

# British Airways Travel Shops Limited

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Registered No. 2524175

## **DIRECTORS**

D A Moss (Chairman)  
R Heape  
T J Livett

## **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

**ERNST & YOUNG**



# British Airways Travel Shops Limited

## DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 March 1999.

### RESULTS AND DIVIDEND

The profit for the year after tax amounts to £1,468,000 (1998 – £1,835,000). 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 1.9% to £18.4m 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	(appointed on 30 October 1998)
D R Brewin	(resigned on 24 March 1999)
A M Deller	(resigned on 24 March 1999)
P White	(resigned on 30 October 1998)
J Rishton	(resigned on 24 March 1999)
R Heape	
T J Livett	(appointed on 21 January 1999)

None of the directors had any beneficial interest in shares of the company either at 31 March 1998 or 31 March 1999.

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 1999</i>	<i>1 April 1998 or date of appointment</i>	<i>31 March 1999</i>	<i>1 April 1998 or date of appointment</i>	<i>31 March 1999</i>	<i>1 April 1998 or date of appointment</i>
D A Moss	43	43	–	–	470	470
D R Brewin	–	1,302	–	2,763	–	54,552
A M Deller	–	275	–	–	–	26,881
P White	–	436	–	2,624	–	6,172
J Rishton	–	70	–	2,395	–	9,876
R Heape	–	–	1,273	1,084	–	–
T J Livett	505	477	1,554	1,554	559	559

### 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.

# British Airways Travel Shops Limited

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## 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.

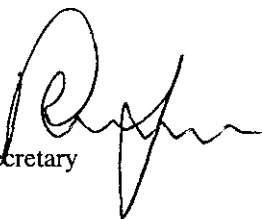
### YEAR 2000

The company is a subsidiary of British Airways Plc and is included in the British Airways Group programme addressing the impact of the year 2000. Details of this programme can be found in the report and accounts of British Airways Plc, which can be obtained from Waterside, P. O. 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

## British Airways Travel Shops Limited

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### 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.

**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. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

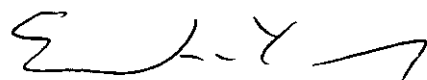
**Basis of opinion**

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

18-10-99

# British Airways Travel Shops Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 1999

	Notes	1999 £000	1998 £000
<b>TURNOVER</b>	2	18,374	18,721
Cost of sales		(13,405)	(13,180)
<b>GROSS PROFIT</b>		4,969	5,541
Administrative expenses		(4,580)	(3,762)
<b>OPERATING PROFIT</b>	3	389	1,779
Interest receivable	6	1,094	895
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,483	2,674
Tax on profit on ordinary activities	7	(15)	(839)
<b>PROFIT FOR THE YEAR</b>		1,468	1,835
<b>STATEMENT OF ACCUMULATED PROFITS</b>			
At 1 April 1998		6,371	4,536
Retained profit for the year		1,468	1,835
At 31 March 1999		7,839	6,371

## 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 1999

	Notes	1999 £000	1998 £000
<b>FIXED ASSETS</b>	8	159	96
<b>CURRENT ASSETS</b>			
Debtors	9	15,145	13,920
Cash at bank and in hand		1,631	1,370
		<u>16,776</u>	<u>15,290</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(7,096)	(7,015)
<b>NET CURRENT ASSETS</b>		<u>9,680</u>	<u>8,275</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,839</u>	<u>8,371</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2,000	2,000
Profit and loss account		7,839	6,371
<b>SHAREHOLDER'S FUNDS</b>	13	<u>9,839</u>	<u>8,371</u>

Chairman

*Paul*  
15/10/99

# British Airways Travel Shops Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 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 3-4 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. The split between turnover derived within the British Airways group and externally derived turnover is as follows:

	1999 £000	1998 £000
Internal	12,367	16,577
External	6,007	2,144
	<u>18,374</u>	<u>18,721</u>

### 3. OPERATING PROFIT

This is stated after charging:

	1999 £000	1998 £000
Depreciation	111	97
Auditors' remuneration	13	15
Property costs	3,008	2,707
	<u></u>	<u></u>



# British Airways Travel Shops Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 4. DIRECTORS' REMUNERATION

The remuneration paid to directors amounts to £nil (1998 – £nil).

### 5. STAFF COSTS

The aggregate payroll costs for employees were as follows:

	1999 £000	1998 £000
Wages and salaries	8,012	6,503
Pension costs	236	262
Social security costs	631	558
	<u>8,879</u>	<u>7,323</u>

The average number of employees during the year, including directors, was 446 (1998 – 388).

### 6. INTEREST RECEIVABLE

	1999 £000	1998 £000
Interest receivable from group undertaking	<u>1,094</u>	<u>895</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
UK corporation tax at 31% (1998 – 31%)	–	–
Payment for group relief at 31% (1998 – 31%)	–	(883)
Corporation tax (under)/overprovided in previous years	(15)	44
	<u>(15)</u>	<u>(839)</u>

If full provision for deferred taxation had been made there would have been no additional charge or credit for the year (1998 – £nil).

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.

# British Airways Travel Shops Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 8. FIXED ASSETS

	<i>Computer equipment £000</i>	<i>Total £000</i>
Cost:		
At 1 April 1998	289	289
Additions	174	174
Disposals	(289)	(289)
At 31 March 1999	174	174
Depreciation:		
At 1 April 1998	193	193
Provided during the year	111	111
Disposals	(289)	(289)
At 31 March 1999	15	15
Net book value:		
At 31 March 1999	159	159
At 1 April 1998	96	96

### 9. DEBTORS

	<i>1999 £000</i>	<i>1998 £000</i>
Trade debtors	2,912	2,668
Amounts due from parent undertaking	10,658	8,887
Amounts due from fellow subsidiary undertakings	63	372
Corporation tax	1,129	—
VAT	102	—
Other debtors	103	206
Prepayments and accrued income	178	1,787
	15,145	13,920

### 10. CREDITORS: amounts falling due within one year

	<i>1999 £000</i>	<i>1998 £000</i>
Trade creditors	1,308	96
Amounts due to parent undertaking	1,733	—
Corporation tax	—	839
VAT	—	52
Other creditors	871	186
Accruals and deferred income	3,184	5,842
	7,096	7,015

# British Airways Travel Shops Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 11. CONTINGENT LIABILITIES

The company has given a bond of £861,009 in respect of ABTA (1998 – £702,053) and the Civil Aviation Authority for £1,025,999 (1998 – £69,909), Hoverspeed for £2,250 (1998 – £2,250), Alamo Rent-a-car for £5,000 (1998 – £5,000), Aeromar for US\$10,000 (1998 – US\$nil), Air Lanka for US\$20,000 (1998 – US\$nil) and Aloha Airlines for £10,000 (1998 – £nil).

### 12. SHARE CAPITAL

	1999 £000	1998 £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 1997	2,000	4,536	6,536
Profit for the year	–	1,835	1,835
At 1 April 1998	2,000	6,371	8,371
Profit for the year	–	1,468	1,468
At 31 March 1999	2,000	7,839	9,839

### 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 of defined type and 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 1999 was £235,552 (1998 – £262,190).

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 (1998 – £nil).

## British Airways Travel Shops Limited

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### NOTES TO THE ACCOUNTS

at 31 March 1999

**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.

**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.