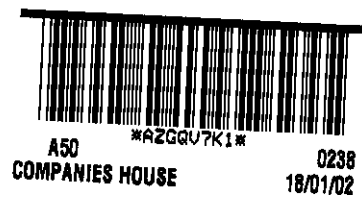


DIRECTORS REPORT AND ACCOUNTS

BRITISH AIRWAYS ENGINEERING SERVICES LIMITED

31 MARCH 2001

COMPANY NUMBER 545942



BRITISH AIRWAYS ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT

Directors : D G Richardson
L S Werling

Secretary : P H Jarvis

Registered Office : Waterside, P O Box 365, Harmondsworth, UB7 0GB

The Directors present their report and accounts for the year ended 31 March 2001.

Principal Activities

During the period, the Company did not trade and therefore there is no change to the Company's position. All expenses relating to the Company were borne by British Airways Plc.

Directors' Interests

None of the Directors had any beneficial interest in the shares of the Company at 31 March 2001.

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:

	British Airways Plc						British Airways Capital Limited	
	Ordinary Shares Subject to no Restrictions		Ordinary Shares Subject to Restrictions		Options Executive and SAYE Share Schemes		Convertible Bonds	
	31 March 2001	1 April 2000	31 March 2001	1 April 2000	31 March 2001	1 April 2000	31 March 2001	1 April 2000
D G Richardson	361	0	177	538	57112	28691	0	0
L S Werling	0	0	188	188	73,457	33,984	0	0

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 £3.72 to £4.19.

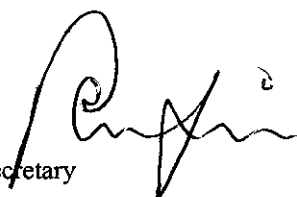
Directors' Liability Insurance

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

Auditors

Under section 252(2) of the Companies Act 1985 the Company is exempted from the obligation to appoint an auditor.

By order of the Board


Secretary

BRITISH AIRWAYS ENGINEERING SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2001

	<i>Notes</i>	2001	2000
		£	£
CURRENT ASSETS			
Amounts due from British Airways Plc		<u>219,985</u>	<u>219,985</u>
		<u>219,985</u>	<u>219,985</u>
NET CURRENT ASSETS		<u>219,985</u>	<u>219,985</u>
CAPITAL AND RESERVES			
Called up share capital	3	20,000	20,000
Profit and Loss account	2	<u>199,985</u>	<u>199,985</u>
		<u>219,985</u>	<u>219,985</u>

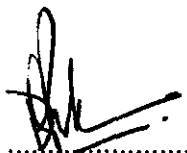
For the year ended 31 March 2001 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

- Ensuring the Company keeps accounting records which comply with section 221;
- Preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

X
Director


.....

Date

.....11.1.02.....
X

BRITISH AIRWAYS ENGINEERING SERVICES LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

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

2. Profit and Loss Account

The company did not trade during the year and therefore no profit and loss account has been prepared.

3. Share Capital

31st March	2001	2000
	£	£
Authorised, allotted, called up and fully paid Ordinary Shares of £1 each	20,000	20,000

4. Ultimate Parent Undertaking

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

5. Related Parties

The Company has taken advantage of the exemption in FRS8 not to disclose related party transactions as 90 per cent or more of the voting rights are controlled within the group.

6. Directors' Remuneration

The directors did not receive remuneration for their services to the Company during the year ended 31 March 2001 (2000 ~ Nil).

7. Annual Report and Accounts

Copies of the British Airways Plc report and accounts can be obtained on the internet from:-

www.bashareholders.com

or direct from:-

The Shareholder Services Department
British Airways Plc
Waterside HBA3
P O Box 365
Harmondsworth
UB7 0GB