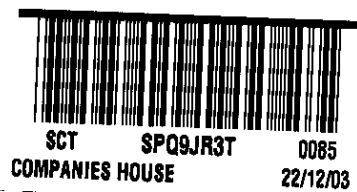


Turner Aviation Limited

REPORT & ACCOUNTS

Period ended 28th March 2003



Registration Number - 44355

Turner Aviation Limited

DIRECTORS' REPORT

The directors present their report and accounts for the 52 weeks ended 28th March 2003.

RESULTS AND DIVIDEND

The trading profit for the period after taxation amounted to £164,280.

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 during the year ended 28th March 2003 were as follows:

J. D. Russell	(resigned 11th July 2002)
A. Gordon Turner	
Alan G. Turner	(appointed 11th July 2002)
I. H. Brown	
A. O. Walker	
D. Muirhead	

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

14th November 2003

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 28th March 2003 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. These accounts have been prepared on the basis of the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the statements in accordance with United Kingdom law and accounting standards.

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.

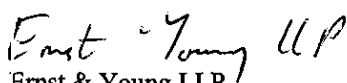
BASIS OF AUDIT OPINION

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 28th March 2003 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.

14th November 2003

Turner Aviation Limited**PROFIT AND LOSS ACCOUNT**

for the 52 weeks ended 28th March 2003

	<i>Note</i>	<i>2003</i> £	<i>2002</i> £
TURNOVER	2	6,558,908	6,617,606
Cost of sales		<u>3,973,149</u>	<u>3,862,297</u>
Gross profit		2,585,759	2,755,309
Administrative expenses		<u>2,333,854</u>	<u>2,294,711</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	251,905	460,598
Tax on profit on ordinary activities	5	<u>87,625</u>	<u>129,828</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>164,280</u></u>	<u><u>330,770</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 £164,280 in the period ended 28th March 2003 (2002 - £330,770).

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

Turner Aviation Limited

BALANCE SHEET

at 28th March 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	6	461,372	221,975
CURRENT ASSETS			
Stocks	7	1,812,383	1,728,153
Debtors	8	4,654,898	4,614,638
Cash at bank		-	-
		6,467,281	6,342,791
CREDITORS			
Amounts falling due within one year	9	1,311,902	1,122,717
NET CURRENT ASSETS		<u>5,155,379</u>	<u>5,220,074</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,616,751	5,442,049
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	<u>7,577</u>	<u>(2,845)</u>
NET ASSETS		<u><u>5,609,174</u></u>	<u><u>5,444,894</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>5,609,074</u>	<u>5,444,794</u>
EQUITY SHAREHOLDERS FUNDS		<u><u>5,609,174</u></u>	<u><u>5,444,894</u></u>



A. Gordon Turner
Director

14th November 2003

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

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 28th March 2003

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:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- 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.

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 28th March 2003

1. ACCOUNTING POLICIES - CONTINUED

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.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

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.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2003 £	2002 £
Auditors' remuneration - audit services	8,700	8,500
- other services	2,000	1,050
Depreciation	103,380	55,320
Operating lease - motor vehicles	<u>44,977</u>	<u>88,931</u>

(b) Directors' remuneration

Emoluments (including pension contributions)	<u>146,750</u>	<u>142,439</u>
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension scheme	<u>2</u>	<u>2</u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 28th March 2003

4. STAFF COSTS

	2003 £	2002 £
Wages and salaries	1,556,989	1,604,957
Social security costs	139,979	146,305
Other pension costs	367,841	161,578
	<u>2,064,809</u>	<u>1,912,840</u>

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

	No.	No.
Office and management	31	32
Manufacturing	<u>44</u>	<u>48</u>
	<u>75</u>	<u>80</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
UK Corporation tax		
UK Corporation tax	68,317	129,949
Adjustments in respect of previous periods	<u>8,886</u>	<u>2,724</u>
Total Current Tax Charge	77,203	132,673
Deferred tax		
Originating and reversal of timing differences	<u>10,422</u>	<u>(2,845)</u>
	<u>87,625</u>	<u>129,828</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.

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>251,905</u>	<u>460,598</u>
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30% (2002 - 30%)	75,572	138,179
Effect of:		
Disallowed expenses and non-taxable income	5,305	3,712
Capital allowances in excess of depreciation	(12,560)	(5,342)
Short term timing differences	-	(6,600)
Adjustments in respect of previous periods	<u>8,886</u>	<u>2,724</u>
Total Current Tax Charge	<u>77,203</u>	<u>132,673</u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 28th March 2003

6. TANGIBLE FIXED ASSETS

	<i>Plant & machinery</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:			
At 29th March 2002	1,734,244	20,727	1,754,971
Additions	343,939	-	343,939
Disposals	-	(11,157)	(11,157)
At 28th March 2003	<u>2,078,183</u>	<u>9,570</u>	<u>2,087,753</u>
Depreciation:			
At 29th March 2002	1,523,146	9,850	1,532,996
Provided during the period	100,208	3,172	103,380
Disposals	-	(9,995)	(9,995)
At 28th March 2003	<u>1,623,354</u>	<u>3,027</u>	<u>1,626,381</u>
Net book value at 28th March 2003	<u>454,829</u>	<u>6,543</u>	<u>461,372</u>
Net book value at 29th March 2002	<u>211,098</u>	<u>10,877</u>	<u>221,975</u>

7. STOCKS

	<i>2003</i> £	<i>2002</i> £
Raw materials	1,390,355	1,291,815
Work in progress	422,028	436,338
	<u>1,812,383</u>	<u>1,728,153</u>

8. DEBTORS

	<i>2003</i> £	<i>2002</i> £
Trade debtors	990,314	989,635
Amounts due by fellow subsidiary undertakings	14,075	39,748
Amount due by parent undertaking	3,650,509	3,583,255
Prepayments and accrued income	-	2,000
	<u>4,654,898</u>	<u>4,614,638</u>

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 28th March 2003

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank overdraft (see below)	130,738	667,683
Trade creditors	166,496	180,007
Amounts due to fellow subsidiary undertakings	793,959	5,656
Corporation tax	68,317	129,949
Other taxes and social security costs	55,465	7,374
Accruals	96,927	132,048
	<u>1,311,902</u>	<u>1,122,717</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

	<i>Deferred tax liability</i> £
At 29th March 2002	(2,845)
Provided during the year	12,559
Adjustment in respect of prior periods	<u>(2,137)</u>
At 28th March 2003	<u>7,577</u>

The deferred tax consists of:

	2003 £	2002 £
Accelerated capital allowances	7,577	(2,845)
Other timing differences	<u>-</u>	<u>-</u>
Total undiscounted deferred tax liabilities	<u>7,577</u>	<u>(2,845)</u>

11. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2003 £	2002 £	2003 £	2002 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
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
Retained profit for the period	-	164,280	164,280
At 28th March 2003	100	5,609,074	5,609,174

13. CAPITAL COMMITMENTS

There are no capital commitments at 28th March 2003 (2002 - 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 across the group as a whole. As such the company is unable to identify its share of underlying assets and liabilities.

The fund was last actuarially valued as at 6th April 2000 using the projected unit method. At that date the market value of the scheme was sufficient to cover 119% of the benefits that had accrued to members. Details of the actuarial value of the scheme are contained within the accounts of Turner & Co. (Glasgow) Limited.

In accordance with FRS 17 the following information relates to the scheme at 28th March 2003:

Notional balance sheet position

	<i>2003 £'000</i>	<i>2002 £'000</i>
Fair value of scheme assets	27,625	31,631
Actuarial value of scheme liabilities	46,086	32,530
Deficit in scheme	(18,461)	(899)
Related deferred tax asset	5,538	270
Net pension liability	(12,923)	(629)

Turner Aviation Limited
NOTES TO THE ACCOUNTS
at 28th March 2003

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 28th March 2003 the contingent liability amounted to £Nil (2002 - £Nil)

A guarantee of £20,000 (2002 - £20,000) has been given in favour of H.M. Customs and Excise in respect of duty deferment.

17. OTHER FINANCIAL COMMITMENTS

At 28th March 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	2003 £	2002 £
Operating leases which expire:		
In the second to fifth years inclusive	<u>35,386</u>	<u>34,118</u>

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions within Financial Reporting Standard No. 8 not to disclose details of transactions with other group companies.