

Report and Accounts

British Airways Travel Shops Limited

31 March 2000



British Airways Travel Shops Limited

Registered No. 2524175

DIRECTORS

D A Moss (Chairman)
R Heape
T M Oakley
R N Hayes
D Thomson

SECRETARY

P H Jarvis

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
90/92 High Street
Crawley
West Sussex RH10 1BP

REGISTERED OFFICE

Waterside
P.O. Box 365
Harmondsworth
UB7 0GB

British Airways Travel Shops Limited

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 March 2000.

RESULTS AND DIVIDEND

The profit for the year after tax amounts to £1,232,000 (1999 – £1,468,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company acts as a travel agency selling a range of products including airline tickets, holidays, car hire and rail tickets.

FUTURE DEVELOPMENTS

Turnover has decreased by 3.0% to £17.8m during the year but the directors believe that there will be an increase in turnover in the coming year.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were:

D A Moss

R Heape

T M Oakley (appointed on 23 June 1999)

R N Hayes (appointed on 23 June 1999)

T J Livett (resigned on 9 September 1999)

D Thompson (appointed on 21 February 2000)

R S Harris (appointed on 9 September, resigned on 21 February 2000)

None of the directors had any beneficial interest in shares of the company either at 31 March 1999 or 31 March 2000.

The directors' interests in the share capital of British Airways Plc, the ultimate parent undertaking, were as follows:

	<i>Subject to no restrictions</i>		<i>Subject to restrictions</i>		<i>Options executive and SAYE Share Scheme</i>	
	<i>31 March 2000</i>	<i>1 April 1999 or date of appointment</i>	<i>31 March 2000</i>	<i>1 April 1999 or date of appointment</i>	<i>31 March 2000</i>	<i>1 April 1999 or date of appointment</i>
D A Moss	43	43	–	–	66,247	17,575
R Heape	59	–	1,273	1,273	25,380	–
T M Oakley	696	–	694	–	25,461	–
R N Hayes	4,807	–	1,598	–	18,884	–
D Thompson	–	–	–	–	12,005	–

The options under the Executive Share Schemes and the SAYE Share Schemes are at prices ranging from £3.75 to £4.18.

LIABILITY INSURANCE

The ultimate parent undertaking has entered into a directors' and officers' liability insurance policy covering the directors and officers of its subsidiary undertakings.

DIRECTORS' REPORT

POLICY ON EMPLOYEES

British Airways Travel Shops Limited is an equal opportunity employer and gives full and fair consideration to applications for employment by disabled persons. The company's policy is to provide continuous employment to employees who have become disabled during their employment by the company. The company's comprehensive training, career development and promotion opportunities are available to all disabled employees.

The company's policy is to communicate openly and honestly with all employees. Company financial information is made available to all employees on a weekly and monthly basis and the company's objectives and targets are communicated at quarterly forums and at the commencement of the financial year.

Regular open forums are held by directors of the company with groups of staff representing all levels within the company with the aim of taking into account the views of all employees.

The company involves staff in company performance through a profit share scheme and individual incentive targets.

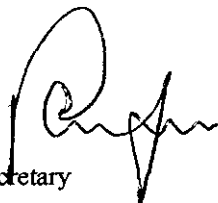
YEAR 2000

The company is a subsidiary of British Airways Plc and was included in the British Airways Group programme addressing the impact of the year 2000. The British Airways Group has continued to operate successfully over the millennium period with no disruption to operations. Details of the costs incurred in relation to the readiness programme can be found in report and accounts of British Airways Plc, which can be obtained from Waterside, PO Box 365, Harmondsworth UB7 0GB.

AUDITORS

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

28/01/00

British Airways Travel Shops Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

British Airways Travel Shops Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000

REPORT OF THE AUDITORS

to the members of British Airways Travel Shops Limited

We have audited the accounts on pages 6 to 12, 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 4 the company's directors are responsible for the preparation of the 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 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 the state of affairs of the company as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
London

28/7/00

British Airways Travel Shops Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000

	<i>Notes</i>	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
TURNOVER	2	17,841	18,374
Cost of sales		(12,979)	(13,405)
GROSS PROFIT		4,862	4,969
Administrative expenses		(4,492)	(4,580)
OPERATING PROFIT	3	370	389
Interest receivable	6	845	1,094
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,215	1,483
Tax on profit on ordinary activities	7	17	(15)
PROFIT FOR THE YEAR		1,232	1,468
STATEMENT OF ACCUMULATED PROFITS			
At 1 April 1999/1998		7,839	6,371
Retained profit for the year		1,232	1,468
At 31 March 2000/1999		9,071	7,839

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

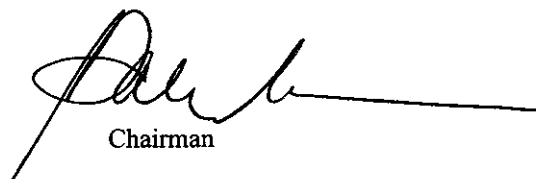
A statement of total recognised gains and losses has not been included as there were no recognised gains or losses for the current or previous financial year other than those already dealt with in the profit and loss account.

British Airways Travel Shops Limited

BALANCE SHEET at 31 March 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS	8	57	159
CURRENT ASSETS			
Debtors	9	13,771	15,145
Cash at bank and in hand		2,265	1,631
		<u>16,036</u>	<u>16,776</u>
CREDITORS: amounts falling due within one year	10	(5,022)	(7,096)
NET CURRENT ASSETS		<u>11,014</u>	<u>9,680</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,071</u>	<u>9,839</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,000	2,000
Profit and loss account		9,071	7,839
SHAREHOLDER'S FUNDS	13	<u>11,071</u>	<u>9,839</u>

28/7/00


Chairman

British Airways Travel Shops Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

Computer equipment is depreciated over its estimated useful life of 2-3 years.

Retirement benefits

Retirement benefits are payable through separately funded UK pension schemes. Contributions to pension funds 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.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that the liabilities will crystallise.

Operating leases

Operating lease costs are charged to profit and loss account in the year they are incurred.

Cash flow statement

No cash flow statement has been provided under the provisions of FRS1 (Revised 1996) as the company is a wholly owned subsidiary of a European Community registered parent undertaking.

2. TURNOVER

Turnover represents the net amount invoiced for goods and services supplied during the year. Turnover is attributable to one continuing activity representing travel agency business and all arises in the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	2000 £000	1999 £000
Depreciation	102	111
Auditors' remuneration	15	13
Property costs	4,213	3,008
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4. DIRECTORS' REMUNERATION

The remuneration paid to directors amounts to £nil (1999 – £nil).

British Airways Travel Shops Limited

NOTES TO THE ACCOUNTS at 31 March 2000

5. STAFF COSTS

The aggregate payroll costs for employees were as follows:

	2000 £000	1999 £000
Wages and salaries	7,811	8,012
Pension costs	269	236
Social security costs	598	631
	<u>8,678</u>	<u>8,879</u>

The average number of employees during the year, including directors, was 473 (1999 – 446).

6. INTEREST RECEIVABLE

	2000 £000	1999 £000
Interest receivable from group undertaking	<u>845</u>	<u>1,094</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
UK corporation tax at 30% (1999 – 31%)	-	-
Prior Year Adjustment	17	(15)
Payment for Group Relief at 30% (1999 – 31%)	-	-
	<u>17</u>	<u>(15)</u>

There is no tax charge for the current year. Taxable profits will be sheltered in full by group relief from the parent undertaking, for which no payment is to be made.

Deferred Taxation

If full provision for Deferred Taxation had been made there would have been an additional tax charge for the year of £NIL; (1999 – £NIL).

British Airways Travel Shops Limited

NOTES TO THE ACCOUNTS at 31 March 2000

8. FIXED ASSETS

	<i>Computer Equipment £000</i>	<i>Total £000</i>
Cost:		
At 1 April 1999	174	174
Additions	-	-
Disposals	-	-
At 31 March 2000	174	174
Depreciation:		
At 1 April 1999	15	15
Provided during the year	102	102
Disposals	-	-
At 31 March 2000	117	117
Net book value:		
At 31 March 2000	57	57
At 1 April 1999	159	159

9. DEBTORS

	<i>2000 £000</i>	<i>1999 £000</i>
Trade debtors	3,737	2,912
Amounts due from parent undertaking	8,937	10,658
Amounts due from fellow subsidiary undertakings	760	63
Corporation tax	-	1,129
VAT	144	102
Other debtors	193	103
Prepayments and accrued income	-	178
	13,771	15,145

10. CREDITORS: amounts falling due within one year

	<i>2000 £000</i>	<i>1999 £000</i>
Trade creditors	1,473	1,308
Amounts due to parent undertaking	-	1,733
Other creditors	974	871
Accruals and deferred income	2,575	3,184
	5,022	7,096

British Airways Travel Shops Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

11. CONTINGENT LIABILITIES

The company has given bonds of £898,266 in respect of ABTA (1999 – £861,009) and the Civil Aviation Authority for £2,574,930 (1999 – £1,025,999). The company has also given a bond to Hoverspeed for £2,250 (1999 – £2,250), Alamo Rent-a-car for £5,000 (1999 – £5,000), Aeromar for US\$10,000 (1999 – US\$10,000), Air Lanka for US\$20,000 (1999 – US\$20,000), Aloha Airlines for £10,000 (1999 – £10,000), Singapore Airlines for £20,000 (1999 £Nil) and Malaysia Airlines for £50,000 (1999 – £Nil).

12. SHARE CAPITAL

	2000 £000	1999 £000
Authorised, allotted, called up and fully paid: 2,000,000 Ordinary shares of £1 each	2,000	2,000

13. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and Loss £000	Total share- holder's funds £000
At 1 April 1998	2,000	6,371	8,371
Profit for the year	–	1,468	1,468
At 1 April 1999	2,000	7,839	9,839
Profit for the year	–	1,232	1,232
At 31 March 2000	2,000	9,071	11,071

14. PENSION COMMITMENTS

Retirement benefits are provided for the majority of eligible employees through the New Airways Pension scheme (NAPS) and the Airways Pension scheme (APS). Both schemes are defined benefit and the schemes' assets are held in separate trustee administered funds, and are disclosed within the group accounts of British Airways Plc.

The total pension cost for the company for the year ended 31 March 2000 was £269,970 (1999 – £235,552).

Full details of the pension schemes are given in the accounts of British Airways Plc.

15. CAPITAL COMMITMENTS

There were no amounts contracted for but not provided in the accounts (1999 – £nil).

16. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of British Airways Plc and has taken advantage of the exemption in (paragraph 3c of) FRS 8 from making additional disclosure of related party transactions with the British Airways group or investees of the group.

British Airways Travel Shops Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

17. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is British Airways Plc, registered in England and Wales.

The 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 Airways Plc's accounts can be obtained from Waterside, P.O. Box 365, Harmondsworth, UB7 0GB.