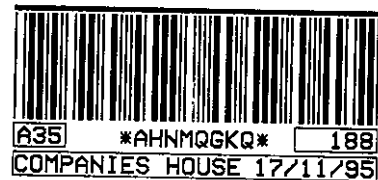


**DIRECTORS' REPORT AND ACCOUNTS**

**BRITISH AIRWAYS (ESPANA) LIMITED**

**31 MARCH 1995**

**Company Number 437440**



# BRITISH AIRWAYS (ESPANA) LIMITED

## DIRECTORS' REPORT

Directors: Mrs G F Redwood (Chairman)  
S J Walsh

Secretary: P H Jarvis

Registered office: Speedbird House, Heathrow Airport (London)  
Hounslow, Middlesex, TW6 2JA

The directors present their report and the audited accounts for the year ended 31 March 1995.

### PRINCIPAL ACTIVITIES

During the year the activities of the company were confined to holding property in Spain. No trading outside the British Airways Group took place during the year.

### OPERATING RESULT

The profit and loss account shows a loss for the year of £3,768 (1994: - £3,769). The directors do not recommend the payment of a dividend.

### MARKET VALUE OF PROPERTY

The freehold property was valued at open market value at 31 March 1995 by Richard Ellis, Chartered Surveyors and is included in these accounts on the basis of that valuation. The revaluation resulted in a surplus of £331,351 which has been credited to the revaluation reserve.

### DIRECTORS

The directors of the company during the year ended 31 March 1995 were Mrs G F Redwood and S J Walsh.

### DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, the directors' interests in the share capital of British Airways Plc and in the 9.75% Convertible Capital Bonds 2005 of British Airways Capital Limited which require disclosure in these accounts were as follows:

	<u>Mrs G F Redwood</u>		<u>S J Walsh</u>	
	31 Mar 1995	1 Apr 1994	31 Mar 1995	1 Apr 1994
<u>Interests in British Airways Plc</u>				
Ordinary shares subject to no restrictions	~	1,326	~	~
Ordinary shares subject to restrictions	408	~	666	585
Options Executive and SAYE Share Schemes	131,011	108,338	13,769	11,081
<u>Interests in British Airways Capital Limited</u>				
9.75% Convertible Capital Bonds 2005	53	53	~	~

The directors' interests set out above are in each case beneficial.

The options under the Executive Share Scheme and the SAYE Share Schemes are at prices ranging from £1.95 to £4.19.

### DIRECTORS' LIABILITY INSURANCE

The ultimate parent undertaking, British Airways Plc, maintains a directors' and officers' liability insurance policy for the directors and officers of its subsidiary undertakings.

### AUDITORS

The company has passed elective resolutions in accordance with the provisions of sections 386(1) and 379(A) of the Companies Act 1985 and Ernst & Young will automatically continue in office as the company's auditors.

BY ORDER OF THE BOARD

SECRETARY

## **BRITISH AIRWAYS (ESPANA) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the report of the auditors set out on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 results of the company for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 8, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

## **Report of the auditors**

### **To the members of British Airways (Espana) Limited**

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention, as modified by the revaluation of freehold land and property, and on the basis of the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of 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 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 31 March 1995 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants

Registered Auditor

London

**2 8 SEP 1995**

Date: .....

**BRITISH AIRWAYS (ESPANA) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 1995**

	Note	1995 £	1994 £
TURNOVER		~	~
Depreciation	4	3,768	3,769
LOSS BEFORE TAXATION		<u>3,768</u>	<u>3,769</u>
Taxation		~	~
LOSS FOR THE FINANCIAL YEAR	7	£ <u>3,768</u>	£ <u>3,769</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 MARCH 1995**

	Note	1995 £	1994 £
Loss on ordinary activities		(3,768)	(3,769)
Unrealised surplus on revaluation of freehold land and property	4	331,351	~
		£ <u>327,583</u>	£ <u>(3,769)</u>

**BRITISH AIRWAYS (ESPANA) LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 1995**

	Note	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	4	407,767	80,184
<b>CURRENT ASSETS</b>			
Amount owed by British Airways Plc		139,921	139,921
		£ <u>547,688</u>	£ <u>220,105</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	20,000	20,000
Profit and loss account	7	122,985	123,239
Revaluation reserve	7	404,703	76,866
	7	£ <u>547,688</u>	£ <u>220,105</u>

..... *J. Redmond* ..... Director

Dated: 8 SEPTEMBER 1995

# BRITISH AIRWAYS (ESPANA) LIMITED

## NOTES TO THE ACCOUNTS

31 MARCH 1995

### 1 ACCOUNTING POLICIES

#### a) Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and property (see note 4).

#### b) Fixed assets

Fixed assets are initially recorded at cost. Freehold land and the property in Spain have subsequently been revalued as at 31 March 1995.

#### c) Depreciation

Freehold land is not depreciated.

Depreciation is provided on the freehold building in Spain at the rate calculated to write off the cost or valuation, less the estimated residual value based on the price prevailing at the date of acquisition or revaluation, evenly over its expected useful life.

Freehold property ~ over remaining life = 20 years from date of revaluation.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

### 2 DIRECTORS' REMUNERATION

The directors received no remuneration or other emoluments from the company during the year ended 31 March 1995 (1994 ~ Nil).

### 3 AUDITORS' REMUNERATION

The auditors' remuneration is borne by British Airways Plc.

### 4 TANGIBLE FIXED ASSETS

Freehold land and property:

	1995
	£
<u>Cost or valuation</u>	
Balance at 1 April 1994	124,766
Adjustment arising on revaluation	283,001
Balance at 31 March 1995	<u>407,767</u>
<u>Depreciation</u>	
Balance at 1 April 1994	44,582
Charge for the year	3,768
Adjustment arising on revaluation	(48,350)
Balance at 31 March 1995	<u>~</u>
<u>Net book amounts</u>	
At 31 March 1995	<u>407,767</u>
At 31 March 1994	<u>80,184</u>

# BRITISH AIRWAYS (ESPANA) LIMITED

## NOTES TO THE ACCOUNTS

31 MARCH 1995

(continued)

### 4 TANGIBLE FIXED ASSETS (continued)

Included in tangible fixed assets is land valued at £117,400 which is not depreciated.

The historical cost of freehold land and property is as follows:

At 1 April 1994 and 31 March 1995	<u>£12,766</u>
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Cumulative depreciation based on cost:

At 1 April 1994	<u>£9,447</u>
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At 31 March 1995	<u>£9,702</u>
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The freehold land and property were professionally valued at their open market value for existing use on 31 March 1995 by Richard Ellis, Chartered Surveyors.

No provision has been made in respect of any tax liability that might arise on the realisation of the revaluation surplus on the freehold land and property as the directors have no present intention of disposing of the freehold land and property.

### 5 UNITED KINGDOM TAXATION

	1995	1994
	£	£
UK corporation tax at 33%	<u>Nil</u>	<u>Nil</u>

### 6 CALLED UP SHARE CAPITAL

The share capital of the company is as follows:

	£	£
Authorised, allotted and fully paid:		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>



# BRITISH AIRWAYS (ESPANA) LIMITED

## NOTES TO THE ACCOUNTS

31 MARCH 1995

(continued)

### 7 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS IN RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 April 1993	20,000	80,379	123,495	223,874
Loss for the year			(3,769)	(3,769)
Transfer from revaluation reserve relating to the element of depreciation charge on revalued property		(3,513)	3,513	
Balance at 1 April 1994	20,000	76,866	123,239	220,105
Loss for the year			(3,768)	(3,768)
Transfer from revaluation reserve relating to the element of depreciation charge on revalued property		(3,514)	3,514	
Surplus arising on revaluation of freehold property		331,351		331,351
Balance at 31 March 1995	20,000	404,703	122,985	547,688

### 8 THE ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of British Airways Plc, a company incorporated in the United Kingdom.

The smallest and largest group of undertakings for which group accounts are drawn up, and of which the company is a member, is British Airways Plc.

### 9 Copies of British Airways Plc's annual report and accounts for the year ended 31 March 1995 can be obtained from:

The Investor Relations Department  
British Airways Plc  
Speedbird House  
Heathrow Airport (London)  
Hounslow TW6 2JA