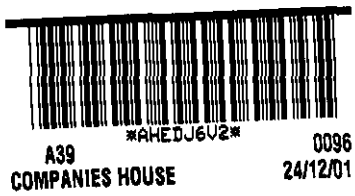
BRITISH AIRWAYS PENSION SERVICES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 March 2001

COMPANY NUMBER 3123736



BRITISH AIRWAYS PENSION SERVICES LIMITED

Report of the Directors for the year ended 31 March 2001

Directors : **M. Street - Chairman**
J Birch
G. Lomas

The Directors of British Airways Pension Services Limited (BAPSL, 'the Company') present their report and audited accounts for the year ended 31 March 2001

1 Principal Activity

The company is an administration company and provides certain administration services for the Airways Pension Scheme and New Airways Pension Scheme ("the Schemes").

2 Accounts & Dividends

The Company made neither a profit nor a loss for the year (2000 - nil) as management fees received from the Schemes were sufficient to cover the costs incurred directly by the Company. The Directors do not recommend the payment of a dividend.

3 Directors

The movement in Directors during the year were as follows:

J Rosser	Resigned on 18 June 2001
J Birch	*Appointed on 19 June 2001*

4 Directors' Interests

No Director held a beneficial interest in the share capital of the company at any time during the year. The entire called-up share capital is held by British Airways Pension Trustees Limited as custodian trustee for the Schemes. Mr. M Street and Mr. G Lomas are trustees of both schemes and all directors are active members of either the Airways or the New Airways Pension Scheme. Mr J Birch is Secretary to the Trustees of both Schemes.

Report of the Directors for the year ended 31 March 2001

5 Directors' Responsibilities for 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.

6 Auditors

On 28 June 2001 Ernst & Young transferred its business to a limited liability partnership, called Ernst & Young LLP and resigned as auditor to the Company. The Directors appointed Ernst & Young LLP as auditors with effect from the 28 June 2001 until the conclusion of the next Annual General Meeting of the Company.

7 Registered Office

Whitelocke House
2-4 Lampton Road
Hounslow
Middlesex
TW3 1HU

By order of the Board

8/10/01

H Smith
Secretary

Report of the Auditors to the Members of British Airways Pension Services Limited

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 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.

Bases 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 the company's affairs as at 31 March 2001 and of its result for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

ERNST & YOUNG LLP
REGISTERED AUDITOR
READING
16 October 2001.

BRITISH AIRWAYS PENSION SERVICES LIMITED

Profit and Loss Account for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover	2	1,781,288	1,535,372
Operating Costs	3	(1,781,288)	(1,535,372)
Operating Profit	4	0	0
Taxation		0	0
Profit for the Financial Year		0	0

Statement of Accumulated Profits

Balance as at 1 April 2000		0	0
Result for the year		0	0
Retained profits at 31 March 2001		0	0

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses for the year ended 31 March 2001 (2000 - Nil)

BRITISH AIRWAYS PENSION SERVICES LIMITED

Balance Sheet as at 31 March 2001

	Note	2001 £	2000 £
Current Assets			
Debtors	7	163,491	144,893
		163,491	144,893
Creditors			
Amounts falling due within one year	8	(163,391)	(144,793)
Total Net Assets		100	100
Capital & Reserves			
Called-up share capital	9	100	100
Profit and Loss Account		0	0
Equity Shareholders' Funds		100	100

Approved by the board on:

8/10/01

J Birch
Director

Notes to the Accounts for the year ended 31 March 2001

1 Accounting Policies

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards. The accounts have been prepared on a going concern basis as the parent company has indicated that it will provide adequate funds to enable the Company to pay its liabilities as they fall due for the foreseeable future.

2 Turnover

Turnover from continuing activities, which is stated net of value added tax, comprises the invoice value to the holding company of administration services provided for the Schemes.

Turnover for the period was generated from clients in the United Kingdom.

3 Operating Costs

		2001 £	2000 £
Employee costs	See note 6	1,779,825	1,533,972
Other costs		1,463	1,400
		1,781,288	1,535,372

4 Operating Profit

The operating profit for the year is arrived at after charging

Auditor's Remuneration	audit	1,050	950
	other services	413	450

5 Directors' Emoluments

None of the Directors received emoluments during the period for services as a director of the Company.

Notes to the Accounts for the year ended 31 March 2001

6 Employees

The average number of employees employed by the Company during the year was 59 (2000 - 42).

The costs incurred for these employees were:

	2001 £	2000 £
Wages and Salaries	1,539,873	1,329,780
Pension Costs	110,581	90,792
Social Security Costs	129,371	113,400
	1,779,825	1,533,972

7 Debtors

	2001 £	2000 £
Amounts owed by holding company	163,491	144,893
	163,491	144,893

8 Creditors - Amounts falling due within one year

	2001 £	2000 £
Amounts owed to British Airways Plc	161,928	143,393
Accruals	1,463	1,400
	163,391	144,793

9 Called-Up Share Capital

Authorised, allotted, called up and fully paid ordinary shares of £1 each.	100	100

Notes to the Accounts for the year ended 31 March 2001

10 Pension Costs

The Company participates in one of the British Airways Group Defined Benefit Pension Schemes, the New Airways Pension Scheme (NAPS) of which all new employees over the age of 18 employed by the Company can become members. The assets of this Scheme are held in separate trustee administered funds. Contributions are based on pension costs across the British Airways group as a whole.

Benefits provided under NAPS are based on final average pensionable pay reduced by a maximum amount (the "abatement") equivalent to either one and a half times the Government's lower earnings limit or 15% of full pensionable pay (according to the option selected by the member), and are subject to Retail Price Index increases up to a maximum of 5 per cent in in any one year.

Employees' contributions range from 3.75 per cent to 6.5 per cent of full pensionable pay less abatement.

The latest actuarial valuation of NAPS was made as at 31 March 2000 by an independent firm of qualified actuaries, Watson Wyatt Worldwide, using the projected unit method. The valuation showed that an employer's contribution equal to an average of 3.0 times the contribution of the Company's employees for the period 1 January 2001 to 31 March 2001 (2.35 times for 1 April 1999 to 31 December 2000) was appropriate.

	2001 £	2000 £
All amounts recognised as costs were either funded or paid directly.		
Employer's pension contributions paid during the year for all staff were:	110,581	90,792

Notes to the Accounts for the year ended 31 March 2001

10 Pension Costs - continued

As at the date of the actuarial valuation, the market value of the assets of NAPS amounted to £3,796 million. The relevant value of the assets represented 93 per cent of the value of the benefits that had accrued to members after allowing for assumed increases in earnings.

The actuarial value of the assets was insufficient to cover past service liabilities. The employer's contribution is intended to make up the balance of present and futures service liabilities after allowing for the future contributions of employees. The principal assumptions used in the actuarial valuation were that, over the long term, the annual increase in earnings and in dividends would be 1.5% higher than annual increases in price inflation. The annual return on investments was assumed to be 2.75 per cent higher than the onward increase in earnings. Annual pension increases, over the long term, were assumed to be less than price inflation.

11 Holding Company

The Directors consider the Company's ultimate holding company and controlling party to be British Airways Pension Trustees Limited, incorporated in the UK, which holds the shares as custodian trustee for the Trustees of the Schemes.