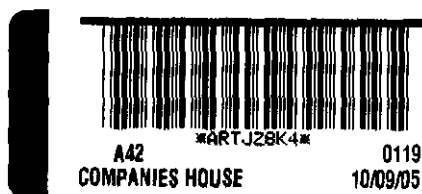


Pratt & Whitney Canada (UK) Limited
Annual Report
for the year ended 30 November 2004

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Pratt & Whitney Canada (UK) Limited

Annual report for the year ended 30 November 2004

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Pratt & Whitney Canada (UK) Limited

Directors and advisers

Directors	B Brossoit S Dicks
Company Secretary	Jacques Bradette
Registered Office	United Technologies House Guilford Road Fetcham Leatherhead Surrey KT22 9UT
Registered Auditors	PricewaterhouseCoopers LLP Southampton
Solicitors	Edwin Coe London
Bankers	HSBC Bank plc London

Pratt & Whitney Canada (UK) Limited

Directors' report for the year ended 30 November 2004

The directors present their report together with the audited financial statements of the company for the year ended 30 November 2004.

Principal activities

The company's principal activity during the period was the overhaul and repair of aircraft engines.

Review of business and future developments

The directors consider the level of business and the period end financial position to be satisfactory, with improvements expected for the foreseeable future.

Results and dividends

The company's loss after tax for the year was \$592,000 (2003: loss of \$3,156,000).
The directors do not propose a dividend for the year (2003: \$nil).

Directors and their interests

The composition of the board of Directors during the year was as follows:

B Brossoit (appointed 22 July 2004)
G Gaudette (resigned 22 July 2004)
B Merrikin (resigned 3 December 2004)

According to the company's register, no director of the company, nor members of his family defined by the Companies Act 1985, had any interest in the shares of the company.

Mr B Brossoit is resident in Canada.

The company has taken advantage of the exemption under Statutory Instrument 85/802 not to disclose details of directors' interests in shares or share options held in the ultimate parent company, United Technologies Corporation, which is incorporated outside the UK.

Pratt & Whitney Canada (UK) Limited

Directors' report for the year ended 30 November 2004 (continued)

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 30 November 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which 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 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.

Auditors

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

By order of the Board



Director

S J Dicks

11 April 2005

Pratt & Whitney Canada (UK) Limited

Independent auditors' report to the members of Pratt and Whitney Canada (UK) Limited

We have audited the financial statements which comprise the profit and loss account, balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in these statements of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements 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 financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 to you 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

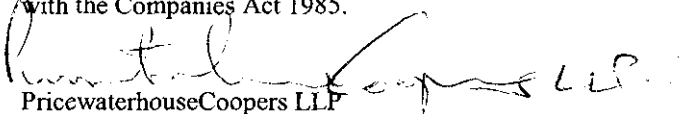
Basis of audit opinion

We conducted our audit in accordance with 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 at 30 November 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton

11 April 2005

Pratt & Whitney Canada (UK) Limited

Profit and loss account for the year ended 30 November 2004

	Note	2004 \$'000	2003 \$'000
Turnover	2	61,017	50,923
Cost of sales		(56,092)	(46,922)
Gross profit		4,925	4,001
Administrative expenses		(5,157)	(6,856)
Operating loss	3	(232)	(2,855)
Net interest payable	6	(457)	(281)
Loss on ordinary activities before taxation		(689)	(3,136)
Taxation on loss on ordinary activities	7	97	(20)
Loss on ordinary activities after taxation and retained loss for the financial year	15	(592)	(3,156)

Statement of total recognised gains and losses

	Note	2004 \$'000	2003 \$'000
Total recognised gains and losses for the year	16	(592)	(3,156)
Total recognised gains and losses since last annual report		(592)	(3,156)

All amounts relate to continuing operations.

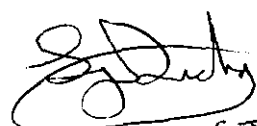
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

Pratt & Whitney Canada (UK) Limited

Balance sheet as at 30 November 2004

	Note	2004 \$'000	2003 \$'000
Fixed Assets			
Goodwill	8	-	86
Tangible assets	9	10,347	11,808
		10,347	11,894
Current Assets			
Stock	10	8,286	8,961
Debtors	11	8,946	15,252
Cash at bank and in hand		1,448	1,594
		18,680	25,807
Creditors: Amounts falling due within one year	12	(40,292)	(48,318)
Net current liabilities		(21,612)	(22,511)
Total assets less current liabilities		(11,265)	(10,617)
Provisions for liabilities and charges	13	(1,358)	(1,414)
Net liabilities		(12,623)	(12,031)
Capital and Reserves			
Called-up share capital	14	-	-
Profit and loss account	15	(12,623)	(12,031)
Equity shareholders' deficit		(12,623)	(12,031)

The financial statements on pages 6 to 19 were approved by the Board of Directors on 11 April 2005 and were signed on its behalf by:


S. J. Davis
Director

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004

1. Principal accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. Accounting policies have been applied consistently and are set out below.

Cashflow

Under the exemptions permitted by FRS1 (revised), the company is not required to present a cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the estimated useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold buildings (including building alterations)	8 – 20 years
Plant & machinery	8 – 12 years
Office & computer equipment	3 – 5 years

Foreign currencies

The company's functional currency is US Dollars. Trading items are translated into US Dollars at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US Dollars are translated using the rate of exchange ruling at the balance sheet date with exchange differences taken to the profit and loss account. The closing exchange rate at 30 November 2004 was \$1.856 to £1.00.

Goodwill

Goodwill arising on the purchase of businesses represents the excess of the fair value of the consideration given, over the fair value of the identifiable net assets acquired.

Goodwill is capitalised and amortised over its useful economic life which the directors estimate to be six years.

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

Leases

Rentals payable under operating leases are charged to the profit and loss account, in equal installments over the period of the lease. Incentives to sign leases, including rent free periods, are treated as deferred income and are credited to the profit and loss account in equal installments over the period to the first rent review.

Pension scheme arrangements

The company operates, for the benefit of all employees, a defined contribution pension scheme. Contributions are charged against profits as the costs are incurred. The company provides no other post retirement benefits to its employees.

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of work in progress comprises materials, labour and attributable overheads. Where necessary, provision is made for obsolete, slow moving and defective stock.

Turnover

Turnover represents the invoiced value of sales made to third parties, including group companies, net of Value Added Tax. Turnover is recognised when the risks and rewards of ownership have passed to the customer under the conditions of the contract of sale.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallize based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements.

A net deferred tax asset is regarded as recoverable and is recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

2. Turnover

Turnover originates in the UK and is attributable to the principal activities of the company, the overhaul and repair of aircraft engines.

An analysis of turnover is set out below:

	2004 \$'000	2003 \$'000
United Kingdom	797	790
Continental Europe	59,451	49,696
North America	680	413
South East Asia	89	4
Other	-	20
	61,017	50,923

3. Operating loss

	2004 \$'000	2003 \$'000
Operating (loss) is stated after charging:		
Depreciation of tangible fixed assets		
- owned assets	1,978	1,855
Auditors' remuneration		
- audit fees	43	37
- non-audit fees	-	7
Operating lease rentals		
- hire of plant and machinery	126	68
- other (land and buildings)	696	620
Amortisation of goodwill	86	1,032

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

4. Employee information

The average number of persons employed by the company (including directors) during the period was:

	2004 Number	2003 Number
Manufacturing	90	90
Administration	65	64
	155	154

	2004 \$'000	2003 \$'000
Staff costs		
Wages and salaries	7,134	6,457
Social security costs	703	609
Pension costs	296	228
Staff costs	8,133	7,294

5. Directors' emoluments

	2004 \$'000	2003 \$'000
Aggregate emoluments	131	116
Aggregate value of company pension contributions	8	7
	139	123

	2004 Number	2003 Number
Members of defined contribution scheme	1	1

Two (2003: one) of the directors of the company are employees of another group company and their emoluments and contributions to pension schemes on their behalf

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

are paid by another group company. Their service to the company is of a non-executive nature and their remuneration, including pension benefits, is deemed to be wholly attributable to their service to the other group company. Accordingly, they received no remuneration for their service as a director of the company during the period. The aggregate emoluments of the remaining director, which relate to his service as director of the company is shown above.

6. Net interest payable

	2004 \$'000	2003 \$'000
Interest payable		
Payable to group undertakings	523	358
Other interest payable	25	-
Interest receivable		
Receivable from group undertakings	(85)	(62)
Other interest receivable	(6)	(15)
Net interest payable	457	281

7. Tax on loss on ordinary activities

	2004 \$'000	2003 \$'000
Current tax		
Prior year adjustment	(41)	(27)
Total current tax	(41)	(27)
Deferred tax		
Prior year adjustment	34	-
Origination and reversal of timing differences	(90)	47
Total deferred tax	(56)	47
Tax on profit on ordinary activities	(97)	20

The current tax credit assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

7. Tax on loss on ordinary activities (continued)

	2004 \$'000	2003 \$'000
Loss on ordinary activities before tax	(689)	(3,136)
Loss on ordinary activities multiplied by standard rate in the UK of 30% (2003: 30%)	(207)	(941)
Effects of:		
Prior year over provision	(41)	(27)
Expenses not deductible for tax purposes	26	310
Accelerated capital allowances and other timing differences	90	(47)
Group relief surrendered for nil consideration	91	678
Current tax credit for the period	(41)	(27)

Factors that may affect future tax charges:

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

8. Goodwill

	\$'000
Cost	
At 1 December 2003 and 30 November 2004	6,182
Amortisation	
At 1 December 2003	6,096
Charge for the year	86
At 30 November 2004	6,182
Net book value	
At 30 November 2004	-
At 30 November 2003	86

Goodwill arose on the purchase of a business and is amortised over its useful economic life of 6 years. This period is the period over which the directors estimate that the value of the business acquired is expected to exceed the value of the underlying assets.

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

9. Tangible fixed assets

	Leasehold Buildings	Plant & Machinery	Office & Computer Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Cost or valuation				
At 1 December 2003	7,172	9,223	2,870	19,265
Additions	-	398	119	517
Disposals	-	-	(13)	(13)
At 30 November 2004	7,172	9,621	2,976	19,769
Accumulated depreciation				
At 1 December 2003	1,432	4,564	1,461	7,457
Charge for the year	386	1,119	473	1,978
Disposals	-	-	(13)	(13)
At 30 November 2004	1,818	5,683	1,921	9,422
Net book value				
At 30 November 2004	5,354	3,938	1,055	10,347
At 30 November 2003	5,740	4,659	1,409	11,808

10. Stocks

	2004 \$'000	2003 \$'000
Raw materials and consumables	4,613	4,517
Work in progress	3,673	4,444
	8,286	8,961

In the opinion of the directors the replacement cost of stock is not materially different from the above.

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

11. Debtors

	2004 \$'000	2003 \$'000
Amounts falling due within one year		
Trade debtors	4	41
Other debtors	1,364	1,226
Amounts due from group undertakings	5,866	13,046
Amounts due from joint ventures of the Pratt & Whitney Canada group (note 21)	1,480	654
Prepayments	232	285
	8,946	15,252

Amounts due from group undertakings include a short term interest bearing loan of \$5,000,000 (2003: \$12,000,000).

12. Creditors: amounts falling due within one year

	2004 \$'000	2003 \$'000
Trade creditors	428	469
Amounts due to group undertakings	38,127	39,307
Amounts due to joint ventures of the Pratt & Whitney Canada group (note 21)	100	7,012
Corporation tax	444	505
Other taxation and social security	254	232
Accruals and deferred income	939	793
	40,292	48,318

Amounts due to group undertakings include a short term interest bearing loan of \$35,000,000 (2003: \$35,011,000) at an interest rate of 2.36% per annum.

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

13. Provisions for liabilities and charges

	2004 \$'000	2003 \$'000
Provision for deferred tax		
Accelerated capital allowances	1,358	1,414
Total provision for deferred tax	1,358	1,414
At 1 December	1,414	1,367
Deferred tax (credit)/charge in profit and loss account (note 7)	(56)	47
At 30 November	1,358	1,414

14. Called up share capital

	2004 \$'000	2003 \$'000
Authorised		
10,000,000 ordinary shares of £1.00 each	16,161	16,161
	\$	\$
Allotted, called up and fully paid		
2 ordinary shares of £1.00 each	3	3

15. Reserves

	Profit and Loss account \$'000
At 1 December 2003	(12,031)
Loss for the financial year	(592)
At 30 November 2004	(12,623)

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

16. Reconciliation of movements in shareholders' funds

	2004 \$'000	2003 \$'000
Loss for the year	(592)	(3,156)
Net reduction to shareholders' funds	(592)	(3,156)
Opening shareholders' funds	(12,031)	(8,875)
Closing shareholders' funds	(12,623)	(12,031)

17. Contingent liabilities

The company is jointly and severally liable with certain of its fellow group companies for liabilities represented by debit balances on the Composite Accounting System (CAS) current accounts of the companies with HSBC Bank plc provided that these do not exceed the maximum authorised amount for each company. The recourse of the bank against each company is limited to the net credit position of that company's CAS accounts with the bank at that time.

18. Pensions

The company operates a defined contribution pension plan. The total pension cost for the company for the period was \$296,000 (2003: \$228,000).

19. Capital commitments

The company had no capital commitments at 30 November 2004 for which no provision has been made in these financial statements.

	2004 \$'000	2003 \$'000
Authorised, contracts placed	-	-

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

20. Financial commitments

At 30 November 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings 2004 \$'000	Other 2004 \$'000	Land & Buildings 2003 \$'000	Other 2003 \$'000
Expiring within one year	-	39	-	7
Expiring within two and five years inclusive	-	81	-	125
Expiring in over five years	758	-	708	-
	758	120	708	132

21. Related party transactions

The transactions and balances with related parties, which are required to be disclosed in accordance with FRS 8 'Related party transactions' are as follows:

The majority of the sales of the company are to Pratt & Whitney Canada Customer Service Centre Europe GmbH (CSC), a joint venture established by Pratt & Whitney Canada Corp and Motoren-und Turbinen-Union GmbH, which acts as an intermediary between the company and its ultimate customers.

	2004 \$'000	2003 \$'000
Sales to CSC	60,210	50,474
Owed by CSC	1,480	654
Purchases from CSC	419	184
Owed to CSC	100	7,012

Under an exemption granted by Financial Reporting Standard (FRS) 8 'Related party disclosures', the company, as a wholly-owned subsidiary of a Group which publishes consolidated financial statements in which the company is included, is not required to, and does not, disclose transactions with fellow members of that Group.

Pratt & Whitney Canada (UK) Limited

Notes to the financial statements for the year ended 30 November 2004 (continued)

22. Ultimate parent undertaking

United Technologies Corporation, a company incorporated in the State of Delaware, USA, is regarded by the directors of the company as being the company's ultimate parent company and controlling party and of being the parent undertaking of the largest group of undertakings for which group accounts are drawn up, and of which the company is a member.

Copies of the annual report of United Technologies corporation are available from the Company Secretary at United Technologies Buildings, Hartford, Connecticut, USA.

United Technologies Holdings Ltd is the parent undertaking of the smallest such group of undertakings for which group accounts are drawn up and of which the company is a member. It is regarded by the directors as the company's intermediate controlling party. Copies of the annual report of United Technologies Holdings Ltd are available from the Company Secretary, c/o The Otis Building, 187 Twyford Abbey Road, London NW10 7DG.

23 Financial Support

United Technologies Holdings Ltd has indicated to the directors its willingness to provide future financial support to enable the company to meet its liabilities as they fall due.