

Registered No: 590083

British Airways Associated Companies Limited

Annual Report and Accounts
For the year ended 31 December 2022



British Airways Associated Companies Limited

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British Airways Associated Companies Limited

Corporate information

Directors

T. Horwood

A. Fleming

Registered office

Waterside

PO Box 365

Harmondsworth

UB7 0GB

British Airways Associated Companies Limited Registered No: 590083 **Directors' Report**

The Directors present their unaudited Annual Report and Accounts ('financial statements') of British Airways Associated Companies 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, which is a wholly owned subsidiary undertaking of British Airways Plc ('BA'), acts primarily as a holding company for investments. 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 date of approval of the financial statements were as follows:

A. Fleming

N. McNeela (resigned 6 July 2022)

T. Horwood (appointed 6 July 2022)

Results and dividends

The result after tax for the year amounted to a profit of £688,000 (2021: profit of £25,000). The Directors do not recommend the payment of a dividend (2021: £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 assessed the intention and 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 2022.

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.

Post balance sheet events

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

Political contributions

During the year, the Company made no political contributions (2021: £nil).

British Airways Associated Companies Limited Registered No: 590083 **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 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; and
- prepare the financial statements on a 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 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 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:

DocuSigned by:

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T. Horwood
Director
21 August 2023

British Airways Associated Companies Limited

Income Statement

For the year ended 31 December 2022

£000	Note	2022	2021
Interest receivable and similar income	5	849	31
Profit before tax		849	31
Taxation	6	(161)	(6)
Profit for the financial year		688	25

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 (2021: £nil) other than the profit amounting to £688,000 in the year ended 31 December 2022 (2021: £25,000). Therefore, no separate statement of comprehensive income has been presented.

British Airways Associated Companies Limited

Balance Sheet

As at 31 December 2022

£000	Note	2022	2021
Fixed assets			
Equity investment	7	-	-
Current assets			
Debtors: amounts falling due within one year	8	53,406	52,563
		<u>53,406</u>	<u>52,563</u>
Creditors: amounts falling due within one year	9	(161)	(6)
Net current liabilities		<u>53,245</u>	<u>52,557</u>
Total assets less current liabilities		<u>53,245</u>	<u>52,557</u>
Net assets		<u>53,245</u>	<u>52,557</u>
Capital and reserves			
Called up share capital	10	173,425	173,425
Profit and loss account		<u>(120,180)</u>	<u>(120,868)</u>
Total shareholders' funds		<u>53,245</u>	<u>52,557</u>

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


For the financial year ended 31 December 2022 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 21 August 2023 and signed on its behalf by:

DocuSigned by:

 78EBFC74F23B441...

T. Horwood
 Director
 21 August 2023
 Registered No: 590083

British Airways Associated Companies 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	Profit and loss account	Total shareholders' funds
Balance at 1 January 2022	173,425	(120,868)	52,557
Profit for the financial year	-	688	688
At 31 December 2022	173,425	(120,180)	53,245

For the year ended 31 December 2021

£000	Called up share capital	Profit and loss account	Total shareholders' funds
Balance at 1 January 2021	173,425	(120,893)	52,532
Profit for the financial year	-	25	25
At 31 December 2021	173,425	(120,868)	52,557

British Airways Associated Companies 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 21 August 2023 and the Balance Sheet was signed on the Board's behalf by T. Horwood. British Airways Associated Companies Limited is a private limited company and is incorporated in the United Kingdom and registered 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, 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 assessed the intention and 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 2022.

British Airways Associated Companies Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies

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.

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.

Debtors

Debtors are stated at amortised cost less allowances made for expected credit losses which approximates fair value given the short-term nature of these assets. An allowance for expected credit losses is established based on the calculation and recognition of lifetime expected credit losses.

Interest receivable

Interest income on debtors is recognised as interest accrues using the effective interest method.

Equity investments

Equity investments are non-derivative financial assets which include unlisted investments, excluding interests in associates. On initial recognition, these equity investments are irrevocably designated as measured at fair value through other comprehensive income. They are subsequently measured at fair value, with changes in fair value recognised in other comprehensive income with no recycling of these gains and losses to the income statement when the investment is sold.

Profit and loss reserves

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

Share capital

Ordinary shares are classified as equity.

Critical accounting judgements and key sources of estimation uncertainty

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.

British Airways Associated Companies Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

No critical accounting judgements or key sources of estimation uncertainty are applicable in the year.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period 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 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 (2021: £nil).

4. Directors' emoluments

None of the Directors of the Company received any remuneration during the year in respect for their services to the Company (2021: £nil).

Three Directors accrued benefits under a defined contribution pension scheme (2021: three), provided by the Company's parent undertaking during the year. Full disclosure of this scheme is made in the financial statements of BA.

Two Directors (2021: three) participated in IAG's Long Term Incentive Schemes and one exercised awards during the year (2021: one).

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 (2021: nil).

5. Interest receivable and similar income

£000	2022	2021
Interest receivable from group undertakings	849	31

British Airways Associated Companies Limited

Notes to the financial statements (continued)

6. Taxation

(a) Tax on profit

Tax charge in the Income Statement

	2022 £000	2021 £000
Current tax		
UK corporation tax on profits for the current year	161	6
Total current tax charge	161	6
Total tax charge	161	6

(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 profit for the year to 31 December 2022 is equal (2021: equal) to the expected tax charge at the UK rate. The Company's effective tax rate is 19% (2021: 19%) and the differences to the UK rate are explained below:

	2022 £'000	2021 £'000
Accounting profit before tax	849	31
Tax calculated at the standard rate of corporation tax in the UK of 19% (2021: 19%)	161	6
Tax charge in the income statement	161	6

(c) Factors affecting future tax charges

On March 3, 2021 the UK Chancellor announced that legislation would be introduced in the Finance Bill 2021 to set the main rate of corporation tax at 25 per cent from April 2023. On May 24, 2021 the Finance Bill was substantively enacted, which will increase the Company's future current tax charge accordingly.

7. Equity investments

The net book value of equity investments is £nil (2021: £nil). The full cost of £8,000 has been provided for in full.

Equity interests at 31 December 2022 comprise investments in the following companies:

Name of Company	Activity	Country of Incorporation	Proportion of Equity	Type of Holding
BA Call Centre India Private Limited	Call centre operations	India	0.01%	Ordinary
The Galileo Company (Unlimited)	Investment holding company	England	0.24%	Ordinary

British Airways Associated Companies Limited

Notes to the financial statements (continued)

8. Debtors: amounts falling due within one year

£000	2022	2021
Amounts owed by group undertakings	53,406	52,563

Amounts owed by group undertakings are unsecured and are repayable on demand. The interest is calculated at a rate of one month average GBP LIBOR (2021: one month average GBP LIBOR).

9. Creditors: amounts falling due within one year

£000	2022	2021
Corporation tax creditor due to Group undertakings	161	6

10. Share capital

	No.	2022 £000	No.	2021 £000
Allotted, called up and fully paid				
Ordinary shares of £1.00 each	173,425,000	173,425	173,425,000	173,425

11. 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.

12. Post balance sheet events

There have been no significant events post the balance sheet date

13. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking as at 31 December 2022 was BA, a company registered in England and Wales.

As at 31 December 2022, the ultimate parent undertaking and controlling party 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.