

DIRECTORS' REPORT AND ACCOUNTS

CALEDONIAN AVIATION INVESTMENTS LIMITED

31 MARCH 2004

Company Number 1112513



CALEDONIAN AVIATION INVESTMENTS LIMITED

DIRECTORS' REPORT

Directors : A K Buchanan
K Williams

Secretary : A K Buchanan

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

The Directors present their report and accounts for the year ended 31 March 2004.

Principal Activities

The Company did not trade during the year. Any overhead expenses were borne by the Ultimate Parent Undertaking, British Airways Plc.

Directors' Interests

None of the Directors had any beneficial interest in the shares of the Company at 31 March 2004.

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	
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	Ordinary Shares Subject to no Restrictions		Options Executive and SAYE Share Schemes		Long Term Incentive Plan (LTIPs)		Convertible Bonds	
	31 March 2004	1 April 2003	31 March 2004	1 April 2003	31 March 2004	1 April 2003	31 March 2004	1 April 2003

Alan Buchanan	3,728	3,728	305,915	206,339	196,668	120,000	0	0
Keith Williams	0	0	301,520	186,871	82,561	31,132	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 £1.57 to £4.05.

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

The company satisfies the provisions of section 249AA(1) of the Companies Act 1985 and accordingly the company is exempt from the obligation to appoint auditors.

By order of the Board



Secretary

Date: 16 September 2004

CALEDONIAN AVIATION INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Note	2004 £	2003 £
Fixed assets			
Investments	4	1,003	1,003
Current asset			
Debtor - Amount owed by Subsidiary Undertaking		15,891	15,891
Current liability			
Creditor - amount falling due within one year		(17,125)	(17,125)
Amount owed to fellow Subsidiary Undertaking		17,125	17,125
Total assets less current liability		<u>(231)</u>	<u>(231)</u>
Capital and Reserves			
Called up Share Capital			
Authorised, allotted and called up share capital of the Company is 100 fully paid Ordinary Shares of £1 each.		100	100
Profit and Loss Account - adverse balance	2	(331)	(331)
		<u>(231)</u>	<u>(231)</u>

For the year ended 31 March 2004:

- 1 the company was entitled to the exemption conferred by section 249AA(1) of the Companies Act 1985 from the provisions of that Act relating to the audit of accounts;
- 2 the members have not required the company to obtain an audit of its accounts in accordance with section 249B(2) of the Companies Act 1985;
- 3 the directors acknowledge their responsibilities for:
 - ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985.
 - preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

Director:



Date:

16 September 2004.

CALEDONIAN AVIATION INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2004

1. Accounting Policies

The accounts have been prepared under the historical cost convention. No consolidated accounts have been prepared by the Company as it is a wholly owned subsidiary undertaking of British Airways Plc.

2. Profit and Loss Account

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

3. Directors' Emoluments

The directors received no remuneration or other emoluments from the company during the year ended 31 March 2004 (2003 ~ Nil).

4. Investments

a) Fixed asset investments comprise : -

	2004 £	2003 £
Subsidiary undertakings		
Cost	1,117	1,117
Provision	(115)	(115)
Net book value	<u>1,002</u>	<u>1,002</u>
Associated undertaking		
Cost	116	116
Provision	(115)	(115)
Net book value	<u>1</u>	<u>1</u>

b) Subsidiary undertakings are :

Company	Class of Shares	Proportion Held	Country of Incorporation
Aviation Insurance Consultants Limited	Ordinary shares of £1 each	100%	Scotland

The above company was dormant throughout the year.

c) Associated undertaking is :

Company	Class of Shares	Proportion Held	Country of Incorporation
Caledonian Air Leasing Limited	Ordinary shares of £1 each	50%	England

CALEDONIAN AVIATION INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31 MARCH 2004

5. Ultimate Parent Undertaking

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

6. 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