

SPECIALIST HELICOPTERS LIMITED
(REGISTERED IN SCOTLAND NUMBER 168246)
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2004



AUDITORS' REPORT TO SPECIALIST HELICOPTERS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5, together with the full accounts of the company for the year ended 31st March 2004 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

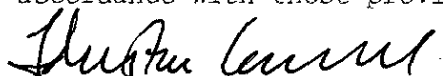
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the full accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Johnstone Carmichael
Chartered Accountants,
Registered Auditors,
Nevis House
Beechwood Park
Inverness.

12 Jan 2005

SPECIALIST HELICOPTERS LIMITED

BALANCE SHEET

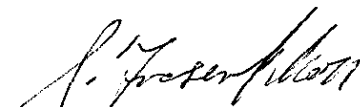
AT 31ST MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible fixed assets	3	891,912	979,489
CURRENT ASSETS			
Stock		18,241	8,971
Debtors		149,516	155,428
Cash at bank and in hand		1,226	1,658
		<hr/> 163,693	<hr/> 166,057
CREDITORS			
Amounts falling due within one year	4	931,358	406,781
NET CURRENT LIABILITIES		<hr/> (767,665)	<hr/> (240,724)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 124,247	<hr/> 737,765
CREDITORS			
Amounts falling due after more than one year	5	406,817	505,032
NET (LIABILITIES)/ASSETS		<hr/> (282,570)	<hr/> 232,733
CAPITAL AND RESERVES			
Share capital	6	100,000	100,000
Profit and loss account		(382,570)	132,733
		<hr/> (282,570)	<hr/> 232,733

We have relied on the exemptions for individual accounts on the grounds that the Company is entitled to the benefit of those exemptions as a Small Company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements on pages 2 to 5 were approved by the Board of Directors on 5 January 2005, and were signed on its behalf by:



DIRECTOR

SPECIALIST HELICOPTERS LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 2004

1. FUNDAMENTAL ACCOUNTING CONCEPT

Notwithstanding the deficiency of net assets these accounts have been prepared on a going concern basis, as: (1) the holding company has undertaken to defer settlement of sums due to them in order that the interests of third party creditors are protected; (2) the directors have made arrangements to ensure sufficient future funds can be made available to meet third party creditors as they fall due; (3) post year end management accounts show reduced losses and the directors are confident that the company can be returned to profitability by March 2005.

2. ACCOUNTING POLICIES

a) Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b) Depreciation

The cost of fixed assets is written off over their expected useful lives as follows:-

Helicopters	- 5% straight line
Equipment	- 10% straight line
Motor Vehicles	- 25% reducing balance

c) Stock

Stock is valued at the lower of cost and net realisable value

d) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

e) Pensions

The company operates a defined contribution executive pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

SPECIALIST HELICOPTERS LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 2004

f) Hire purchase

Assets acquired under hire purchase agreements are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of hire purchase repayments are charged to the profit and loss account over the period of the agreement and represent a constant proportion of the balance of capital repayments outstanding.

3. TANGIBLE FIXED ASSETS

	Freehold Property £	Helicopters £	Equipment £	Motor Vehicles £	Total £
COST					
At 31st March 2003	51,525	1,200,525	171,582	69,697	1,493,329
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31st March 2004	51,525	1,200,525	171,582	69,697	1,493,329
ACCUMULATED DEPRECIATION					
At 31st March 2003	-	421,284	61,427	32,129	514,840
Charge for the year	-	60,027	17,158	9,392	86,577
Disposals	-	-	-	-	-
At 31st March 2004	-	481,311	78,585	41,521	601,417
NET BOOK VALUE					
At 31st March 2004	51,525	719,214	92,997	28,176	891,912
At 31st March 2003	51,525	779,241	110,155	37,568	978,489

Included in motor vehicles are vehicles financed under hire purchase agreements, at cost £12,029 (2003: £21,999), accumulated depreciation £4,413 (2003: £5,649) and net book value of £7,616 (2003: £16,350).

Freehold property represents land acquired for the establishment of a helicopter base.

4. CREDITORS - amounts falling due within one year

Creditors, amounts falling due within one year include a bank overdraft of £8,908 (2003: £60,627) and a bank loan of £97,751 (2003: £97,751) which were secured by an aircraft mortgage and a floating charge over the assets of the company and by a guarantee from the holding company. Also included are hire purchase creditors of £2,083 (2003: £15,649) which are secured over certain motor vehicles.

SPECIALIST HELICOPTERS LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 2004

5. CREDITORS - amounts falling due after more than one year

Creditors, amounts falling due after more than one year include a bank loan of £406,817 (2003: £502,949) which is secured by an aircraft mortgage and a floating charge over the assets of the company and by a guarantee from the holding company. Also included are hire purchase creditors of £nil (2003: £2,083) which are secured over certain motor vehicles.

6. SHARE CAPITAL

	Authorised £	Allotted, Called up and fully paid £
At 31 March 2004		
Ordinary shares of £1 each	500,000	100,000
	<hr/>	<hr/>
At 31 March 2003		
Ordinary shares of £1 each	500,000	100,000
	<hr/>	<hr/>

7. HOLDING COMPANY

The ultimate holding company is Larsen and Ross Limited, a company registered in Scotland.