

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED

(Formerly Bond Air Services Limited)

Annual Report and Financial Statements

For the year ended 31 March 2016

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BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

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BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Directors and advisors

Current directors

NP Hawkes
AH Pentecost
DF Plester
T Shattock

Company secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (Formerly Bond Air Services Limited)

Strategic report for the year ended 31 March 2016

The directors present their Strategic report on the Company for the year ended 31 March 2016.

Principal activities

The principal activities of the Company are the provision and operation of twin-engine helicopters. These operate on long-term sole-use contracts primarily providing emergency medical support and police support services. Fixed turnover is received for the availability of aircraft with additional income generated based on the flying activity of the aircraft.

Review of the business

	Year ended 31 March 2016	15 months to 31 March 2015*
	£000	£000
Total flying hours	9,794	13,857
Revenue		
Helicopter services	35,255	44,067
Training and other services	934	1,808
Total revenue	36,189	45,875
Profit for the financial year / period	839	1,238

*15 months to 31 March 2015 is restated. Refer to Note 21.

The Company operates at 20 bases around the UK and employed an average of 185 (15 months to 31 March 2015: 181) staff during the year.

The Company is in a strong financial position with net assets of £17,484,000 (2015: £16,645,000) and cash balances of £4,468,000 (2015: £4,356,000). The directors are positive about the future growth of the business and operating within a larger business as part of Babcock International Group PLC.

Following the fatal accident which occurred in Glasgow on November 29, 2013, involving an Airbus Helicopters EC135 helicopter operated by the Company, under a contract with the Police Scotland, resulting in a full investigation, has been carried out by the Air Accident Investigation Branch ("AAIB"), together with a separate investigation by Police Scotland under the direction of the Procurator Fiscal. The AAIB published its report into the accident in October 2015. As a consequence of the report the Crown Office and Procurator Fiscal Service (COPFS) in Scotland has announced the setting up of a Fatal Accident Inquiry (FAI) the finding of which will be published at a later date.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Strategic report for the year ended 31 March 2016 (continued)

Review of the business (continued)

The Company has aircraft, employer and aviation liability insurance policies (including civil liability cover) and life insurance policies for employees in place that are consistent with market practice and in compliance with the requirements set forth in the contract we have with Police Scotland.

	Year ended 31 March 2016 £000	15 months to 31 March 2015* £000
Revenue	36,189	45,875
Profit on ordinary activities before interest and taxation	481	1,816
Profit on ordinary activities before taxation	921	2,872
Return on sales	<u>3.2%</u>	<u>8.0%</u>

*15 months to 31 March 2015 is restated. Refer to Note 21.

Revenue is lower due to the shorter reporting period. On an annualised basis total revenue from helicopter services for the current year is flat compared to the prior period despite annualised flying hours having declined 11.7%. The introduction of new H145 aircraft was delayed during the year. At the end of the financial year the Company renewed three emergency services contracts, several including an increase in scope or upgrade of equipment.

Annualised training and other services revenues have decreased by 35% as less training hours were utilised during the year and there were less recharges to other entities in the group during the year.

While administrative expenses, excluding profit on the sale of fixed assets, have decreased by 14% on an annualised basis compared to the prior period, annualised cost of sales have increased by 6% due to increased staff costs and aircraft operating lease costs.

Profits are further impacted by a decrease in finance income of £519,000 from group receivables and additional finance costs, £96,000 (15 months to 31 March 2015: £nil), related to the sale and lease back of a H135 T3 aircraft, under a collateralised borrowings agreement.

Fleet expansions during the current year are expected to yield increased revenues in the coming financial year and have increased the capacity of the business to service new and existing contracts. The Company continues to see significant prospect for growth in the Emergency Services business and are looking to build on long-term customer relationships. In February 2016, the Company was awarded a contract by an existing customer, Wales Air Ambulance Charity, to provide pilots, engineers and three brand-new custom-configured H145 helicopters. Equipped for night flights, the upgrade from their existing fleet of EC135s moves the charity a step closer to its goal of providing a 24-hour air ambulance service. This contract will contribute to revenues in the following financial year.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Strategic report for the year ended 31 March 2016 *(continued)*

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

The operation of aircraft inherently involves a degree of risk. Due to the critical nature of the services the Company provides, this risk is often compounded through low-altitude flying in adverse climatic or operational conditions or terrains. The Company has made significant investments in safety systems combined with extensive communications to mitigate this risk as far as possible.

This includes safety work streams to identify areas for sharing best practices and improvement opportunities within the domains of Safety Culture, Organisation, People, Systems and Controls and Crew Training and Monitoring.

The key risks and uncertainties affecting the Company are considered to be related to price risk, credit risk, liquidity risk and interest rate risk. The directors manage this risk by meeting on a regular basis to discuss these risks.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 64 to 74 of the annual report of Babcock International Group PLC, which does not form part of this report.

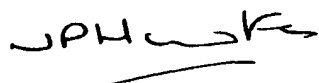
Future developments

The Company continues to see significant prospect for growth in the Emergency Services business and are looking to build on long-term customer relationships.

Key performance indicators

The Company's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The growth and performance of International, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 28 to 35 & 50 to 55 of the Group's report, which does not form part of this report.

On behalf of the Board



NP Hawkes
Director

9 December 2016

Registered number 03776034

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BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Directors' report for the year ended 31 March 2016

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

Dividends

No final dividend for the year ended 31 March 2016 has been provided by the directors (15 months to 31 March 2015: £nil).

Review of the business and future developments

Information on the review of the Company's business during the year, together with information on the Company's risks and uncertainties and future developments, can be found in the Strategic Report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors of Babcock International Group PLC are implemented by the Group and Company's finance departments. The department has a policy and procedures manual that sets out specific guidelines to allow it to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

All treasury transactions are carried out with prime rated counter-parties only. Financial Risk is managed in accordance with Group policies and procedures which are discussed on pages 32 to 34 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

Price risk

The Company is exposed to price risk as a result of its operations. This risk is mitigated by specific functions which assess pricing in respect of both selling and procurement activities. The Company has no exposure to equity securities price risks as it holds no listed equity investments.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company also monitors existing customer accounts on an on-going basis and takes appropriate action where necessary to minimise any potential credit risk. Cash and bank balances are held with banks that have been assigned satisfactory credit ratings by international credit rating agencies.

Liquidity risk

The Company retains access to pooled cash resources to ensure it has sufficient available funds for operations. The Company also has access to longer term funding from its ultimate parent undertaking if required.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Directors' report for the year ended 31 March 2016 (*continued*)

Financial risk management (*continued*)

Interest rate cash flow risk

The Company has interest-bearing assets and interest-bearing liabilities. The interest-bearing assets earn interest at a fixed rate, with the exception of interest earned on cash balances which accrue interest at a floating rate. Interest-bearing liabilities accrue interest at a fixed rate. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Directors

The directors who held office during the year and up to the date of signing the annual report were as follows:

NP Hawkes	(Appointed: 18 May 2015)
DF Plester	(Appointed: 26 June 2015)
AH Pentecost	(Appointed: 31 December 2015)
R Mintern	(Resigned: 18 May 2015)
AW Russell	(Resigned: 2 April 2015)
T Shattock	
D Wilson	(Resigned: 31 December 2015)

Safety policy

The Company recognises the promotion of health and safety at work as an important objective. It is Company policy to take steps to ensure, as far as reasonably practical, the health, safety and welfare of the employees of the Company.

Environment

The Company recognises its responsibility to minimise so far as reasonably possible the potential for adverse impacts from its operations. It aims to achieve the highest standards in environmental management and seek accreditation to appropriate standards where appropriate.

The Company has developed and implemented an environmental policy to ensure that the impact of its activities on the environment is limited to the minimum practicable level.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Directors' report for the year ended 31 March 2016 (continued)

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of the disclosure exemptions, if any, of FRS 101 used in the preparation of these 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying third party indemnity provisions

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2014 and remain in force at the date of approval of these financial statements.

Post statement of financial position events

Change of name

On the 22 April 2016 the Company changed its name from Bond Air Services Limited to Babcock Mission Critical Services Onshore Limited.

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

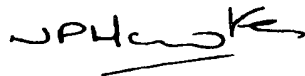
BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Directors' report for the year ended 31 March 2016 *(continued)*

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed in the Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'NP Hawkes', with a horizontal line underneath.

NP Hawkes
Director

9 December 2016

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Independent auditors' report to the members of Babcock Mission Critical Services Onshore Limited (Formerly Bond Air Services Limited)

Report on the financial statements

Our opinion

In our opinion, Babcock Mission Critical Services Onshore Limited's (formerly Bond Air Services Limited's) financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2016
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Independent auditors' report to the members of Babcock Mission Critical Services Onshore Limited (Formerly Bond Air Services Limited) (continued)

Other matters on which we are required to report by exception (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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)) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgments against available evidence, forming our own judgments, and evaluating the disclosures in the financial statements.

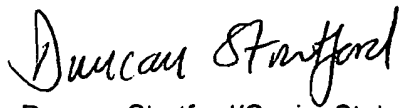
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Independent auditors' report to the members of Babcock Mission Critical Services Onshore Limited (Formerly Bond Air Services Limited) (continued)

What an audit of financial statements involves (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

9 December 2016

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Income statement

for the year ended 31 March 2016

	Note	Year ended 31 March 2016 £000	15 months to 31 March* 2015 £000
Revenue	4	36,189	45,875
Cost of sales		<u>(30,332)</u>	<u>(35,863)</u>
Gross profit		5,857	10,012
Administrative expenses		<u>(5,376)</u>	<u>(8,196)</u>
Profit on ordinary activities before interest and taxation	5	481	1,816
Finance income	6	537	1,056
Finance cost	6	<u>(97)</u>	-
Profit on ordinary activities before taxation		921	2,872
Tax on profit on ordinary activities	9	<u>(82)</u>	<u>(1,634)</u>
Profit for the financial year / period		<u>839</u>	<u>1,238</u>

*15 months to 31 March 2015 is restated. Refer to Note 21.

All of the above results derive from continuing operations.

Statement of Comprehensive Income

for the year ended 31 March 2016

	Year ended 31 March 2016 £000	15 months to 31 March 2015* £000
Profit for the financial year / period	839	1,238
Total comprehensive income for financial the year / period	<u>839</u>	<u>1,238</u>

*15 months to 31 March 2015 is restated. Refer to Note 21.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

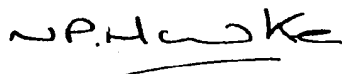
Statement of Financial position
as at 31 March 2016

	Note	2016 £000	2015* £000
Non-current assets			
Intangible assets	10	15	30
Property, plant and equipment	11	8,617	4,787
		<u>8,632</u>	<u>4,817</u>
Current assets			
Inventories	12	2,410	2,331
Trade and other receivables	13	21,326	16,298
Cash and cash equivalents		4,468	4,356
		<u>28,204</u>	<u>22,985</u>
Trade and other payables – amounts falling due within one year	14	(12,047)	(10,992)
Net current assets		<u>16,157</u>	<u>11,993</u>
Total assets less current liabilities		<u>24,789</u>	<u>16,810</u>
Deferred tax liabilities	16	(247)	(165)
Trade and other payables – amounts falling due after more than one year	14	(7,058)	-
Net assets		<u>17,484</u>	<u>16,645</u>
Capital and reserves			
Called up share capital	17	1,667	1,667
Revaluation reserve		51	53
Retained earnings		15,766	14,925
Total shareholders' funds		<u>17,484</u>	<u>16,645</u>

*31 March 2015 is restated. Refer to Note 21.

The notes on pages 15 to 32 are an integral part of these financial statements.

The financial statements on pages 12 - 32 were approved by the Board of Directors on the 9 December 2016 and signed on its behalf by:



NP Hawkes
Director
9 December 2016

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Statement of changes in equity
for the year ended 31 March 2016

	Called up share capital £000	Revaluation reserve £000	Retained earnings*	Total shareholders' funds £000
Balance at 1 January 2014	1,667	56	13,684	15,407
Profit for the financial period	-	-	1,238	1,238
Total comprehensive income for the financial period	-	-	1,238	1,238
Transfer to retained earnings	-	(3)	3	-
Balance at 31 March 2015*	1,667	53	14,925	16,645
Profit for the financial year	-	-	839	839
Total comprehensive income for the financial year	-	-	839	839
Transfer to retained earnings	-	(2)	2	-
Balance at 31 March 2016	1,667	51	15,766	17,484

*15 months to 31 March 2015 is restated. Refer to Note 21.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Notes to the financial statements For the year ended 31 March 2016

1 General information

Babcock Mission Critical Services Onshore Limited (formerly Bond Air Services Limited) is a private limited company which is incorporated and domiciled in the UK. The address of the registered office is 33 Wigmore Street, London, W1U 1QX.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 101 in these financial statements. Details of the transition to FRS 101 are disclosed in note 21.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 as applicable to companies applying FRS101. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company is a wholly owned subsidiary of Babcock Mission Critical Design and Completions Limited (formerly Bond Helicopters Europe Limited) and of its ultimate parent, Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payments'
- b) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- c) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
 - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
 - paragraph 73(e) of IAS 16 Property, plant and equipment; and
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

- d) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- e) IAS 7, 'Statement of cash flows'
- f) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- g) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation
- h) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2016, have had a material impact on the company.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured and recovery of consideration is considered probable.

(b) Sale of services

Revenue from services rendered is recognised by reference to the stage of completion of the transaction. Income invoiced in advance of provision of service is deferred and recognised at the point at which the service is provided. Revenue represents the amounts receivable for the provision of the use of aircraft. Revenue from helicopter services is recognised on contractual rates as the related services are performed. The charges under these contracts are generally based on a two-tier rate structure consisting of a fixed monthly fee plus additional fees for each hour flown.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Notes to the financial statements

For the year ended 31 March 2016

2 Summary of significant accounting policies (continued)

Revenue (continued)

(b) Sale of services (continued)

Airport charges and other sundry costs which are recharged to customers are recognised as income in the period in which the charges are incurred.

Income derived from the provision of training courses to external parties is recognised at the point of delivery. Where a training course is delivered across a number of accounting periods, income is recognised in line with the proportion of the course completed.

Intangible assets

Computer software

Computer software includes software licences acquired plus the costs incurred in bringing the software into use and is shown at cost less accumulated amortisation and is amortised over its expected useful lives of between three and five years.

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on a straight-line basis to write off the cost of property, plant and equipment over the estimated useful lives to their estimated residual value (reassessed at each statement of financial position date) at the following annual rates:

Freehold property	-	50 years straight-line
Leasehold property	-	Period of the lease
Plant and machinery	-	10% to 25% straight-line
Aircraft and components	-	1%-10% per annum

Deposits on assets in the course of construction are not depreciated.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the income statement.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds the higher of an asset's fair value less cost to sell or value in use.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

2 Summary of significant accounting policies (continued)

Inventory and work in progress

Inventory is valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out method. In the case of finished goods and work in progress, cost comprises direct material and labour and an appropriate proportion of overheads.

Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for bad debt is established when there is objective evidence that the collection of the debt is no longer probable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Trade payables

Trade payables are measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Taxation

(a) Current income tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

2 Summary of significant accounting policies (*continued*)

Taxation (*continued*)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

Defined contribution scheme

A defined contribution scheme is a pension under which the group pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution schemes the amount charged to the income statement in respect of provision costs and other post-retirement benefits is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the local currency at the year end exchange rates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis. A provision is made where the operating leases are deemed to be onerous.

Collateralised borrowings

Assets sold and then leased back under collateralised borrowing agreements include an option to purchase the asset at the end of the lease term at a price that is the sum of the original sales price plus any costs incurred by the lessor and lenders return.

Assets under collateralised borrowing agreements are capitalised and the outstanding capital element of instalments is included in trade payables. The interest element is recognised as an expense in the income statement so as to produce a constant periodic rate of charge on the outstanding obligations. Depreciation is calculated to write the assets off over their expected useful lives or over the lease terms where these are shorter.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a) Impairment assessment of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 2 'Property, plant and equipment' for the useful economic lives and information on how impairment for each class of asset is assessed.

b) Inventory provisioning

The company provides helicopter services to customers and has associated components necessary to provide this service as part of inventory. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the inventory and associated provision.

c) Holiday pay accrual

The holiday pay accrual at year end is determined by reference to historic leave balances and leave patterns of employees. Management evaluates historical evidence and expected future events that are believed to be reasonable under the circumstances. The carrying amount of the provision would be an estimated £10,000 (2015: £9,000) higher or lower where the average number of leave days available at year end to differ by 10% from the estimated number of days used to calculate the accrual. Refer to note 21 for the prior period accrual and note 14 includes the current accrual as part of 'Accruals and deferred income'.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

4 Revenue

Revenue is wholly attributable to the principal activities of the Company and arises as follows:

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
By area of activity:		
Helicopter services	35,255	44,067
Training services	934	1,808
	36,189	45,875

All the revenue in the year ending 31 March 2016 originated in the United Kingdom.

5 Profit on ordinary activities before interest and taxation

Profit on ordinary activities before interest and taxation is stated after charging / (crediting):

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
Depreciation of property, plant and equipment	417	507
Amortisation of intangible assets	15	27
Profit on the sale of fixed assets	(395)	(177)
(Impairment reversal)/Impairment of inventory	(314)	809
Inventory recognised as an expense	2,297	2,529
Operating lease charges		
- plant and machinery	9,490	11,355
- Other	423	470
Foreign exchange losses/(gains)	256	(311)
Audit fees payable to the Company's auditors	21	25
Impairment of trade receivables	-	-

Fees paid to the Company's auditors, PricewaterhouseCoopers LLP, and its associates, for services other than statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC. The group financial statements are required to comply with the statutory disclosure requirements.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

6 Finance income and costs

Finance income

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
Bank interest	6	-
Loan interest receivable from group undertakings	531	1,056
	537	1,056

Finance costs

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
Collateralised borrowings cost	96	-
Loan interest payable to group undertakings	1	-
	97	-

7 Staff costs

The average monthly number of employees (including directors) employed by the Company during the year / period was as follows:

	Year ended 31 March 2016 Number	15 months to 31 March 2015 Number
By activity:		
Administration staff	56	46
Engineering	51	53
Pilots	78	82
	185	181

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

7 Staff costs (continued)

Their aggregate remuneration comprised:

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
Wages and salaries	10,536	12,112
Social security costs	1,023	1,243
Other pension costs	673	866
	12,232	14,221

The employment costs above include those of employees providing management services to other group companies, as well as staff seconded to other group companies. These are recharged to those business entities.

8 Directors' remuneration

The emoluments of the highest paid director, including pension contributions, paid by any company in respect of services provided to this Company were as follows:

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
The remuneration of the directors which was paid by the Company was as follows:		
Emoluments (including benefits in-kind)	203	146
Defined contribution pension scheme	67	16
	270	162

Except for one (2015: one) of the directors, all of the directors of the Company are remunerated by other Babcock Group companies. It is not possible to make an accurate apportionment of these directors' emoluments relating to services provided to the Company and as such no disclosure of emoluments received by these directors has been made in these financial statements. The Company paid management charges in respect of these other services totalling £468,000 (2015: £621,000).

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

9 Tax on profit on ordinary activities

Tax expense included in income statement

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
Current tax:		
UK Corporation tax on profit for the year / period	-	649
Adjustment in respect of prior year / period	-	970
Current tax charge for the year / period	-	1,619
Deferred tax:		
Origination and reversal of temporary differences for the year / period	108	5
Adjustment in respect of prior years / periods	1	10
Impact of change in UK tax rate for the year / period	(27)	-
Total deferred tax charge for the year / period (note 16)	82	15
Tax charge on profit on ordinary activities for the year / period	82	1,634

Tax expense for the year is lower (2015: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (15 months to 31 March 2015: 21.4%). The differences are explained below:

	Year ended 31 March 2016 £000	15 months to 31 March 2015 £000
Profit on ordinary activities before taxation	921	2,872
Profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (15 months to 31 March 2015: 21.4%)	184	615
Effects of:		
(Income not taxable)/Expenses not deductible for tax purposes	(47)	40
Impact of change in UK tax rate	(27)	-
Group relief surrendered to group companies	(29)	-
Adjustments in respect of deferred tax for prior periods	1	10
Prior period adjustment	-	969
Tax charge for the year / period	82	1,634

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

9 Tax on ordinary activities (continued)

In the 2015 Budget, it was announced that the UK corporation tax rate will reduce from 20% to 19% from April 2017. It was further announced in the 2016 Budget that it will be further reduced to 18% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 18% as this is the tax rate that will apply on reversal.

10 Intangible assets

	Computer Software £000
Cost	
At 1 April 2015 and 31 March 2016	<u>423</u>
Accumulated amortisation and impairment	
At 1 April 2015	393
Amortisation of software	<u>15</u>
At 31 March 2016	<u>408</u>
Net book value	
At 31 March 2016	<u>15</u>
At 31 March 2015	<u>30</u>

Intangible assets amortisation is recorded in administrative expenses in the income statement.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

11 Property, plant and equipment

	Freehold property	Leasehold property	Aircraft and components	Plant and machinery	Total
Cost	£'000	£'000	£'000	£'000	£000
At 1 April 2015	2,707	1,308	2,534	2,873	9,422
Additions	-	48	8,323	242	8,613
Disposals	-	(31)	(4,366)	-	(4,397)
At 31 March 2016	2,707	1,325	6,491	3,115	13,638
Accumulated depreciation					
At 1 April 2015	528	544	1,797	1,766	4,635
Charge for the year	59	95	64	199	417
Disposals	-	(31)	-	-	(31)
At 31 March 2016	587	608	1,861	1,965	5,021
Net book value					
At 31 March 2016	2,120	717	4,630	1,150	8,617
At 31 March 2015	2,179	764	737	1,107	4,787

A leasehold property costing £250,000 during the year ended 31 March 2000 by Messrs Gerald Eve, Chartered Surveyors. The basis of the valuation used was existing use basis. The surplus was transferred to the revaluation reserve.

Major helicopter components acquired at 16 July 1999 for nil cost were included at a valuation of £565,734 which was considered by the directors to be their market value at that date. The surplus was also transferred to the revaluation reserve.

Assets held under collateralised borrowings have the following net book value within aircraft and components:

	2016 £000	2015 £000
Cost	3,836	-
Aggregate depreciation	(45)	-
Net book value	3,791	-

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

12 Inventories

	2016	2015
	£000	£000
Aircraft spares	2,364	2,205
Fuel	46	126
	2,410	2,331

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of £1,053,000 (2015: £1,366,000). There was impairment decrease of £314,000 during the current year as the spares on hand were assessed and found not to be impaired.

13 Trade and other receivables

	2016	2015
	£000	£000
Amounts falling due within one year:		
Trade receivables	6,463	2,310
Amount owed by a group undertaking	12,746	11,971
Other receivables	1,129	452
Prepayments and accrued income	988	1,565
	21,326	16,298

Amount owed by a group undertaking of £12,746,000 (2015: £11,971,000) bears interest at 4.25% (2015: 6.25%) per annum, is unsecured and has no fixed repayment terms.

14 Trade and other payables

	2016	2015
	£000	£000
Amounts falling due within one year:		
Trade creditors	1,002	1,371
Amounts owed to parent and group undertakings	180	-
Collateralised borrowings obligations (note 15)	381	-
Taxation and social security	147	287
UK corporation tax payable	649	649
Other payables	1,656	1,769
Accruals and deferred income	8,032	6,916
	12,047	10,992

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

14 Trade and other payables (Continued)

Amounts falling due after more than one year:

	2016	2015
	£000	£000
Amounts owed to group undertakings	2,944	-
Collateralised borrowings obligations (note 15)	4,114	-
	7,058	-

Amounts owed to group undertakings, due within one year, are interest free, unsecured and repayable on demand.

Amounts owed to group undertakings, due within more than one year, are interest free, unsecured and have no fixed repayment terms.

15 Collateralised borrowings

The Company disposed of an aircraft and then reacquired it under a collateralised borrowing agreement. The remaining term of the agreement is 6 years. The aircraft will be utilised to service one of the Company's customers, who is also the lessor, until the end of the term.

Future minimum payments under the collateralised borrowings agreement are as follows:

	2016	2015
	£'000	£'000
Within one year	381	-
In more than one year, but not more than five years	1,525	-
After five years	3,550	-
Total gross payments	5,456	-
Less finance charges included above	(961)	-
Carrying value of liability	4,495	-

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

16 Deferred tax liabilities

The major components of the deferred tax liabilities and deferred tax asset are recorded are as follows:

	Accelerated capital allowances	Other	Total
	£000	£000	£000
Deferred tax liabilities			
At 1 January 2014:	248	(98)	150
- (Credited) / charged to the income statement	(6)	21	15
At 31 March 2015:	242	(77)	165
- Charged / (credited) to the income statement	85	(3)	82
At 31 March 2016:	327	(80)	247

With regards to the 2015 year, no provision has been made for taxation which would arise if the land and buildings and aircraft components were disposed of at their revalued amounts. If land and buildings and aircraft components were disposed of at their current book value a tax charge could result. There weren't any disposals of the revalued assets during the current year.

17 Called up share capital

	2016 £000	2015 £000
Allotted and fully paid		
1,666,666 ordinary shares of £1 each (2015: 1,666,666)	1,667	1,667

All shares rank equally in all respects.

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

Notes to the financial statements
For the year ended 31 March 2016

18 Guarantees and financial commitments

a) Operating lease commitments

At 31 March 2016 and 31 March 2015, the Company had future minimum rental payable under non-cancellable operating leases as follows:

	31 March 2016	31 March 2016	31 March 2016	31 March 2015	31 March 2015	31 March 2015
	Land and buildings	Aircraft	Other	Land and buildings	Aircraft	Other
	£000	£000	£000	£000	£000	£000
Future minimum rentals payable under non-cancellable operating leases:						
- within one year	81	9,081	122	171	9,290	214
- between two and five years	270	22,954	174	277	24,829	282
- after five years	919	3,240	6	506	3,562	17
	1,270	35,275	302	954	37,681	513

The entity leases vehicles, equipment and offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The entity also leases aircraft under non-cancellable operating leases.

b) Other Commitments

At 31 March 2016 the Company had unpaid pension contributions of £105,389 (2015: £100,957).

19 Related party disclosures

The Company has taken advantage of the exemptions within FRS 101 not to disclose transactions and balances with Babcock International Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Babcock International Group PLC, for which the consolidated financial statements are publicly available.

20 Ultimate parent undertaking

The Company's immediate parent company is Babcock Designs and Completions Limited (Previously known as Bond Helicopters Europe Limited), a limited liability company registered in England and Wales. The Company's ultimate parent undertaking and controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC Financial Statements are available from the following address:

The Company Secretary
 Babcock International Group PLC
 33 Wigmore Street
 London
 W1U 1QX

Registered number 03776034

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BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

21 Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements under the UK GAAP were for the period ended 31 March 2015. The date of transition to FRS 101 was 1 January 2014. Changes in accounting policies do not affect profit for the financial year ended 31 December 2013 or the total equity as at 1 January 2014. The effect of changes in accounting policies on the profit for the financial period ended 31 March 2015 and the equity as at 31 March 2015 between UK GAAP as previously reported and FRS101 are shown below.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1, 'First time adoption of International Financial Reporting Standards'.

Income statement

		Previously reported 15 months to 31 March 2015 £000	Holiday pay accrual £000	Restated 15 months to 31 March 2015 £000
Administrative costs	A	(8,103)	(93)	(8,196)
Profit on ordinary activities before taxation		2,965	(93)	2,872
Taxation		(1,653)	19	(1,634)
Profit for the financial period		1,312	(74)	1,238

Statement of comprehensive income

		Previously reported 15 months to 31 March 2015 £000	Holiday pay accrual £000	Restated 15 months to 31 March 2015 £000
Profit for the financial period	A	1,312	(74)	1,238
Total comprehensive income for the period	A	1,312	(74)	1,238

Statement of financial position

		Previously reported 15 months to 31 March 2015 £000	Holiday pay accrual £000	Restated 15 months to 31 March 2015 £000
Current liabilities –				
Trade and other payables	A	10,918	(74)	10,992
Retained earnings	A	14,999	(74)	14,925

BABCOCK MISSION CRITICAL SERVICES ONSHORE LIMITED (formerly Bond Air Services Limited)

**Notes to the financial statements
For the year ended 31 March 2016**

21 Transition to FRS 101 (continued)

Statement of Changes in equity

		Previously reported 15 months to 31 March 2015 £000	Holiday pay accrual £000	Restated 15 months to 31 March 2015 £000
Retained earnings				
Balance 1 January 2014		13,684	-	13,684
Profit for the financial period	A	1,312	(74)	1,238
Total comprehensive income for the financial period		1,312	(74)	1,238
Balance at 31 March 2015	A	14,999	(74)	14,925

A *Holiday pay accrual*

Under previous UK GAAP, the Company accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. However, the Company did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 101, the Company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £nil for the Company at 1 January 2014 and by £93,000 at 31 March 2015 respectively.

There is a charge of £93,000 to the income statement for the period ended 31 March 2015, recognising the increase in the holiday pay accrual over the year. The taxation expense for the period ended 31 March 2015 decreases by £19,000 as a result of the decrease in operating profit.

B *Other Adjustments arising on transition to FRS 101*

In addition to the transition adjustments identified above which affect profit for the financial period the following adjustments have arisen which have had no effect on net equity or income statement but which have affected the presentation of these items on the statement of financial position. The main item is:

- a) Computer software, with a net book value of £30,000 at 1 April 2015, has been reclassified from property, plant and equipment to intangible assets as required under FRS 101. This has no effect on the Company's net assets or on the profit for the previous period or current year.