

Report and Accounts
*British Airways Regional
Limited*

31 March 2005



British Airways Regional Limited

Registered No. 2562966

DIRECTORS

David R Evans

Peter Simpson

Bryan Field (resigned 3 March 2005)

SECRETARY

A. K. Buchanan

AUDITORS

Ernst & Young LLC

Rose House

51-59 Circular Road

Douglas

Isle of Man

IM1 1AZ

REGISTERED OFFICE

Waterside

PO Box 365

Harmondsworth

UB7 0GB

British Airways Regional Limited

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2005.

RESULTS AND DIVIDENDS

Details of the results for the year together with the transfers to retained profit are set out on page 7. The Directors do not propose to pay a final dividend (2004: nil).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENT

The principal activity of British Airways Regional Limited is that of airline service provider to British Airways CitiExpress Limited at certain UK regional airports.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year ended 31 March 2005 are shown below.

David R Evans
Peter Simpson
Bryan Field

None of the Directors had any beneficial interests in the shares of the Company at the balance sheet date. According to the register maintained as required under the Companies Act 1985, the Directors' interests in the share capital of British Airways Plc., the parent undertaking, and in the 9.75% Convertible Capital bonds 2005 of British Airways Capital Ltd which require disclosure in the accounts were as follows:

	British Airways Plc						British Airways Capital Limited	
	Ordinary Shares Subject to no Restrictions		Executive Share Option Scheme		Conditional Share Options- Long Term Incentive Plan 1996		Convertible Bonds	
	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004
David Evans	221	221	224,034	178,251	72,588	53,772	0	0
Peter Simpson	0	0	48,159	30,984	0	0	0	0

The options under the Executive Share Option Scheme are at prices ranging from £1.57 to £4.05.

British Airways Regional Limited

DIRECTORS' REPORT

SHARE CAPITAL

On 6 June 2005, the Company issued 19,618,000 Ordinary shares of £1.00 each to British Airways Plc.

EMPLOYMENT POLICY

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate. The Company seeks to keep its employees informed on all matters affecting them and on the progress of the Company. It encourages the active support of the Trades Unions in representing the Company's employees and in the building of a relationship between the Company, its employees and the Trades Unions based on openness and mutual trust.

EMPLOYEE INVOLVEMENT

The Company is committed to promoting communications between all members of staff. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees are encouraged to present their suggestions and views on the Company's performance and actively participate in the implementation of new ideas and promotions.

LIABILITY INSURANCE

The parent undertaking maintains a Directors' and Officers' liability insurance covering its subsidiary undertakings.

AUDITORS

On 30 June 2005, Ernst and Young resigned as auditors and were replaced by Ernst & Young LLC.

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 LLC continue in office as the Company's auditors.

By order of the board.



Director

Date: 25 JANUARY 2006

British Airways Regional 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 year. In preparing those accounts the Directors are required to:

- select suitable accounting policies and 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 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 Regional Limited

INDEPENDENT AUDITORS' REPORT

to the members of British Airways Regional Limited

We have audited the Company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Recognised Gains and Losses and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

The 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 auditor's 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLC
Registered Auditors
Isle of Man

Date: 26 January 2006

British Airways Regional Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2005

	Notes	2005 £000	2004 £000
TURNOVER	2	8,332	9,238
Cost of sales		(8,686)	(8,771)
		<hr/>	<hr/>
GROSS (LOSS)/PROFIT		(354)	467
Administration expenses		-	-
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(354)	467
Tax on (Loss)/Profit on ordinary activities	5	(16)	(257)
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(370)</u>	<u>210</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2005 £000	2004 £000
Retained (loss)/profit for the year	(370)	210
	<hr/>	<hr/>
Total recognised gains and losses for year	<u>(370)</u>	<u>210</u>

British Airways Regional Limited

BALANCE SHEET

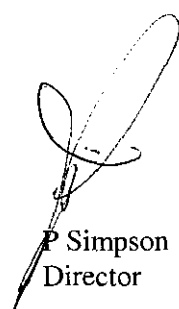
at 31 March 2005

	Notes	2005 £000	2004 £000
FIXED ASSETS			
Tangible assets	6	907	1,092
CURRENT ASSETS			
Debtors	8	86	102
Amounts due from group companies	10	545	720
		<u>631</u>	<u>822</u>
CREDITORS: amounts falling due within one year			
Amounts due to group companies	10	(19,618)	(19,618)
Other creditors and accruals	9	-	(6)
		<u>(19,618)</u>	<u>(19,624)</u>
NET CURRENT LIABILITIES			
		(18,987)	(18,802)
		<u>(18,080)</u>	<u>(17,710)</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	(18,080)	(17,710)
		<u>(18,080)</u>	<u>(17,710)</u>

The accounts were approved by the Board of Directors on 25 January 2006 and signed on its behalf by:



D R Evans
Director



P Simpson
Director

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

Given that British Airways Plc. has confirmed its intention to continue to provide financial support to enable the Company to meet its liabilities as they fall due, the financial statements of the Company have been prepared on a going concern basis.

Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost. Depreciation is provided on all tangible fixed assets, on a straight line basis, over the expected useful life of the assets as follows:

Short leasehold properties	-	10 years
Leasehold improvements	-	10 years
Operating ground equipment	-	3-16 years
Office and commercial equipment	-	3-7 years

Operating leases

Payments under all operating lease arrangements are charged to the profit and loss account in equal annual amounts over the period of the lease.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at a balance sheet date where transactions or events have occurred at that date that will result in obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension and other post-retirement benefits

Retirement benefits are payable through separately funded United Kingdom 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.

The Company is following the transitional arrangements of FRS 17 "Retirement Benefits" under which additional disclosure on retirement benefits has been provided in note 13 to the accounts for the year ended 31 March 2005.

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

Related party transactions

The Company has taken advantage of the exemptions in FRS8 not to disclose related party transactions with group undertakings as the ultimate parent undertaking publishes consolidated financial statements, which are publicly available.

2. **TURNOVER**

Turnover represents amounts derived from provision of goods and services falling within the company's ordinary activities, after deduction of trade discounts, value added tax and any other tax based on the amounts so derived. Revenue is recognised at the time service is provided.

3. **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	2005	2004
	£000	£000
Operating lease costs - Land and buildings	1,132	1,138
Depreciation	333	256
Auditors' remuneration - Audit services	3	5

4. **STAFF COSTS**

	2005	2004
	£000	£000
Wages and salaries	4,776	4,759
Social security costs	340	330
Other pension costs	321	312
Other staff costs	281	298
	<u>5,718</u>	<u>5,699</u>

Staff costs are processed by British Airways Plc. and charged on to British Airways Regional Limited at cost.

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

	2005	2004
Administration and ground staff	<u>259</u>	<u>249</u>
	<u>259</u>	<u>249</u>

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

5. TAX ON LOSS ON ORDINARY ACTIVITIES

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

	2005	2004
	£000	£000
Current tax:		
Tax charge for the year	-	-
Deferred tax:		
Accelerated capital allowances	16	(65)
Assets transferred intra group	-	447
Adjustment in respect of previous years	-	(125)
	16	257

(b) Factors affecting tax (credit)/debit for the year

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

	2005	2004
	£000	£000
(Loss)/profit on ordinary activities before tax	(354)	467
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004:30%)	(106)	140
Effects of:		
Expenses not deductible for tax purposes	13	13
Timing Differences:		
Depreciation (less than)/ in excess of capital allowances	(16)	65
Other differences:		
Free group relief to/(from) group members	109	(218)
Current tax charge for the year as above	-	-

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

6. FIXED ASSETS

	<i>Equipment</i> £000	<i>Total</i> £000
Cost:		
At 1 April 2004	3,828	3,828
Additions	150	150
Disposals	(941)	(941)
At 31 March 2005	<u>3,037</u>	<u>3,037</u>
Depreciation:		
At 1 April 2004	2,736	2,736
Provided during the year	333	333
Disposals	(939)	(939)
At 31 March 2005	<u>2,130</u>	<u>2,130</u>
Net book value		
At 31 st March 2005	<u>907</u>	<u>907</u>
At 1 st April, 2004	<u>1,092</u>	<u>1,092</u>

7. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases are as follows:

	<i>Land and buildings</i>	
	2005	2004
	£000	£000
Operating leases which expire:		
Within one year	-	-
In two to five years	<u>1,132</u>	<u>1,138</u>
	<u>1,132</u>	<u>1,138</u>

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

8. DEBTORS

	2005	2004
	£000	£000
Prepayments and accrued income	1	1
Deferred Tax	85	101
	<u>86</u>	<u>102</u>

Deferred Tax debtor, due greater than one year, is analysed as follows:

	2005	2004
	£000	£000
Accelerated capital allowances	85	101
	<u>85</u>	<u>101</u>
Movement during year:	2005	2004
	£000	£000
Provision at start of year	101	358
Tax charge in profit and loss account for the year – current	(16)	65
Assets transferred intra group	-	(447)
Tax credit in profit and loss account for the year – prior	-	125
Provision at end of year	<u>85</u>	<u>101</u>

9. CREDITORS: amounts falling due within one year

	2005	2004
	£000	£000
Accruals	-	6
	<u>-</u>	<u>6</u>

10. Amounts due from/to group companies

	2005	2004
	£000	£000
Amounts due from group companies:		
British Airways CitiExpress Limited	545	720
	<u>545</u>	<u>720</u>
Amounts due to group companies:		
British Airways Plc.	(19,618)	(19,618)
	<u>(19,618)</u>	<u>(19,618)</u>

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

11. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2005	2004	2005	2004
	£	£	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

On 6 June 2005, the Company increased its authorised share capital by £19,618,000 and subsequently issued 19,618,000 shares of £1.00 each.

12. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS IN RESERVES

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£000	£000	£000
At 1 April 2004	-	(17,710)	(17,710)
Loss for the year	-	(370)	(370)
At 31 March 2005	<u>-</u>	<u>(18,080)</u>	<u>(18,080)</u>

13. PENSION CONTRIBUTIONS

As a subsidiary British Airways Regional 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 31 March 1984 and NAPS closed to new members on 31 March 2003. From 1 April 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 "abatment") 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 6.5 per cent of full pensionable pay less the abatment in NAPS.

The latest actuarial valuations of APS and NAPS were made as at 31 March 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

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

valuations showed that an employers' contribution equal to an average of 3.75 times the standard employees' contributions from 1 November 2003 (nil prior to 1 November 2003) was appropriate for APS. For NAPS the corresponding regular employers' contribution was 2.8 times the standard employees' contributions from 1 January 2004 (3.0 times from 1 April 2003 to 31 December 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 31 March 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 31 March 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:

£ million	Group	
	2005	2004
<i>Airways Pension Scheme</i>	5	9
<i>New Airways Pension Scheme</i>	182	183
<i>British Airways Retirement Plan</i>	2	0
<i>Other pension schemes and provident funds - mainly outside the United Kingdom</i>	56	36
Total	245	228

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

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

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':

% p.a.	Group At 31 March 2005		Group At 31 March 2004	
	APS and NAPS	Other Schemes	APS and NAPS	Other Schemes
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 3 years and 4.3 per cent per annum thereafter (2004: Rate of increase in salaries is 2.5 per cent per annum for 4 years and 4.0 per cent per annum thereafter).

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

	Group At 31 March 2005			Group At 31 March 2004			Group At 31 March 2003		
	APS and NAPS	Other Schemes	Total	APS and NAPS	Other Schemes	Total	APS and NAPS	Other Schemes	Total
Equities	5,054	186	5,240	4,669	170	4,839	3,571	123	3,694
Bonds	4,627	104	4,731	4,456	64	4,520	4,472	67	4,539
Others	914	1	915	642	59	701	567	58	625
	10,595	291	10,886	9,767	293	10,060	8,610	248	8,858

	Expected rate of return % p.a. At 31 March 2005			Expected rate of return % p.a. At 31 March 2004			Expected rate of return % p.a. At 31 March 2003		
	APS	NAPS	Other Schemes	APS	NAPS	Other Schemes	APS	NAPS	Other Schemes
Equities	8.5	8.5	6.0 - 9.5	8.4	8.4	6.0 - 9.5	8.5	8.5	6.0 - 9.5
Bonds	4.7	4.8	3.0 - 7.0	4.4	4.7	3.0 - 9.0	4.5	4.5	3.0 - 9.0
Others	5.6	5.3	3.0 - 8.0	5.9	5.6	3.0	6.4	6.1	2.6 - 5.0
	6.0	7.4	5.0 - 8.25	5.8	7.3	3.0 - 9.0	5.8	7.2	5.0 - 9.0

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

£ million	Group 2005			Group 2004		
	APS and NAPS	Other Schemes	Total	APS and NAPS	Other Schemes	Total
Current service cost	178	13	191	162	11	173
Past service costs	5	0	5	15	0	15
Total charged to operating profit	183	13	196	177	11	188
<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)
Net (income) / charge to other finance income	4	6	10	23	11	34
Total profit and loss charge before deduction for tax	187	19	206	200	22	222

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

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 31 March 2005 would have been

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

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

	Group 2005			Group 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 (gain)/loss 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%

	Group 2003		
	APS and NAPS	Other Schemes	Total
<i>(Gain)/loss on scheme assets:</i>			
Amount (£ million)	1,421	43	1,464
Percentage of scheme assets at year end (%)	16.5%	17.3%	16.5%
<i>Experience (gain)/loss on scheme liabilities:</i>			
Amount (£ million)	370	24	394
Percentage of scheme liabilities at year end (%)	3.8%	5.4%	3.9%

Total actuarial (gain)/loss recognised in Statement of total recognised gains and losses:

Amount (£ million)	1,905	113	2,018
Percentage of scheme liabilities at year end (%)	19.7%	25.4%	19.9%

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

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

£ million	APS and NAPS	Other Schemes	Group At 31 March 2005 Total	APS and NAPS	Other Schemes	Group At 31 March 2004 Total
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
Surplus/(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)

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

£ million	Group At 31 March 2005	Group At 31 March 2004
Net assets excluding pension liability	2,684	2,428
Pension liability	(1,442)	(1,163)
Net assets including pension liability	1,242	1,265
Profit and loss reserve excluding pension liability	1,177	897
Pension liability	(1,442)	(1,163)
Profit and loss reserve	(265)	(266)

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:

£ million	APS and NAPS	Other Schemes	Group At 31 March 2005 Total	APS and NAPS	Other Schemes	Group At 31 March 2004 Total
Surplus / (Deficit) before irrecoverable surplus and impact of deferred tax at April 1, 2004 and 2003	(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)	0	(15)
Other finance income / (charge)	(4)	(6)	(10)	(23)	(11)	(34)
Actuarial gain / (loss)	(465)	(18)	(483)	(50)	17	(33)
Deficit before irrecoverable surplus and impact of deferred tax at March 31, 2005	(1,531)	(151)	(1,682)	(1,140)	(166)	(1,306)

British Airways Regional Limited

NOTES TO THE ACCOUNTS

at 31 March 2005

In accordance with FRS 17 the Company accounts for its contributions to the British Airways Plc. pension schemes as if the schemes were defined contribution schemes. This is because it is not possible to identify the Company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

14. ULTIMATE PARENT UNDERTAKING

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

The smallest and largest undertakings for which group accounts are drawn up and of which the Company is a member, is British Airways Plc. These group accounts may be obtained from the Registrar of Companies, Crown Way, Cardiff.