

Eastern Airways (UK) Limited

**Directors' report and financial
statements**

Registered number 03468489

31 March 2015



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Company information

Directors

Mr R Lake
Mr B Huxford
Mr M Imlach
Mr A Bowie
Mr J Howell-Richardson
Mr A Corbett

Secretary

Mr M Adamson

Company number

03468489

Registered office

Redhill Aerodrome
Kings Mill Lane
Redhill
RH1 5JZ

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Business address

Schiphol House
Humberside International Airport
Kirmington
DN39 6YH

Bankers

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

Solicitors

Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Directors' report

The directors present the annual report and audited financial statements for the year ended 31 March 2015.

Principal activity

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

Result for the year

The profit for the financial year ended 31 March 2015 was £3,089,000 (2014: £2,560,000).

Political and charitable contributions

Charitable contributions totalling £1,320 were made during the year (2014: £19,756). No political contributions were made during the year (2014: £nil).

Dividends

No dividend has been paid in the year (2014: £nil).

Directors

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

Mr R Lake	
Mr B Huxford	
Mr M Imlach	
Mr A Bowie	(resigned 7 October 2015)
Mr J Howell-Richardson	
Mr A Corbett	(appointed 17 October 2015)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company values the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and of the various factors affecting the performance of the company. This is achieved through formal and informal meetings and through the posting of company notices. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' report *(continued)*

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

On behalf of the board


Richard Lake
Director

Registered Office:

Redhill Aerodrome
Kings Mill Lane
Redhill
RH1 5JZ

Dated: 21 December 2015

Strategic report

Business review

The results of the company for the year ended 31 March 2015 are as disclosed in the attached financial statements.

During the year the company reverted to a 12 month period from a 15 month period to remain coterminous with its parent company.

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

Results for the year were strong with turnover and underlying profits maintaining the prior year performance.

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

Principal risks and uncertainties

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

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

Environmental and government legislation

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

Fuel prices

During the year the fuel price fell substantially. As in previous years, the company continues to use fuel hedges to mitigate the risk where appropriate. As at 31 March 2015, a hedge for a proportion of 2015/16 volume was in place.

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

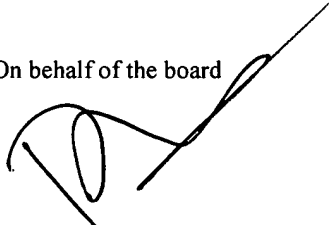
Currency movements

A large proportion of aircraft parts, leasing, fuel and other costs are priced in US dollars. The company matches some revenues and costs to reduce this risk. There is an exposure to US dollar movements above the natural hedge and the company has in the past used forward contracts to manage this risk.

Key performance indicators ("KPIs")

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

On behalf of the board



Richard Lake
Director

Registered Office:

Redhill Aerodrome
Kings Mill Lane
Redhill
RH1 5JZ

Dated: 21 December 2015

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

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

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



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

We have audited the financial statements of Eastern Airways (UK) Limited for the year ended 31 March 2015 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and the auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Craig Parkin (*Senior Statutory Auditor*)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 23rd December 2015

Profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	Year ended 31 March 2015 £000	15 months ended 31 March 2014 £000
Turnover	2	70,897	85,818
Cost of sales		(49,284)	(58,982)
Gross profit		21,613	26,836
Administrative expenses		(17,391)	(22,696)
<i>Operating profit before exceptional item</i>		5,430	4,140
<i>Exceptional items</i>	3	(1,208)	-
Operating profit		4,222	4,140
Loss on disposal of tangible fixed assets		(23)	(26)
Interest receivable and similar income	6	24	7
Interest payable and similar charges	7	(23)	(1,039)
Profit on ordinary activities before taxation	8	4,200	3,082
Tax on profit on ordinary activities	9	(1,111)	(522)
Profit for the financial period	18	3,089	2,560

The turnover and result for the year and the preceding period were derived wholly from continuing operations.

There are no recognised gains and losses in either financial period other than the historical cost profits as set out above. Accordingly, no statement of total recognised gains and losses has been presented.

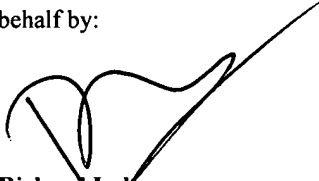
The notes on pages 10 to 19 form part of these financial statements.

Balance sheet
at 31 March 2015

	<i>Note</i>	2015	2014
		£000	£000
Fixed assets			
Tangible assets	<i>10</i>	1,614	1,540
Investments	<i>11</i>	5	5
		<hr/>	<hr/>
		1,619	1,545
Current assets			
Stocks	<i>12</i>	211	263
Debtors	<i>13</i>	29,739	27,396
		<hr/>	<hr/>
		29,950	27,659
Creditors: amounts falling due within one year	<i>14</i>	(16,879)	(17,305)
		<hr/>	<hr/>
Net current assets		13,071	10,354
		<hr/>	<hr/>
Total assets less current liabilities		14,690	11,899
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	<i>15</i>	(52)	(246)
Provisions for liabilities and charges	<i>16</i>	(251)	(355)
		<hr/>	<hr/>
Net assets		14,387	11,298
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>17</i>	501	501
Profit and loss account	<i>18</i>	13,886	10,797
		<hr/>	<hr/>
Shareholders' funds	<i>19</i>	14,387	11,298
		<hr/>	<hr/>

The notes on pages 10 to 19 form part of these financial statements.

These financial statements were approved by the Board of Directors on ²¹ December 2015 and signed on its behalf by:


Richard Lake
Director

Registered number : 03468489

Cash flow statement
for the year ended 31 March 2015

	<i>Note</i>	Year ended 31 March 2015 £000	15 months ended 31 March 2014 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		4,222	4,140
Depreciation		572	849
Decrease in stocks		52	1,376
Increase in debtors		(2,936)	(8,920)
(Decrease)/increase in creditors		(513)	1,325
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		1,397	(1,230)
		<hr/>	<hr/>

Cash flow statement

Cash flow from operating activities		1,397	(1,230)
Returns on investments and servicing of finance	20	1	(1,032)
Taxation		-	(835)
Capital expenditure and financial investment	20	(669)	1,251
		<hr/>	<hr/>
Cash inflow/(outflow) before financing		729	(1,846)
		<hr/>	<hr/>
Financing	20	(1,303)	647
		<hr/>	<hr/>
Decrease in cash in the period		(574)	(1,199)
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period		(574)	(1,199)
Cash outflow/(inflow) from movement in debt		1,303	(647)
		<hr/>	<hr/>
Movement in net debt in the period	21	729	(1,846)
Net debt at the start of the period	21	(2,010)	(164)
		<hr/>	<hr/>
Net debt at the end of the period		(1,281)	(2,010)
		<hr/>	<hr/>

The notes on pages 10 to 19 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Going concern

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off tangible fixed assets to their estimate residual value by equal instalments over their estimated useful economic lives as follows:

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

Leased assets

Annual rentals payable or receivable under operating leases are charged or credited to the profit and loss account on a straight line basis over the lease term, unless another systematic and more rational basis is appropriate.

Stocks

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

Foreign currencies

Transactions denominated in foreign currency are translated into sterling at the exchange rate ruling at the dates of the transactions, except where a transaction is to be settled at a contracted rate, when that rate is used. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the exchange rate ruling at the balance sheet date. Differences arising on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

A provision is made at rates of taxation anticipated to be in force when the timing differences are expected to reverse.

Post-retirement benefits

The Company operates a defined contributions benefit scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Notes (continued)

1 Accounting policies (continued)

Turnover

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

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

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

Derivatives

Gains and losses on fuel hedge derivative contracts are included in the profit and loss account as they arise.

2 Analysis of turnover

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

Analysis of turnover by geographical area:

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
Within the British Isles	66,071	75,757
Between British Isles and Europe	4,826	10,061
	<u>70,897</u>	<u>85,818</u>

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

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

3 Exceptional items

The exceptional items relate to £301,000 of costs incurred in respect of the closure of the company's Dijon branch and a £907,000 write off of an intercompany debtor.

4 Remuneration of directors

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
<i>Directors' emoluments consist of:</i>		
Remuneration for management services	325	570

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

The aggregate emoluments of the highest paid director were £295,000 (2014: £390,000). At the year end accrued pension benefits amounted to £nil (2014: £nil).

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	Year to 31 Mar 15	15 months to 31 Mar 14
Administration	76	77
Operations	334	321
	<hr/>	<hr/>
	410	398
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
Wages and salaries	10,684	12,091
Social security costs	1,034	1,536
Other pension costs	106	19
	<hr/>	<hr/>
	11,824	13,646
	<hr/>	<hr/>

6 Interest receivable and similar income

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
Bank interest	5	-
Other interest	4	-
Foreign exchange gain	15	-
On inter-company loans	-	7
	<hr/>	<hr/>
	24	7
	<hr/>	<hr/>

7 Interest payable and similar charges

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
On bank loans and overdrafts	21	140
Other interest	-	102
Foreign exchange losses	-	797
On inter-company loans	2	-
	<hr/>	<hr/>
	23	1,039
	<hr/>	<hr/>

Notes (continued)

8 Profit on ordinary activities before taxation

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation	572	849
Loss on disposal of tangible fixed assets	23	26
Operating lease rentals to non group companies - aircraft	3,846	6,606
Operating lease rentals to group companies - aircraft	16,990	15,750
	<u> </u>	<u> </u>

Auditor's remuneration:

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
Audit of these financial statements	46	51
	<u> </u>	<u> </u>

9 Taxation on profit on ordinary activities

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
a) Analysis of charge in the year		
<i>UK corporation tax:</i>		
UK corporation tax at 21% (2014: 23.2%)	1,187	711
Over/(under) provision in prior period	28	(191)
	<u> </u>	<u> </u>
Total current tax (note 9(b))	1,215	520
	<u> </u>	<u> </u>
<i>Deferred tax:</i>		
Reversal of timing differences	(97)	13
Change in tax rate	4	(53)
Adjustment in respect of prior periods	(11)	42
	<u> </u>	<u> </u>
Deferred tax (note 16)	(104)	2
	<u> </u>	<u> </u>
Total tax charge	1,111	522
	<u> </u>	<u> </u>

Notes (continued)

9 Taxation on profit on ordinary activities (continued)

b) Factors affecting the current tax charge for the year

The current tax charge is higher (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23.2%).

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
Profit on ordinary activities before tax	4,200	3,082
Corporation tax at 21% (2014: 23.2%)	882	715
<i>Effects of:</i>		
Expenses/(income) not deductible for tax purposes	208	(13)
Depreciation in excess of capital allowances	97	9
Overprovision in prior periods	28	(191)
Current tax charge for the period	1,215	520

10 Tangible fixed assets

	Portable buildings £000	Aircraft improve- ments £000	Aircraft rotables £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>						
At 1 April 2014	252	2,037	217	3,508	313	6,327
Additions	152	95	-	414	8	669
Disposals	(66)	-	-	(1,270)	(8)	(1,344)
Transfer to group undertaking	-	-	(217)	-	-	(217)
At 31 March 2015	338	2,132	-	2,652	313	5,435
<i>Accumulated depreciation</i>						
At 1 April 2014	157	1,696	217	2,584	133	4,787
Charge for year	20	174	-	333	45	572
Disposals	(66)	-	-	(1,247)	(8)	(1,321)
Transfer to group undertaking	-	-	(217)	-	-	(217)
At 31 March 2015	111	1,870	-	1,670	170	3,821
<i>Net book value</i>						
At 31 March 2015	227	262	-	982	143	1,614
At 31 March 2014	95	341	-	924	180	1,540

Notes *(continued)*

11 Fixed asset investments

	2015 £000	2014 £000
Investment in The Professional Darts Corporation Limited (0.6%)	5	5

The investment is held at cost but given the success of the PDC the directors are confident the market value of the shares is significantly in excess of the original cost.

12 Stocks

	2015 £000	2014 £000
Consumable stocks	-	49
Other	211	214
	<u>211</u>	<u>263</u>

13 Debtors

	2015 £000	2014 £000
Trade debtors	1,664	3,067
Amounts owed by parent undertakings	2,623	2,484
Amounts owed by group undertakings	21,852	18,136
Other debtors	783	588
Other tax and social security	454	1,185
Prepayments and accrued income	2,363	1,936
	<u>29,739</u>	<u>27,396</u>

Notes (continued)

14 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank overdraft	1,152	578
Bank loans	77	1,186
Trade creditors	5,788	6,849
Corporation tax	1,333	711
Other tax and social security	892	895
Accruals and deferred income	7,637	7,086
	<u>16,879</u>	<u>17,305</u>

Loans of £129,000 (2014: £432,000) are repayable in equal monthly instalments and are secured on specific plant. Interest is charged at between 2% - 3% above LIBOR.

During the year the company repaid £1,000,000 on its revolving credit facility which is secured on the assets of the wider Eastern Airways (Europe) Limited group.

The company has an overdraft facility which is secured by a debenture incorporating a fixed and floating charge over the assets of the company.

The bank loans and overdraft are subject to a cross guarantee arrangement including Eastern Airways (Europe) Limited and Air Kilroe Limited as described in note 25.

Forward contracts

As at 31 March 2015 the company had a commitment for £1,912,000 of outstanding fuel hedge contracts expiring in the year to 31 March 2016. The fair value of these contracts at 31 March 2015 was £2,207,000.

15 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Bank loans	52	246
<i>The maturity of obligations under bank and other loans are as follows:</i>		
Within one year	77	1,186
Between one and two years	52	176
Between two and five years	-	70
	<u>129</u>	<u>1,432</u>

Notes (continued)

16 Provisions for liabilities and charges

Movement on deferred taxation:

	2015 £000	2014 £000
At 1 April/January	355	353
(Credit)/charge to profit and loss account (note 9)	(104)	2
	<hr/>	<hr/>
At 31 March	251	355
	<hr/>	<hr/>
Difference between accumulated depreciation and capital allowances	137	241
Gains reinvested in depreciating assets	114	114
	<hr/>	<hr/>
	251	355
	<hr/>	<hr/>

17 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
501,000 Ordinary shares of £1 each	501	501
	<hr/>	<hr/>

18 Profit and loss account

	2015 £000	2014 £000
At 1 April/January	10,797	8,237
Profit for the financial period	3,089	2,560
	<hr/>	<hr/>
At 31 March	13,886	10,797
	<hr/>	<hr/>

19 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Profit for the financial period	3,089	2,560
	<hr/>	<hr/>
Increase in shareholders' funds	3,089	2,560
Opening shareholders' funds	11,298	8,738
	<hr/>	<hr/>
Closing shareholders' funds	14,387	11,298
	<hr/>	<hr/>

Notes (continued)

20 Analysis of cash flows

	Year to 31 Mar 15 £000	15 months to 31 Mar 14 £000
Returns on investment and servicing of finance		
Interest received	24	7
Interest paid	(23)	(1,039)
	<u>1</u>	<u>(1,032)</u>
Capital expenditure and financial investment		
Proceeds on the sale of tangible fixed assets	-	4,266
Purchase of tangible fixed assets	(669)	(3,015)
	<u>(669)</u>	<u>1,251</u>
Financing		
New borrowings	-	1,000
Repayment of borrowings	(1,303)	(353)
	<u>(1,303)</u>	<u>647</u>

21 Analysis of net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash at bank and in hand	(578)	(574)	(1,152)
Debt due within one year	(1,186)	1,109	(77)
Debt due after one year	(246)	194	(52)
Total	<u>(2,010)</u>	<u>729</u>	<u>(1,281)</u>

22 Commitments

a) Capital commitments

At 31 March 2015, contracts for capital commitments amounted to £nil (2014: £nil).

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

Other	2015 £000	2014 £000
<i>Operating leases which expire:</i>		
Within one year	163	114
In the second to fifth years inclusive	1,031	2,004
After fifth year	1,899	-
	<u>3,093</u>	<u>2,118</u>

Notes (continued)

23 Contingencies

The company is part of a group for arranging borrowing requirements and has cross guarantees for facilities as set out in note 25.

24 Ultimate controlling party

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

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

25 Related party transactions

The Company is subject to cross guarantees for the borrowings of the wider Eastern Airways (Europe) Limited group with Santander UK plc. The amounts outstanding and subject to the guarantees as at 31 March 2015 is £10,645,000 (2014: £12,925,000).

Transactions with related parties are disclosed below:

Related party	Sales to related party		Purchases from related party		Balance due from/(to) related party	
	Year to 31 Mar 15 £000	15 month period to 31 Mar 14 £000	Year to 31 Mar 15 £000	15 month period to 31 Mar 14 £000	2015 £000	2014 £000
Eastern Airways International Limited	38	46	1,000	1,230	2,811	2,736
Air Kilroe Limited	-	-	16,990	15,750	27,177	24,264
Eastern Airways (Europe) Limited	-	-	-	-	(6,976)	(12,069)
Humberside International Airport Limited	212	828	1,023	1,350	(869)	(221)
Easternhill Estates Limited	-	-	133	167	(85)	10
Air South West Limited	-	-	-	-	-	907
Global Aviation Limited	45	-	4	-	17	2,655
Regional Handling Limited	-	-	-	-	(206)	(206)
Bristow Helicopters Limited	22,940	28,190	58	7	2,623	2,484
P & B Holdings Limited	-	-	30	180	-	-
Magnificent Obsessions Limited	-	-	295	390	-	60