

Turner Aviation Limited

REPORT & ACCOUNTS

Period ended 29th March 2002



Turner Aviation Limited

DIRECTORS' REPORT

The directors present their report and accounts for the 52 weeks ended 29th March 2002.

RESULTS AND DIVIDEND

The trading profit for the period after taxation amounted to £330,770.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period was aviation engineering.

FUTURE DEVELOPMENTS

It is the intention of the company to develop its existing interests whilst seeking to exploit new opportunities as they arise.

DIRECTORS AND THEIR INTERESTS

The directors at 29th March 2002 were as follows:

J. D. Russell
A. Gordon Turner
I. H. Brown
A. O. Walker
D. Muirhead

J. D. Russell resigned as a director on 11th July 2002.

Alan G. Turner was appointed a director on 11th July 2002.

I. H. Brown held 200 25p ordinary shares in Turner & Co. (Glasgow) Limited throughout the period.

No other director, who is not also a director of the holding company, had any interest in the shares of the company or of any group companies at any time during the period.

In accordance with the provisions of the Articles of Association all directors retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

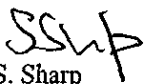
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss for that year. In preparing those accounts the directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Turner Aviation Limited
DIRECTORS' REPORT

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board


W. S. Sharp
Secretary

25th October 2002

Turner Aviation Limited
AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT
to the members of Turner Aviation Limited

We have audited the company's accounts for the period ended 29th March 2002 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. These accounts have been prepared on the basis of the accounting policies set out herein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

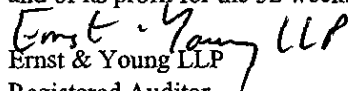
BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 29th March 2002 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
GLASGOW.

25th October 2002

Turner Aviation Limited

PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 29th March 2002

	<i>Note</i>	<i>2002</i> <i>£</i>	<i>2001</i> <i>£</i>
TURNOVER	2	6,617,606	6,415,905
Cost of sales		<u>3,862,297</u>	<u>3,803,638</u>
Gross profit		2,755,309	2,612,267
Administrative expenses		<u>2,294,711</u>	<u>2,052,036</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	460,598	560,231
Tax on profit on ordinary activities	5	<u>129,828</u>	<u>174,253</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>330,770</u></u>	<u><u>385,978</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the members of the company of £330,770 in the period ended 29th March 2002 (2001 - £385,978).

The notes on pages 6 to 12 form part of these accounts.

Turner Aviation Limited

BALANCE SHEET

at 29th March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	6	221,975	120,604
CURRENT ASSETS			
Stocks	7	1,728,153	1,246,574
Debtors	8	4,614,638	5,623,649
Cash at bank		-	188,592
		6,342,791	7,058,815
CREDITORS			
Amounts falling due within one year	9	1,122,717	2,065,295
NET CURRENT ASSETS		5,220,074	4,993,520
TOTAL ASSETS LESS CURRENT LIABILITIES		5,442,049	5,114,124
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(2,845)	-
NET ASSETS		5,444,894	5,114,124
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	5,444,794	5,114,024
EQUITY SHAREHOLDERS FUNDS		5,444,894	5,114,124



A. Gordon Turner
Director

25th October 2002

The notes on pages 6 to 12 form part of these accounts.

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 29th March 2002

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, from the accounting period in which the assets are brought into use as follows:

Plant and machinery	-	15 - 20% per annum on a straight line basis
Fixtures and fittings	-	15% per annum on a reducing balance basis
Motor vehicles	-	25% per annum on a straight line basis
Computer equipment	-	33.3% per annum on a straight line basis

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Costs incurred in bringing each product to its present location and condition:

Raw materials	Purchase cost on a first in, first out basis.
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Balances denominated in foreign currencies are translated at the rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided, which fall within the company's ordinary activities, all of which are continuing, stated net of value added tax.

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 29th March 2002

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) This is stated after charging (or crediting):

	2002 £	2001 £
Auditors' remuneration - audit services	8,500	8,500
- other services	1,050	1,000
Depreciation	55,320	62,969
Operating lease - motor vehicles	<u>88,931</u>	<u>59,871</u>

(b) Directors' remuneration

Emoluments (including pension contributions)	<u>142,439</u>	<u>181,073</u>
	No.	No.
Members of defined benefit pension scheme	<u>2</u>	<u>3</u>

4. STAFF COSTS

	2002 £	2001 £
Wages and salaries	1,604,957	1,582,087
Social security costs	146,305	141,814
Other pension costs	<u>161,578</u>	<u>188,612</u>
	<u>1,912,840</u>	<u>1,912,513</u>

The average weekly number of employees during the period was made up as follows:

	No.	No.
Office and management	32	32
Manufacturing	<u>48</u>	<u>49</u>
	<u>80</u>	<u>81</u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 29th March 2002

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
UK Corporation tax		
UK Corporation tax	129,949	174,253
Adjustments in respect of previous periods	<u>2,724</u>	<u>-</u>
Total Current Tax Charge	132,673	174,253
Deferred tax		
Originating and reversal of timing differences	<u>(2,845)</u>	<u>-</u>
	<u><u>129,828</u></u>	<u><u>174,253</u></u>

Factors affecting the current tax charge

The tax assessed on the profit for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>460,598</u>	<u>560,231</u>
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30% (2001 - 30%)	138,179	168,069
Effect of:		
Disallowed expenses and non-taxable income	3,712	1,781
Capital allowances in excess of depreciation	(5,342)	4,403
Short term timing differences	(6,600)	-
Adjustments in respect of previous periods .	<u>2,724</u>	<u>-</u>
Total Current Tax Charge	<u><u>132,673</u></u>	<u><u>174,253</u></u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 29th March 2002

6. TANGIBLE FIXED ASSETS

	<i>Plant & machinery</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:			
At 30th March 2001	1,586,523	11,757	1,598,280
Additions	147,721	8,970	156,691
Disposals	-	-	-
At 29th March 2002	<u>1,734,244</u>	<u>20,727</u>	<u>1,754,971</u>
Depreciation:			
At 30th March 2001	1,470,802	6,874	1,477,676
Provided during the period	52,344	2,976	55,320
Disposals	-	-	-
At 29th March 2002	<u>1,523,146</u>	<u>9,850</u>	<u>1,532,996</u>
Net book value at 29th March 2002	<u>211,098</u>	<u>10,877</u>	<u>221,975</u>
Net book value at 30th March 2001	<u>115,721</u>	<u>4,883</u>	<u>120,604</u>

7. STOCKS

	<i>2002</i> £	<i>2001</i> £
Raw materials	1,291,815	1,071,875
Work in progress	<u>436,338</u>	<u>174,699</u>
	<u>1,728,153</u>	<u>1,246,574</u>

8. DEBTORS

	<i>2002</i> £	<i>2001</i> £
Trade debtors	989,635	1,051,105
Amounts due by fellow subsidiary undertakings	39,748	217,730
Amount due by parent undertaking	3,583,255	4,352,814
Prepayments and accrued income	<u>2,000</u>	<u>2,000</u>
	<u>4,614,638</u>	<u>5,623,649</u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 29th March 2002

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft (see below)	667,683	-
Trade creditors	180,007	160,164
Amounts due to fellow subsidiary undertakings	5,656	1,600,942
Corporation tax	129,949	174,253
Other taxes and social security costs	7,374	15,400
Accruals	132,048	114,536
	<u>1,122,717</u>	<u>2,065,295</u>

A bank overdraft facility exists and is secured by bonds and floating charges over the assets of the company and other group companies.

10. DEFERRED TAX

Provision for deferred tax

Deferred tax liability

At 31st March 2001	-
Provided during the year	(2,845)
At 29th March 2002	<u>(2,845)</u>

The deferred tax consists of:

	2002 £	2001 £
Accelerated capital allowances	(2,845)	-
Other timing differences	-	-
Total undiscounted deferred tax liabilities	<u>(2,845)</u>	<u>-</u>

11. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2002	2001	2002	2001
	£	£	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 29th March 2002

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 31st March 2000	100	4,728,046	4,728,146
Retained profit for the period	-	385,978	385,978
At 30th March 2001	100	5,114,024	5,114,124
Retained profit for the period	-	330,770	330,770
At 29th March 2002	100	5,444,794	5,444,894

13. CAPITAL COMMITMENTS

There are no capital commitments at 29th March 2002 (2001 - Nil).

14. PENSION COSTS

The company participates in a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund known as the Turner & Co. (Glasgow) Limited Retirement Benefits Scheme. The retirement benefits are funded by way of company and employee contributions, the amounts of which are determined following consultations with independent actuaries who also review periodically the adequacy of the funding.

The fund was last actuarially valued as at 6th April 2000 using the projected unit method. At that date the market value of the assets was £32,444,000 and their actuarial value was sufficient to cover 119% of the benefits that had accrued to members.

The principal assumptions made by the actuaries were that the annual rate of interest earned by the scheme's assets and the annual rate of salary increases were 6.5% and 5% respectively.

The total company pension cost charged for the year was £161,578 (2001 - £188,612).

FRS 17 Retirement Benefits

The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation at 6th April 2000 and updated by Aon Consulting to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 29th March 2002.

The financial assumptions used to calculate the scheme liabilities under FRS 17 are:

Discount rate	6.00%
Salary increases	4.25%
Pension increases	2.75%
Price inflation	2.75%

NOTES TO THE ACCOUNTS

at 29th March 2002

14. PENSION COMMITMENTS - CONTINUED

The assets in the scheme and the expected rate of return were:

	<i>Long term Return p.a.</i>	<i>Fund Value at 29th March 2002 £'000</i>
Equities	7.50%	25,662
Bonds & property	6.00%	3,628
Other (including Gilts)	5.25%	<u>2,341</u>
Total market value of assets		31,631
Present value of scheme liabilities		<u>32,530</u>
Deficit in the scheme		(899)
Related deferred tax asset		<u>270</u>
Net pension liability		<u><u>(629)</u></u>

15. ULTIMATE HOLDING COMPANY

The ultimate holding company of Turner Aviation Limited is Turner & Co. (Glasgow) Limited which is registered in Scotland.

The only undertaking for which group accounts are prepared is Turner & Co. (Glasgow) Limited.

16. CONTINGENT LIABILITIES

In conjunction with other group companies, an unlimited guarantee has been given in respect of bank overdraft facilities of certain group companies. At 29th March 2002 the contingent liability amounted to £Nil (2001 - £Nil)

A guarantee of £20,000 (2001 - £20,000) has been given in favour of H.M. Customs and Excise in respect of duty deferment.

17. OTHER FINANCIAL COMMITMENTS

At 29th March 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Other 2002</i>	<i>2001</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
In the second to fifth years inclusive	<u>34,118</u>	<u>52,037</u>