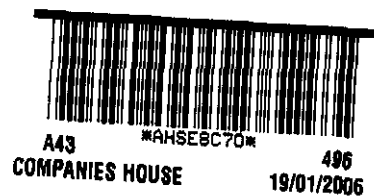


1467993

British Airways Visitors' Services Limited

Report and Financial Statements

31 March 2005



Registered No. 1467993

Directors

B J Bennett (Chairman)
R L French
D B Rousham
D J Guereca
S Harrison

Secretary

K Dosanjh

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Waterside
PO Box 365
Harmondsworth UB7 0GB

Directors' report

The directors present their report and financial statements for the year ended 31 March 2005.

Results and dividends

The profit for the year, after taxation, was £104,560 (2004 – profit of £310,462). No dividend was recommended for the year (2004- £1,555,000).

Principal activities and review of business developments

The Company provides travel facilities and assistance in the UK to persons travelling to and from the Middle East, Africa and Indian subcontinent and the Far East with the objective of increasing traffic on British Airways' scheduled services.

Future developments

The directors have decided to cease the activities of British Airways Visitors' Services Limited in 2006 because there is no longer enough demand for the services offered to ensure it remains a viable business.

Directors and their interests

The directors who served during the year were as follows:

B J Bennett	(Chairman)
A M Dormer	(resigned 10 September 2004)
R L French	(appointed 8 December 2004)
D B Rousham	
D J Guereca	
S Harrison	

None of the directors had any beneficial interests in the shares of the Company either at 31 March 2005 or at 31 March 2004.

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, are as follows:

	Ordinary shares of 25p each		Options to subscribe	
	Subject to no restrictions		to Executive Share Option Schemes	
	31 March 2005	1 April 2004*	31 March 2005	1 April 2004*
B Bennett	–	–	184,616	143,204
R French	1,333	1,333	63,910	50,552
D Guereca	11	11	4,580	–
D B Rousham	1,839	1,839	52,830	43,289
S Harrison	–	–	15,726	7,643

* or at date of appointment if later.

Ms Bennett also had 17,020 options under the Conditional Share Options - Long Term Incentive Plan 1996 (1 April 2005: nil).

The options under the Executive Share Options Schemes are at prices ranging from £1.57 to £4.19 per share.

No director exercised share options during the year.

Company secretary

A K Buchanan resigned as Secretary on 10 September and K K Dosanjh was appointed on that date.

Directors' report

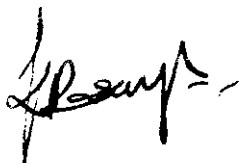
Liability insurance

The ultimate parent undertaking maintains a directors' and officers' liability insurance covering 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 LLP will automatically continue in office as auditors.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'J. P. Smith', written over a horizontal line.

Company Secretary

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of British Airways Visitors' Services Limited

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

10 JANUARY 2006

Profit and loss account

for the year ended 31 March 2005

	Notes	2005 £	2004 £
Turnover	2	738,170	1,149,068
Cost of sales		(697,816)	(894,023)
Gross profit		40,354	255,045
Operating profit	3	40,354	255,045
Loss on disposal of tangible fixed assets		—	—
Interest receivable	6	69,545	53,175
Profit on ordinary activities before taxation		109,899	308,220
Tax on profit on ordinary activities	7	(139)	2,242
Profit for the year		109,760	310,462
Dividend	8	—	(1,555,000)
Profit/(loss) retained for the financial year		109,760	(1,244,538)

Statement of total recognised gains and losses

for the year ended 31 March 2005

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £109,760 in the year ended 31 March 2005 and the profit of £310,462 in the year ended 31 March 2004.

Balance sheet

at 31 March 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	9	14,162	19,966
Current assets			
Debtors	10	167,477	36,655
Cash at bank and in hand		—	38
		167,477	36,693
Creditors: amounts falling due within one year	11	(15,220)	—
Net current assets		152,257	36,693
Total assets less current liabilities		166,419	56,659
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	165,419	55,659
	13	166,419	56,659

Approved by the Board and signed on its behalf by


Beverley Bennett
Director10th January 2006

Notes to the financial statements

at 31 March 2005

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life. Plant and equipment is depreciated over seven years on a monthly basis.

Deferred taxation

Full provision is made for deferred tax on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised where the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Pensions

Contributions to the British Airways' New Airways Pension Scheme (NAPS), a defined benefit scheme, are made on the basis of independent actuarial advice and charged in the profit and loss account so as to spread the cost over the remaining service lives of the employees.

Statement of cash flows

As the Company is a wholly owned subsidiary undertaking of British Airways Plc, and the parent undertaking prepares a consolidated statement of cash flows, the Company is exempt from the requirement to present a statement of cash flows.

Notes to the financial statements

at 31 March 2005

2. Turnover

Turnover comprises the invoiced value of sales of services, excluding value added tax, and is attributable to one continuing activity, which is primarily the provision of travel facilities and assistance in the UK for passengers on British Airways' scheduled services.

Turnover, attributable to geographical markets, is as follows:

	2005 £	2004 £
Africa, Middle East and Indian subcontinent	160,181	650,857
Far East	577,989	431,776
The Americas	-	40,273
Europe	-	26,162
	<u>738,170</u>	<u>1,149,068</u>

3. Operating profit

This is stated after charging:

	2005 £	2004 £
Depreciation of fixed assets	5,804	5,803

The Auditors' remuneration is borne by British Airways Plc on behalf of BA Visitors' Services Limited.

4. Directors' emoluments

No director received any remuneration during the year (2004 – £nil).

All of the directors qualify for a defined benefit pension scheme provided by the Company's parent undertaking.

5. Staff costs

	2005 £	2004 £
Wages and salaries	506,348	613,254
Social security costs	28,497	34,732
Other pension costs	32,971	37,456
	<u>567,816</u>	<u>685,442</u>

Notes to the financial statements

at 31 March 2005

5. Staff costs (continued)

The average number of employees during the year was as follows:

	2005 No.	2004 No.
Administration	3	5
Services	39	59
	<u>42</u>	<u>64</u>

6. Interest receivable

	2005 £	2004 £
Interest receivable from parent undertaking	69,545	53,175
	<u>69,545</u>	<u>53,175</u>

7. Tax on profit on ordinary activities

(a) Analysis of charge/(credit) for the year

	2005 £	2004 £
Current tax:		
Tax charge for the year	-	-
Deferred tax:		
Accelerated capital allowances	139	(1,740)
(Over)/under provision in previous years	-	(502)
	<u>139</u>	<u>(2,242)</u>

Notes to the financial statements

at 31 March 2005

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The current tax charge for the year is less than the profit at the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	109,899	308,220
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 – 30%)	32,970	92,466
Effects of:		
Accelerated capital allowances	(139)	1,740
Free group relief from group members	(32,831)	(94,206)
Current tax charge for the year as above	–	–

(c) Deferred tax asset

The movements in deferred taxation were as follows:

	2005 £	2004 £
Accelerated capital allowances	(1,387)	(1,526)
Other timing differences	–	–
	(1,387)	(1,526)
Deferred tax asset at start of year	(1,526)	
Profit and loss account charge for the year – current year	139	
Depreciation in excess of/(less than) capital allowances	–	
Deferred tax asset at end of year	(1,387)	

8. Dividends

	2005 £	2004 £
Equity dividends on ordinary shares – interim paid	–	1,555,000

Notes to the financial statements

at 31 March 2005

9. Tangible fixed assets

	<i>Plant and equipment</i>
	<i>£</i>
Cost:	
At 1 April 2004	40,623
At 31 March 2005	40,623
Depreciation:	
At 1 April 2004	20,657
Provided during the year	5,804
At 31 March 2005	26,461
Net book value:	
At 31 March 2005	14,162
At 31 March 2004	19,966

10. Debtors

	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>
Amounts due from parent undertaking	166,090	35,129
Deferred tax asset	1,387	1,526
	167,477	36,655

11. Creditors: amounts falling due within one year

	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>
Accruals	15,200	-

Notes to the financial statements

at 31 March 2005

12. Share capital

	2005	2004
<i>Authorised</i>	£	£
50,000 ordinary shares of £1 each	50,000	50,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>	£	£
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 April 2003	1,000	1,300,197	1,301,197
Profit for the year	–	310,462	310,462
Dividend	–	(1,555,000)	(1,555,000)
	<u> </u>	<u> </u>	<u> </u>
At 1 April 2003	1,000	55,659	56,659
Profit for the year	–	109,760	109,760
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2004	1,000	165,419	166,419
	<u> </u>	<u> </u>	<u> </u>

14. Pensions costs

As a subsidiary, British Airways Visitors' Services Limited participates in the British Airways Plc group pension schemes and contributions are based upon pension costs across the group as a whole.

British Airways operates two funded principal defined benefit pension schemes in the United Kingdom, the Airways Pension Scheme (APS) and the New Airways Pension Scheme (NAPS) both of which are closed to new members. APS has been closed to new members since March 31, 1984 and NAPS closed to new members on March 31, 2003. From April 1, 2003 British Airways commenced a new defined contribution scheme, the British Airways Retirement Plan (BARP), of which all new permanent employees over the age of 18 employed by the Company and certain subsidiary undertakings in the United Kingdom may become members. The assets of these schemes are held in separate trustee-administered funds. Benefits provided under APS are based on final average pensionable pay and, for the majority of members, are subject to increases in payment in line with the Retail Price Index. Those provided under NAPS are based on final average pensionable pay reduced by an amount (the "abatement") not exceeding one and a half times the Government's lower earnings limit. NAPS benefits are subject to Retail Price Index increases in payment up to a maximum of 5 per cent in any one year.

Most employees engaged outside the United Kingdom are covered by appropriate local arrangements.

Standard employees' contributions range from 5.75 per cent to 8.5 per cent of full pensionable pay in APS, and from 3.75 per cent to 8.5 per cent of full pensionable pay less the abatement in NAPS.

Notes to the financial statements

at 31 March 2005

14. Pensions costs (continued)

The latest actuarial valuations of APS and NAPS were made as at March 31, 2003 by an independent firm of qualified actuaries, Watson Wyatt LLP, using the attained age method for APS and the projected unit method for NAPS. At the date of the actuarial valuation the market values of the assets of APS and NAPS amounted to £5,421 million and £3,184 million respectively. The value of the assets represented 101% (APS) and 78% (NAPS) of the value of the benefits that had accrued to members after allowing for assumed increases in earnings. These valuations showed that an employers' contribution equal to an average of 3.75 times the standard employees' contributions from November 1, 2003 (nil prior to November 1, 2003) was appropriate for APS. For NAPS the corresponding regular employers' contribution was 2.8 times the standard employees' contributions from January 1, 2004 (3.0 times from April 1, 2003 to December 31, 2003 including a multiple of 0.5 to cover the deficit contributions) in addition to deficit contributions of £9.56 million per month increasing each April in line with inflation for a period of 10 years.

The pension costs for the Schemes are assessed in accordance with the advice of an independent qualified actuary. For these purposes valuations of the Schemes were carried out as at March 31, 2003 using the attained age method for APS and the projected unit method for NAPS. The principal assumptions adopted were that investments would return 3.1% per annum in real terms (ahead of price inflation assumed to be 2.5% per annum) for APS and 4.6% per annum in real terms for NAPS. Annual increases in earnings were assumed to remain level with price inflation for the five years following March 31, 2003 and thereafter increase at 1.5% ahead of price inflation. Limited Price Indexation increases awarded to pensions in payment are assumed on average to follow the rate of inflation. On this basis the regular cost is 25.41% of pensionable pay for APS and 14.16% of pensionable pay for NAPS. Any SSAP 24 surplus or deficit has been amortised over the remaining service lives of members of the Scheme and this leads to a variation in cost of (20.21)% of pensionable pay for APS and 10.06% of pensionable pay for NAPS.

The total pension costs (calculated as set out above for APS and NAPS), including pension augmentation payments, charged in the accounts were:

	2005	Group 2004
	£m	£m
Airways Pension Scheme	5	9
New Airways Pension Scheme	182	183
British Airways Retirement Plan	2	
Other pension schemes and provident funds – mainly outside the United Kingdom	56	36
	<u>245</u>	<u>228</u>

Employer contributions in respect of overseas employees have been determined in accordance with best local practice.

There was a pension prepayment of £54 million as at March 31, 2005 (March 31, 2004: provision of £20 million). The pension prepayment arises due to the difference between the amounts recognised as cost and the amounts paid directly.

Notes to the financial statements

at 31 March 2005

14. Pensions costs (continued)

FRS 17 DISCLOSURES FOR THE YEAR ENDED MARCH 31, 2005

The group has continued to account for pensions in accordance with SSAP 24. The following additional disclosures are required in accordance with FRS 17 'Retirement Benefits'.

	<i>Group</i> <i>At</i> <i>March 31,</i> <i>2005</i>		<i>Group</i> <i>At</i> <i>March 31,</i> <i>2004</i>	
<i>%p.a.</i>	<i>APS and</i> <i>NAPS</i>	<i>Other</i> <i>schemes</i>	<i>APS and</i> <i>NAPS</i>	<i>Other</i> <i>schemes</i>
Inflation	2.8	3.0 – 4.0	2.5	3.0 – 4.0
Rate of increase in salaries	2.8*	1.5 – 6.0	2.5*	1.5 – 6.0
Rate of increase of pensions in payment	2.7	1.7 – 5.0**	2.5	2.0 – 7.5
Rate of increase for deferred pensioners	2.8	3.0 – 5.5	2.5	3.0 – 5.5
Discount rate	5.4	2.0 – 7.0	5.6	2.0 – 9.0

* Rate of increase in salaries is 2.8 per cent per annum for three years and 4.3 per cent per annum thereafter (2004: Rate of increase in salaries is 2.5 per cent per annum for four years and 4.0 per cent per annum thereafter).

** Excludes rate of increase on post-retirement medical benefit liabilities provided in the United States.

Market values of the schemes' assets at March 31, 2005 were:

	<i>Group</i> <i>At March 31, 2005</i>			<i>Group</i> <i>At March 31, 2004</i>		
	<i>APS and</i> <i>NAPS</i>	<i>Other</i> <i>schemes</i>	<i>Total</i>	<i>APS and</i> <i>NAPS</i>	<i>Other</i> <i>schemes</i>	<i>Total</i>
Equities	5,054	186	5,240	4,669	170	4,839
Bonds	4,627	104	4,731	4,456	64	4,520
Others	914	1	915	642	59	701
	<u>10,595</u>	<u>291</u>	<u>10,886</u>	<u>9,767</u>	<u>293</u>	<u>10,060</u>

	<i>At</i> <i>March 31,</i> <i>2005</i>			<i>At</i> <i>March 31,</i> <i>2004</i>		
	<i>Expected rate of</i> <i>return % pa</i>	<i>Other</i> <i>schemes</i>		<i>Expected rate of</i> <i>return % pa</i>	<i>Other</i> <i>schemes</i>	
	<i>APS</i>	<i>NAPS</i>		<i>APS</i>	<i>NAPS</i>	
Equities	8.5	8.5	6.0 – 9.5	8.4	8.4	6.0 – 9.5
Bonds	4.7	4.8	3.0 – 7.0	4.4	4.7	3.0 – 9.0
Others	5.6	5.3	3.0 – 8.0	5.9	5.6	3.0
	<u>6.0</u>	<u>7.4</u>	<u>5.0 – 8.25</u>	<u>5.8</u>	<u>7.3</u>	<u>3.0 – 9.0</u>

Notes to the financial statements

at 31 March 2005

14. Pensions costs (continued)

If the requirements of FRS 17 had been recognised in the financial statements, the defined benefit costs for the year ended March 31, 2005 would be as follows:

	Group At March 31, 2005			Group At March 31, 2004		
	APS and NAPS	Other schemes	Total	APS and NAPS	Other schemes	Total
Current service cost	178	13	191	162	11	173
Past service cost	5	—	5	15	-	15
	<u>183</u>	<u>13</u>	<u>196</u>	<u>177</u>	<u>11</u>	<u>188</u>
<i>Amounts charged to other finance income:</i>						
Interest on pension scheme liabilities	603	26	629	545	24	569
Expected return on assets in the pension scheme	(599)	(20)	(619)	(522)	(13)	(535)
	<u>4</u>	<u>6</u>	<u>10</u>	<u>23</u>	<u>11</u>	<u>34</u>
Net charge/(income) to other finance income						
Total profit and loss charge Before deduction for tax	187	19	206	200	22	222
	<u><u>187</u></u>	<u><u>19</u></u>	<u><u>206</u></u>	<u><u>200</u></u>	<u><u>22</u></u>	<u><u>222</u></u>

If the requirements of FRS 17 had been recognised in the financial statements, the group's statement of total recognised gains and losses for the year ended March 31, 2005 would have been:

	Group At March 31, 2005			Group At March 31, 2004		
	APS and NAPS	Other schemes	Total	APS and NAPS	Other schemes	Total
<i>£million</i>						
Differences between actual and expected returns on assets	(389)	(1)	(390)	(885)	(28)	(913)
Experience loss on liabilities	108	(2)	106	625	4	629
Loss on change of assumptions (financial and demographic)	746	21	767	310	7	317
	<u>465</u>	<u>18</u>	<u>483</u>	<u>50</u>	<u>(17)</u>	<u>33</u>
Total loss/(gain) recognised in statement of total recognised gains and losses before adjustment for tax						
	<u><u>465</u></u>	<u><u>18</u></u>	<u><u>483</u></u>	<u><u>50</u></u>	<u><u>(17)</u></u>	<u><u>33</u></u>

Notes to the financial statements

at 31 March 2005

14. Pensions costs (continued)

The following amounts for the year ended March 31, 2005 were measured in accordance with the requirements of FRS 17:

	Group At March 31, 2005			Group At March 31, 2004		
	APS and NAPS	Other schemes	Total	APS and NAPS	Other schemes	Total
<i>(Gain)/loss on scheme assets:</i>						
Amount (£ million)	(389)	(1)	(390)	(885)	(28)	(913)
Percentage of scheme assets at year end (%)	(3.7)	(0.3)	(3.6)	(9.1)	(9.6)	(9.1)
<i>Experience (gain)/loss on scheme liabilities:</i>						
Amount (£ million)	108	(2)	106	625	4	629
Percentage of scheme liabilities at year end (%)	0.9	(0.5)	0.8	5.7	0.9	5.5
Total actuarial loss/(gain) recognised in statement of total recognised gains and losses:						
Amount (£ million)	465	18	483	50	(17)	33
Percentage of scheme liabilities at year end (%)	3.8	4.1	3.8	0.5	(3.7)	0.3

The following amounts at March 31, 2005 were measured in accordance with the requirements of FRS 17.

	Group At March 31, 2005			Group At March 31, 2004		
	APS and NAPS	Other schemes	Total	APS and NAPS	Other schemes	Total
<i>£ million</i>						
Total market value of assets	10,595	291	10,886	9,767	293	10,060
Present value of liabilities	12,126	442	12,568	10,907	459	11,366
Deficit	(1,531)	(151)	(1,682)	(1,140)	(166)	(1,306)
APS irrecoverable surplus	(301)	-	(301)	(385)	-	(385)
Pension liability (before allowance for deferred tax)	(1,832)	(151)	(1,983)	(1,525)	(166)	(1,691)
Related deferred tax	550	45	595	458	50	508
Net pension liability	(1,282)	(106)	(1,388)	(1,067)	(116)	(1,183)

Notes to the financial statements

at 31 March 2005

14. Pensions costs (continued)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve at March 31, 2005 would be as follows:

	<i>At March 31, 2005</i>	<i>At March 31, 2004</i>
<i>£ million</i>		
Net assets excluding pension liability	2,684	2,428
Pension liability, net of related deferred tax, and SSAP 24 provisions	(1,442)	(1,163)
Net assets including pension liability	<u>1,242</u>	<u>1,265</u>
Profit and loss reserve excluding pension liability	1,177	897
Pension liability	(1,442)	(1,163)
Profit and loss reserve	<u>(265)</u>	<u>(266)</u>

The amounts above have been calculated after taking account of pensions prepayments and provisions for pension and other post-retirement benefits, net of related deferred tax.

Analysis of the movement in deficit in the schemes during the year:

	<i>Group At March 31, 2005</i>			<i>Group At March 31, 2004</i>		
<i>£ million</i>	<i>APS and NAPS</i>	<i>Other schemes</i>	<i>Total</i>	<i>APS and NAPS</i>	<i>Other schemes</i>	<i>Total</i>
(Deficit)/surplus before irrecoverable surplus and impact of deferred tax at April 1	(1,140)	(166)	(1,306)	(1,064)	(197)	(1,261)
Contributions paid	261	52	313	174	36	210
Current service cost	(178)	(13)	(191)	(162)	(11)	(173)
Past service cost	(5)	0	(5)	(15)	–	(15)
Other finance (charge)/income	(4)	(6)	(10)	(23)	(11)	(34)
Actuarial (loss)/gain	(465)	(18)	(483)	(50)	17	(33)
Deficit before irrecoverable surplus and impact of deferred tax at March 31	<u>(1,531)</u>	<u>(151)</u>	<u>(1,682)</u>	<u>(1,140)</u>	<u>(166)</u>	<u>(1,306)</u>

15. Related party transactions

The Company has taken advantage of FRS 8, which exempts subsidiary undertakings, 90%, or more of whose voting rights are controlled within the group, from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties.

Notes to the financial statements

at 31 March 2005

16. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is British Airways Plc, a Company registered in England.

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

Copies of the financial statements of British Airways Plc can be obtained by writing to the Secretary, British Airways Plc, Waterside, PO Box 365, Harmondsworth, UB7 0GB.