

British Midland Limited

Directors' report and financial statements
for the year ended 31 December 2014

Registered number 02107441



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Directors' report

Directors N Swift
 P Simpson (resigned 13 February 2015)
 L Embleton
 C Denley

Secretary A Fleming

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

The Directors present their annual report and accounts for the year ended 31 December 2014.

The Company has taken the exemption under s414B of the Companies Act 2006 to not prepare a Strategic Report.

Principal activities and business review

The principal activity of the Company is to act as a holding company.

The Company did not trade during the current or preceding period.

Auditors

The Company satisfies the provisions of s480(1)(2) of the Companies Act 2006 and accordingly the Company is exempt from the obligation to appoint auditors.

Director's indemnities

A qualifying third party indemnity provision is in place for the Directors of the Company. This is in the form of an insurance policy which covers liability for the actions of Directors and officers of the Company.

Dividends

No dividend has been paid or proposed in respect of the year ended 31 December 2014 (2013: £nil).

The Directors' report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the Board



C Denley

Director

23 September 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Balance sheet
as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	3	-	-
Debtors	4	-	-
Net current assets		-	-
Net assets		-	-
Capital and reserves			
Called up share capital	5	16,281	16,281
Share premium	6	425,059	425,059
Profit and loss account	7	(441,340)	(441,340)
Shareholders' funds	8	-	-

- 1 the Company was entitled to the exemption conferred by s480(1)(2) of the Companies Act 2006 relating to the audit of accounts;
- 2 the members have not required the Company to obtain an audit of its accounts in accordance with s476 of the Companies Act 2006;
- 3 the directors acknowledge their responsibilities for ensuring that the Company keeps accounting records which comply with s386 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 s393 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.

The notes on pages 4 to 7 form part of these financial statements.

These financial statements on pages 3 to 7 were approved by the board of directors on 23 September 2015

and were signed on its behalf by:



C Denley

Director

Registered Number 02107441

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and the Companies Act 2006.

Related party transactions

The Company is a wholly owned subsidiary of British Airways Plc (BA) and has therefore taken advantage of the exemption in FRS 8 not to disclose transactions or balances with other wholly owned entities within the BA group.

Basis of consolidation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements because its results are included in the consolidated financial statements of BA. These financial statements present information about the Company as an individual entity and not about its group.

Profit & Loss Account

The Company did not have any income or expense during the current or preceding year and therefore no profit and loss account has been presented in these financial statements.

Cashflow statement

Under FRS 1 the company is exempt from the requirement to present a cashflow statement as its cash flows are included in the publicly available consolidated financial statements of BA.

2 Tax on loss on ordinary activities

(a) Analysis of charge for the current year

There is no tax charge for the year ended 31 December 2014 (2013: £nil).

(b) Factors affecting charge for the current year

The current tax charge for the year is in line with the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit/(loss) on ordinary activities before tax	-	-
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	-	-
Other assessable income	(96)	(112)
Free Group relief to/(from) group members	96	112
Total charge/(credit) in the income statement	-	-

(c) Factors affecting charge for future years

The main rate of corporation tax was reduced from 23% to 21% effective from 1 April 2014. Further reductions were substantively enacted last year reducing the rate to 20% effective from 1st April 2015.

Notes to the financial statements (continued...)

3 Directors' remuneration

The Directors received no remuneration for their services to the Company in the year ended 31 December 2014 (2013: £nil).

One of the Directors qualified for a defined benefit pension scheme (2013: one) but opted to receive cash in lieu. Three Directors qualified for a defined contribution scheme (2013: three) provided by British Airways Plc. Of which, one Director opted to also receive cash in lieu. Full disclosure of this is made in the financial statements of British Airways Plc.

During the year, none of the Directors exercised their rights under the British Airways Deferred Share Plan (2013: four) or the British Airways Long Term Incentive Plan (2013: none). The British Airways Deferred Share Plan has now closed. One Director exercised their right under the British Airways Share Option Plan (2013: three). Awards in the IAG Performance Share Plan vested for four Directors during the year.

No loans or transactions were outstanding with the Directors of the Company at the end of the year, which need to be disclosed in accordance with the requirements of s412 and 413 of the Companies Act 2006.

There were no employees in the current or prior year.

4 Investments

	Subsidiary Undertakings £'000
Cost	
At 1 January 2014 and 31 December 2014	395,773
Provisions	
At 1 January 2014 and 31 December 2014	(395,773)
Net Book Value	
At 1 January 2014 and 31 December 2014	-

The Company has the following interests in the ordinary share capital of its subsidiary undertakings:

	% owned (ordinary share capital)	Country of incorporation	Nature of the business
British Midland Airways Limited	100	England and Wales	Airline lessor
bmibaby Limited	100	England and Wales	Non-trading
British Mediterranean Airways Limited	89	England and Wales	Non-trading

The Company also holds 100% of the preferred ordinary share capital, and none of the deferred share capital, of British Mediterranean Airways Limited. The voting rights for the preferred ordinary shares are 1,000 times greater per share than the ordinary shares. The deferred shares do not carry any voting rights and the holders of deferred shares are not entitled to any participation in the profits of the Company. This in effect gives British Midland Limited 99% control of British Mediterranean Airways Limited.

Notes to the financial statements (continued...)

5 Debtors

	2014 £'000	2013 £'000
Amounts owed to subsidiary undertakings	-	-

Amounts owed by subsidiary undertakings of £45,624,000 (2013: £45,624,000) are stated net of a provision of £45,624,000 (2013: £45,624,000).

Amounts owed by subsidiary undertaking are unsecured, repayable on demand and do not bear interest.

6 Share capital

	£'000
Issued and fully paid:	
At 1 January 2014 and 31 December 2014: 65,125,293 ordinary shares of 25p each	16,281

7 Share premium

	£'000
At 1 January 2014 and 31 December 2014	425,059

8 Profit and loss account

	£'000
At 1 January 2014	(441,340)
Result for the financial year	-
At 31 December 2014	(441,340)

9 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Result for the financial year	-	-
Net increase in shareholders' funds	-	-
Opening shareholders' funds	-	-
Closing shareholders' funds	-	-

Notes to the financial statements (continued...)

10 Ultimate parent undertaking

The Company is a wholly owned subsidiary of British Airways plc ("BA"), a UK company which is a subsidiary of International Consolidated Airlines Group SA ("IAG"), a company incorporated in Spain.

The smallest group into which the Company is consolidated is BA. IAG is the ultimate parent company and ultimate controlling party.

Copies of the financial statements of IAG can be obtained from www.iagshares.com