

DIRECTORS' REPORT AND ACCOUNTS

BRITISH AIRWAYS (ESPANA) LIMITED

31 DECEMBER 2010

Company Number 437440

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BRITISH AIRWAYS (ESPANA) LIMITED

DIRECTORS' REPORT

Directors A Buchanan
 K Williams

Secretary K Dosanjh

Registered Office Waterside, P O Box 365, Harmondsworth, UB7 0GB

The Directors present their report and accounts for the nine-month period ended 31 December 2010

Principal Activities

The Company did not trade during the reporting period. Any overhead expenses were borne by the ultimate parent undertaking, British Airways Plc. The Company did not pay a dividend (31 March 2010: £ Nil) to the shareholder during the year.

In April 2010, British Airways Plc and Iberia Lineas Aereas de Espana SA (hereafter British Airways and Iberia) signed a merger agreement to create a new leading airline group. The Merger was completed on 21 January 2011. International Consolidated Airlines Group, SA (IAG) started trading on the London Stock Exchange, with a secondary listing in Spain, on 24 January 2011. As a consequence, the British Airways Group including the Company has changed its reporting period to a December year-end. This set of financial statements has been prepared for the nine months ended 31 December 2010. The comparative results are the Company's published financial statements for year ended 31 March 2010.

Directors' Liability Insurance

The ultimate parent undertaking, British Airways Plc, maintains a directors' and an officers' liability insurance policy for the directors and officers of its subsidiary undertakings.

Auditors

The Company satisfies the provisions of section 480(1) of the Companies Act 2006 and accordingly the Company is exempt from the obligation to appoint auditors.

By order of the Board

Kulbinder Dosanjh

Secretary

Date 8 September 2011

BRITISH AIRWAYS (ESPANA) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2010

		Nine months to 31 December 2010 £	Twelve months to 31 March 2010 £
	<i>Note</i>		
Current Assets			
Amount owed by British Airways Plc		132,933	132,933
		<u>132,933</u>	<u>132,933</u>
Capital and Reserves			
Called up share capital	5	20,000	20,000
Profit and loss account	5	112,933	112,933
	6	<u>132,933</u>	<u>132,933</u>

For the nine month period ended 31 December 2010

- 1 the Company was entitled to the exemption conferred by section 480(1) of the Companies Act 2006 from the provisions of that Act relating to the audit of accounts,
- 2 the members have not required the Company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006,
- 3 the directors acknowledge their responsibilities for
 - ensuring that the Company keeps accounting records which comply with section 386 of the Companies Act 2006
 - preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company

Director


 Alan Buchanan

Date

8 September 2011

BRITISH AIRWAYS (ESPANA) LIMITED

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2010

1. Accounting Policies

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and property

2. Directors' Remuneration

The directors received no remuneration or other emoluments from the Company during the nine-month period ended 31 December 2010 (31 March 2010 ~ Nil)

3. Taxation

There was no tax charge in the period (31 March 2010 ~ Nil)

4 Share Capital

The share capital of the Company is as follows

	Nine months to 31 December 2010 £	Twelve months to 31 March 2010 £
Authorised, allotted, issued and fully paid 20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

5. Subsequent Events

On 21 January 2011, British Airways Plc and Iberia Lineas Aereas de Espana, S A (hereinafter 'British Airways' and 'Iberia' respectively) completed a merger transaction of the two companies to create a new, leading European airline group. As a result of the merger, International Consolidated Airlines Group S.A., known as IAG was formed to hold the interests of both the existing airline groups. IAG is a Spanish registered company registered in Madrid, incorporated on 17 December 2009.

6. Ultimate Parent Undertaking

During the reporting period, the ultimate parent undertaking and controlling party was British Airways Plc, a Company registered in England and Wales.

Copies of the British Airways Plc report and accounts can be obtained from the following website -

www.iagshares.com

or direct from -

The Company Secretary
British Airways Plc
Waterside HBB3
P O Box 365
Harmondsworth
UB7 0GB