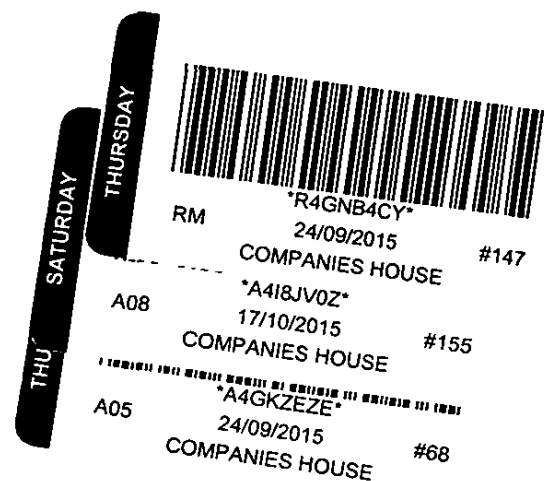


Registered No. 590083

British Airways Associated Companies Limited

Annual Report and Accounts
31 December 2014



BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

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BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

CORPORATE INFORMATION

Directors

R.L. French
A. Fleming
K. Williams

Company secretary

C. Adams (resigned 10 October 2014)
L. Straver (appointed 10 October 2014)

Registered office

Waterside
PO Box 365
Harmondsworth
UB7 0GB

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

DIRECTORS REPORT

The Directors present their report and the unaudited accounts of British Airways Associated Companies Limited (the "Company") for the year ended 31 December 2014

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

Principal activities

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

Principal risk and uncertainties

The Company is not exposed to significant risks and uncertainties as its primary purpose is to act as a holding company for investments

Future developments

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

Transition to FRS 101 "Reduced disclosure framework"

The Company has transitioned to FRS 101 for the year ended 31 December 2014, which did not result in any measurement change. Further discussion around the transition is disclosed in Note 12 of the financial statements

Results and dividends

The profit after tax for the year amounted to £252,000 (2013: £248,000). The Directors do not recommend the payment of a final dividend (2013: £nil).

Going concern

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 contributions

During the year, the Company made no political contributions (2013: £nil).

Events since balance sheet

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.

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

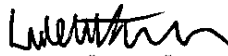
DIRECTORS REPORT (continued)

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 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



Secretary

L. Straver

22nd September 2015

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, 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 AIRWAYS ASSOCIATED COMPANIES LIMITED

INCOME STATEMENT

For the year ended 31 December 2014

		2014	2013
		£000	£000
	Note		
Interest receivable	5	<u>252</u>	<u>248</u>
Profit on ordinary activities before tax		252	248
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the year		252	248

All amounts relate to continuing operations. There were no gains or losses (2013: £nil) other than the profit amounting to £252,000 in the year ended 31 December 2014 (2013: profit of £248,000).

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

BALANCE SHEET

As at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Available for sale investment	7	-	-
Current assets			
Debtors	8	51,186	50,934
Total assets		<u>51,186</u>	<u>50,934</u>
Capital and reserves			
Called up share capital	9	173,425	173,425
Profit and loss account		(122,239)	(122,491)
Total equity		<u>51,186</u>	<u>50,934</u>

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. 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 accounts were approved by the Board of Directors and signed on behalf of the Board

K. Williams
Director



Date 22 September 2015

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	<u>Called up share capital</u> £000	<u>Profit and loss account</u> £000	<u>Total</u> £000
At 31 December 2012	173,425	(122,739)	50,686
Profit after tax	-	248	248
At 31 December 2013	<u>173,425</u>	<u>(122,491)</u>	<u>50,934</u>
Profit after tax	-	252	252
At 31 December 2014	<u>173,425</u>	<u>(122,239)</u>	<u>51,186</u>

K. Williams
Director



Date 22 September 2015

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTES TO THE ACCOUNTS

31 December 2014

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of the Company for the year ended 31 December 2014 were authorised for issue by the board of directors on 22nd September 2015 and the balance sheet was signed on the board's behalf by K. Williams. British Airways Associated Companies Limited 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

The Company has transitioned from earlier FRSs to FRS 101 Reduced Disclosure Framework for the year ended 31 December 2014. Details of the transition are disclosed in note 15. These financial statements were prepared in accordance with FRS 101 and in accordance with the Companies Act 2006.

These financial statements have been prepared on a historical cost convention except for available-for-sale financial assets that are measured at fair value.

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 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*, and
- g) the requirements of paragraph D13(a) of IFRS 1 *First Time Adoption of International Financial Reporting Standards*.

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 income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss,

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTE TO THE ACCOUNTS

31 December 2014

(continued)

2 ACCOUNTING POLICIES (continued)

- In respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

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.

Foreign currencies

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 ruling at the balance sheet date. All differences are taken to the profit and loss account.

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 Group 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 Interest receivable

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

c Available-for-sale financial assets

Other investments (other than interests in associates) are designated as available-for-sale financial assets and are recorded at fair value. Any change in the fair value is reported in equity until the investment is sold, when the cumulative amount recognised in equity is recognised in the income statement. In the case of equity securities classified as available-for-sale investments, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative gain or loss previously reported in equity is included in the income statement.

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTE TO THE ACCOUNTS

31 December 2014

(continued)

2 ACCOUNTING POLICIES (continued)

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. The estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year are discussed below.

Impairment of investments

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations using a discounted cash flow model. Cash flow projections are based on the business plan approved by the board covering a five-year period. Cash flow projections beyond the five-year period are projected to increase in line with the long-term growth rates of the main economies to which these investments relate. Cash flow projections are discounted using the cash generating unit's pre-tax discount rate.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

3 AUDIT EXEMPTION

The company is not required to have their annual accounts audited, in accordance with s475 of the Companies Act 2006, and has decided to take advantage of this exemption this year. Therefore, no amounts have been paid for the audit of statutory accounts during the year (2013: £14,000 audit costs borne by BA).

4 DIRECTORS' REMUNERATION

The Directors received no remuneration for their services to the Company for the year ended 31 December 2014 (2013: £nil).

One of the Directors qualified for a defined benefit pension scheme and two Directors qualified for a defined contribution 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. One of the Directors who qualified for a defined contribution pension scheme opted to take cash in lieu, provided by the Company's ultimate parent undertaking. Full disclosure of this is made in the financial statements of IAG.

During the year, no Directors (2013: four) exercised their rights under the British Airways Deferred Share Plan, one Director (2013: one) exercised the right under the British Airways Share Option Plan and one Director (2013: none) exercised their awards under the IAG Long Term Incentive Schemes.

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTE TO THE ACCOUNTS

31 December 2014

(continued)

4 DIRECTORS' REMUNERATION (continued)

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 s412 and s413 of the Companies Act 2006

There were no employees of the Company during the year (2013 nil)

5 INTEREST RECEIVABLE

	2014 £000	2013 £000
Interest receivable from parent undertaking	<u>252</u>	<u>248</u>

6 TAX

(a) Analysis of charge for the year

Current Tax

There is no tax charge for the year (2013 £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 21.5% (2013 23.25%)

The differences are explained below

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>252</u>	<u>248</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013 23.25%)	<u>54</u>	<u>58</u>
Effects of		
Free group relief from fellow subsidiaries	<u>(54)</u>	<u>(58)</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors affecting future tax charges

The main rate of corporation tax was reduced from 23% to 21% effective from 1 April 2014. Further reductions in the UK corporation tax rate were substantively enacted last year. 20% is to take effect on 1 April 2015.

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTE TO THE ACCOUNTS

31 December 2014

(continued)

7 AVAILABLE FOR SALE INVESTMENT

	2014 £000	2013 £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	-	-

Equity interests at 31 December 2014 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

8 DEBTORS

	2014 £000	2013 £000
Amounts owed by parent undertaking	51,186	50,934

The amounts owed by the parent undertaking are interest bearing. As at 31 December 2014 the balance attracted interest at a rate of LIBOR (31 December 2013 LIBOR)

9 SHARE CAPITAL

	2014	2013
	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

10 RELATED PARTIES

As the Company is a wholly owned subsidiary of BA, 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

BRITISH AIRWAYS ASSOCIATED COMPANIES LIMITED

NOTE TO THE ACCOUNTS

31 December 2014

(continued)

11 PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking as at 31 December 2014 was British Airways Plc, a company registered in England and Wales

As at 31 December 2014, the ultimate parent undertaking of the Company was International Consolidated Airlines Group S.A (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 British Airways Plc, can be obtained by writing to the Secretary, British Airways Plc, Waterside, PO Box 365, Harmondsworth UB7 0GB

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

12 TRANSITION TO FRS 101

For all periods up to and including the year ended 31 December 2013, the Company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2014, are the first the Company has prepared in accordance with FRS 101

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2013 and the significant accounting policies meeting those requirements are described in the relevant notes. In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2013, the Company's date of transition to FRS 101, and made those changes in accounting policies required by FRS 100 and IFRS 1 for the first-time adoption of FRS 101

The Company has early adopted FRS 101 before 1 January 2015

Following transition to FRS 101 from UK GAAP there were no GAAP differences which affects the financial statements of British Airways Associated Companies 2014

GAAP differences

The Company holds an intercompany receivable with a parent undertaking from which interest income is accrued. The Company also has an available-for-sale investment which has been fully provided for in prior years. There are no other material transactions which occur in the Company

Under UK GAAP the available for sale investments are shown at historic cost, less any impairment losses recognised. Under FRS 101 these investments are marked to market with gains and losses arising on revaluation and retranslation being shown in other comprehensive income

The available for sale investment was impaired in prior years and under UK GAAP had a carrying value of £nil. The mark to market value under FRS 101 is also £nil. As a result no table of transition statements is presented as the balance sheet as at 1 January 2013 and financial statements published for the year ended 31 December 2013 have not been restated following the adoption of FRS101