69,984,568
v) 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	<u>70,331</u>	<u>126,562</u>
Total borrowings	184,111,294	129,876,693
Less current portion of borrowings	<u>(20,095,831)</u>	<u>(15,685,413)</u>
	<u>164,015,463</u>	<u>114,191,280</u>
<b>8. Taxation</b>		
<b>a) Amount recognised in profit or loss:</b>		
Deferred tax	7,306,246	6,088,695
Business levy	282,387	267,235
Green fund levy	<u>141,194</u>	<u>133,617</u>
	<u>7,729,827</u>	<u>6,489,547</u>
<b>b) Amount recognised in other comprehensive income:</b>		
Tax benefit on actuarial loss on retirement benefit obligation	<u>(101,050)</u>	<u>(1,330,950)</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

### 8. Provision for Taxation (continued)

#### c) Taxation for the year

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.

	2013	2012
	\$	\$
<b><i>Reconciliation of effective tax rate</i></b>		
Profit before provision for taxation	<u>27,706,650</u>	<u>24,482,064</u>
Computed tax using the applicable corporation tax rate	6,926,662	6,120,516
Tax effect of non-deductible items and non-taxable income	(35,966)	(31,821)
Business levy	282,387	267,235
Green fund levy	141,194	133,617
Under-provision of prior years taxes	415,550	-
Total tax provision	<u>7,729,827</u>	<u>6,489,547</u>

#### d) Deferred tax liabilities (assets) are attributable to the following items:

Property, plant and equipment	28,769,866	18,579,637
Retirement benefit obligation	(1,836,625)	(2,095,525)
Deferred expenditure – major aircraft components	12,653,901	10,492,162
Losses	(5,714,972)	(353,104)
Unrealised foreign currency translation differences	(68,098)	(44,993)
Stock obsolescence	<u>(2,620,990)</u>	<u>(2,600,291)</u>
Net deferred tax liability	<u>31,183,082</u>	<u>23,977,886</u>

#### *Movement in deferred tax liability (asset)*

	2012	Charge (credit) to profit or loss	Credit to OCI	2013
	\$	\$	\$	\$
Property, plant and equipment	18,579,637	10,190,229	-	28,769,866
Retirement benefit obligation	(2,095,525)	258,900	-	(1,836,625)
Deferred expenditure–major aircraft components	10,492,162	2,161,739	-	12,653,901
Losses	(353,104)	(5,260,818)	(101,050)	(5,714,972)
Unrealised foreign currency translation differences	(44,993)	(23,105)	-	(68,098)
Stock obsolescence	<u>(2,600,291)</u>	<u>(20,699)</u>	-	<u>(2,620,990)</u>
	<u>23,977,886</u>	<u>7,306,246</u>	<u>(101,050)</u>	<u>31,183,082</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>9. Other Payables and Accrued Liabilities</b>		
VAT payable	3,277,228	2,481,301
Employee withholdings	999,193	750,124
GORTT payable	4,653,033	4,687,228
Accrued liabilities	7,133,238	9,496,751
	<u>16,062,692</u>	<u>17,415,404</u>
<b>10. Revenue</b>		
Helicopter services	135,439,100	133,692,466
Lease rental of aircraft	<u>147,838</u>	<u>2,366,340</u>
	<u>135,586,938</u>	<u>136,058,806</u>
<b>11. Direct Operating Costs</b>		
Aircraft spares and accessories	12,205,279	15,009,837
Amortization of deferred expenditure - major aircraft components	12,486,343	14,952,774
Rental of aircraft/equipment	65,680	110,318
Depreciation	13,906,848	14,710,696
Insurance	6,016,586	4,951,487
Fuel	13,914,388	13,979,696
Employees costs and benefits	29,131,802	29,179,214
Operating supplies	633,381	511,967
Purchased services	731,613	541,127
Training	3,393,653	1,704,723
Vehicle expenses	124,276	144,612
Lease rental of vehicles	618,587	368,233
Miscellaneous	<u>890,486</u>	<u>882,131</u>
	<u>94,118,922</u>	<u>97,046,815</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>12. Other Income</b>		
Government grant	-	10,543
Management fees	4,772,399	4,414,221
Miscellaneous	2,293,114	1,624,387
Foreign currency translation differences	272,391	179,971
Disposal of property, plant and equipment	3,052,388	114,998
	<u>10,390,292</u>	<u>6,344,120</u>
<b>13. Administration and Other Operating Expenses</b>		
Repairs and maintenance	1,945,923	524,556
Depreciation	1,265,370	1,289,460
Insurance	343,238	257,645
Employee costs and benefits	7,380,422	5,926,422
Training	906,157	114,937
Vehicle expenses	79,173	77,062
Lease rental of vehicles	70,063	175,613
Telephone and electricity	753,638	589,712
Travel and entertainment	381,419	127,466
Subscriptions and donations	145,510	162,229
Professional services	417,363	319,646
Directors' fees	378,655	378,600
Promotions	792,056	226,977
Security	2,163,034	2,166,426
Staff welfare	887,778	572,621
Purchased services	1,110,726	774,938
Printing and stationery	284,263	238,265
Operating supplies	171,614	158,615
Miscellaneous	629,306	356,944
	<u>20,105,708</u>	<u>14,438,134</u>



# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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	<u>2013</u>	<u>2012</u>
	\$	\$
<b>14. Net Financing Cost</b>		
Interest expense	5,714,986	6,524,102
Interest income	<u>(229,236)</u>	<u>(293,389)</u>
	<u>5,485,750</u>	<u>6,230,713</u>

### 15. 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.

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

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Revenue - Helicopter Services</b>		
GORTT	6,851,524	6,992,472
NGC	<u>14,720,121</u>	<u>14,210,186</u>
	<u>21,571,645</u>	<u>21,202,658</u>
<b>Other income – OPM-NSOC</b>		
Management fees – OPM-NSOC	4,772,399	4,414,221
Lease BO105 – OPM-NSOC	147,838	2,366,340
Government Grant	<u>-</u>	<u>10,543</u>
	<u>4,920,237</u>	<u>6,791,104</u>
<b>Finance cost (on behalf of OPM-NSOC)</b>	<u>-</u>	<u>10,543</u>

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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	<u>2013</u>	<u>2012</u>
	\$	\$
<b>15. Related Parties (continued)</b>		
<b>Outstanding balances with related parties are as follows:</b>		
<b>Accounts receivable</b>		
GORTT - helicopter services	995,807	1,444,320
NGC - helicopter services	4,956,737	2,940,146
OPM-NSOC – other	<u>9,595,129</u>	<u>5,180,050</u>
	<u>15,547,673</u>	<u>9,564,516</u>
<b>Accounts payable</b>		
GORTT – other	<u>4,653,032</u>	<u>4,687,228</u>
<b>16. Directors' Fees</b>		
Fees are based upon rates provided by the Ministry of Finance (Investments)		
Fees	<u>378,655</u>	<u>378,600</u>
<b>17. Staff Costs</b>		
Wages and salaries	31,129,793	32,292,251
National Insurance and Health Surcharge cost	2,158,277	1,821,257
Pension cost	<u>2,188,553</u>	<u>992,127</u>
	<u>35,476,623</u>	<u>35,105,635</u>

## **18. Financial Risk Management**

### *Introduction and Overview*

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

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

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### 18. Financial Risk Management (continued)

#### *Introduction and Overview* (continued)

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.

#### 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	
	2013	2012
	\$	\$
Not past due 0-30 days	14,918,615	11,837,148
Past due 31-60 days	15,154,432	11,849,252
Past due 61-90 days	10,135,525	-
Over 90 days	759,984	2,580,704
	<u>40,968,556</u>	<u>26,267,104</u>

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2013

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## 18. Financial Risk Management (continued)

### (a) Credit risk (continued)

#### Management of credit risk (continued)

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

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance as at October 1,	94,693	-
Increase in allowance	<u>-</u>	<u>94,693</u>
Balance as at September 30	<u>94,693</u>	<u>94,693</u>

### (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.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

### 18. Financial Risk Management (continued)

#### (b) Liquidity risk (continued)

##### Management of liquidity (continued)

	Carrying Amounts	Contractual Cash Flows	1 Year or Less	2-5 Years	More than 5 years
	\$	\$	\$	\$	\$
<b><u>2013</u></b>					
Borrowings	184,111,294	216,169,061	26,897,652	151,651,737	37,619,672
Trade payables	12,391,324	12,391,324	12,391,324	-	-
Other payables	16,062,692	16,062,692	16,062,692	-	-
Bank overdraft	10,727,441	10,727,441	10,727,441	-	-
	<u>223,292,751</u>	<u>255,350,518</u>	<u>66,079,109</u>	<u>151,651,737</u>	<u>37,619,672</u>
<b><u>2012</u></b>					
Borrowings	129,876,694	162,377,691	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>188,392,308</u>	<u>47,625,523</u>	<u>86,767,677</u>	<u>53,999,108</u>

#### (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.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2013

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## 18. Financial Risk Management (continued)

### (b) Market risk (continued)

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

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>2013</u>	<u>2012</u>
	\$	\$
<i>Balance sheet exposure</i>		
Cash	(8,878,305)	3,250,263
Short term deposits	113,934	32,100,797
Accounts receivable	24,024,733	12,614,365
Trade and other payables	(8,143,964)	(4,216,709)
Borrowings	<u>(184,040,963)</u>	<u>(129,750,130)</u>
Net balance sheet exposure to USD in TTD	<u>(176,924,565)</u>	<u>(86,001,414)</u>

A strengthening of the TTD against the USD by 1% at September 30, 2013 would have increased profit by \$1,769,246 (2012 – increased profit by \$860,014) 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.

# NATIONAL HELICOPTER SERVICES LIMITED

Notes to the Financial Statements

September 30, 2013

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## 18. Financial Risk Management (continued)

### (b) Market risk (continued)

#### (ii) Interest rate risk (continued)

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

	Carrying Amount	
	2013	2012
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	273,123	32,241,340
Financial liabilities	(184,111,294)	(126,676,693)
	<u>(183,838,171)</u>	<u>(94,435,353)</u>
<b>Variable rate instruments</b>		
Financial liabilities	<u>-</u>	<u>(3,200,000)</u>

#### *Sensitivity analysis*

A change of 1% in interest rates at the reporting date would have increased (decreased) profit or loss by \$NIL (2012: \$32,000). This analysis assumes that all other variables remain constant.

### (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.

# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### 19. 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.

### 20. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Less than one year	600,797	437,425
Between two to five years	<u>1,130,474</u>	<u>907,249</u>
	<u>1,731,271</u>	<u>1,344,674</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, 2013 \$614,802 (2012: \$480,556) was recognized as an expense in profit or loss in respect of operating leases.

### 21. Prior Period Adjustment

The prior period adjustment arose as a result of the change in accounting policy from a revision to IAS 19 Employee Benefits.

The change primarily relates to the recognition of unrecognised actuarial gains and losses through the statement of other comprehensive income.



# NATIONAL HELICOPTER SERVICES LIMITED

## Notes to the Financial Statements

September 30, 2013

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### 21. Prior Period Adjustment (continued)

The financial statement line items affected by the prior period adjustments are as follows:

	As previously Reported	Restatement Adjustment	Restated Balance
	\$	\$	\$
<b><u>September 30, 2011</u></b>			
<b>Statement of Financial Position</b>			
Retirement benefit asset (obligation)	96,200	(2,949,300)	(2,853,100)
Deferred tax liability	(19,957,465)	737,325	(19,220,140)
Retained earnings	(89,271,996)	2,211,975	(87,060,021)
<b><u>September 30, 2012</u></b>			
<b>Statement of Financial Position</b>			
Retirement benefit asset (obligation)	(156,600)	(8,225,500)	(8,382,100)
Deferred tax liability	(26,034,261)	2,056,375	(23,977,886)
Retained earnings	(104,852,185)	6,169,125	(98,683,060)
<b>Statement of Comprehensive Income</b>			
Pension costs	252,800	(47,600)	205,200
Actuarial loss on employee benefit obligation	-	5,323,800	5,323,800
Taxation	6,477,647	11,900	6,489,547
Taxation on actuarial loss	-	(1,330,950)	(1,330,950)

### 22. Capital Commitment

During the year, the Board of Directors, the Ministry of Transport and the Ministry of Finance approved the acquisition of two (2) S76D aircraft in the amount of US\$26.8 million which will be financed by borrowings to be repaid by the Company. The 20% down payment of US\$5.36 million required to secure the delivery slots for the two (2) aircraft was made in July 2013 from a combination of the company's own funds and overdraft facility. This would be reimbursed on finalization of the financing facility for the two aircraft.