

Registered No: 3840072

BA and AA Holdings Limited

Annual Report and Accounts
For the year ended 31 December 2019

FRIDAY



A9900K6H

A10

10/07/2020

#54

COMPANIES HOUSE

BA and AA Holdings Limited

Contents

	Pages
Corporate information	2
Directors' Report	3
Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the financial statements	8

BA and AA Holdings Limited

Corporate information

Directors

S. Philcox
A. Fleming

Company secretary

L. Straver

Registered office

British Airways Plc Waterside
PO Box 365
Harmondsworth
West Drayton
Middlesex
UB7 0GB

Directors' Report

The Directors present their unaudited Annual Report and Accounts ('financial statements') of BA and AA Holdings Limited (the 'Company') for the year to 31 December 2019.

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

Principal activities

Other than adverse movements in foreign exchange rates, the Company is not exposed to significant risks and uncertainties as its primary purpose is to act as a holding company.

Directors

The Directors of the Company during the year ended 31 December 2019 and up to the date of approval of the financial statements were as follows:

S. Philcox

A. Fleming

Results and dividends

The Company had profit after taxation of €7,223,527 (2018: €2,027,717 loss). The Directors do not recommend the payment of a dividend (2018: €nil).

Going concern

The financial position of the Company is set out in the Balance Sheet and the accompanying notes to the financial statements.

The Company continues to adopt the going concern basis of accounting in preparing the annual financial statements. The Directors have a reasonable expectation that the Company has adequate resources to continue existence for the foreseeable future. British Airways Plc ('BA'), the Company's parent has provided a commitment of financial support and therefore the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

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 (2018: €nil).

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;
- state whether applicable UK Accounting Standards, comprising FRS101 'Reduced Disclosure Framework', have been followed, subject to any material departures disclosed and explained in the financial statements; 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 on page 3. 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:



.....
S. Philcox
Director
25 June 2020

BA and AA Holdings Limited

Income Statement

For the year ended 31 December 2019

€	Note	2019	2018
Interest receivable	5	926,000	123,707
Foreign currency gains/(losses)		7,991,935	(2,298,104)
Profit/(loss) before taxation		8,917,935	(2,174,397)
Taxation (charge)/credit	6	(1,694,408)	146,680
Profit/(loss) for the financial year		7,223,527	(2,027,717)

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

The above results are all in respect of continuing operations.

There were no items of other comprehensive income other than the profit amounting to €7,223,527 in the year ended 31 December 2019 (2018: loss of €2,027,717). Therefore, no separate statement of comprehensive income has been presented.

BA and AA Holdings Limited

Balance Sheet

As at 31 December 2019

€	Note	2019	2018
Current assets			
Debtors: amounts falling due within one year	7	141,207,160	132,289,225
Creditors: amounts falling due within one year	8	<u>(1,694,408)</u>	<u>-</u>
Net assets		<u>139,512,752</u>	<u>132,289,225</u>
Capital and Reserves			
Called up share capital	9	108,634,146	108,634,146
Profit and loss account		<u>30,878,606</u>	<u>23,655,079</u>
Total shareholders' funds		<u>139,512,752</u>	<u>132,289,225</u>

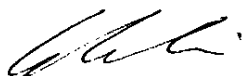
For the financial year in question the Company was entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies.

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 25 June 2020 and signed on its behalf by:



S. Philcox
Director
25 June 2020

BA and AA Holdings Limited
Statement of Changes in Equity
For the year ended 31 December 2019

For the year ended 31 December 2019

€	Called up share capital	Profit and loss account	Total shareholders' funds
Balance at 1 January 2019	108,634,146	23,655,079	132,289,225
Profit for the year	-	7,223,527	7,223,527
At 31 December 2019	108,634,146	30,878,606	139,512,752

For the year ended 31 December 2018

€	Called up share capital	Profit and loss account	Total shareholders' funds
Balance at 1 January 2018	108,634,146	25,682,796	134,316,942
Loss for the year	-	(2,027,717)	(2,027,717)
At 31 December 2018	108,634,146	23,655,079	132,289,225

BA and AA Holdings Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Authorisation of financial statements

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 25 June 2020 and the Balance Sheet was signed on the Board's behalf by S. Philcox. BA and AA Holdings Limited is a private company limited by shares and 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

2.1 Basis of preparation and statement of compliance with FRS 101

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and in accordance with the special provisions relating to small companies within section 414 of the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

The Company's financial statements are presented in euros, which is the Company's functional currency, and all values are rounded to the nearest euro (€), 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, 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 and 18a 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 IFRS 7 *Financial Instruments: Disclosures*; and
- f) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*.

Going concern

The financial statements have been prepared on the going concern basis.

The Company's ability to continue as a going concern is assessed in conjunction with BA's (the 'Parent') ability to continue as a going concern. The Parent's viability is dependent upon the Parent's ability and willingness to provide ongoing funds for working capital needs.

The Parent has confirmed that it will continue to provide financial support to enable the company to meet its liabilities as they fall due for the foreseeable future.

The Parent's Directors have considered the Parent's cash flow forecast. The Directors of the Company are satisfied after appropriate consultation with the Directors of the Parent, review of forecasts and projections taking account of reasonably possible changes in trading performance following the COVID-19 pandemic and the current funds available, that the Company is able to operate for at least twelve months from the signing of the financial statements.

BA and AA Holdings Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Accounting policies (continued)

2.1 Summary of significant accounting policies

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. A provision for expected credit losses (allowance for doubtful debtors) is established based on the calculation and recognition of lifetime expected credit losses.

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.

Interest receivable

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

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.

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.

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.

BA and AA Holdings Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Accounting policies (continued)

2.1 Summary of significant accounting policies (continued)

Key accounting estimates and judgements

The preparation of financial statements requires management to make judgments, 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.

New standards, amendments and IFRIC interpretations

No new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the period ended 31 December 2019 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 (2018: €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 (2018: €nil).

During the year no Directors accrued benefits under a defined benefit pension scheme (2018: none) and two Directors accrued benefits under a defined contribution pension scheme (2018: two), 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 (2018: two) participated in IAG's Long Term Incentive Schemes and one exercised awards during the year (2018: 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 current or preceding year.

5. Interest receivable

€	2019	2018
Interest receivable from group undertakings	926,000	123,707

BA and AA Holdings Limited
Notes to the financial statements
For the year ended 31 December 2019

6. Taxation

a) Tax on profit

Tax charge/(credit) in the Income Statement:

€	2019	2018
Current tax		
UK corporation tax on profits for the current period	1,694,408	-
Movement in respect of prior years	-	(146,680)
Total current tax	1,694,408	(146,680)
Total tax charge/(credit)	1,694,408	(146,680)

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

The total tax charge/(credit) is calculated at the standard rate of UK corporation tax. The tax charge/(credit) on the profit for the year to 31 December 2019 is equal to (2018: lower than) the expected tax charge at the UK rate. The Company's effective tax rate is 19.0% (2018: 6.8%) and the differences to the UK rate are explained below:

€	2019	2018
Profit/(loss) on ordinary activities before tax	8,917,935	(2,174,397)
Tax calculated at the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	1,694,408	(413,135)
Effects of:		
Adjustments in respect of prior years	-	(146,680)
Group relief claim	-	413,135
Tax charge/(credit) in the Income Statement	1,694,408	(146,680)

c) Factors that may affect future tax charges

In the UK, at 31 December 2019, the enacted corporation tax rate effective 1 April 2020 was 17%. In the Finance Bill 2020, the UK government legislated that the rate would remain at 19% on 1 April 2020.

7. Debtors: amounts falling due within one year

€	2019	2018
Amounts owed by group undertakings	141,207,160	132,289,225

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 (2018: one month average GBP LIBOR).

8. Creditors: amounts falling due within one year

€	2019	2018
Corporation tax liability	1,694,408	-

BA and AA Holdings Limited
Notes to the financial statements
For the year ended 31 December 2019

9. Share capital

	Number	2019 €	Number	2018 €
Allotted, called up and fully paid				
Ordinary shares of €1.50253 each	72,300,804	108,634,146	72,300,804	108,634,146

10. 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.

11. Ultimate parent undertaking

The Company's immediate parent undertaking as at 31 December 2019 was BA, a company registered in England and Wales.

As at 31 December 2019, the ultimate parent undertaking 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.