

447296

# Airways Aero Associations Limited

## Report and Accounts

31 March 2000

*Registered Number 447296*



 **ERNST & YOUNG**

# Airways Aero Associations Limited

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## **DIRECTORS**

W D Lowe  
T J Orchard  
D Hyde  
D Maizey

## **SECRETARY**


P H Jarvis

## **AUDITORS**

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

## **REGISTERED OFFICE**

Waterside  
PO Box 365  
Harmondsworth  
UB7 OGB

 ERNST & YOUNG

# Airways Aero Associations Limited

## DIRECTORS' REPORT

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

### ACCOUNTS AND DIVIDENDS

The profit for the year attributable to shareholders amounted to £247,142 (1999: £154,889)

The directors have not recommended the payment of a dividend (1999: £nil).

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company continued to be recreational flying and aerodrome operation.

### FUTURE DEVELOPMENTS

The company will continue to promote recreational flying at the best possible terms and to provide facilities in the field of light aviation.

### DIRECTORS

The directors of the company during the year ended 31 March 2000 were those listed on page 2.

### DIRECTORS' INTERESTS

The directors had no interests in the shares of the company during the year.

According to the register maintained under the Companies Act 1985, the directors' interests in the share capital of British Airways Plc, which require disclosure in these accounts, were as follows:

	<i>Ordinary shares of 25p</i>					
	<i>Subject to no restrictions</i>		<i>Subject to restrictions</i>		<i>Options under Executive and SAYE Share scheme</i>	
	<i>31/3/00</i>	<i>31/3/99</i>	<i>31/3/00</i>	<i>31/3/99</i>	<i>31/3/00</i>	<i>31/3/99</i>
W D Lowe	10,081	6,884	1,406	2,857	57,704	26,811
T Orchard	9,905	8,665	1,091	2,032	559	559
D Hyde	22,644	20,609	1,415	2,866	88,425	61,757
D Maizey	4,500	1,829	1,050	1,945	14,576	14,576

The directors' interests set out above are in each case beneficial. The options under the Executive and Save As You Earn Share Schemes are at prices varying between 261p and 419p per share.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent undertaking maintains a directors' and officers' liability insurance for its subsidiary undertakings' directors and officers as permitted by Section 310(3) of the Companies Act 1985.

# Airways Aero Associations Limited

## DIRECTORS' REPORT

### 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, Hamondsworth, UB7 0GB

### 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:

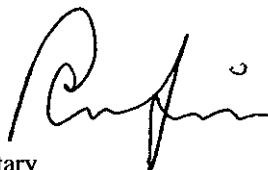
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

### AUDITORS

The company 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

**REPORT OF THE AUDITORS to the members of Airways Aero Associations Limited**

We have audited the accounts on pages 6 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**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.

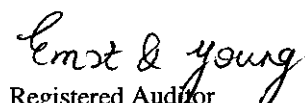
**Basis of opinion**

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.

  
Registered Auditor  
London

Date 22/09/2000

# Airways Aero Associations Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000

	<i>Note</i>	<i>2000</i> £	<i>1999</i> £
<b>TURNOVER</b>	2	1,490,818	1,287,520
Cost of sales		993,470	938,905
<b>GROSS PROFIT</b>		497,348	348,615
Administrative expenses		344,069	300,600
<b>OPERATING PROFIT</b>	3	153,279	48,015
Interest receivable	5	93,863	106,874
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		247,142	154,889
Tax on profit on ordinary activities	6	-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR</b>	14	247,142	154,889

## Airways Aero Associations Limited

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2000

	2000 £	1999 £
Profit for the financial year	247,142	154,889
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>	<b>247,142</b>	<b>154,889</b>

# Airways Aero Associations Limited

## BALANCE SHEET

at 31 March 2000

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	7	725,300	554,502
<b>CURRENT ASSETS</b>			
Stocks	8	72,455	60,579
Debtors	9	354,841	281,799
Amounts owed by parent undertaking		1,601,644	1,561,813
Cash at bank and in hand		159,983	185,636
		2,188,923	2,089,827
<b>CREDITORS: amounts falling due within one year</b>	10	374,979	352,227
<b>NET CURRENT ASSETS</b>		1,813,944	1,737,600
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,539,244	2,292,102
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	12	100	100
Profit and loss account		2,539,144	2,292,002
<b>EQUITY SHAREHOLDER FUNDS</b>	14	2,539,244	2,292,102

Approved by the Board on 22/9/00

 ) Director



# Airways Aero Associations Limited

## NOTES TO THE ACCOUNTS

for the year ended 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*

The cost of fixed assets is written off by equal annual instalments over their expected useful lives as follows:

Aircraft fleet	4 - 10 years
Leasehold property	Over the period of the lease
Leasehold improvements	10 - 20 years or the period of the lease
Other fixed assets	5 - 10 years

The cost of engine and top overhauls are capitalised and amounts are written off to the profit and loss account by reference to the number of hours flown:

Top overhaul	1,000 - 1,200 hours
Engine overhaul	1,500 - 2,400 hours

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse.

#### *Leased assets*

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

#### *Pensions*

Two employees are members of the Airways Pension Scheme. This is a defined benefit pension scheme operated by British Airways Plc. The assets of the scheme are held in a separate trustee administered fund. Contributions to the scheme 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 contributions to the scheme are determined on the basis of triennial valuations using the attained age method. Particulars of the valuation of the scheme are contained in the accounts of British Airways Plc.

# Airways Aero Associations Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

### 2 TURNOVER

Turnover comprises income from subscriptions, entrance fees, flying fees, sales of fuel and oil, rentals and hangarage, excluding intra-company items. All activities are continuing.

Turnover and pre-tax profit is attributable to the activities of recreational flying and airfield operations. All operations are within the United Kingdom.

	<i>Flying</i>	<i>Recreational</i>	<i>Airfield</i>
	<i>£</i>	<i>Operations</i>	<i>Total</i>
		<i>£</i>	<i>£</i>
Total sales	541,972	1,062,377	1,604,349
Inter segmental sales	-	(113,531)	(113,531)
Sales to third parties	541,972	948,846	1,490,818
Segmental profit	41,811	205,331	247,142

### 3 OPERATING PROFIT

Is stated after charging/(crediting):

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Depreciation of owned tangible fixed assets	101,544	106,794
Auditors' remuneration	4,850	4,400
Operating lease rentals - land and buildings	36,500	36,500
Rents receivable	(224,174)	(213,025)

### 4 STAFF COSTS

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Wages and salaries	452,229	442,042
Social security costs	42,738	41,764
	494,967	483,806

#### Numbers

The average number of persons employed by the company during the year was 17 (1999: 17).

# Airways Aero Associations Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

### 5 INTEREST RECEIVABLE

	2000 £	1999 £
Parent undertaking	91,030	103,755
Bank deposits	2,833	3,119
	<u>93,863</u>	<u>106,874</u>

### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

If full provision for deferred taxation had been made there would have been an additional credit for the year of £nil (1999: £nil).

### 7 TANGIBLE FIXED ASSETS

	Aircraft overhaul £	Aircraft fleet £	Short Leasehold property & improve- ments £	Operating ground equipment £	Office & commercial equipment £	Total £
<b>Cost:</b>						
At 1 April 1999	119,956	303,754	804,803	75,688	79,092	1,383,293
Additions	44,153	56,000	173,698	9,230	640	283,721
Disposals	(59,179)	(41,836)	-	(3,500)	(25,958)	(130,473)
<b>At 31 March 2000</b>	<u>104,930</u>	<u>317,918</u>	<u>978,501</u>	<u>81,418</u>	<u>53,774</u>	<u>1,536,541</u>
<b>Depreciation:</b>						
At 1 April 1999	89,853	211,542	396,689	68,491	62,216	828,791
Charge for year	10,345	22,670	56,547	4,400	7,582	101,544
Disposals	(52,324)	(37,312)	-	(3,500)	(25,958)	(119,094)
<b>At 31 March 2000</b>	<u>47,874</u>	<u>196,900</u>	<u>453,236</u>	<u>69,391</u>	<u>43,840</u>	<u>811,241</u>
<b>Net book value:</b>						
at 31 March 2000	<u>57,056</u>	<u>121,018</u>	<u>525,265</u>	<u>12,027</u>	<u>9,934</u>	<u>725,300</u>
at 31 March 1999	<u>30,103</u>	<u>92,212</u>	<u>408,114</u>	<u>7,197</u>	<u>16,876</u>	<u>554,502</u>

# Airways Aero Associations Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

### 8 STOCKS

	2000	1999
	£	£
Aviation fuel	23,089	15,388
General stores - shop	7,835	7,199
Aircraft spares	41,531	37,992
	<u>72,455</u>	<u>60,579</u>

The replacement cost of stocks does not differ significantly from original invoice cost.

### 9 DEBTORS

	2000	1999
	£	£
Due within one year:		
Trade debtors	336,001	257,202
Prepayments and accrued income	18,840	24,597
	<u>354,841</u>	<u>281,799</u>

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

	2000	1999
	£	£
Trade creditors	162,418	182,690
Accruals and deferred income	167,195	116,053
Amounts owed to group undertakings	32,829	37,484
Other taxes and social security costs	12,537	16,000
	<u>374,979</u>	<u>352,227</u>

### 11 DEFERRED TAXATION

Deferred taxation fully provided in the accounts is as follows:-

	2000	Provided 1999
	£	£
Accelerated capital allowances	-	-
Other timing differences	-	-
	<u>-</u>	<u>-</u>

# Airways Aero Associations Limited

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

### 12 CALLED-UP SHARE CAPITAL

	2000	1999
	£	£
Authorised, allotted and fully paid: Ordinary shares of £1	100	100

### 13 FINANCIAL COMMITMENTS

The annual commitment under non-cancellable operating leases was as follows:

	<i>Land and buildings</i>	
	2000	1999
	£	£
Leases expiring: Over five years	36,500	36,500

### 14 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 April 1998	100	2,137,113	2,137,213
Profit for the year	-	154,889	154,889
At 1 April 1999	100	2,292,002	2,292,102
Profit for the year	-	247,142	247,142
At 31 March 2000	100	2,539,144	2,539,244

### 15 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party 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, PO Box 365, Harmondsworth, UB7 OGB. The company has taken advantage of the exemption under FRS 8 not to disclose related party transactions, consolidated in the group accounts of British Airways Plc.

THE FOLLOWING STATEMENTS DO NOT FORM PART OF  
THE AUDITED STATUTORY ACCOUNTS OF THE COMPANY

# Airways Aero Associations Limited

## OPERATING STATEMENT for the year ended 31 March 2000

	<i>BAFC</i> £	<i>WAP</i> £
<b>REVENUE</b>		
Subscription and entrance fees	41,318	-
Flying fees	450,716	-
Landing fees	-	90,681
Hangarage & parking	-	138,416
Rents	-	224,174
Fuel and oil sales	-	550,788
Other revenue	49,938	58,318
	<u>541,972</u>	<u>1,062,377</u>
<b>DIRECT COSTS</b>		
Operations	207,977	594,249
Maintenance and overhaul	44,630	22,066
Standing charges	83,905	72,809
	<u>336,512</u>	<u>689,124</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Accommodation	11,508	119,490
General overheads	152,141	142,295
	<u>163,649</u>	<u>261,785</u>
<b>OPERATING PROFIT</b>	<u>41,811</u>	<u>111,468</u>
Interest income	-	93,863
<b>PROFIT BEFORE TAXATION</b>	<u>41,811</u>	<u>205,331</u>

# Airways Aero Associations Limited

## OPERATING STATEMENT for the year ended 31 March 2000

	BAFC £	WAP £
<b>DIRECT COSTS</b>		
Operations		
Instructors pay, pension and insurance	104,412	-
Airpark services crew pay, pension and insurance	-	122,921
Flying control pay, pension and insurance	-	125,009
Fuel and oil	88,653	341,748
Hire of aircraft	14,912	-
Other costs	-	4,571
	<u>207,977</u>	<u>594,249</u>
Maintenance and overhaul		
Operating equipment	-	4,005
Radio and avionics	1,642	6,400
Aircraft maintenance costs	42,988	-
Airfield and buildings	-	11,661
	<u>44,630</u>	<u>22,066</u>
Standing charges		
Insurance	23,252	3,141
Licences	2,742	1,138
Depreciation	33,015	68,530
Hangarage and landing fees	24,896	-
	<u>83,905</u>	<u>72,809</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Accommodation		
Rent and rates	9,000	72,365
Electricity, water and gas	1,446	43,253
Maintenance and cleaning	1,062	3,872
	<u>11,508</u>	<u>119,490</u>



# Airways Aero Associations Limited

## OPERATING STATEMENT for the year ended 31 March 2000

	BAFC £	WAP £
General overheads		
Engineering and administration salaries, pensions and insurance	107,134	35,491
Other personnel expenses	1,031	7,821
Audit, accountancy and other fees	2,925	57,925
Office costs	16,583	14,273
Legal and professional fees	-	3,206
Advertising	5,696	(245)
General expenses	18,772	23,824
	<hr/> 152,141	<hr/> 142,295