

Registered No: 13037447

Iberia Operadora UK Limited

Annual Report and Accounts
For the year ended 31 December 2022

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Iberia Operadora UK Limited

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Iberia Operadora UK Limited

Corporate information

Directors

María Ascensión Alvaro Meseguer
Juan José Cespón Ojea

Registered office

Waterside
PO Box 365
Harmondsworth
UB7 0GB
United Kingdom

Iberia Operadora UK Limited

Directors' report

Registered No: 13037447

The Directors present their unaudited Annual Report and Accounts ('financial statements') of Iberia Operadora UK Limited (the 'Company') for the year ended 31 December 2022.

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

Principal activities, risks and uncertainties

The Company was incorporated on 23 November 2020 under the name AGHOCO 1996 Limited. The Company changed its name to Iberia Operadora UK Limited on 30 December 2020.

The Company acts primarily as a holding company for its investment in Avios Group (AGL) Limited ('AGL'). The Company is not exposed to significant risks and uncertainties.

Directors

The Directors of the Company during the year ended 31 December 2022 and up to the date of approval of the financial statements were as follows:

- María Ascensión Alvaro Meseguer
- Juan José Cespón Ojea

Directors' and Officers' liability insurance

The ultimate parent company of the Company, 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.

Dividends

No dividend has been paid or proposed in respect of the year ended 31 December 2022 (13 month and 7 day period ended 31 December 2021: €nil).

Post balance sheet events

There have been no significant events post the balance sheet date.

Going concern

The Company has received confirmation from its immediate parent company, Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora Unipersonal ('Iberia'), 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 Iberia 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 2022.

Political contributions

During the year, the Company made no political contributions (13 month and 7 day period ended 31 December 2021: €nil).

Iberia Operadora UK Limited Directors' report (continued)

Registered No: 13037447

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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 UK accounting standards and applicable law (Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

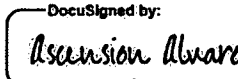
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

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María Ascensión Alvaro Meseguer
Director
15 September 2023

Iberia Operadora UK Limited
Income statement and Statement of other comprehensive income
For the year ended 31 December 2022

Income statement

€000	Note	Year ended 31 December 2022	13 month and 7 day period ended 31 December 2021 (Restated) ¹
Interest payable and similar expenses	5	(434)	-
Share of post-tax profits in investments accounted using the equity method	8	32,289	10,299
Foreign currency (losses)/gains	8	(2,534)	830
Profit before taxation		29,321	11,129
Taxation	6	-	-
Profit for the financial year/period		29,321	11,129

Statement of other comprehensive income

€000	Note	Year ended 31 December 2022	13 month and 7 day period ended 31 December 2021 (Restated) ¹
Profit for the year/period		29,321	11,129
Other comprehensive profit/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Share of movements in comprehensive income of associates	8	164	(366)
Other comprehensive profit/(loss) for the year/period		164	(366)
Total comprehensive income for the year/period		29,485	10,763

¹The results for 2021 have been restated. Further information is given in note 1.

The notes on pages 8 to 15 form part of the financial statements.

The above results are all in respect of continuing operations.

Iberia Operadora UK Limited

Balance sheet

As at 31 December 2022

Registered No: 13037447

€000	Note	2022	2021 (Restated) ¹
Fixed assets			
Investment in associates	8	367,682	337,763
		367,682	337,763
Creditors: amounts falling due within one year	9	(327,434)	(327,000)
Net current liabilities		(327,434)	(327,000)
Total assets less current liabilities		40,248	10,763
Net assets		40,248	10,763
Capital and reserves			
Called up share capital	10	-	-
Other reserves	11	(202)	(366)
Profit and loss account		40,450	11,129
Total shareholders' funds		40,248	10,763

¹The results for 2021 have been restated. Further information is given in note 1.

The notes on pages 8 to 15 form part of the financial statements.


For the year ended 31 December 2022 the Company was entitled to the audit exemption under section 477 of the Companies Act 2006 relating to small 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 15 were approved by the Board of Directors on 15 September 2023 and signed on its behalf by:

DocuSigned by:

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María Ascensión Alvaro Meseguer
 Director
 15 September 2023

Iberia Operadora UK Limited
Statement of changes in equity
For the year ended 31 December 2022

For the year ended 31 December 2022

€000	Called up share capital (note 10)	Other reserves (note 11)	Profit and loss account ¹	Total shareholders' funds
Balance at 1 January 2022 ¹	-	(366)	11,129	10,763
<i>Total comprehensive income for the year:</i>				
Profit for the period	-	-	29,321	29,321
Other comprehensive income	-	164	-	164
Total comprehensive income for the year	-	(202)	40,450	40,248
At 31 December 2022	-	(202)	40,450	40,248

For the 13 month and 7 day period ended 31 December 2021¹

€000	Called up share capital (note 10)	Other reserves (note 11)	Profit and loss account ¹	Total shareholders' funds
Balance at 23 November 2020	-	-	-	-
<i>Total comprehensive income for the period:</i>				
Profit for the period ¹	-	-	11,129	11,129
Other comprehensive income	-	(366)	-	(366)
Total comprehensive income for the period	-	(366)	11,129	10,763
At 31 December 2021	-	(366)	11,129	10,763

¹ The results for 2021 have been restated. Further information is given in note 1.

The notes on pages 8 to 15 form part of the financial statements.

Iberia Operadora UK Limited

Notes to the financial statements

1. Authorisation of financial statements

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 15 September 2023 and the Balance sheet was signed on the Board's behalf by Juan José Cespón Ojea. Iberia Operadora UK Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales.

The prior period Income statement for the 13 month and 7 day period to 31 December 2021 includes a restatement of the interest expense arising on the intercompany loan with the immediate Parent Company. Under the intercompany loan agreement, interest arises every six months with reference to benchmark interest rates, with a minimum rate of zero per cent. Accordingly, the interest expense of €6,160 thousand previously recorded in the 13 month and 7 day period to 31 December 2021 period has been adjusted by €6,160 thousand to a net interest expense of €nil to reflect the interest rates prevailing during the period. Net assets at 31 December 2021 also increased by €6,160 thousand as a result of the associated reduction in the intercompany payable to the Parent Company.

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 euro, which is the Company's functional currency, and all values are rounded to the nearest thousand euro (€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 International Consolidated Airlines Group, S.A. ('ICAG') whose accounts include an equivalent disclosure, where required, of the following standards:

- a) the requirements of IAS 7 *Statement of Cash Flows*;
- b) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- c) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- d) the requirements of paragraphs 10d, 10f, 16, 38a-38d, 40a-40d, 111 and 134-136 of IAS 1 *Presentation of financial statements*;
- e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- f) 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;
- 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 paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

Iberia Operadora UK Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Going concern

The financial statements for the year ended 31 December 2022 have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company acts as a holding company for its associate investment in Avios Group (AGL) Limited and its only methods of generating cash are via its investment in its associate or from funds provided to it by other Group companies.

At 31 December 2022, the Company had net assets of €40,248 thousand and current liabilities of €327,434 thousand. The Directors have performed a going concern assessment over the period of 12 months from the date of approval of these financial statements to 30 September 2024 (the 'going concern period'). While the intercompany loan facility from Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora Unipersonal ('immediate Parent Company'), is repayable during the going concern period, the Company has received confirmation from its immediate Parent Company, 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, including not requiring repayment of the intercompany loan facility unless the Company has the ability to do so. Having made an assessment of the ability of the immediate Parent Company to provide such support if required, the Directors have a reasonable expectation that the Company has sufficient liquidity for the foreseeable future.

Based on these combined considerations the Directors have a reasonable expectation that the Company has sufficient liquidity for the going concern assessment period, being at least 12 months from the date of approval of these financial statements and accordingly the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2022.

2.2 Summary of significant accounting policies

Interest payable

Interest payable is charged to the Income statement over the term using effective interest method.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the Balance sheet date. All differences are taken to the profit and loss account.

Taxation

Current income 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 income 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.

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.

Investment in associate

An associate is an undertaking in which the Company has a long-term equity interest and over which it has the power to exercise significant influence.

Iberia Operadora UK Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

The investment in the associate is accounted for using the equity method, and initially recognised at cost. The Company's interest in the net assets of the associate is included in Investments in associates in the Balance sheet and its interest in their results is included in the Income statement. The attributable results of those companies acquired or disposed of during the reporting period are included for the periods of ownership.

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. Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

b. Derecognition of financial liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it has been settled, sold, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts is recognised in the Income statement.

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.

Iberia Operadora UK Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Other reserves

Other reserves represents the Company's share of movements in comprehensive income of associates.

Profit and loss reserves

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

2.3 Critical accounting estimates and assumptions

The preparation of financial statements requires management to make certain critical accounting judgements and use key sources of estimation uncertainty 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 in the future may differ from estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Impairment of the investment in Avios Group (AGL) Limited

The investment in Avios Group (AGL) Limited ('AGL') is assessed annually to determine whether there are any indicators of impairment. If indicators are identified, the recoverable amount of the investment is determined. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the investment's fair value less cost to sell and value-in-use.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022, have had a material impact on the Company.

3. Audit exemption

The Company is not required to have audited annual accounts, in accordance with section 475 of the Companies Act 2006, and has decided to take advantage of this exemption in the reporting period to 31 December 2022.

4. Directors' emoluments

None of the Directors of the Company received any remuneration during the year in respect for their services to the Company (13 month and 7 day period to 31 December 2021: nil).

No other transactions or loans 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 section 412 and 413 of the Companies Act 2006.

There were no employees of the Company during the year to 31 December 2022 (13 month and 7 day period to 31 December 2021: nil).

Iberia Operadora UK Limited

Notes to the financial statements (continued)

5. Interest payable and similar expenses

€000	Year ended 31 December 2022	13 month and 7 day period ended 31 December 2021 (Restated) ¹
Interest payable to group undertakings	434	-

¹ The results for 2021 have been restated. Further information is given in note 1.

6. Taxation

a) Tax on profit

Tax credit/(charge) in the Income statement

£000	Year ended 31 December 2022	13 month and 7 day period ended 31 December 2021
Current tax		
UK corporation tax on profits for the current year/period	-	-
Total current tax	-	-
Deferred tax		
Movement in respect of current year/period	-	-
Total deferred tax	-	-
Total tax credit/(charge)	-	-

b) Reconciliation of the total tax credit/(charge) in the income statement

The total tax credit/(charge) is calculated at the standard rate of UK corporation tax of 19 per cent. The tax charge (2021: charge) on the profit (2021: profit) for the year to 31 December 2022 is lower (2021: lower) than the expected tax charge at the UK rate. The differences between the expected tax charge (2021: charge) and the actual tax charge (2021: charge) are explained below:

€000	Year ended 31 December 2022	13 month and 7 day period ended 31 December 2021 (Restated) ¹
Accounting profit before tax	29,321	11,129
Tax calculated at the standard rate of corporation tax in the UK of 19.00%	(5,571)	(2,115)
Effects of:		
Tax on associated profits and dividends	6,135	1,957
Non-taxable income	-	158
Non-deductible expenses	(564)	-
Tax credit/(charge) in the Income statement	-	-

¹ The results for 2021 have been restated. Further information is given in note 1.

Iberia Operadora UK Limited

Notes to the financial statements (continued)

c) Factors that may affect future tax charges

In the Finance Act 2021, the UK corporation tax rate was increased from 19% to 25% effective 1 April 2023. This will increase the Company's future UK current tax charge accordingly.

7. Dividends

No dividends were declared during the year period ended 31 December 2022 (13 month and 7 day period to 31 December 2021: nil).

8. Investment in AGL

On 30 December 2020, the Company acquired 13.74% of the share capital of AGL from Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora Unipersonal, its immediate parent company, for €327,000 thousand, representing the fair market value of the share capital of AGL at that time. This acquisition resulted in the Company holding 261,600,000 B ordinary shares with a nominal value of £1 each of Avios Group (AGL) Limited.

To enable the purchase of the AGL from its immediate parent company, the Company entered into an intercompany loan agreement with its immediate parent company for €327,000 thousand on 30 December 2020.

Financial performance of the investment in AGL

The share of assets, liabilities, revenue and profit of the Company's investment in AGL, which are included in the Company's financial statements, are as follows (figures are presented as 100% of the AGL financial statements):

€000	31 December 2022	31 December 2021
Non-current assets	56,957	268,043
Current assets	3,097,838	2,916,314
Non-current liabilities	(287,767)	(395,658)
Current liabilities	(2,130,445)	(2,613,289)

There is no goodwill attributable to the investment in the associate.

€000	Year ended 31 December 2022	13 months and 7 day period to 31 December 2021
Revenue	999,975	436,176
Operating costs	(717,082)	(305,819)
Other income and expenses (including tax)	(57,557)	(49,031)
Profit after tax	225,336	81,326
Other comprehensive income/(expense)	1,170	(1,907)
Total comprehensive income (net of tax)	226,506	79,418

Iberia Operadora UK Limited

Notes to the financial statements (continued)

8. Investment in AGL (continued)

The detail of the movement in the investment in associate is shown as follows:

€000	Year to 31 December 2022	13 month and 7 day period to 31 December 2021
At beginning of period	337,763	-
Additions	-	327,000
Share of attributable results	32,289	10,299
Share of movements in other comprehensive income	164	(366)
Exchange movements	(2,534)	830
As at 31 December	367,682	337,763

At 31 December 2022 there are no restrictions on the ability of AGL to transfer funds to the Company and there are no related contingent liabilities.

Investments in associates at both 31 December 2022 and 31 December 2021 comprise an investment in the following company:

Name of Company	Activity	Country of incorporation	Proportion of equity	Type of holding
Avios Group (AGL) Limited	Airline marketing	England	13.74%	Ordinary

9. Creditors: amounts falling due within one year

€000	2022	2021 ¹
Amounts owed to group undertakings	327,434	327,000

¹ The results for 2021 have been restated. Further information is given in note 1.

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at a market rate.

10. Share capital

Allotted, called up and fully paid	No.	£
Ordinary shares of £1.00 each at 31 December 2022 and 31 December 2021	1	1

The ordinary share carries the right to one vote on a poll or a show of hands. All dividends shall be declared and paid according to the amounts paid up on the shares. The share does not carry any rights in respect to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law. The share is not redeemable and does not have any contingent rights.

Iberia Operadora UK Limited

Notes to the financial statements (continued)

11. Other reserves

	Year to 31 December
€000	2022
Balance at 1 January 2022	(366)
Share of movements in comprehensive income of associates	164
As at 31 December 2022	(202)

	13 months and 7 day period to
€000	31 December 2021
Balance at 23 November 2020	-
Share of movements in comprehensive income of associates	(366)
As at 31 December 2021	(366)

12. Related party transactions

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

13. Post balance sheet events

There have been no significant events post the balance sheet date through to the authorisation of these financial statements.

14. Ultimate parent undertaking and controlling party

Upon incorporation of the Company on 23 November 2020, the Company's immediate parent undertaking was Inhoco Formations Limited. On 29 December 2020, Inhoco Formations Limited transferred 100% of its shareholding in the Company to Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora Unipersonal.

The Company's immediate parent undertaking as at 31 December 2022 was Iberia, Líneas Aéreas de España, Sociedad Anónima Operadora Unipersonal, a company incorporated and registered in Spain.

As at 31 December 2022, the ultimate parent undertaking and controlling party of the Company was International Consolidated Airlines Group, S.A. ('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 Iberia was the smallest undertaking preparing group financial statements.

Copies of the consolidated financial statements of IAG can be found on the website www.iairgroup.com.