

Registered No: 6346489

# BA European Limited

Annual Report and Accounts  
For the year ended 31 December 2020



# BA European Limited

## Contents

---

	Pages
Corporate information	2
Directors' Report	3
Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the financial statements	8

# **BA European Limited**

## **Corporate information**

---

### **Directors**

S. Philcox  
A. Fleming

### **Registered office**

Waterside  
Harmondsworth  
West Drayton  
UB7 0GB

# **BA European Limited**

## **Directors' Report**

**Registered No: 6346489**

---

The Directors present their report and the unaudited Annual Report and Accounts ('financial statements') of BA European Limited (the 'Company') for the year ended 31 December 2020. The Company is a wholly owned subsidiary of British Airways Plc ('BA').

The Company has taken the exemption under Section 414B of the Companies Act 2006 to not prepare a Strategic Report.

### **Principal activities**

During the year, the Company had no trading activity. The Company is not exposed to significant risks and uncertainties and had no trading activity during the year.

### **Directors**

The Directors of the Company during the year ending 31 December 2020 and up to the date of approval of the financial statements were as follows:

S. Philcox  
A. Fleming

### **Results and dividends**

The result after tax for the year amounted to £nil (2019: £nil). The Directors do not recommend the payment of a dividend (2019: £nil).

### **Going concern**

The Company has received confirmation from its parent company, British Airways Plc ('BA'), that it will provide financial support to the Company should it be required for a period of 12 months from the date of approval of these financial statements. Having made an assessment of the ability of BA to provide such support if required, the Directors have a reasonable expectation that the Company has sufficient liquidity for the foreseeable future and accordingly the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2020.

However, the Company's financial position is significantly affected by the level of operating activity of BA. The Directors note the publication of BA's condensed consolidated interim financial statements for the six-month period ended 30 June 2021, in which a material uncertainty in relation to going concern was disclosed.

As a consequence of the above information and having made appropriate enquiries of the Directors of British Airways Plc on its current financial position, the Directors of the Company consider there is also a material uncertainty over the level of the Company's operating activities and BA's ability to provide financial support to the Company and this could cast significant doubt upon the Company ability to continue as a going concern. Refer to note 2.1 for further information.

### **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 year, the Company made no political contributions (2019: £nil).

## **BA European Limited**

### **Directors' Report (continued)**

---

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

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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, comprising FRS 101 'Reduced Disclosure Framework', 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, comprising FRS 101 'Reduced Disclosure Framework', 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 they consider that to be 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.

#### **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 on page 3. 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 section 476 of the Companies Act 2006; 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  
9 September 2021

**BA European Limited**  
**Income Statement**  
For the year ended 31 December 2020

---

£000	Notes	2020	2019
Administrative costs		-	-
Foreign currency gains		-	-
<b>Operating profit</b>		-	-
Taxation	5	-	-
<b>Profit for the financial year</b>		-	-

The notes on pages 8 to 12 form part of these financial statements.

The above results are all in respect of continuing operations.

There is no other comprehensive income in the year ended 31 December 2020 (2019: £nil). Therefore, no separate statement of other comprehensive income has been presented.

**BA European Limited**  
**Balance Sheet**  
As at 31 December 2020

£000	Notes	2020	2019
<b>Creditors: amounts falling due within one year</b>	6	<u>(44,474)</u>	<u>(44,474)</u>
<b>Net liabilities</b>		<u>(44,474)</u>	<u>(44,474)</u>
<b>Capital and reserves</b>			
Called up share capital	7	178,590	178,590
Profit and loss account		<u>(223,064)</u>	<u>(223,064)</u>
<b>Total shareholders' funds</b>		<u>(44,474)</u>	<u>(44,474)</u>

For the financial year in question, the Company was entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies.

*The financial statements have been prepared in accordance with the special provisions relating to small companies within section 414 of the Companies Act 2006.*

No members have required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

The financial statements on pages 5 to 12 were approved by the Board of Directors on 9 September 2021 and signed on its behalf by:



S. Philcox  
Director  
9 September 2021

**BA European Limited**  
**Statement of Changes in Equity**  
For the year ended 31 December 2020

For the year ended 31 December 2020

£000	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
Balance at 1 January 2020	178,590	(223,064)	(44,474)
Result for the year	-	-	-
<b>At 31 December 2020</b>	<b>178,590</b>	<b>(223,064)</b>	<b>(44,474)</b>

For the year ended 31 December 2019

£000	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
Balance at 1 January 2019	178,590	(223,064)	(44,474)
Profit for the year	-	-	-
<b>At 31 December 2019</b>	<b>178,590</b>	<b>(223,064)</b>	<b>(44,474)</b>



# BA European Limited

## Notes to the financial statements (continued)

---

### 1. Authorisation of financial statements

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 9 September 2021 and the Balance Sheet was signed on the Board's behalf by S. Philcox. BA European Limited is a private company limited by shares and is incorporated and domiciled in England and Wales.

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

### 2. Accounting policies

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework and in accordance with the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

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 (£000), except where indicated otherwise.

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

- a) the requirements in paragraph 38 in IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - i. Paragraph 79(a)(iv) of IAS 1;
  - ii. Paragraph 73 (e) of IAS 16 Property, Plant and Equipment; and
  - iii. Paragraph 118(e) of IAS 38 Intangible Assets,
- b) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40S, 111 and 134-136 of IAS 1 Presentation of Financial Statements,
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors,
- e) 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;
- f) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets,
- g) the requirements of IFRS 7 Financial Instruments: Disclosures,
- h) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, and
- i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

#### Going concern

The company has received confirmation from its parent company, BA, that it will provide financial support to the Company should it be required for a period of 12 months from the date of approval of these financial statements. Having made an assessment of the ability of BA to provide such support if required, the Directors have a reasonable expectation that the Company has sufficient liquidity for the foreseeable future and accordingly the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2020.

However, the Company's financial position of significantly affected by the level of operating activity of BA. The Directors note the publication of BA's condensed consolidated interim financial statements for the six-month period ended 30 June 2021, in which a material uncertainty in relation to going concern was disclosed.

# **BA European Limited**

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

---

### **2. Accounting policies (continued)**

#### **2.1 Basis of preparation and statement of compliance with FRS 101 (continued)**

##### **Going Concern (continued)**

As disclosed in those consolidated financial statements, given the economic uncertainty of the COVID-19 pandemic, BA modelled the impact of mitigating actions to offset further deteriorations in demand and capacity, including reductions in operating expenditure and capital expenditure. BA expects to be able to continue to secure financing for future aircraft deliveries and in addition has further potential mitigating actions, including asset disposals, it would pursue in the event of adverse liquidity experience.

Furthermore, to add resilience to the liquidity position of BA, including for the period beyond the next 12 months, the Directors of BA are actively pursuing a range of financing options, including securing additional long term financing facilities. The Directors of BA have a reasonable expectation that BA has sufficient liquidity to continue in operational existence for the foreseeable future and hence adopted the going concern basis in preparing the consolidated financial statements.

However, due to the uncertainty created by COVID-19, there are a number of significant factors that are outside of the control of BA, including: the status and impact of the pandemic worldwide; the emergence of new variants of the virus and potential resurgence of existing strains of the virus; the availability of vaccines worldwide, together with the speed at which they are deployed; the efficacy of those vaccines; and the restrictions imposed by national governments in respect of the freedom of movement and travel. BA, therefore, is not able to provide certainty that there could not be a more severe downside scenario than those it has considered, including the sensitivities in relation to the timing of recovery from the COVID-19 pandemic, capacity operated, impact on yield, cost mitigations achieved and the availability of aircraft financing to offset capital expenditure. In the event that a more severe scenario were to occur, the Group will need to secure additional funding. As set out above, sources of additional funding are expected to include securing additional long term financial facilities.

However, BA's ability to obtain this additional funding in the event of a more severe downside scenario represents a material uncertainty that could cast significant doubt upon BA's ability to continue as a going concern.

As a consequence of the above information and having made appropriate enquiries of the Directors of BA Plc on its current financial position, the Directors of the Company consider this also represents a material uncertainty over the level of Company's operating activities and BA's ability to provide financial support to the Company and this could cast significant doubt upon the Company ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

#### **2.2 Summary of significant accounting policies**

##### **Foreign currencies**

Transactions in foreign currencies are initially recorded in the Company's functional currency, sterling, by applying the spot exchange rate ruling at the date of the transaction. Monetary foreign currency balances are translated into sterling at the rates ruling at the Balance Sheet date. All other profits or losses arising on translation are dealt with through the Income Statement.

##### **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# **BA European Limited**

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

---

### **2. Accounting policies (continued)**

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

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

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Income Statement.

##### **Financial instruments**

In accordance with IFRS 9 'Financial Instruments', 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. A financial asset or liability is generally derecognised when the contract that gives rise to it has been settled, sold, cancelled or has expired.

##### **Creditors**

Creditors are recognised initially at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

##### **Profit and loss reserves**

Profit and loss reserves represents the cumulative profits and losses net of distributions to shareholders.

##### **Share capital**

Ordinary shares are classified as equity.

##### **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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if these are also affected.

It is considered there are no key accounting estimates and judgements which have had a material effect on the financial statements this year.

##### **New standards, amendments and IFRIC interpretations**

No new accounting standards amendments to accounting standards or IFRIC interpretations that are effective for the period ended 31 December 2020, have had a material impact on the Company.

### **3. Audit exemption**

The Company is not required to have audited financial statements, in accordance with section 479a of the Companies Act 2006 relating to subsidiary companies, and has decided to take advantage of this exemption this year. BA has provided parent guarantee over section 479c of the Companies Act 2006. Therefore, no amounts have been paid for the audit of the financial statements during the year (2019: £nil).

---

## BA European Limited

### Notes to the financial statements (continued)

#### 4. Directors' emoluments

None of the Directors of the Company received any remuneration during the year in respect for their services to the Company (2019: £nil).

During the year no Directors accrued benefits under a defined benefit pension scheme (2019: none) and two Directors accrued benefits under a defined contribution pension scheme (2019: two), provided by the Company's parent undertaking during the year. Full disclosure of these schemes is made in the financial statements of BA.

Two Directors (2019: two) participated in IAG's Long Term Incentive Schemes and one exercised awards during the year (2019: none).

No other transactions (other than the ones already disclosed above) or loans were outstanding with the Directors of the Company at the end of the period, which need to be disclosed in accordance with the requirements of section 412 and 413 of the Companies Act 2006.

There were no employees of the Company during the year (2019: nil).

#### 5. Taxation

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

Tax charge in the Income Statement:

£000	2020	2019
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
<b>Total tax charge</b>	-	-

##### b) Reconciliation of the total tax charge in the Income Statement

The total tax charge is calculated at the standard rate of UK corporation tax. The tax charge on the result for the year ended 31 December 2020 is equal to (2019: equal) than the expected tax charge at the UK rate. The Company's effective tax rate is (0.0%) (2019: 0.0%) and the differences to the UK rate are explained below:

£000	2020	2019
Result/profit on ordinary activities before tax	-	-
Tax calculated at the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	-	-
Effects of:		
Group relief claim	-	-
<b>Total tax charge in the Income Statement</b>	-	-

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

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This reduction from 19% to 17% was reversed in Finance Act 2020 and in Finance Act 2021, the tax rate was increased to 25% effective 1 April 2023. This will increase the Company's future UK current tax charge accordingly.

## BA European Limited

### Notes to the financial statements (continued)

#### 6. Creditors: amounts falling due within one year

£000	2020	2019
Trade payables	12	12
Amounts owed to group undertakings	44,429	44,429
Other taxes and social security	33	33
	<b>44,474</b>	<b>44,474</b>

The intercompany creditor did not attract interest in the current or preceding year, is unsecured and repayable on demand.

#### 7. Share capital

£000	2020	2019
Allotted, called up and fully paid:		
Ordinary shares of £1 each	65,522	65,522
Ordinary shares of €1 each	113,068	113,068
	<b>178,590</b>	<b>178,590</b>

The voting and participation rights of £1 and €1 shares are identical.

#### 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 wholly owned group undertakings.

#### 9. Ultimate parent undertaking

The Company's immediate parent undertaking as at 31 December 2020 was BA, a company registered in England and Wales.

As at 31 December 2020, the ultimate parent undertaking of the Company was IAG, which is incorporated in Spain. Of the Group 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).