

REPORT AND ACCOUNTS

British Airways Engineering Services Limited

For the year ended 31st March 2000



British Airways Engineering Services Limited

Registered No. 545942

Directors

D. G. Richardson

L. S. Werling Chairman

Secretary

P.H. Jarvis

Auditors

Ernst & Young

Becket House

1 Lambeth Palace Road

London SE1 7EU

Registered Office

Waterside

PO Box 365

Harmondsworth

UB7 0GB

British Airways Engineering Services Limited

REPORT OF THE DIRECTORS

For the year ended 31st March 2000

The Directors submit their Report and Accounts for the year ended 31st March 2000.

Accounts and Results

There were no transactions through profit and loss in the year (1998/9; loss of £3,904).
The Directors do not recommend the payment of a dividend.

Principal activities

As the company has not traded it is to be proposed that it becomes dormant in the near future.

Directors

The Directors who served during the financial year ended 31st March 2000 were:-

D. G. Richardson

L. S. Werling

British Airways Engineering Services Limited

REPORT OF THE DIRECTORS (continued)

For the year ended 31st March 2000

Directors' Interests

None of the Directors had any beneficial interest in the shares of the Company at any time during the financial year to 31st March 2000.

According to the register maintained as required 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:-

	Ordinary Shares subject to no restrictions		Ordinary Shares subject to restrictions		Options in Executive and SAYE Share Schemes		British Airways Capital Ltd; Convertible Bonds	
	2000	1999	2000	1999	2000	1999	2000	1999
At 31 st March								
D. G. Richardson	Nil	Nil	538	538	28,691	466	Nil	Nil
L. S. Werling	Nil	Nil	188	Nil	33,984	Nil	Nil	Nil

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 £3.94 to £4.18.

Liability policy

The ultimate parent undertaking, British Airways Plc, holds a Directors and Officers liability policy which covers the Directors and Officers of its' subsidiary undertakings.

Auditors

The Company has passed elective resolutions in accordance with the provision 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


P H JARVIS
Secretary

British Airways Engineering Services 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 6, 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 profit or loss of the Company for the financial year.

The Directors consider that in preparing the financial statements on pages 7 to 11, 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.

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.

British Airways Engineering Services Limited

REPORT OF THE AUDITORS

to the members of British Airways Engineering Services Limited

We have audited the accounts on pages 7 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 contents 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 31st March 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young
Registered Auditor
London

30/10/00

British Airways Engineering Services Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2000

	Notes	1999/2000 £	1998/9 £
Turnover	2	0	0
Cost of Sales		<u>0</u>	<u>0</u>
Gross Profit		0	0
Administrative expenses	3,7	<u>0</u>	<u>3,370</u>
Operating Profit		0	3,370
Interest receivable	4	<u>0</u>	<u>170</u>
Profit on ordinary activities before taxation		0	3,540
Taxation	5	<u>0</u>	<u>(7,444)</u>
Retained Loss for the year		<u>0</u>	<u>(3,904)</u>

There are no recognised gains or losses in the year ended 31st March 2000. There are no recognised gains or losses other than the losses of £3,904 in the year ended 31st March 1999.

All activities in the prior year are discontinued.

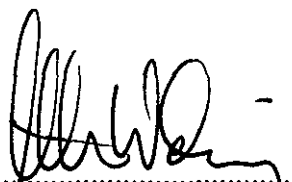
British Airways Engineering Services Limited

BALANCE SHEET

As at 31st March	Notes	2000 £	1999 £
CURRENT ASSETS			
Tax recoverable		0	9,052
Amounts due from British Airways Plc		219,985	229,452
		<u>219,985</u>	<u>238,504</u>
CREDITORS: amounts falling due within one year			
Corporate taxation payable		0	18,519
		<u>0</u>	<u>18,519</u>
NET CURRENT ASSETS		<u>219,985</u>	<u>219,985</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>219,985</u>	<u>219,985</u>
CAPITAL AND RESERVES			
Called up share capital	8	20,000	20,000
Profit and Loss account		199,985	199,985
EQUITY SHAREHOLDER'S FUNDS		<u>219,985</u>	<u>219,985</u>

Director

Date


.....
30/10/00
.....

British Airways Engineering Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31st March 2000

1. Accounting Policies

Accounting Convention

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

Cashflow

Under FRS1 (revised) the company is exempt from preparing a cashflow statement.

Foreign Currency

Foreign currency transactions are translated into Sterling at the rates ruling at the date of the transaction.

Foreign currency balances are translated into Sterling at the rates ruling at the balance sheet date. All profits or losses arising on translation are dealt with through the profit and loss account.

Taxation

Provision is made for deferred taxation using the liability method on timing differences which are expected to reverse in the foreseeable future.

2. Turnover

The company has not traded in the current or prior year.

3. Administrative Expenses

Administrative expenses of (£0) include pay of £0 (1998/9 - £0), and depreciation of £0 (1998/9 - £0). The directors of the company received £0 remuneration (1998/9 - £0) from the company.

All of the Directors qualify for a defined benefit pension scheme funded by the ultimate parent undertaking.

British Airways Engineering Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31st March 2000

4. Interest Receivable;

	1999/2000	1998/9
	£	£
From Holding company	0	0
Other	0	170
	<u>0</u>	<u>170</u>

**5. Taxation;
Profit & Loss Account**

	1999/2000	1998/9
	£	£
UK Corporation Tax at 30% (1999 31%)	0	0
Previous Year Adjustment	0	7,444
	<u>0</u>	<u>7,444</u>

6. Balance Sheet; Deferred Taxation

If full provision for deferred taxation had been made there would have been no additional charge for the year (1998/9 - £0).

7. Auditors Fees

In both the current year and prior year the Auditor's remuneration has been borne by the ultimate parent undertaking.

British Airways Engineering Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31st March 2000

8. Share Capital

31st March	2000	1999
	£	£
Authorised, allotted, called up and fully paid Ordinary Shares of £1 each	20,000	20,000

9. Reconciliation of Shareholders Funds and movements on Reserves.

	Share Capital	Profit and Loss Account	Total
	£	£	£
At 1st April 1998	20,000	203,889	223,889
Loss for the Year	-	(3,904)	(3,904)
At 1st April 1999	20,000	199,985	219,985
Results for the Year	-	-	-
At 31st March 2000	20,000	199,985	219,985

10. Ultimate Parent Undertaking

The Ultimate Parent Undertaking is British Airways Plc, a company incorporated in England. 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.

Copies of British Airways Annual Report and Accounts for the year ended 31st March 2000 can be obtained from; Investor Relations department, British Airways Plc, Waterside, PO Box 365, Harmondsworth, UB7 0GB.

11. 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.