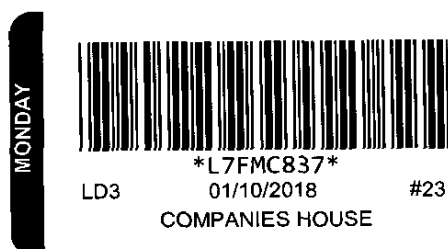


Registered No: 02107441

# British Midland Limited

Annual Report and Accounts  
For the year ended 31 December 2017



## **British Midland Limited**

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## **British Midland Limited**

### **Corporate information**

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#### **DIRECTORS**

S. Davies

S. Philcox

#### **COMPANY SECRETARY**

A. Fleming

#### **REGISTERED OFFICE**

Waterside

PO Box 365

Harmondsworth

UB7 0GB

## **British Midland Limited**

### **Directors' Report**

**Registered No: 02107441**

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The Directors present their annual report and the unaudited accounts of British Midland Limited (the 'Company') for the year ended 31 December 2017.

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

#### **PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

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

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

#### **DIRECTORS**

The Directors of the Company during the year ended 31 December 2017 were C. Denley, L. Embleton, S. Davies and S. Philcox. C. Denley and L. Embleton resigned as Directors of the Company and S. Davies and S. Philcox were appointed as Directors of the Company on 25 April 2017.

#### **RESULTS AND DIVIDENDS**

The Directors do not recommend the payment of a final dividend (2016: £nil).

#### **GOING CONCERN**

The Directors have received a commitment of financial support from the Company's intermediate parent company, British Airways Plc ("BA"), and therefore the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The ultimate parent company of the group, International Consolidated Airlines Group S.A ("IAG"), purchases insurance against Directors' and Officers' Liability as permitted by the Companies Act 2006 for the benefit of the directors and officers of its subsidiary undertakings.

#### **POLITICAL CONTRIBUTIONS**

During the period, the Company made no political contributions (2016: £nil).

## British Midland Limited

### Directors' Report

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#### DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION

The Directors who were members of the Board at the time of approving the Directors' Report are listed above. Having made enquiries of fellow Directors, each of these Directors confirms that:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with s476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

The Directors' Report was approved by the board and signed on its behalf by:



S. Philcox  
Director  
28 September 2018

## **British Midland Limited**

### **Statement of Directors' responsibilities**

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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 elected to prepare 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 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 judgments 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; and
- 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.

# British Midland Limited

## Balance sheet

As at 31 December 2017

£000's	Note	2017	2016
<b>Non-current assets</b>			
Investments	5	-	-
<b>Current assets</b>			
Debtors	6	-	-
<b>Net current assets</b>		-	-
<b>Net assets</b>		-	-
<b>Capital and reserves</b>			
Called up share capital	7	16,281	16,281
Profit and loss account		(16,281)	(16,281)
<b>Total equity</b>		-	-

For the financial year in question the Company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements on pages 6 to 11 were approved by the Board of Directors on 28 September 2018 and signed on its behalf by:



S. Philcox  
Director  
28 September 2018

Registered number 02107441

## British Midland Limited

### Statement of changes in equity

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For the year ended 31 December 2017

£000's	Called up share capital	Profit and loss account	Total shareholders' equity
Balance at 1 January 2017	16,281	(16,281)	-
Profit and total comprehensive income for the year	-	-	-
<b>At 31 December 2017</b>	<b>16,281</b>	<b>(16,281)</b>	<b>-</b>

For the year ended 31 December 2016

£000's	Called up share capital	Profit and loss account	Total shareholders' equity
Balance at 1 January 2016	16,281	(16,281)	-
Profit and total comprehensive income for the year	-	-	-
<b>At 31 December 2016</b>	<b>16,281</b>	<b>(16,281)</b>	<b>-</b>



# British Midland Limited

## Notes to the financial statements

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### 1. Authorisation of financial statements

The financial statements of the Company for the year ended 31 December 2017 were authorised for issue by the board of Directors on 28 September 2018 and the balance sheet was signed on the board's behalf by S. Philcox. British Midland Limited is incorporated and domiciled in England and Wales.

The principal accounting policies adopted by the Company are set out in note 2.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of British Airways Plc. The consolidated results of IAG and BA can be found on the website [www.iagshares.com](http://www.iagshares.com). The address of IAG's and BA's registered office is Waterside, PO Box 365, Harmondsworth, UB7 0GB.

### 2. Accounting Policies

#### 2.1 Basis of preparation and statement of compliance with FRS 101

These financial statements were prepared in accordance with FRS 101 and the Companies Act 2006. These financial statements have been prepared on a historical cost convention.

The Company did not have any income or expense in the current or preceding year therefore no separate income statement has been presented.

The Company's financial statements are presented in pounds sterling, which is the Company's functional currency, and all values are rounded to the nearest thousand pounds, except where indicated otherwise.

FRS 101 allows companies to take advantage of certain disclosure exemptions. As allowed under the standard, the disclosure exemptions under paragraph 8 to 9 of FRS 101 have been applied as the Company is a wholly owned subsidiary undertaking of BA whose accounts include an equivalent disclosure, where required, of the following standards:

- a) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- b) the requirements of IAS 7 *Statement of Cash Flows*;
- c) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- d) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- e) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*;
- f) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- g) the requirements of paragraph D13(a) of IFRS 1 *First Time Adoption of International Financial Reporting Standards*; and
- h) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*.

#### 2.2 Summary of significant accounting policies

##### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

## **British Midland Limited**

### **Notes to the financial statements (continued)**

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#### **2.2 Summary of significant accounting policies (continued)**

##### **Taxation (continued)**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

##### **Financial instruments**

In accordance with IAS 39 'Financial Instruments - Recognition and Measurement', financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Company determines the classification at initial recognition and re-evaluates this designation at each period end except for those financial instruments measured at fair value through the income statement.

##### **a Debtors**

Debtors are stated at cost less allowances made for doubtful receivables, which approximates fair value given the short dated nature of these assets. A provision for impairment of receivables (allowance for doubtful receivables) is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

##### **b Investments**

Investments are recorded at the lower of cost less provision for impairment. The carrying value of investments is reviewed for impairment on an annual basis or when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Key accounting estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an ongoing basis. It is considered there are no key accounting estimates and judgements which have had a material effect on the financial statements this year.

#### **3. Directors emoluments**

The Directors received no remuneration for their services to the Company in the year ended 31 December 2017 (2016: Nil).

Four Directors qualified for a defined contribution pension scheme (2016: three) provided by British Airways Plc. Of which, one Director opted to receive cash in lieu. Full disclosure of this scheme is made in the financial statements of British Airways Plc.

During the year, four Directors (2016: three) participated in IAG's Long Term Incentive Scheme, the IAG Performance Share Plan ('IPSP') and two Directors (2016: three) participated in IAG's Incentive Award Deferral Plan ('IADP'). During the year, awards vested for two Directors (2016: three) in the form of IAG shares under the IPSP and awards vested for two Directors (2016: three) under the IADP.

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.

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## British Midland Limited

### Notes to the financial statements (continued)

#### 4. Tax

##### a) Tax on profit on ordinary activities

There is no tax charge/(credit) for the year ended 31 December 2017 (2016: £nil).

##### b) Factors that may affect future tax charges

The main rate of corporation tax applicable from 1 April 2020 is reducing from 19 per cent to 17 per cent. This will reduce the company's future current tax charge.

#### 5. Investment in subsidiary

£000's	2017	2016
Cost at the beginning and end of the year	395,773	395,773
Provisions at the beginning and end of the year	(395,773)	(395,773)
Net book value at the beginning and end of the year	-	-

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

	% owned (ordinary share capital)	Country of incorporation	Nature of the business
British Midland Airways Limited	100	England and Wales	Airline Lessor
bmibaby Limited (dissolved on 3 April 2018)	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.

#### 6. Debtors

Amounts owed by subsidiary undertakings of £45,624,000 (2016: £45,624,000) are stated net of a provision of £45,624,000 (2016: £45,624,000).

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

## British Midland Limited

### Notes to the financial statements (continued)

#### 7. Share capital

	2017		2016	
	Shares	£'000	Shares	£'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 25p each	65,125,293	16,281	65,125,293	16,281

#### 8. Related Party transactions

As the Company is a wholly owned subsidiary of BA, the Company has taken advantage of the exemption in FRS 101 not to disclose related party transactions with fellow wholly owned Group undertakings.

#### 9. Ultimate parent undertaking

The Company's immediate parent undertaking as at 31 December 2017 was BA, a company registered in England. As at 31 December 2017, the ultimate parent undertaking of the Company was International Consolidated Airlines Group S.A., which is incorporated in Spain. Of the Group of which the Company is a member, IAG was the largest undertaking preparing group financial statements and BA was the smallest undertaking preparing group financial statements.

Copies of the consolidated financial statements of IAG and BA can be found on the website [www.iagshares.com](http://www.iagshares.com).