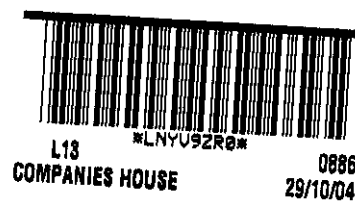


Company Registration No. 422128

H+S Aviation Limited

Report and Financial Statements

31 December 2003



H+S Aviation Limited

Report and financial statements 2003

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H+S Aviation Limited

Report and financial statements 2003

Officers and professional advisers

Directors

C Head
J Donlan
K Buehler
G Evans

Secretary

G Evans

Bankers

HSBC Bank PLC
14 Bradford Road, Cleckheaton
West Yorkshire
BD19 3JR

Barclays Bank PLC
City Service Centre
PO BOX 544
54 Lombard Street
London
EC3V 9EX

Solicitors

DLA
3 Noble Street
London
EC2V 7EE

Eversheds
Cloth Hall
Infirmary Street
Leeds
OS1 2JV

Wragge & Co LLP
3 Waterhouse Square
142 Holborn
London
EC1N 2SW

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

H+S Aviation Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the company is the overhaul of aviation engines, propellers and associated components. The company expects to continue the same level of business activity for the foreseeable future.

Results and dividends

The audited financial statements for the year ended 31 December 2003 are set out in the attached financial statements. The profit for the year after taxation amounted to £5,188,000 (2002 – £5,370,000).

No final dividend has been proposed by the directors (2002 – nil). An interim dividend of £nil (2002 – £0.69) per ordinary share was paid in 2003.

Supplier payment policy

The company's policy is to provide suppliers with the company's standard conditions of trading for the purchase of goods and services, and to abide by those conditions. Trade creditors of the company at 31 December 2003 were equivalent to 52 (2002 – 57) days' purchases, based on the average daily amount invoiced by suppliers in the last two months of the year.

Employee participation

The company is committed to employee participation, encouraging the development of co-operation with employees by involving and consulting the Employee Council in staff welfare issues, and through regular communication meetings with employees.

The company has continued to examine ways and means of providing employment for disabled employees, under normal terms and conditions, with opportunities for training, career development and promotion as appropriate. The company's policy on the employment of disabled persons has been applied as sympathetically and positively as possible.

Directors and their interests

The list below includes directors who served the company during the year, except as noted, and who have been appointed subsequently to the year end:

C Head

J Donlan (appointed 1 January 2003)

K Buehler (appointed 1 December 2003)

G Evans (appointed 1 January 2004)

H+S Aviation Limited

Directors' report

Directors and their interests (continued)

The directors who held office at 31 December 2003 had interests in the shares of BBA Group plc, the ultimate holding company, as follows:

	Shares Held		Share Options		1 January 2003 Number
	31 December 2003 Number	1 January 2003 Number	31 December 2003 Number	Granted in year Number	
			25p Ordinary Shares		
C Head	-	-	19,300	19,300	-
J Donlan	-	-	284,600	145,700	138,900

The directors had no interests in the shares of this company or any other BBA Group company, except as noted above.

Auditors

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. A resolution has been passed to dispense with the need to reappoint Deloitte & Touche as auditors on an annual basis.

Approved by the Board of Directors
and signed on behalf of the Board



G Evans
Secretary

28 October 2004

H+S Aviation Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 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 financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of H+S Aviation Limited

We have audited the financial statements of H+S Aviation Limited for the year ended 31 December 2003 which comprise the profit and loss account, the note of historical cost profit and losses, the balance sheet, the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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 financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

29 October 2004

H+S Aviation Limited

Profit and loss account Year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover – continuing operations	2	102,013	89,518
Cost of sales		(83,849)	(72,172)
Gross profit		18,164	17,346
Other operating expenses (net)	3	(12,525)	(11,782)
Operating profit – continuing operations		5,639	5,564
Net finance charges	4	(451)	(194)
Profit on ordinary activities before taxation	5	5,188	5,370
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation		5,188	5,370
Dividends		-	(5,200)
Retained profit for the financial year	16	5,188	170

There were no recognised gains and losses in the current or prior year other than those reflected above. Accordingly, no statement of total recognised gains and losses is presented.

Note of historical cost profits and losses Year ended 31 December 2003

	2003 £'000	2002 £'000
Reported profit on ordinary activities before taxation	5,188	5,370
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	50	50
Historical cost profit on ordinary activities before taxation	5,238	5,420
Historical cost profit retained after taxation, minority interests and dividends	5,238	220

H+S Aviation Limited

Balance sheet As at 31 December 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	9	946	1,045
Tangible assets	10	12,353	12,576
		<u>13,299</u>	<u>13,621</u>
Current assets			
Stocks	11	24,542	23,840
Debtors	12	20,918	13,900
Cash at bank and in hand		1,398	846
		<u>46,858</u>	<u>38,586</u>
Creditors: amounts falling due within one year	13	<u>(20,471)</u>	<u>(15,709)</u>
Net current assets		<u>26,387</u>	<u>22,877</u>
Total assets less current liabilities		<u>39,686</u>	<u>36,498</u>
Creditors: amounts falling due after more than one year	14	<u>(19,470)</u>	<u>(21,470)</u>
Net assets		<u>20,216</u>	<u>15,028</u>
Capital and reserves			
Called up share capital	15	7,500	7,500
Revaluation reserve	16	2,034	2,084
Profit and loss account	16	10,682	5,444
Equity shareholders' funds		<u>20,216</u>	<u>15,028</u>

These financial statements were approved by the Board of Directors on 28 October 2004.

Signed on behalf of the Board of Directors

C Head
Director



H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Intangible fixed assets

Intangible fixed assets comprise licence fees, and are included at cost, and amortised in equal annual instalments over their useful economic life for which the company is expected to benefit. The useful economic life of the current licence fees has been estimated at 10 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. For aviation engines, cost comprises purchase price or materials, labour and attributable overheads incurred in returning the engine to serviceable condition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	20 to 50 years
Long leasehold properties	Over the life of the lease
Motor vehicles	4 years
Fixtures, fittings and equipment	3 to 10 years
Plant, machinery and tools	7 to 10 years

Depreciation is provided on aviation engines to write off the cost less estimated residual value over the engine's remaining flight hours, based on actual hours flown.

Revaluation of land and buildings

The company has taken advantage of the transitional provisions of FRS 15 'Tangible Fixed Assets', and retained the book amounts of certain freehold and leasehold land and buildings which were revalued prior to implementation of that standard. The tangible fixed assets affected were last revalued in March 1998 and the valuations have not subsequently been updated.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Stocks

Raw material stocks comprise aviation engines for resale, and parts and components used in the overhaul and repair of aviation engines. Work in progress comprises the cost of raw materials and an appropriate proportion of labour and overheads. Raw material stocks and work in progress are stated at the lower of cost and estimated net realisable value, which is based upon estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

1. Accounting policies (continued)

Lease agreements

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

Foreign currencies

Trading items are translated into sterling at the average contracted forward rate of exchange for the relevant accounting period. Balance sheet items in foreign currencies are translated into sterling at the forward contracted rates of exchange at the balance sheet date. All foreign currency gains and losses are taken to the profit and loss account.

Pensions

The company provides pension arrangements to the majority of full time employees through a defined benefit scheme, which is operated by its ultimate parent company, BBA Group plc. It is not possible to identify the share of the underlying assets and liabilities in this scheme which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the provisions in SSAP 24 to account for the scheme as if it was a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

The company has entered an arrangement under which the ultimate parent company has agreed to provide and account for all corporation tax liabilities of the company, while the company remains a member of the BBA group.

Pursuant to this arrangement, deferred tax is not recognised in this company on timing differences of the company, on the grounds that the relevant liability will be met by the ultimate parent company when these timing differences reverse. Deferred tax is instead recognised by the ultimate parent company on these timing differences in accordance with FRS 19 "Deferred Tax".

Deferred tax liabilities are provided in full by the ultimate parent company, and deferred tax assets are recognised by that company to the extent that it is regarded as more likely than not that they will be recovered. These deferred tax assets and liabilities are not discounted. Deferred tax is not provided by the ultimate parent company on the sale or revaluation of fixed assets, unless at the balance sheet date a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

Cash flow statement

The company has taken advantage of the exemptions under FRS 1 (Revised) and has not produced a cash flow statement since its ultimate holding company produces a consolidated cash flow statement that is publicly available.

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

2. Turnover

Set out below is an analysis by destination of turnover by geographical area, which arose from the principal activity of the company.

	2003 £'000	2002 £'000
United Kingdom	11,015	11,229
Mainland Europe	15,834	13,247
North America	65,147	57,089
Rest of the World	10,017	7,953
	<u>102,013</u>	<u>89,518</u>

3. Other operating expenses (net)

	2003 £'000	2002 £'000
Distribution costs	376	505
Administrative expenses	12,149	11,277
	<u>12,525</u>	<u>11,782</u>

4. Finance charges (net)

Investment income

	2003 £'000	2002 £'000
Other interest and similar charges	<u>68</u>	<u>25</u>

Interest payable and similar charges

	2003 £'000	2002 £'000
Bank loans and overdrafts	<u>519</u>	<u>219</u>

	2003 £'000	2002 £'000
Interest payable and similar charges	519	219
Less: investment income	(68)	(25)
	<u>451</u>	<u>194</u>

H+S Aviation Limited

Notes to the accounts Year ended 31 December 2003

5. Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Auditors' remuneration		
- audit fees	35	30
Operating lease rentals		
- land and buildings	194	196
- plant and machinery	49	67
Depreciation and amounts written off owned tangible fixed assets	1,485	1,542
Amortisation of licence fees	150	150
	<u>1,813</u>	<u>1,995</u>

6. Staff costs

The average monthly number of employees (including directors) during the year was:

	2003 No.	2002 No.
Manufacturing	265	262
Administration	174	168
	<u>439</u>	<u>430</u>

Their aggregate remuneration comprised:

	2003 £'000	2002 £'000
Wages and salaries	10,635	10,125
Social security costs	819	702
Other pension costs (see note 18)	968	1,065
	<u>12,422</u>	<u>11,892</u>

Directors' remuneration

The remuneration of the directors was as follows:

	2003 £'000	2002 £'000
Emoluments	118	223

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

6. Staff costs (continued)

The number of directors who were members of pension schemes at the year end was as follows:

	2003 No.	2002 No.
Defined benefit scheme	1	2
Money purchase pension scheme	1	-

The remuneration of the highest-paid director was £111,396 (2002: £140,062).

The accrued pension entitlement under the company's defined benefit scheme of the highest-paid director at 31 December 2003 was £21,491 (2002: £57,252).

7. Taxation

	2003 £'000	2002 £'000
United Kingdom corporation tax at 30% (2002: 30%) based on the profit for the year	-	-

Factors affecting the current tax charge

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	5,188	5,370
Tax at the standard rate of corporation tax in the UK of 30% (2002: 30%)	1,556	1,611
Permanent differences	32	36
Capital allowances in excess of depreciation	384	438
Other	(1)	(5)
	1,971	2,080
Tax losses claimed for no payment	(1,971)	(2,080)
Current tax charge	-	-
	2003 £'000	2002 £'000
Deferred tax credit recognised in the ultimate parent company in respect of the origination and reversal of timing differences of this company	(350)	(434)

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

7. Taxation (continued)

There is no provision for deferred tax in the company on the grounds that the liability will be met by the ultimate parent company when the relevant timing differences reverse. Deferred tax has been included in the accounts of the ultimate parent company in respect of this company's timing differences as follows:

Asset /(liability)	2003	2003	2002	2002
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Arising from accelerated capital allowances	645	-	294	-
Arising from other timing differences	70	-	71	-
	<u>715</u>	<u>-</u>	<u>365</u>	<u>-</u>

These tax liabilities or assets would crystallise in this company if the underlying timing differences reversed, and the arrangement with the ultimate parent company referred to in the accounting policy note no longer applied.

8. Dividends

No dividend has been proposed for the year ended 31 December 2003.

	2003 £'000	2002 £'000
Interim dividend paid of £nil (2002 – £0.69) per ordinary share	<u>-</u>	<u>5,200</u>

9. Intangible fixed assets

	Licence fees £'000
Cost or valuation	
At 1 January 2003	1,496
Additions	<u>51</u>
At 31 December 2003	<u>1,547</u>
Depreciation	
At 1 January 2003	451
Charge for the year	<u>150</u>
At 31 December 2003	<u>601</u>
Net book value	
At 31 December 2003	<u>946</u>
At 31 December 2002	<u>1,045</u>

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

10. Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Plant machinery and tools £'000	Aviation Engines £'000	Total £'000
Cost or valuation							
At 1 January 2003	370	5,564	128	1,757	12,481	2,304	22,604
Additions	-	-	20	138	683	441	1,282
Disposals	-	-	(30)	(1)	(14)	-	(45)
At 31 December 2003	370	5,564	118	1,894	13,150	2,745	23,841
Depreciation							
At 1 January 2003	24	670	95	992	7,577	670	10,028
Charge for the year	4	137	14	322	842	166	1,485
Disposals	-	-	(14)	-	(11)	-	(25)
At 31 December 2003	28	807	95	1,314	8,408	836	11,488
Net book value							
At 31 December 2003	342	4,757	23	580	4,742	1,909	12,353
At 31 December 2002	346	4,894	33	765	4,904	1,634	12,576

Freehold and leasehold land and buildings were valued during 1998 by Fuller Peiser, Property Consultants, on the basis of open market value for existing use. As a result of these valuations land was revalued by £605,000 and buildings were revalued by £1,101,000. A previous valuation carried out in 1993 by Fuller Peiser, Property Consultants revalued the land by £509,000.

Freehold land, amounting to £200,000 (2002: £200,000) has not been depreciated.

If land and buildings had not been revalued they would have been included at the following amounts:

	2003		2002	
	Freehold £'000	Long leasehold £'000	Freehold £'000	Long leasehold £'000
Cost	192	3,540	192	3,540
Depreciation	(27)	(514)	(22)	(428)
Net book value	165	3,026	170	3,112

H+S Aviation Limited

Notes to the accounts Year ended 31 December 2003

11. Stocks

	2003 £'000	2002 £'000
Raw materials	18,273	16,502
Work in progress	6,269	7,338
	<u>24,542</u>	<u>23,840</u>

12. Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Trade debtors	20,459	12,839
Amounts owed by group undertakings	33	12
VAT	167	872
Other debtors	58	4
Prepayments and accrued income	201	173
	<u>20,918</u>	<u>13,900</u>

13. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank loans and overdrafts	1,400	-
Trade creditors	17,658	13,652
Amounts owed to group undertakings	185	41
Other taxation and social security	275	249
Other creditors	13	42
Accruals and deferred income	940	1,725
	<u>20,471</u>	<u>15,709</u>

Bank loans and overdrafts are part of a group set off arrangement where group companies guarantee the overdraft.

14. Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Amounts owed to parent undertaking	<u>19,470</u>	<u>21,470</u>

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

15. Share capital

	2003 £'000	2002 £'000
Authorised, allotted, called-up and fully paid:		
7,500,000 ordinary shares of £1 each	7,500	7,500
	<u>7,500</u>	<u>7,500</u>

16. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	2,084	5,444	7,528
Transfer of realised profits	(50)	50	-
Retained profit for the year	-	5,188	5,188
	<u>2,034</u>	<u>10,682</u>	<u>12,716</u>
At 31 December 2003	2,034	10,682	12,716

17. Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	5,188	5,370
Dividends	-	(5,200)
	<u>5,188</u>	<u>170</u>
Net addition to shareholders' funds	5,188	170
Opening shareholders' equity funds	15,028	14,858
	<u>20,216</u>	<u>15,028</u>
Closing shareholders' equity funds	20,216	15,028

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

18. Pension schemes

The company participates within defined benefit pension schemes in the United Kingdom operated by BBA Group plc, whose assets are held in a separate trustee-administered fund. Contributions to the scheme are made and pension cost is assessed using the projected unit method. The latest actuarial valuation of the scheme was as at 31 March 2001. The principal assumptions used in the valuation of the liabilities were an average investment return of 6.7% per annum before retirement and 5.2% after retirement, pay inflation of 3.8% (after promotional increases) per annum and pension increases of 2.4% per annum. The market value of the assets of the scheme at the date of the actuarial valuation was £377.5m. The actuarial value of the scheme assets represented 108% of the liabilities for benefits that had accrued to members, after allowing for expected future increases in earnings, but excluding the costs of early retirement which are dealt with on a pay-as-you-go basis. The excess of assets over liabilities will be spread over the average remaining service lives of employees.

Contributions by the company to the scheme for the year were £968,000 (2002: £1,065,000).

In accordance with FRS17, and subject to materiality, the latest actuarial valuations of the group's defined benefit pension schemes and healthcare plan have been reviewed and updated as at 31 December 2003. The following weighted average financial assumptions have been adopted:

	2003 %	2002 %	2001 %
% per annum			
Discount rate	5.5	5.6	5.8
General pay increases	4.3	4.0	4.2
Inflation assumptions	2.8	2.3	2.5
Pension increases	2.7	2.4	2.5

The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. The assets of all pension schemes are:

	2003 £m	2002 £m	2001 £m
Assets			
Equities	130.6	108.3	141.6
Bonds	192.1	189.3	182.3
Property	33.7	3.7	31.9
Insurance policies	8.8	32.1	9.5
Cash	3.7	8.7	4.1
Total market values of scheme assets	368.9	342.1	369.4
	2003 £m	2002 £m	2001 £m
Present value of scheme liabilities	388.0	353.6	355.8
(Deficit)/surplus in the schemes	(19.1)	(11.5)	13.6
Related deferred tax asset/(liability)	5.7	3.4	(4.0)
Net pensions (liabilities)/assets	(13.4)	(8.1)	9.6

H+S Aviation Limited

Notes to the accounts Year ended 31 December 2003

18. Pension schemes (continued)

	2003	2002	2001
Long-term expected return on assets	%	%	%
Equities	8.8	8.5	8.5
Bonds	5.0	4.8	5.3
Property	5.8	5.5	6.0
Insurance policies	5.5	5.6	5.8
Cash	4.0	4.0	3.5

The company is a participant in the scheme and as such has not disclosed the relevant amounts chargeable to operating profit, amounts included as other finance income, amounts that would have been included in the statement of total recognised gains and losses and the effect of the scheme deficit on the profit and loss reserve.

19. Contingent liabilities

At 31 December 2003 the company had contingent liabilities, primarily in the form of bank guarantees, arising in the ordinary course of business of £172,000 (2002: £197,000).

20. Commitments

Capital commitments at the year end for which no provision has been made in these financial statements were as follows:

	2003 £'000	2002 £'000
Contracted and not provided for	719	213

The annual commitment under non-cancellable operating leases was as follows:

	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- within one year	70	35	-	81
- between one to five years	-	24	96	5
- after five years	100	-	100	-
	170	59	196	86

21. Related party transactions

H+S Aviation Limited, as a wholly owned subsidiary undertaking of BBA Group plc, has taken advantage of the exemption available from the related party disclosure requirements of FRS 8.

H+S Aviation Limited

Notes to the accounts

Year ended 31 December 2003

22. *Ultimate holding company*

The company is a direct subsidiary undertaking of the BBA Group plc, a company incorporated in Great Britain and registered in England and Wales, which is also the ultimate holding company and controlling party.

The largest and smallest group in which the results of H+S Aviation Limited are consolidated is that headed by BBA Group plc. The consolidated financial statements of the group are available to the public and may be obtained from the company secretary of BBA Group plc at 20 Balderton Street, London W1K 6TL.