

DIRECTORS' REPORT AND ACCOUNTS
BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED
31 DECEMBER 2012

Company Number 590083

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BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

Company Number 590083

DIRECTORS' REPORT

Directors A. Buchanan (resigned 31/12/12)
K. Dosanjh (appointed 01/01/13)
R. French (appointed 01/01/13)
K. Williams

Secretary K. Dosanjh

Registered office Waterside, PO Box 365
Harmondsworth UB7 0GB

The Directors present their report and the audited accounts of British Airways Associated Companies Limited (the "Company") for the year ended 31 December 2012

DIRECTORS

The Directors of the Company during the year ending 31 December 2012 were A. Buchanan and K. Williams. A. Buchanan resigned on 31 December 2012, K. Dosanjh and R. French were appointed on 1 January 2013.

RESULTS AND DIVIDENDS

The profit after tax for the year amounted to £318,000 (2011: £324,000). The Directors do not recommend the payment of a final dividend (2011: £nil).

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The Company, which is a wholly owned subsidiary undertaking of British Airways Plc ("BA"), acts primarily as a holding company for investments.

The Directors do not expect any changes in the Company's activity in the foreseeable future.

GOING CONCERN

The Directors have received a commitment of financial support from its immediate parent company 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.

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made no political or charitable contributions (2011: £nil).

EVENTS SINCE THE BALANCE SHEET DATE

There are no material post balance sheet events.

LIABILITY INSURANCE

The ultimate parent, International Consolidated Airlines Group S.A. ("IAG"), holds a Directors' and Officers' liability insurance policy covering the Directors and Officers of the IAG Group.

AUDITORS

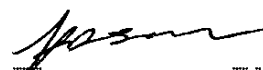
The Company's auditors Ernst & Young LLP, will automatically continue in office in accordance with the terms of their appointment, as per section 487 of the Companies Act 2006.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all steps a Director might reasonably be expected to have taken in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

By order of the Board


Secretary and Director
K. Dosanjh

28 August 2013

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED
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 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 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;
- 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

We have audited the financial statements of British Airways Associated Companies Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Kathryn Barrow (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date 29 August 2013

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012 £000	31 December 2011 £000
Interest receivable	4	<u>318</u>	<u>324</u>
Profit on ordinary activities before tax		318	324
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial year	9	<u>318</u>	<u>324</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


There were no gains or losses other than the profit amounting to £318,000 in the year to 31 December 2012 (2011 £324,000)

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	31 December 2012 £000	31 December 2011 £000
FIXED ASSETS			
Investments	6	-	-
CURRENT ASSETS			
Debtors	7	50,686	50,368
TOTAL ASSETS		50,686	50,368
CAPITAL AND RESERVES			
Called up share capital	8	173,425	173,425
Profit and loss account	9	(122,739)	(123,057)
TOTAL EQUITY		50,686	50,368

The accounts were approved by the Board of Directors and signed on behalf of the Board

Director


R French

Date

28 August 2013

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2012

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards

Cash flow statement

Under the provisions of FRS 1 Cash Flow Statements (revised) the Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of British Airways Plc whose consolidated accounts are publicly available

Interest income

Interest income is recognised as interest accrues using the effective interest method

2 AUDITORS' REMUNERATION

The auditor's remuneration of £5,000 (2011 £4,800) for the audit of the Company accounts, has been borne by British Airways Plc

3 DIRECTORS' REMUNERATION

One of the Directors of the Company was employed and remunerated during the year by IAG in respect of his services to the Group as a whole. One of the Directors of the Company was employed and remunerated by British Airways Plc throughout the year in respect of his services to the Group as a whole. The qualifying services provided to the Company by these Directors were incidental compared to their main roles, therefore their remuneration amount relating to the Company is £nil for the year ended 31 December 2012 (2011 £nil)

One of the Directors qualified for a defined benefit pension scheme provided by the Company's parent undertaking during the year. Full disclosure of this is made in the financial statements of British Airways Plc

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 (2011 nil)

4 INTEREST RECEIVABLE

	31 December 2012 £000	31 December 2011 £000
Interest receivable from parent undertaking	<u>318</u>	<u>324</u>

5 TAX

(a) Analysis of charge for the year

Current Tax

There is no tax charge for the year (2011 £nil)

(b) Factors affecting tax charge for the year

The current tax charge for the year is less than the profit at the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)

The differences are explained below

	31 December 2012 £000	31 December 2011 £000
Profit on ordinary activities before tax	<u>318</u>	<u>324</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	78	86
Effects of		
Free group relief from fellow subsidiaries	<u>(78)</u>	<u>(86)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

(c) Factors affecting future tax charges

Reductions in the UK corporation tax rate were substantively enacted in the year. The main rate of corporation tax was reduced from 26% to 24% effective from 1 April 2012. Further reductions to the UK corporation tax rate have been substantively enacted after the balance sheet date, with 21% effective from 1 April 2014 and 20% effective from 1 April 2015

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTES TO THE ACCOUNTS

31 December 2012

(Continued)

6 INVESTMENTS	31 December 2012 £000	31 December 2011 £000
Cost		
At beginning and end of year	8	8
Provisions		
At beginning and end of year	(8)	(8)
Net book value at end of year	-	-

On 2 May 2012, the company acquired 94,400 shares in The Galileo Company from Remotereport Trading Limited for nil value

7 DEBTORS	31 December 2012 £000	31 December 2011 £000
Amounts owed by parent undertaking	50,686	50,368

The amounts owed by the parent undertaking are interest bearing. As at 31 December 2012 the balance attracted interest at a rate of LIBOR (31 December 2011 LIBOR)

8 SHARE CAPITAL	31 December 2012	31 December 2011
	Number	Number
Allotted, called up and fully paid up Ordinary shares of £100 each	173,425,000	173,425,000
	£000	£000
Balance at year end	173,425	173,425

9 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Called up share capital	Profit and loss account	Total
	£000	£000	£000
At 31 December 2010	173,425	(123,381)	50,044
Profit after tax	-	324	324
At 31 December 2011	173,425	(123,057)	50,368
Profit after tax	-	318	318
At 31 December 2012	173,425	(122,739)	50,686

10 RELATED PARTIES

As the Company is a wholly owned subsidiary of British Airways Plc, the Company has taken advantage of the exemption in FRS 8 Related Party Disclosures not to disclose related party transactions with fellow wholly owned Group undertakings

11 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking as at 31 December 2012 was British Airways Plc, a company registered in England and Wales. As at 31 December 2012, the ultimate parent undertaking of the Company was International Consolidated Airlines Group SA (IAG) which is incorporated in Spain. Of the group of which the Company was a member, IAG was the largest undertaking preparing group financial statements and British Airways Plc was the smallest undertaking preparing group financial statements.

Copies of the consolidated financial statements of IAG and British Airways Plc can be found on the website www.iagshares.com