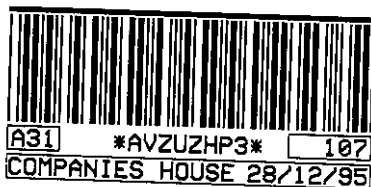


447296

REPORT AND ACCOUNTS

**Airways Aero
Associations Limited**

31 MARCH 1995



ERNST & YOUNG

Airways Aero Associations Limited

DIRECTORS

W D Lowe Chairman
J D Lewry
D Hyde
D Maizey

SECRETARY

P H Jarvis

AUDITORS

Ernst & Young
Becket House
London
SE1 7EU

REGISTERED OFFICE

Speedbird House
Heathrow Airport
Hounslow
Middlesex
TW6 2JA

REGISTERED NUMBER

447296

DIRECTORS' REPORT

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

ACCOUNTS AND DIVIDENDS

The profit for the year attributable to shareholders amounted to £189,976. (1994: £152,584).

The directors have not recommended the payment of a dividend (1994: Nil).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company continued to be recreational flying and aerodrome operation.

FUTURE DEVELOPMENTS

The company will continue to promote recreational flying at the best possible terms and to provide facilities in the field of light aviation.

FIXED ASSETS

The significant changes in tangible fixed assets during the year are summarised in note 7 to the accounts.

DIRECTORS

The directors of the company during the year ended 31 March 1995 were those listed on page 1.

DIRECTORS' INTERESTS

The directors had no interests in the shares of the company during the year.

According to the register maintained under the Companies Act 1985, the directors' interests in the share capital of British Airways Plc, which require disclosure in these accounts, were as follows:

Airways Aero Associations Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

	<i>Ordinary shares of 25p</i>					
	<i>Subject to no restrictions</i>		<i>Subject to restrictions</i>		<i>Options under Executive and SAYE Share scheme</i>	
	<i>31/3/95</i>	<i>31/3/94</i>	<i>31/3/95</i>	<i>31/3/94</i>	<i>31/3/95</i>	<i>31/3/94</i>
W D Lowe	9,113	9,323	557	nil	205,059	176,121
J D Lewry	nil	1,000	1,738	1,561	nil	nil
D Hyde	5,937	3,599	2,340	2,615	155,842	111,388
D Maizey	nil	nil	nil	nil	12,334	6,958
<i>Convertible capital bonds</i>						
W D Lowe	nil	nil	nil	nil	nil	nil

The directors' interests set out above are in each case beneficial. The options under the Executive and Save As You Earn Share Schemes are at prices varying between 135p and 419p per share.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent undertaking maintains a directors and offices liability insurance for its subsidiary undertakings' directors and officers as permitted by Section 310(3) of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The following statement, which should be read in conjunction with the report of the auditors set out on page 5, 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 at the end of the financial year and of the profit or loss of the Company for the financial year.

The Directors consider that in preparing the financial statements on pages 6 to 14, 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 enable them to ensure that the financial statements comply with the Companies Act 1985.

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS (continued)

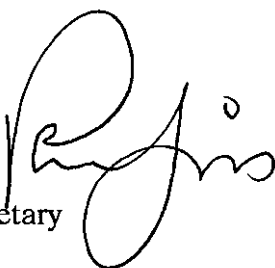
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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.

AUDITORS

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

By order of the board

Secretary 

REPORT OF THE AUDITORS

to the members of Airways Aero Associations Limited

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 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.

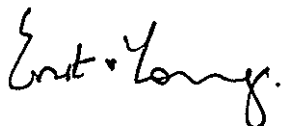
Basis of opinion

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 judgments 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 state of the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
London

20 November 1995.

Airways Aero Associations Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1995

	<i>Note</i>	<i>1995</i> £	<i>1994</i> £
TURNOVER	2	1,077,659	961,061
Cost of sales		761,250	648,249
		<hr/>	<hr/>
GROSS PROFIT		316,409	312,812
Administrative expenses		200,693	223,760
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)	3	115,716	89,052
Interest receivable	5	70,154	58,787
Profit on disposal of fixed assets		2,850	4,745
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		188,720	152,584
Tax on profit on ordinary activities	6	1,256	-
		<hr/>	<hr/>
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>£189,976</u>	<u>£152,584</u>

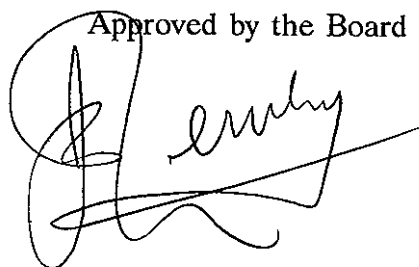
There are no recognised gains or losses other than the profit attributable to shareholders of the company of £189,976 in the year ended 31 March 1995 and of £152,584 in the year ended 31 March 1994.

Airways Aero Associations Limited

BALANCE SHEET at 31 March 1995

	<i>Note</i>	<i>1995</i> £	<i>1994</i> £
FIXED ASSETS			
Tangible assets	7	429,346	442,145
CURRENT ASSETS			
Stocks	8	65,518	67,654
Debtors	9	273,548	167,122
Amounts owed by parent undertaking		1,160,280	1,025,545
Cash at bank and in hand		53,648	101,784
		<u>1,552,994</u>	<u>1,362,105</u>
CREDITORS - amounts falling due within one year	10	208,768	194,812
NET CURRENT ASSETS		<u>1,344,226</u>	<u>1,167,293</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,773,572	1,609,438
PROVISION FOR LIABILITIES AND CHARGES	11	40,055	65,898
		<u>£1,733,517</u>	<u>£1,543,540</u>
CAPITAL AND RESERVES			
Called-up share capital	13	100	100
Profit and loss account	16	1,733,417	1,543,440
EQUITY SHAREHOLDER FUNDS		<u>£1,733,517</u>	<u>£1,543,540</u>

Approved by the Board on



} Director 11/10/95

NOTES TO THE ACCOUNTS
for the year ended 31 March 1995

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

The cost of fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Aircraft fleet	5 - 10 years
Leasehold property	Over the period of the lease
Leasehold improvements	10 - 20 years or the period of the lease
Other fixed assets	5 - 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value.

Provision for engine overhaul

The costs of replacement or overhaul of engines are charged against a provision maintained by regular transfers from profit and loss account calculated by reference to engine hours flown.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Pensions

Two employees are members of the Airways Pension Scheme. This is a defined benefit pension scheme operated by British Airways Plc. The assets of the scheme are held in a separate trustee administered fund. Contributions to the scheme are made on the basis of independent actuarial advice and charged to the profit and loss account so as to spread the cost over the remaining service lives of the employees. The contributions to the scheme are determined on the basis of triennial valuations using the attained age method. Particulars of the valuation of the scheme are contained in the accounts of British Airways Plc.

NOTES TO THE ACCOUNTS
for the year ended 31 March 1995

2 TURNOVER

Turnover comprises income from subscriptions, entrance fees, flying fees, sales of fuel and oil, rentals and hangarage, excluding intra-company items. All activities are continuing.

Turnover and pre-tax profit is attributable to the activities of recreational flying and airfield operations. All operations are within the United Kingdom.

	<i>Flying</i> £	<i>Recreational Operations</i> £	<i>Airfield Total</i> £
Turnover			
Total sales	402,079	763,859	1,165,938
Inter segmental sales	-	(88,279)	(88,279)
Sales to third parties	<u>£402,079</u>	<u>£675,580</u>	<u>£1,077,659</u>
Profit			
Segmental (loss)/profit	<u>£(5,896)</u>	<u>£194,616</u>	<u>£188,720</u>

3 OPERATING PROFIT/(LOSS)

Is stated after charging/(crediting):

	<i>1995</i> £	<i>1994</i> £
Depreciation of owned tangible fixed assets	65,615	60,747
Depreciation of tangible fixed assets held under finance lease	-	2,496
Auditors' remuneration	4,000	4,000
Operating lease rentals - land and buildings	35,960	32,000
Rents receivable	<u>(165,932)</u>	<u>(145,674)</u>

Airways Aero Associations Limited

NOTES TO THE ACCOUNTS for the year ended 31 March 1995

4 EMPLOYEES

	1995 £	1994 £
(a) <i>Employees</i>		
<i>Employee costs</i>		
Wages and salaries	358,506	344,654
Social security costs	29,029	28,633
	<u>£387,535</u>	<u>£373,287</u>

Numbers

The average number of persons employed by the company during the year was 30 (full-time: 16 (1994: 17) part-time: 14 (1994: 14)).

(b) *Director's remuneration*

	1995 £	1994 £
Fees		-
Other emoluments (including pension contributions)	46,943	45,129
	<u>£46,943</u>	<u>£45,129</u>
Emoluments (excluding pension contributions) of the chairman	£Nil	£Nil
Emoluments (excluding pension contributions) of the highest paid director	<u>£43,658</u>	<u>£41,962</u>

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	1995 No.	1994 No.
£ nil - £ 5,000	3	3
£40,001 - £45,000	1	1

NOTES TO THE ACCOUNTS
for the year ended 31 March 1995

5 INTEREST RECEIVABLE

	1995 £	1994 £
Parent undertaking	68,546	57,088
Bank deposits	1,608	1,699
	<u>£70,154</u>	<u>£58,787</u>

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
UK Corporation tax at 33%	-	-
Prior year overpayment of tax	1,256	-
	<u>£1,256</u>	<u>£Nil</u>

There is no charge or credit for the year. All taxable profits will be sheltered by group relief, for which no payment is to be made.

If full provision for deferred taxation had been made there would have been an additional credit for the year of £23,480 (1994: £11,648) comprising:

	1995 £	1994 £
Accelerated capital allowances	(13,942)	(7,868)
Other timing differences	(9,538)	(3,780)
	<u>£(23,480)</u>	<u>£(11,648)</u>

Airways Aero Associations Limited

NOTES TO THE ACCOUNTS for the year ended 31 March 1995

7 TANGIBLE FIXED ASSETS

	<i>Aircraft fleet</i>	<i>Short Leasehold property & improve- ments</i>	<i>Operating ground equipment</i>	<i>Office & commercial equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost					
At 1 April 1994	217,216	505,322	81,625	44,559	848,722
Additions	-	41,550	10,452	811	52,813
Disposals	-	-	6,725	-	6,725
At 31 March 1995	217,216	546,872	85,352	45,870	894,810
Depreciation					
At 1 April 1994	126,459	186,301	64,432	29,385	406,577
Charge for year	16,668	34,473	10,052	4,419	65,612
Relating to disposals	-	-	6,725	-	6,725
At 31 March 1995	143,127	220,774	67,759	33,804	465,464
Net book amounts at					
31 March 1995	£74,089	£326,098	£17,593	£11,566	£429,346
31 March 1994	£90,757	£319,021	£17,193	£15,174	£442,145

The net book value of operating ground equipment includes £4,212 (1994: £6,708) in respect of leased assets.

8 STOCKS

	<i>1995</i>	<i>1994</i>
	£	£
Aviation fuel	16,889	16,234
General stores - shop	3,618	3,675
Aircraft spares	45,011	47,745
	£65,518	£67,654

The replacement cost of stocks does not differ significantly from original invoice cost.

Airways Aero Associations Limited

NOTES TO THE ACCOUNTS for the year ended 31 March 1995

9 DEBTORS

	1995 £	1994 £
Due within one year:		
Trade debtors	200,102	151,564
Prepayments and accrued income	17,473	15,558
Other debtors	55,973	-
	<u>£273,548</u>	<u>£167,122</u>

10 CREDITORS - amounts falling due within one year

	1995 £	1994 £
Trade creditors	104,716	100,016
Accruals and deferred income	104,052	94,796
	<u>£208,768</u>	<u>£194,812</u>

11 PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £	1994 £
Engine overhaul	£40,055	£65,898
	<u>£40,055</u>	<u>£65,898</u>

12 DEFERRED TAXATION

The full potential liability to deferred taxation at the year end, not provided for in the account amounts to:-

	1995 £	1994 £
Accelerated capital allowances	25,247	39,189
Other timing differences	(13,898)	(4,360)
	<u>£11,349</u>	<u>£34,829</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 1995

13 CALLED-UP SHARE CAPITAL

	1995	1994
	£	£
Authorised, allotted and fully paid:		
Ordinary shares of £1	£100	£100

14 FUTURE CAPITAL COMMITMENTS

Capital commitments authorised and contracted, but not provided for in the accounts amounted to £Nil (1994: £nil); authorised but not contracted for amounted to £Nil (1994: £Nil).

15 FINANCIAL COMMITMENTS

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

	<i>Land and Buildings</i>	
	1995	1994
	£	£
Leases expiring:		
Over five years	£34,500	£32,000

16 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 April 1993	100	1,390,856	1,390,956
Profit for the year		152,584	152,584
At 1 April 1994	100	1,543,440	1,543,540
Profit for the year		189,977	189,977
At 31 March 1995	£100	£1,733,417	£1,733,517

NOTES TO THE ACCOUNTS
at 31 March 1995

17 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is British Airways Plc, registered in England and Wales. Copies of British Airway Plc's accounts can be obtained from Speedbird House, Heathrow Airport, Hounslow, Middlesex, TW6 2JA.

THE FOLLOWING STATEMENTS DO NOT FORM PART OF
THE AUDITED STATUTORY ACCOUNTS OF THE COMPANY

Airways Aero Associations Limited

OPERATING STATEMENT for the year ended 31 March 1995

	<i>BAFC</i> £	<i>WAP</i> £
REVENUE		
Subscription and entrance fees	29,848	-
Flying fees	326,946	-
Landing fees	-	71,046
Hangarage & parking	-	127,775
Rents	-	165,932
Fuel and oil sales	-	350,277
Other revenue	45,285	48,829
	<u>402,079</u>	<u>763,859</u>
DIRECT COSTS		
Operations	(144,308)	(425,782)
Maintenance and overhaul	(65,693)	(21,138)
Standing charges	(73,475)	(119,130)
	<u>(283,476)</u>	<u>(566,050)</u>
ADMINISTRATIVE EXPENSES		
Accommodation	(3,601)	(36,347)
General overheads	(120,898)	(39,850)
	<u>(124,499)</u>	<u>(76,197)</u>
OPERATING (LOSS)/PROFIT	<u>(5,896)</u>	<u>121,612</u>
Interest income	-	70,154
Profit on disposal of fixed asset	-	2,850
(LOSS)/PROFIT BEFORE TAXATION	<u>£(5,896)</u>	<u>£194,616</u>

Airways Aero Associations Limited

EXPENDITURE ACCOUNT for the year ended 31 March 1995

	<i>BAFC</i> £	<i>WAP</i> £
DIRECT COSTS		
Operations		
Instructors pay, pension and insurance	51,272	-
Voluntary Instructors' expenses	20,423	-
Airpark services crew pay, pension and insurance	-	104,056
Flying control pay, pension and insurance	-	98,229
Fuel and oil	64,741	216,648
Hire of aircraft	7,872	-
Other costs	-	6,849
	<u>144,308</u>	<u>425,782</u>
Maintenance and overhaul		
Operating equipment	-	3,152
Radio and avionics	2,437	-
Aircraft maintenance costs	54,305	-
Airfield and buildings	-	17,986
Provision for engine overhaul	8,951	-
	<u>65,693</u>	<u>21,138</u>
Standing charges		
Insurance	23,002	3,129
Licences	968	1,374
Depreciation	16,667	48,945
Rent and rates	9,300	65,682
Hangarage and landing fees	23,538	-
	<u>73,475</u>	<u>119,130</u>
ADMINISTRATIVE EXPENSES		
Accommodation		
Electricity, water and gas	2,444	35,190
Maintenance and cleaning	1,157	1,157
	<u>3,601</u>	<u>36,347</u>

Airways Aero Associations Limited

EXPENDITURE ACCOUNT for the year ended 31 March 1995

	<i>BAFC</i> £	<i>WAP</i> £
General overheads		
Administration salaries, pensions and insurance	25,785	25,514
Engineering pay, pension and insurance	60,171	-
Part-time staff	414	1,671
Audit, accountancy and other fees	2,000	5,350
Office costs	22,720	21,517
Legal and professional fees	-	1,961
Advertising	8,472	-
Bad debt recovery	1,336	(16,163)
	<u>120,898</u>	<u>39,850</u>