

Registered No: 00464648

British Midland Airways Limited

Annual Report and Accounts
For the year ended 31 December 2022



British Midland Airways Limited
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British Midland Airways Limited

Corporate information

Directors

S Davies

T Horwood

Company secretary

A Fleming

Registered office

Waterside

PO Box 365

Speedbird Way

Harmondsworth

UB7 0GB

British Midland Airways Limited

Directors' Report

Registered No: 00464648

The Directors present their report and the unaudited Annual Report and Accounts ('financial statements') for British Midland Airways Limited 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. The Director's Report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Principal activities and future developments

The Company, which is a wholly owned subsidiary undertaking of British Airways Plc ('BA'), leased both owned aircraft and those held under short term leases to BA. During the financial year 2019, all remaining aircraft leases expired, the result being that at the balance sheet date the Company no longer held any leased assets. The remaining owned aircraft were transferred to BA on 1 January 2020 and the Company is now non-trading. The Directors do not expect any changes in the Company's activity in the foreseeable future.

Principal risks and uncertainties

The Company is not exposed to significant risks and uncertainties.

Directors

The Directors of the Company during the year ended 31 December 2022 were as follows:

S. Davies

N. McNeela (resigned 6 July 2022)

T. Horwood (appointed 6 July 2022)

Results and dividends

The profit after tax for the year amounted to £1,799,000 (2021: profit £822,000). The Directors do not recommend the payment of a final 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.

Political contributions

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

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 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.

British Midland Airways Limited Directors' Report

Registered No: 00464648

Statement of Directors' responsibilities (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

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 and of the Company's auditor, 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:

78EBFC74F23B441...
T Horwood
Director
21 August 2023

British Midland Airways Limited
Income Statement
For the year ended 31 December 2022

£000	Note	<u>2022</u>	<u>2021</u>
Administrative expenses		<u>23</u>	<u>3</u>
Operating profit	4	<u>23</u>	<u>3</u>
Interest receivable and similar income	6	<u>2,194</u>	<u>80</u>
Profit before taxation		<u>2,217</u>	<u>83</u>
Tax (charge)/credit	7	<u>(418)</u>	<u>739</u>
Profit after taxation		<u>1,799</u>	<u>822</u>

The notes on pages 7 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 £1,799,000 (2021: profit amounting to £822,000) in the year ended 31 December 2022. Therefore, no separate statement of comprehensive income has been presented.

British Midland Airways Limited
Balance Sheet
As at 31 December 2022

£000	Note	2022	2021
Current assets			
Debtors	8	129,205	127,771
Cash at bank and in hand		94	89
Total current assets		129,299	127,860
Creditors: amounts falling due within one year	9	(79,928)	(80,288)
Net current assets		(79,928)	47,572
Total assets less current liabilities		49,371	47,572
Net assets		49,371	47,572
Capital and reserves			
Called up share capital	10	13,088	13,088
Profit and loss account		36,283	34,484
Total shareholders' funds		49,371	47,572

The notes on pages 7 to 12 form part of these financial statements.

For the year ending 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 4 to 12 were approved by the Board of Directors on 21 August 2023 and signed on its behalf by:

DocuSigned by:

7BEBFC74F23B441...
T Horwood
Director
21 August 2023

Registered number 00464648

British Midland Airways Limited
Statement of Changes in Equity
 As at 31 December 2022

For the year ended 31 December 2022

£000	Called up share capital	Profit and loss account	Total shareholders' equity
At 1 January 2022	13,088	34,484	47,572
Profit for the year	-	1,799	1,799
At 31 December 2022	13,088	36,283	49,371

For the year ended 31 December 2021

£000	Called up share capital	Profit and loss account	Total shareholders' equity
At 1 January 2021	13,088	33,662	46,750
Profit for the year	-	822	822
At 31 December 2021	13,088	34,484	47,572

British Midland Airways Limited

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of British Midland Airways Limited (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 Midland Airways Limited is a private limited company limited by shares 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

These financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* and the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

The Company's financial statements are presented in pound 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 *Reduced Disclosure Framework* have been applied as the Company is a wholly owned subsidiary undertaking of BA whose accounts include an equivalent disclosure 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 Midland Airways Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies

New standards, amendments and IFRIC interpretations

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

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;
- 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.

Interest receivable

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

Foreign currencies

Transactions in foreign currencies are initially recorded in the Company's functional currency, pound 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 profits or losses arising on translation are dealt with through 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.

British Midland Airways Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial assets

Financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative impact on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset carried at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Financial liabilities measured at amortised cost

Long-term borrowings are recorded at amortised cost.

Derecognition of financial assets and 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 are recognised in the income statement.

Critical accounting judgments 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.

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 critical accounting judgements or key sources of estimation uncertainty which have had a material effect on the financial statements this year.

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).

British Midland Airways Limited

Notes to the financial statements (continued)

4. Operating profit

Operating profit is arrived at after charging/(crediting):

£000	2022	2021
Bank charges	2	2
Foreign exchange (gains)/losses	(25)	(5)

5. Employee costs and director emoluments

None of the Directors received any remuneration for their services to the Company during the year in respect of 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 these schemes 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: none).

No loans or transactions 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 413 of the Companies Act 2006.

There were no employees in the current or prior year.

6. Interest receivable

£000	2022	2021
Interest receivable and similar income		
Interest receivable from group undertakings	2,194	80

7. Tax

a) Tax on profit on ordinary activities

Tax charge/(credit) in the Income Statement:

£000	2022	2021
Current tax		
UK corporation tax on profits for the current period	421	15
UK corporation tax on profits for prior periods	(3)	(754)
Deferred tax		
Movement in respect of the current year	-	-
Rate change	-	-
Total tax	418	(739)

British Midland Airways Limited

Notes to the financial statements (continued)

7. Tax (continued)

b) Reconciliation of the total tax charge/(credit) in the Income Statement

The total tax charge is calculated at the standard rate of UK corporation tax. The tax charge (2021: credit) on the profits (2021: profit) for the year to 31 December 2022 is lower (2021: higher) than the expected tax charge (2021: charge) at the UK rate. The Company's effective tax rate is 18.9% (2021: 923.8%) and the differences to the UK rate are explained below:

£000	2022	2021
Accounting profit before tax	2,217	83
Tax calculated at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	421	15
Effects of:		
Adjustments in respect of prior years	(3)	(754)
Tax rate changes	-	-
Total tax charge/(credit) in the Income Statement	418	(739)

c) Factors that may affect future tax charges

£000	2022	2021
Unrecognised temporary differences - losses		
UK Capital losses	-	3,372

Tax rate changes

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.

8. Debtors

Amounts falling due within one year:

£000	2022	2021
Amounts owed by group undertakings	129,013	127,596
Other debtors	192	175
	129,205	127,771

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
Amounts due to group undertakings	80,273	80,273
Corporation tax creditor due from Group undertakings	345	15
	79,928	80,288

Amount due to group undertakings did not attract interest in the current or preceding year and is repayable on demand.

British Midland Airways Limited

Notes to the financial statements (continued)

10. Share capital

		<u>2022</u>		<u>2021</u>
	No.	£ 000	No.	£ 000
Allotted, called up and fully paid				
Ordinary shares of £1 each	13,087,700	13,088	13,087,700	13,088

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. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking as at 31 December 2022 was British Midland Ltd, 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 of which the Company is a member, IAG was the largest undertaking preparing group financial statements and BA Plc was the smallest undertaking preparing group financial statements.

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