

BRITISH AIRWAYS SIX MONTH RESULTS

1 January 2024 – 30 June 2024

British Airways Plc ('BA' or the 'Group') presents its consolidated results for the six-months ended 30 June 2024.

Period results summary

- Total revenue of £6,895 million (2023: £6,716 million) up 2.7 per cent from last year;
- Operating profit of £566 million (2023: profit of £528 million);
- Cash, cash equivalents and other interest-bearing deposits increased by £1,298 million to £2,472 million (31 December 2023: £1,174 million);
- Borrowings decreased by £295 million to £8,067 million (31 December 2023: £8,362 million); and
- The Group's liquidity* position decreased by £0.1 billion to £4.5 billion (31 December 2023: £4.6 billion).

* Total liquidity includes Cash, cash equivalents and other interest-bearing deposits, plus committed and undrawn general and aircraft-specific financing facilities.

Performance summary

For the six months ended 30 June

Financial data £ million	2024	2023	Higher/(lower)
Passenger revenue	6,309	5,939	6.2%
Total revenue	6,895	6,716	2.7%
Total expenditure on operations before exceptional items	(6,329)	(6,188)	2.3%
Operating profit before exceptional items	566	528	7.2%
Exceptional items	-	-	-
Operating profit after exceptional items	566	528	7.2%
Non-operating items	698	(1)	nm
Profit before tax	1,264	527	nm

nm = not meaningful

Operating figures	2024	2023	Higher/(lower)
Available seat kilometres (ASK ¹) (m)	85,454	81,212	5.2%
Revenue passenger kilometres (RPK ¹) (m)	71,171	66,436	7.1%
Cargo tonne kilometres (CTK ¹) (m)	1,815	1,653	9.8%
Passenger load factor ¹ (%)	83.3%	81.8%	1.5 pts
Passengers carried (000)	22,110	20,339	8.7%
Passenger revenue per ASK (p)	7.38	7.31	1.0%
Passenger revenue per RPK (p)	8.86	8.94	(0.9)%
Non-fuel costs per ASK (p)	5.20	5.35	(2.8)%

¹Defined in the Annual Report and Accounts for the year ended 31 December 2023 and should be read in conjunction with this document.

Management review

British Airways Holidays (BA Holidays) has grown to become one of the leading holiday companies in the UK and in order to best accelerate the growth of the business, the ownership of BA Holidays was transferred from British Airways to IAG Loyalty on 1 April. This strategic move provides an opportunity to bring two successful businesses together and build better propositions for customers and the wider International Airlines Group. The operation, leadership and brand identity of BA Holidays remains unchanged.

For the six-month period ended 30 June 2024, the Group recognised a profit before tax of £1,264 million (2023: profit of £527 million). This included a net gain on the sale of BA Holidays of £650 million as a Non-operating item.

Overall capacity, measured in available seat kilometres (ASKs), increased by 5.2 per cent and passenger load factor increased by 1.5 percentage points. This was driven by increased leisure and business volumes as greater demand returned compared to the same period in 2023. The increase in passenger load factor, coupled with a small drop in average passenger yields of 1.9 per cent, led to an overall increase in passenger revenue of 6.2 per cent compared to the same period in 2023.

Our Operation

British Airways continued to work closely with stakeholders across the business and the wider industry to ensure it delivered for its customers and placed an increased focus on driving improvements in operational performance and resilience. As part of its £7 billion transformation plan, British Airways is investing more than £100 million into the operation, including making changes at Heathrow through the introduction of a team-based structure, and introducing new technology such as Pathfinder and Mission Control in global operations to help with decision making and create a world class operation.

The airline saw an increase in its departure within 15 minutes performance metric (D15) at Heathrow and across the network, achieving 78.6 per cent during the first quarter of 2024 - the highest performance since the Covid-19 pandemic, and 71.8 per cent during the second quarter of 2024, which is an improvement compared to the same period in 2023. When compared to 2023, growth in British Airways' D15 performance at Heathrow continued to outperform its European competitors from their own European hubs.

Management review continued

British Airways opened its new Airport Operations Control Centre (AOCC) within Heathrow Terminal 5, which follows on from the refurbishment of the airline's Integrated Operations Control Centre (IOCC) at its headquarters in 2023. The new spaces provide operational colleagues with a refreshed environment to work in and manage the 24/7 operation – including the rollout of new technology such as Mission Control and Pathfinder which helps inform colleagues to make data-driven decisions.

At times, British Airways experienced disruption to flights due to a combination of factors, some of which were outside of the airline's control. These included periods of third-party industrial action across the UK and Europe, airport capacity constraints, aircraft serviceability, and adverse weather events, resulting in air traffic control imposing restrictions on the number of aircraft that could safely take off and land per hour. The airline took action where necessary to adjust its schedule by consolidating a small number of flights to high frequency destinations. Those customers that were impacted were offered a range of options, including rebooking onto alternative flights, including those on other carriers, or offered the option of a full refund. British Airways continues to place an increased focus on the factors it can control to ensure it delivers for its customers.

In June, British Airways encountered a temporary technical fault with the third-party system used to provide baggage allocation services, which caused disruption to its operation. The issue was swiftly resolved and the airline worked closely with all partners, including standing up its customer support schemes, to support reuniting customers with their bags as quickly as possible.

Our People

British Airways continued to focus on putting its people at the heart of its business and welcomed 3,000 colleagues into the airline in the first six months of the year. The airline continued to act upon feedback and improve the colleague experience through several initiatives, including the introduction of improved parental leave and time off policies to provide colleagues with greater flexibility and support when it's needed most. The airline also continued to refurbish and upgrade its workspaces across the UK and overseas and made improvements to its staff travel offerings by introducing standby business class agreements on other airlines for the first time.

The airline continued to place inclusion and diversity at the heart of its strategy and continues to take positive action in driving inclusion across the business. It reached its target of having 40 per cent of women in senior management positions by 2025, a year early. The airline also launched its first ever Women's Leadership Development Programme in partnership with AllBright – a leading global organisation which is committed to improving gender equity in the workplace. In addition, all senior leaders within British Airways have completed inclusive leadership and diversity training, helping to increase the airline's efforts in driving inclusion across the business.

To mark National Apprenticeship Week, in February more than 40 current and former apprentices from across the airline took responsibility for departing a Boeing 777 flight to Cape Town. Apprentices were stationed at various touchpoints across the customer journey including at check-in, at the boarding gate and within ground operations. The flight demonstrated the value and importance of apprentices as part of British Airways' emerging talent strategy. The airline also picked up an award for the "Best Apprenticeship in Hospitality and Tourism" for its Level 3 Business Professional Apprenticeship scheme at the Apprenticeship Guide Awards.

As part of the airline's commitment to supporting the wellbeing of its people, British Airways announced a new charity partnership with MIND, the UK's leading mental health charity. Through the BA Better World Community Fund, the airline has pledged to donate £100,000 over the next two years. British Airways recognises colleague wellbeing as a key enabler of performance and the partnership will help shift the dial on wellbeing to create a more supportive culture in the workplace.

Our Customers

British Airways continued to invest in customer experience and in March, held a "Showcase in the Skies" event in Central London to share further detail on its £7 billion transformation programme. The event featured senior leaders and colleagues from across the airline, providing customers, media and government stakeholders with insight into some of the changes taking place across the airline, including interactive exhibits and fireside conversations which reinforced British Airways' ongoing investment into transforming the customer and colleague experience and creating a responsible business.

At the event, the airline unveiled its next-generation short-haul cabins with new Euro Traveller and Club Europe seating which are being introduced on new Airbus A320neo and A321neo aircraft, as the airline continues to take delivery of new fuel-efficient aircraft. The airline also shared design concepts ahead of the construction of new lounges in Miami and Dubai, and announced members of the airline's loyalty programme, Executive Club, will be able to stay connected in the air with the introduction of free Wi-Fi messaging on connected aircraft. The airline also announced a change to align the tier point collection end date for Executive Club members, which is in line with similar frequent flyer schemes at other airlines.

The airline completed around 300 of its 600 transformation initiatives during the first six months of 2024, half of all the initiatives on its three-year plan to transform the business for its customers, investors and its people.

During the first six months of the year, the airline took delivery of an Airbus A350-1000 aircraft, taking the total number of aircraft in its A350 fleet to 18, alongside one 787-10, three A320neos and one A321neo.

The airline also continued to fit its award-winning business class seat, the Club Suite onto its existing long-haul fleet. Currently, more than 61 per cent of Heathrow-based aircraft are flying with the new business class product. British Airways also began fitting the Club Suite onto its fleet of Boeing 787-8 aircraft.

From a network perspective, British Airways resumed operations to Abu Dhabi following a four-year absence and launched new flights from Heathrow to Izmir and Kos, and Gatwick to Dublin. The airline also announced new routes from Heathrow to Tromsø and Nuremberg and plans to resume operations to Kuala Lumpur and Jeddah from Heathrow and increase the frequency of services to Riyadh in winter 2024. The airline will also launch flights to Bangkok from Gatwick in winter 2024 and operate an additional daily service from Heathrow to Delhi for summer 2025. The resumption of these routes marks a significant step forward in the airline's ambition to restore capacity to pre-pandemic levels.

Management review continued

BA Euroflyer continued to grow with the launch of new routes from Gatwick to Agadir and Jersey and announced new routes to Lapland and Larnaca for winter 2024, whilst BA Cityflyer launched weekend flights from London Stansted to Florence, Nice, Ibiza and Split, alongside new services from Edinburgh to Olbia and San Sebastian. The subsidiary also announced new flights for winter 2024 between Gatwick and Chambéry, and Stansted to Chambéry and Amsterdam.

British Airways signed a new interline agreement with South African regional carrier CemAir and launched a new codeshare agreement with Greek airline Sky Express, enabling customers to fly to 33 additional destinations in Greece served by the carrier. The airline also re-introduced its codeshare agreement with China Southern and launched a new codeshare with Alaska Airlines. British Airways also filed a submission with the US Department of Transport to create a new codeshare agreement with JetBlue. Pending approval, the agreement would provide customers with increased choice and availability to more than 75 destinations within North America.

British Airways was named as the World's Most Family Friendly Airline in the Skytrax 2024 World Airline Awards and collected multiple awards at the Head for Points Travel and Loyalty Awards, including Best Premium Economy Seat and Service, Best UK Airport Lounge and Best Airline Loyalty Scheme.

During the pandemic, British Airways was the first UK airline to offer customers the unprecedented flexibility to change their travel plans by providing them with vouchers for future travel. In order to give customers greater flexibility to use their vouchers, the book and travel by date has been extended to 30 September 2025.

BA Better World

British Airways continued to invest into sustainable aviation fuel (SAF) and in January celebrated the opening of LanzaJet's Freedom Pines facility in Georgia, which is the world's first ethanol to sustainable aviation fuel plant, marking another step-in aviation's roadmap to decarbonisation. International Airlines Group (IAG), the parent company of British Airways, announced its largest sustainable aviation fuel (SAF) purchase agreement to date with e-SAF provider, Twelve. The investment means that IAG has now secured a third of its target to use 10 per cent SAF by 2030.

The airline held an event at Battersea Power Station in London to celebrate raising more than £28 million for Flying Start, its charity partnership with Comic Relief. Through generous donations and fundraising efforts by customers and colleagues, British Airways raised more than £1.5 million for Red Nose Day 2024 which helps to support thousands of people in communities around the world.

Furthermore, as part of the airline's continued focus on supporting communities in the UK and around the world, all UK-based colleagues were gifted a £20 voucher to donate to a charity of their choice from the BA Better World Community Fund. This follows on from a similar successful scheme in December 2022 and June 2023, which has now seen more than £200,000 of additional funding given to over 120 registered charities.

British Airways' 2023 Sustainability Report is available at www.britishairways.com/babetterworld.

Financial review

Consolidated income statement for the six months ended 30 June

£ million	2024	2023	Higher/(lower)
Passenger revenue	6,309	5,939	6.2%
Cargo revenue	359	397	(9.6)%
Other revenue	227	380	(40.3)%
Total revenue	6,895	6,716	2.7%
Employee costs	1,368	1,227	11.5%
Fuel costs and emission charges	1,886	1,840	2.5%
Handling, catering and other operating costs	946	1,097	(13.8)%
Landing fees and en-route charges	544	554	(1.8)%
Engineering and other aircraft costs	434	434	-
Property, IT and other costs	335	333	0.6%
Selling costs	255	252	1.2%
Depreciation and amortisation	553	482	14.7%
Net gain on sale of property, plant and equipment	(1)	(11)	nm
Currency differences	9	(20)	nm
Total expenditure on operations before exceptional items	6,329	6,188	2.3%
Operating profit before exceptional items	566	528	7.2%
Exceptional items	-	-	-
Operating profit after exceptional items	566	528	7.2%
Non-operating items	698	(1)	nm
Profit before tax	1,264	527	nm
Tax	(113)	(69)	nm
Profit after tax	1,151	458	nm

Financial review continued

Revenue

Overall capacity for the six-month period reached 92.7 per cent of that operated in the same period during 2019. This is higher than the 88.1 per cent of 2019 capacity operated during the same period in 2023 as pre-pandemic levels are gradually restored following the retirement of the Boeing 747-400 fleet in 2020. Passenger load factors reached 83.3 per cent, an increase of 1.2 percentage points versus 2019. This translated to total passenger revenue for the first six months of the year of £6,309 million (2023: £5,939 million), an increase of 6.2 per cent compared to the same period in 2023. Passenger unit revenue (passenger revenue per ASK) was 1.0 per cent higher than the first six months of 2023, and 18.1 per cent higher than the corresponding period in 2019. Cargo carried, measured in cargo tonne kilometres (CTKs), increased by 9.8 per cent, however Cargo revenue decreased by 9.6 per cent to £359 million due to lower yields. Other revenue decreased by £153 million to £227 million, the majority of which is driven by a decrease in ground services (including accommodation) following the sale of the BA Holidays business to Avios Group Limited (AGL) on 1 April 2024.

Expenditure on operations

Total operating costs increased by 2.3 per cent to £6,329 million (2023: £6,188 million). Fuel costs increased by £46 million, or 2.5 per cent, to £1,886 million largely reflecting the increased flying which was partially mitigated by the strengthening of the pound against US dollar denominated purchases. Operating expenditure excluding fuel, increased by 2.2 per cent to £4,443 million (2023: £4,348 million), largely reflecting the increased flying. Handling, catering and other operating costs decreased by 13.8 per cent which is driven by a number of factors, one of which includes a decrease in disruption costs compared to the same period in 2023.

Exceptional items

There were no exceptional items for the six-month period ended 30 June 2024 (2023: none).

Non-operating items

The Group's net non-operating credit for the six-month period was £698 million in 2024 (2023: £1 million cost). Non-operating items during the period include a net gain on sale of investments (BA Holidays) of £650 million (2023: £nil), a net gain of £164 million (2023: net gain of £135 million) relating to the share of post-tax results of associates, finance income of £59 million (2023: £62 million), net financing credits of £26 million (2023: credits of £45 million) relating to pensions, net gains of £23 million (2023: net losses of £65 million) relating to the revaluation of foreign currency denominated debts and related derivatives, a gain of £17 million relating to derivatives not qualifying for hedge accounting and finance costs of £241 million (2023: £309 million). The decrease in finance costs of £68 million compared to the same period in 2023 is largely driven by the repayment of the £2 billion UKEF loan which was settled in full during the latter half of 2023.

Tax

The tax charge for the period was £113 million (2023: £69 million). The effective rate for the period was 9.0 per cent (2023: 13.1 per cent) being lower (2023: lower) than the tax charge (2023: tax charge) at the applicable UK corporation tax rate for the year of 25 per cent (2023: 23.5 per cent), largely driven by the gain on sale of investment of £650 million which is non-taxable. Refer to note 6 for further detail.

Capital expenditure

Total capital expenditure paid in the period amounted to £763 million (2023: £644 million¹) which included £624 million (2023: £573 million) of fleet related spend (aircraft, aircraft progress payments, spares, modifications, heavy maintenance costs and refurbishments) and £139 million (2023: £71 million¹) on property, equipment and software. During the period the Group took delivery of six aircraft comprising three Airbus A320neos, one Airbus A321neo, one Airbus A350-1000 and one Boeing 787-10 (2023: one Airbus A320neo, one Airbus A350-1000 and two Boeing 787-10s).

¹ Refer to the footnote on page 11 for further detail.

Principal risks and uncertainties

BA has continued to maintain its framework and processes to identify, assess, and manage risks. The principal risks and uncertainties affecting BA are detailed in the Principal risks and uncertainties section of the 2023 Annual report and accounts and these remain relevant at the date of this report. The BA Board has continued to monitor and assess risks in the light of changes that influence or impact BA and the aviation industry and closely reviews how risks combine to create increased threats. Where further action has been required, the BA Board has considered potential mitigations, and, where appropriate or feasible, has implemented or confirmed plans that would address those risks.

In assessing its principal risks, BA has considered its risk environment including geopolitical tensions, operational and technical resilience, particularly air traffic control (ATC) and engines availability and reliability, regulator or government reviews that could disrupt its revenue model, its industrial relations landscape, disruption recovery from IT outages, transformation, including Artificial Intelligence (AI) adoption, and managing its cost base. No new principal risks were identified through the risk management discussions and assessments in the year to date. From the risks identified in the 2023 Annual report and accounts, given the current environment, the main risks that continue to be a key area of focus, due to their potential implications for BA, are outlined below.

- Brand and customer trust. Operational resilience and customer satisfaction underpin customer trust. Reliability, including on-time performance, and customer support through disruption are key to our brand values and how our customers experience flying with BA. BA continues to improve its disruption management capabilities and build operational buffers to help minimise any impact disruption may have and to ensure that our customers choose to fly with BA.
- Critical third parties in the supply chain. The aviation sector continues to be affected by its reliance on the global supply chain and the impacts of delays in aircraft deliveries, scarcity of components and engines on aircraft turnarounds, aircraft on the ground and aircraft utilisation, airports' resilience weaknesses, particularly Heathrow and ATC and their ability to adapt to a high demand environment, with weather and skillset shortages driving increased restrictions. BA proactively assesses schedules for operability and continues to work with all critical suppliers to understand any potential disruption which could impact the availability of new fleet, engines or critical goods or reliability of critical services, particularly third-party application and network services.

Principal risks and uncertainties continued

- Economic, political and regulatory environment. Increased regulation and political intervention drive increased levels of cost and impact the ability of airlines to set capacity and pricing, which may impact on BA's revenue streams and business model. Wider macroeconomic events may continue to drive market uncertainty and volatility impacting demand. The rise of populist governments and government policy globally sees increased protectionism which could result in market or competitive distortion and a trend for increased scrutiny from regulators and tax authorities which could see changes that increase costs to airlines. BA continues to monitor the implications for trade and the threat of the introduction of changes to tariff regimes given potential government changes in the year.
- Operational resilience. Shortages in the supply chain, airspace and ATC restrictions, availability of experienced licensed resource, including engineers and pilots, can all impact the operational environment of BA as well as the operations of the businesses on which it relies. BA continues with its ambitious IT infrastructure transformation agenda to modernise and digitalise its IT estate. BA is focused on minimising any unplanned outages or disruption to customers with additional resilience built into its network.
- People, culture and employee relations. Our people, their engagement and cultural appetite and mindset for change are critical to BA's current performance and future success. Shortages in engineers across the aviation sector and within BA engineering may impact maintenance delivery timelines unless experienced engineers can be secured. Additionally, pilot entry into BA is critical to keep operations resilient and meet future growth plans. BA continues to engage with unions on the business environment and its change plans.
- Sustainable aviation. The plan to decarbonise aviation has resulted in fragmentation of policy measures and support offered by governments for green initiatives across the different regions in which BA operates. As Sustainable Aviation Fuel (SAF) infrastructure and availability still lags demand for SAF, mandates and other tax-based measures may disproportionately impact BA versus its competitors.
- Transformation, innovation and AI. BA continues to focus on its cost base to offset inflationary price increases in the supply chain and the additional costs of resilience to ensure that it is well prepared for any further external headwinds that may impact the aviation industry. Opportunities for AI adoption to drive efficiencies and better insights have been identified across the business. The people impact of change and the talent and skillsets needed for BA's future size and shape are considered as part of its transformation and innovation programmes.

The BA Board has been apprised of regulatory, competitor and governmental responses on an ongoing basis.

By order of the Board

Sean Doyle
Chairman and Chief Executive Officer
1 August 2024

Jose Antonio Barrionuevo Urgel
Chief Financial and Transformation Officer
1 August 2024

Forward-looking statements:

Certain statements included in this announcement are forward-looking. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements often use words such as "expects", "believes", "may", "will", "could", "should", "continues", "intends", "plans", "targets", "predicts", "estimates", "envisages" or "anticipates" or other words of similar meaning or their negatives. They include, without limitation, any and all projections relating to the results of operations and financial conditions of British Airways plc and its subsidiary undertakings from time to time (the 'Group'), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure, acquisitions and divestments relating to the Group and discussions of the Group's business plans and its assumptions, expectations, objectives and resilience with respect to climate scenarios.. All forward-looking statements in this announcement are based upon information known to the Group on the date of this announcement and speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations, the Group does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

Actual results may differ from those expressed or implied in the forward-looking statements in this announcement as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to, economic and geo-political, market, regulatory, climate, supply chain or other significant external events, many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to itemise each item. Accordingly, readers of this announcement are cautioned against relying on forward-looking statements. Further information on the primary risks of the business and the Group's risk management process is set out in the Risk management and principal risk factors section in the Annual report and accounts 2023; this document is available on www.iairgroup.com. All forward-looking statements made on or after the date of this announcement and attributable to BA are expressly qualified in their entirety by the primary risks set out in that section.

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BRITISH AIRWAYS PLC

Unaudited Condensed Consolidated Interim Financial Statements
1 January 2024 – 30 June 2024

Consolidated income statement

For the six months ended 30 June

£ million	Note	2024	2023
Passenger revenue		6,309	5,939
Cargo revenue		359	397
Other revenue		227	380
Total revenue		6,895	6,716
Employee costs		1,368	1,227
Fuel costs and emission charges		1,886	1,840
Handling, catering and other operating costs		946	1,097
Landing fees and en-route charges		544	554
Engineering and other aircraft costs		434	434
Property, IT and other costs		335	333
Selling costs		255	252
Depreciation and amortisation	8	553	482
Net gain on sale of property, plant and equipment		(1)	(11)
Currency differences		9	(20)
Total expenditure on operations before exceptional items		6,329	6,188
Operating profit before exceptional items		566	528
Exceptional items	3	-	-
Operating profit after exceptional items		566	528
Finance costs	5	(241)	(309)
Finance income	5	59	62
Net financing credit relating to pensions	5	26	45
Net currency retranslation credits		23	65
Share of profits in investments accounted for using the equity method		164	135
Gain on sale of investments	10b	650	-
Other non-operating credits	5	17	1
Total net non-operating credits/(costs)		698	(1)
Profit before tax		1,264	527
Tax	6	(113)	(69)
Profit after tax		1,151	458

Consolidated statement of other comprehensive income

For the six months ended 30 June

£ million	Note	2024	2023
Items that may be reclassified subsequently to net profit			
Cash flow hedges:			
Fair value movements in equity		98	(170)
Reclassified and reported in net profit		(10)	(22)
Fair value movements on cost of hedging		41	(53)
Cost of hedging reclassified and reported in net profit		17	30
Currency translation differences		(5)	(2)
Other movements in comprehensive loss of associates	10a	(5)	(7)
		<u>136</u>	<u>(224)</u>
Items that will not be reclassified to net profit			
Remeasurements of post-employment benefit obligations		177	(417)
		<u>177</u>	<u>(417)</u>
Total other comprehensive income/(loss), net of tax		313	(641)
Profit after tax for the period		<u>1,151</u>	<u>458</u>
Total comprehensive income/(loss) for the period		1,464	(183)

Consolidated balance sheet

£ million	Note	30 June 2024	31 December 2023 ¹
Non-current assets			
Property, plant and equipment	8	11,404	11,050
Intangible assets ¹	8	1,144	1,051
Investments accounted for using the equity method	10a	2,394	2,275
Other equity investments		22	22
Employee benefit assets	14	1,388	1,191
Derivative financial instruments		42	21
Deferred tax assets		28	229
Carbon-related and other non-current assets ¹		536	383
Total non-current assets		16,958	16,222
Current assets			
Inventories		132	98
Trade receivables		1,072	876
Carbon-related and other current assets ¹		929	846
Derivative financial instruments		74	37
Current interest-bearing deposits		825	270
Cash and cash equivalents		1,647	904
Total current assets and receivables		4,679	3,031
Total assets		21,637	19,253
Shareholders' equity			
Issued share capital		290	290
Share premium		1,512	1,512
Other reserves		2,307	798
Total shareholders' equity		4,109	2,600
Total equity		4,109	2,600
Non-current liabilities			
Borrowings	13	7,201	7,112
Employee benefit obligations	14	146	151
Provisions	15	578	568
Derivative financial instruments		24	56
Other non-current liabilities		159	70
Total non-current liabilities		8,108	7,957
Current liabilities			
Borrowings	13	866	1,250
Trade and other payables		2,907	2,654
Deferred revenue		5,258	4,231
Derivative financial instruments		131	279
Current tax payable		2	-
Provisions	15	256	282
Total current liabilities		9,420	8,696
Total liabilities		17,528	16,653
Total equity and liabilities		21,637	19,253

¹The 2023 results include a reclassification to conform with the current period presentation for Carbon-related assets. There is no impact on the total assets or total liabilities of the Group. Further information is given in note 1.

Consolidated cash flow statement

For the six months ended 30 June

£ million	Note	2024	2023 ¹
Cash flow from operating activities			
Operating profit after exceptional items		566	528
Exceptional items		-	-
Operating profit before exceptional items		566	528
Depreciation and amortisation		553	482
Net gain on sale of property, plant and equipment		(1)	(11)
Employer contributions to defined benefit pension schemes net of service and administration costs		(1)	(9)
Increase in provisions (excluding carbon-related obligations) ¹		1	-
Purchase of carbon assets net of the change in carbon obligations ¹		19	(34)
Unrealised currency differences		(2)	(3)
Other movements		12	24
Interest paid		(225)	(265)
Interest received		38	60
Tax paid		(12)	(15)
Net cash flows generated from operating activities before movements in working capital		948	757
Increase in trade receivables		(219)	(85)
Increase in inventories		(34)	(8)
Increase in other receivables and current assets (excluding carbon-related assets) ¹		(217)	(79)
Increase in trade payables		174	74
Increase in deferred revenue		1,095	1,123
Increase in other payables and current liabilities		105	201
Net cash flows generated from operating activities		1,852	1,983
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets ¹		(763)	(644)
Proceeds from sale of property, plant and equipment and intangible assets		1	30
Net proceeds from the sale of investments	10b	549	-
Loan repaid by parent company		-	39
Loan to associate		-	(3)
Dividends received		39	1
Increase in interest bearing deposits		(555)	(200)
Other investing movements		6	4
Net cash flows used in investing activities		(723)	(773)
Cash flow from financing activities			
Proceeds from borrowings		446	539
Repayments of borrowings		(99)	(91)
Repayment of lease liabilities		(666)	(464)
Settlement of derivative financial instruments		(68)	(15)
Net cash flows used in financing activities		(387)	(31)
Net increase in cash and cash equivalents		742	1,179
Net foreign exchange differences		1	18
Cash and cash equivalents at 1 January		904	2,376
Cash and cash equivalents at period end		1,647	3,573
Reconciliation to Total cash, cash equivalents and other interest-bearing deposits			
Cash and cash equivalents at period end		1,647	3,573
Interest-bearing deposits maturing after more than three months		825	340
Cash, cash equivalents and other interest-bearing deposits		2,472	3,913

¹The 2023 results include a reclassification to conform with the current period presentation for Carbon-related assets. Further information is given in note 1.

Consolidated statement of changes in equity

For the six months ended 30 June 2024

£ million	Issued share capital	Share premium	Other reserves	Total equity
As at 1 January 2024	290	1,512	798	2,600
Profit for the period	-	-	1,151	1,151
<i>Transactions with owners, recorded directly in equity</i>				
Share-based payment charge	-	-	5	5
Share-based payment recharge	-	-	(5)	(5)
Total contributions by and distributions to owners	-	-	-	-
Other comprehensive income for the period	-	-	313	313
Total comprehensive income for the period, net of tax	-	-	1,464	1,464
Hedges transferred to the balance sheet, net of tax	-	-	45	45
As at 30 June 2024	290	1,512	2,307	4,109

For the six months ended 30 June 2023

£ million	Issued share capital	Share premium	Other reserves	Total Equity
As at 1 January 2023	290	1,512	681	2,483
Loss for the period	-	-	458	458
<i>Transactions with owners, recorded directly in equity</i>				
Share-based payment charge	-	-	6	6
Share-based payment recharge	-	-	(6)	(6)
Total contributions by and distributions to owners	-	-	-	-
Other comprehensive loss for the period	-	-	(641)	(641)
Total comprehensive loss for the period, net of tax	-	-	(183)	(183)
Hedges transferred to the balance sheet, net of tax	-	-	23	23
As at 30 June 2023	290	1,512	521	2,323

Notes to the accounts

For the six months ended 30 June 2024

1 Corporate information and basis of preparation

British Airways Plc (hereinafter 'British Airways', 'BA' or the 'Group') is a public limited company incorporated in the United Kingdom and registered in England and Wales.

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 and authorised for issue by the Board of Directors on 1 August 2024. The condensed consolidated interim financial statements herein are not the Group's statutory accounts and are unaudited.

The same basis of preparation and accounting policies set out in the BA Annual Report and Accounts for the year to 31 December 2023 have been applied in the preparation of these condensed consolidated interim financial statements, other than those matters described below. BA's Annual Report and Accounts for the year ended 2023 have been filed with the Registrar of Companies in England and Wales and are prepared in accordance with UK-adopted international accounting standards. The report of the auditors on those financial statements was unqualified.

Change in presentation of results

Carbon-related assets and liabilities

During the course of 2024, with the increased prominence of Emission Trading Systems/Schemes (ETS) and the introduction of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) from 1 January 2024, the Group has elected to make a number of amendments to its presentation and disclosure of the Group's emissions assets and obligations:

- Purchased emission allowances, previously presented within Intangible assets, have been reclassified to Carbon-related and other assets, to reflect their operating nature;
- Those purchased emission allowances expected to be extinguished or retired within 12 months of the reporting date have now been classified within current assets; and
- The associated presentation within the Cash flow statement of these purchased emission allowances has been reclassified from Acquisition of property, plant and equipment and intangible assets within Net cash flows from investing activities to a separate line item within Net cash flows from operating activities. This reclassification aligns with the recognition of such expenses within Operating profit in the Income statement.

These changes have resulted in the prior year Balance sheet and Cash flow statement being updated to conform with the current year presentation which are shown below:

Consolidated balance sheet (extract as at 31 December 2023)

£ million	As reported	Carbon-related adjustments	Restated
Non-current assets			
Intangible assets	1,320	(269)	1,051
Carbon-related and other non-current assets	200	183	383
Other	14,788	-	14,788
	16,308	(86)	16,222
Current assets			
Carbon-related and other current assets	760	86	846
Other	2,185	-	2,185
	2,945	86	3,031
Total assets	19,253	-	19,253

Notes to the accounts continued

For the six months ended 30 June 2024

1 Corporate information and basis of preparation continued

Change in presentation of results continued

Consolidated cash flow statement (extract for the six months to 30 June 2023)

£ million	As reported	Carbon-related adjustments	Restated
Cash flow from operating activities			
Operating profit before exceptional items	528	-	528
Increase in provisions (excluding carbon-related obligations)	22	(22)	-
Purchase of carbon assets net of the change in carbon obligations	-	(34)	(34)
Other cash flows from operating activities	1,489	-	1,489
Net cash flows generated from operating activities	2,039	(56)	1,983
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	(700)	56	(644)
Other cash flows from investing activities	(129)	-	(129)
Net cash flows used in investing activities	(829)	56	(773)
Net cash flows used in financing activities	(31)	-	(31)
Net increase in cash and cash equivalents	1,179	-	1,179
Net foreign exchange differences	18	-	18
Cash and cash equivalents at 1 January	2,376	-	2,376
Cash and cash equivalents at period end	3,573	-	3,573

Notes to the accounts continued

For the six months ended 30 June 2024

1 Corporate information and basis of preparation continued

Going concern

At 30 June 2024, the Group had total liquidity of £4.5 billion (31 December 2023: total liquidity of £4.6 billion), comprising cash and cash equivalents and interest-bearing deposits of £2.5 billion (31 December 2023: £1.2 billion), £1.9 billion of committed and undrawn general facilities (31 December 2023: £3.1 billion) and a further £0.1 billion of committed and undrawn aircraft specific facilities (31 December 2023: £0.3 billion). The Group has no financial covenants associated with its loans and borrowings.

In its assessment of going concern, the Group has modelled two scenarios referred to below as the Base Case and the Downside Case over a period of at least twelve months from the date of the approval of these condensed consolidated interim financial statements (the 'going concern period'). The Group's three-year business plan was used in the creation of the Base Case, which was prepared for and approved by the Board in December 2023 and was subsequently refreshed with the latest available internal and external information in June and July 2024. The refreshed business plan takes into account the Board's and management's views on capacity, based on the potential impact of the wider economic and geopolitical environments on the Group across the going concern period. The key inputs and assumptions underlying the Base Case, through to 30 September 2025, include:

- Capacity recovery modelled by geographical region with total capacity to remain above the levels obtained in 2023 throughout the going concern period;
- Passenger unit revenue per ASK is forecast to remain above the levels obtained in 2023 throughout the going concern period;
- The Group has assumed that the committed and undrawn general facilities of £1.9 billion will not be drawn over the going concern period;
- The Group has assumed that the committed and undrawn aircraft facilities of £0.1 billion, relating to specific financing structures, will be utilised over the going concern period; and
- Of the capital commitments stated in note 8, £1.4 billion is due to be paid over the going concern period, of which the Group has committed aircraft financing of £0.1 billion, and the Group has further forecast securing between 90 and 100 per cent depending on aircraft type, of the aircraft financing that is currently uncommitted, to align with the timing and payments for those aircraft deliveries, including aircraft delivered prior to the Balance sheet date that had not had their financing secured at the Balance sheet date.

The Downside Case applies stress to the Base Case to model adverse commercial and operational impacts over the going concern period, represented by: reduced levels of capacity operated in each month, including reductions of 25 per cent for three months over the going concern period; reduced passenger unit revenue per ASK; increases in the price of jet fuel by 20 per cent above that assumed in the Base Case; and increased operational costs. In the Downside Case, over the going concern period capacity would be 11 per cent down when compared to the Base Case. The Directors consider the Downside Case to be a severe but plausible scenario.

Having reviewed the Base Case and the Downside Case, the Directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence for a period of at least twelve months from the date of approval of these condensed consolidated interim financial statements and hence continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the six months to 30 June 2024.

Notes to the accounts continued

For the six months ended 30 June 2024

2 Material accounting policies

Critical accounting judgements and key sources of estimation uncertainty

There are no changes to the critical accounting judgements or key sources of estimation uncertainty as set out in note 2 of the Annual Report and Accounts for the year ended 31 December 2023.

New material accounting policies relevant to the current reporting period

The following new material accounting policies are relevant to the current reporting period, applied to transactions that arose in the current reporting period, where such transactions did not arise in the prior reporting period.

Disposal of a subsidiary

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any resulting gain or loss is recognised in the Income statement.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

If the disposal of a subsidiary is not considered to represent a separate major line of business, it does not meet the definition of a discontinued operation.

New standards, interpretations and amendments adopted by the Group

The following amendments and interpretations apply for the first time in the six months ended 30 June 2024, but do not have a material impact on the condensed consolidated interim financial statements of the Group:

- Disclosures: Supplier finance arrangements - Amendments to IAS 7 and IFRS 7 effective for periods beginning on or after 1 January 2024;
- Lease liability in a sale and leaseback - Amendments to IFRS 16 effective for periods beginning on or after 1 January 2024; and
- Classification of liabilities as current or non-current and non-current liabilities with covenants - Amendments to IAS 1 is effective for periods beginning on or after 1 January 2024.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Significant changes and transactions in the current reporting period

The financial performance and position of the Group was affected by the following significant events and transactions in the six-month period to 30 June 2024:

- On 1 April 2024, the Group sold 100 per cent of its existing British Airways Holidays Limited (BA Holidays) business to Avios Group Limited (AGL). Further information on the transaction, including financial impacts, is provided in note 10b;
- On 14 June 2024, the Group entered into a five-year \$2,421 million, sustainability-linked, secured Revolving Credit Facility, with two 1-year extension options available subject to the approval of lenders. At 30 June 2024, no amounts had been drawn under the facility. Concurrent to entering into the facility, the Group cancelled its \$1,346 million secured Revolving Credit Facility, which was due to mature in part in March 2025, with the remainder maturing in March 2026; and
- On 28 June 2024, as a result of securing the aforementioned Revolving Credit Facility, the Group cancelled its two £1.0 billion Export Development Guarantee Facilities that were partially guaranteed by the UK Export Finance, which were due to mature in equal amounts in November 2026 and September 2028.

Notes to the accounts continued

For the six months ended 30 June 2024

3 Exceptional items

Exceptional items are those that in management's view need to be disclosed by virtue of their size or nature.

There were no exceptional items for the six months ended 30 June 2024.

4 Seasonality

The Group's business is highly seasonal with demand strongest during the summer months. Accordingly, higher revenues and operating profits are usually expected in the latter six months of the financial year than in the first six months.

5 Finance costs, income and other non-operating credits

For the six months ended 30 June 2024

a Finance costs

£ million	2024	2023
Interest expenses on:		
Bank borrowings	(3)	(95)
Asset financed liabilities	(55)	(46)
Lease liabilities	(83)	(93)
Provisions unwinding of discount	(12)	(10)
Capitalised interest on progress payments	16	12
Other finance costs	(104)	(77)
Total finance costs	(241)	(309)

b Finance income

£ million	2024	2023
Interest on other interest-bearing deposits	59	62
Total finance income	59	62

c Net financing credit relating to pensions

£ million	2024	2023
Net financing credit relating to pensions	26	45
Total net financing credit relating to pensions	26	45

d Other non-operating credits

£ million	2024	2023
Realised gains on derivatives not qualifying for hedge accounting	17	1
Total other non-operating credits	17	1

Notes to the accounts continued

For the six months ended 30 June 2024

6 Tax

The tax charge in the Income statement was as follows:

£ million	2024	2023
Current tax	20	1
Deferred tax	(133)	(70)
Total tax	(113)	(69)

The effective rate for the period was 9.0 per cent (2023: 13.1 per cent) being lower (2023: lower) than the tax charge (2023: tax charge) at the applicable UK corporation tax rate for the period of 25 per cent (2023: 23.5 per cent).

Reconciliation of the total tax charge

£ million	2024	2023
Accounting profit before tax	(1,264)	(527)
Corporation tax rate	25%	23.5%
Tax at standard corporation tax rate	316	124
Non-deductible expenses	4	1
Intra-group associates' profits	(41)	(32)
Effect of pension fund accounting	(4)	(6)
Adjustments in respect of prior periods ¹	-	(23)
Effect of tax rate changes	-	5
Other non-taxable income ²	(162)	-
Tax charge in the income statement	113	69

¹As at 30 June 2023 the Group recorded an adjustment in respect of prior periods resulting from changes made to the tax base of certain property, plant and equipment and an adjustment for overseas current tax.

²Other non-taxable income consists of the gain in relation to the sale of British Airways Holidays Limited.

Tax-related contingent liabilities

The Group has certain contingent liabilities that could be reliably estimated, across all taxes, at 30 June 2024 amounting to £21 million (31 December 2023: £8 million). While the Group does not consider it more likely than not that there will be material losses on these matters, given the inherent uncertainty associated with tax litigation and tax audits, there can be no guarantee that material losses will not eventuate. As the Group considers that it is more probable than not of success in each of these matters, it is not appropriate to make a provision for these amounts.

Engagement with tax authorities

The Group is subject to audit and enquiry by tax authorities in the territories in which it operates, and engages with those tax authorities in a cooperative manner. Since 2023, the Directorate General of GST Intelligence (DGGI) in India has been enquiring into the quantum and nature of any services provided by the corporate head offices of a number of international airlines, including British Airways, to their Indian branches. As at 30 June 2024 and through to the date of these financial statements, the DGGI's enquiries are ongoing.

Unrecognised temporary differences

As at 30 June 2024, the Group has unrecognised temporary differences of £295 million (31 December 2023: £299 million) relating mainly to UK capital losses the Group does not reasonably expect to utilise.

Notes to the accounts continued

For the six months ended 30 June 2024

7 Dividends

No dividends were paid during the six months to 30 June 2024 (30 June 2023: £nil).

Under the scheme funding agreement between British Airways and the Trustee of the New Airways Pension Scheme (NAPS), any dividends paid to IAG from 2024 will trigger a pension contribution of 50 per cent of the amount of the dividend. From 2025 British Airways may pay dividends of up to 50 per cent of pre-exceptional profit after tax for that financial year without being required to mitigate the scheme. At 30 June 2024, NAPS was in technical surplus, and any dividend that British Airways were to pay to IAG, would not trigger a payment into NAPS unless NAPS were to move back into technical deficit. Refer to note 14 for further information.

8 Property, plant, equipment and intangibles

£ million	Owned property, plant and equipment	Right of use assets	Total property, plant and equipment	Intangible assets ²
Net book value at 1 January 2024 ²	6,712	4,338	11,050	1,051
Additions	776	7	783	136
Modification of leases	-	98	98	-
Disposals ³	(5)	(4)	(9)	(8)
Depreciation and amortisation	(294)	(224)	(518)	(35)
Reclassifications ¹	397	(397)	-	-
Net book value as at 30 June 2024	7,586	3,818	11,404	1,144

£ million	Owned property, plant and equipment	Right of use assets	Total property, plant and equipment	Intangible assets ²
Net book value at 1 January 2023 ²	5,908	4,538	10,446	977
Additions ²	614	6	620	43
Modification of leases	-	74	74	-
Disposals	(2)	-	(2)	-
Depreciation and amortisation ²	(243)	(212)	(455)	(27)
Reclassifications ¹	131	(131)	-	-
Net book value as at 30 June 2023²	6,408	4,275	10,683	993

¹ Amounts with a net book value of £397 million (2023: £131 million) were reclassified from Right of use assets to Owned Property, plant and equipment at the cessation of the respective leases. The assets reclassified related partly to leases with purchase options that were grandfathered as Right of use assets upon transition to IFRS 16, for which the Group had been depreciating over the expected useful life of the aircraft, incorporating the purchase option and partly to leases without purchase options, where a fixed buyout payment was agreed and paid, and title of the aircraft subsequently transferred to the Group.

² The results for 2023 include a reclassification of ETS allowances from Intangibles to Carbon-related and other assets. Amounts of £269 million, £268 million and £220 million at 1 January 2024, 30 June 2023 and 1 January 2023, respectively, have been reclassified from Intangible assets.

³ Of the amounts included in Disposals, £1 million, £4 million and £8 million relate to the reduction in Net book value in Owned property, plant and equipment, Right of use assets and Intangible assets, respectively, following the sale of BA Holidays and associated deconsolidation.

At 30 June 2024, long-term borrowings of the Group are secured on fleet assets with a net book value of £3,204 million (31 December 2023: £2,822 million). There is also property pledged as security with a net book value of £552 million (31 December 2023: £558 million).

Capital expenditure recognised and contracted for but not provided for at 30 June 2024 amounts to £4,672 million (31 December 2023: £5,379 million). The majority of capital expenditure commitments are denominated in US dollars and as such the commitments are subject to changes in foreign exchange rates.

9 Impairment review

Goodwill and intangible assets with indefinite lives are tested for impairment annually and when circumstances indicate the carrying value may be impaired. As of 30 June 2024, there are no indicators that the carrying value may exceed the recoverable amount and accordingly, no impairment test has been performed.

Notes to the accounts continued

For the six months ended 30 June 2024

10 Investments

a Investments accounted for using the equity method

For the six months ended 30 June 2024

£ million	2024	2023
Balance at 1 January	2,275	1,951
Share of attributable results	164	135
Share of movements in other comprehensive loss of investments	(5)	(7)
Dividends received	(39)	(1)
Exchange adjustments	(1)	-
As at 30 June	2,394	2,078

b Investments in subsidiaries

On 1 April 2024, the Group sold 100 per cent of its existing British Airways Holidays Limited (BA Holidays) business to its associate, Avios Group (AGL) Limited. BA Holidays was derecognised as a subsidiary of the Group, and as a result, the Group no longer has the power to affect the returns of BA Holidays as it now falls within the governance structure of AGL.

BA Holidays is not considered to represent a Discontinued operation for the Group.

Consideration received on 1 April 2024 amounted to £549 million, with a further £150 million deferred consideration receivable over 2025 and 2026 (discounted to its present value of £130 million on 1 April 2024). Receipt of the deferred consideration is unconditional, but some or all the deferred consideration could become repayable if certain commercial conditions are not met by BA. No repayments are currently expected.

The effect of the disposal on 1 April 2024 is detailed below:

£ million	
Consideration received	556
Less: BA Holidays cash and cash equivalents	(7)
Net consideration received per the cash flow	549
Consideration receivable	130
Total consideration	679

BA Holidays assets/(liabilities) as at 1 April 2024:

£ million	
Property, plant, and equipment	5
Intangible assets	8
Employee benefit assets	2
Deferred tax assets	3
Other assets ¹	416
Trade and other payables ¹	(375)
Current tax payable	(30)
Net assets	29
Gain on sale of investment	650

¹ Included in Other assets and Trade and other payables are balances associated with air revenue of which the BA Group continues to be the principal and therefore continues to recognise such amounts within its Consolidated balance sheet.

Notes to the accounts continued

For the six months ended 30 June 2024

11 Financial instruments

a Financial assets and liabilities by category

The detail of the Group's financial instruments as at 30 June 2024 and 31 December 2023 by nature and classification for measurement purposes is as follows:

As at 30 June 2024

£ million	Financial assets			Non-financial assets	Total carrying amount
	Amortised cost	Fair value through OCI	Fair value through income statement		
Non-current financial assets					
Other equity investments	-	22	-	-	22
Derivative financial instruments	-	-	42	-	42
Other non-current assets	147	-	-	389	536
Current financial assets					
Trade receivables	1,072	-	-	-	1,072
Derivative financial instruments	-	-	74	-	74
Other current assets	250	-	-	679	929
Other current interest-bearing deposits	825	-	-	-	825
Cash and cash equivalents	1,647	-	-	-	1,647

£ million	Financial liabilities			Non-financial liabilities	Total carrying amount
	Amortised cost	Fair value through OCI	Fair value through income statement		
Non-current financial liabilities					
Interest bearing long-term borrowings	4,120	-	-	-	4,120
Lease liabilities	3,081	-	-	-	3,081
Derivative financial instruments	-	-	24	-	24
Other long-term liabilities	148	-	-	11	159
Current financial liabilities					
Current portion of long-term borrowings	252	-	-	-	252
Lease liabilities	614	-	-	-	614
Trade and other payables	2,884	-	-	23	2,907
Derivative financial instruments	-	-	131	-	131

Notes to the accounts continued

For the six months ended 30 June 2024

11 Financial instruments continued

a Financial assets and liabilities by category continued

As at 31 December 2023

£ million	Financial assets			Non-financial assets	Total carrying amount
	Amortised cost	Fair value through OCI	Fair value through income statement		
Non-current financial assets					
Other equity investments	-	22	-	-	22
Derivative financial instruments	-	-	21	-	21
Other non-current assets	15	-	-	185	200
Current financial assets					
Trade receivables	876	-	-	-	876
Derivative financial instruments	-	-	37	-	37
Other current assets	190	-	-	570	760
Other current interest-bearing deposits	270	-	-	-	270
Cash and cash equivalents	904	-	-	-	904

£ million	Financial liabilities			Non-financial liabilities	Total carrying amount
	Amortised cost	Fair value through OCI	Fair value through income statement		
Non-current financial liabilities					
Interest bearing long-term borrowings	3,838	-	-	-	3,838
Lease liabilities	3,274	-	-	-	3,274
Derivative financial instruments	-	-	56	-	56
Other long-term liabilities	57	-	-	13	70
Current financial liabilities					
Current portion of long-term borrowings	215	-	-	-	215
Lease liabilities	1,035	-	-	-	1,035
Trade and other payables	2,612	-	-	42	2,654
Derivative financial instruments	-	-	279	-	279

b Fair values of financial assets and financial liabilities

The fair values of the Group's financial instruments are disclosed in hierarchy levels depending on the nature of the inputs used in determining the fair values and using the following methods and assumptions:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Level 1 methodologies (market values at the balance sheet date) were used to determine the fair value of listed asset investments classified as equity investments and listed interest-bearing borrowings. The fair value of financial liabilities and financial assets incorporates own credit risk and counterparty credit risk, respectively.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Derivative instruments are measured based on the market value of instruments with similar terms and conditions using forward pricing models, which include forward exchange rates, forward interest rates, forward fuel curves and corresponding volatility surface data at the reporting date. The determination of the fair value of derivative financial assets and liabilities are detailed in the 2023 Annual report and accounts.

The fair value of the Group's interest-bearing borrowings, excluding lease liabilities, is determined by discounting the remaining contractual cash flows at the relevant market interest rates at the balance sheet date. The fair value of the Group's interest-bearing borrowings is adjusted for own credit risk.

Notes to the accounts continued

For the six months ended 30 June 2024

11 Financial instruments continued

b Fair values of financial assets and financial liabilities continued

Level 3: Inputs for the asset or liability that are not based on observable market data. The principal method of such valuation is performed using a valuation model that considers the present value of the dividend cash flows expected to be generated by the associated assets.

The fair value of cash and cash equivalents, other current interest-bearing deposits, trade receivables, other current assets and trade and other payables approximate their carrying value largely due to the short-term maturities of these instruments.

The carrying amounts and fair values of the Group's financial assets and liabilities as at 30 June 2024 are set out below:

£ million				Fair value	Carrying value
	Level 1	Level 2	Level 3	Total	Total
Financial assets:					
Other equity investments	-	-	22	22	22
Other assets	-	3	-	3	15
Derivative financial assets ¹	-	116	-	116	116
Financial liabilities:					
Interest-bearing loans and borrowings	-	4,157	-	4,157	4,372
Derivative financial liabilities ²	-	155	-	155	155

¹Current portion of derivative financial assets is £74 million.

²Current portion of derivative financial liabilities is £131 million.

The carrying amounts and fair values of the Group's financial assets and liabilities as at 31 December 2023 are set out below:

£ million				Fair value	Carrying value
	Level 1	Level 2	Level 3	Total	Total
Financial assets:					
Other equity investments	-	-	22	22	22
Other assets	-	10	-	10	21
Derivative financial assets ¹	-	58	-	58	58
Financial liabilities:					
Interest-bearing loans and borrowings	-	3,835	-	3,835	4,053
Derivative financial liabilities ²	-	335	-	335	335

¹Current portion of derivative financial assets is £37 million.

²Current portion of derivative financial liabilities is £279 million.

There has been no transfer between levels of fair value hierarchy during the period.

c Level 3 financial assets reconciliation

The carrying value of Level 3 financial assets at 30 June 2024 was £22 million (31 December 2023: £22 million). There were no changes in fair value or other movements for the period ended 30 June 2024 (30 June 2023: no changes).

Notes to the accounts continued

For the six months ended 30 June 2024

12 Share capital

Total share capital amounted to £290 million at 30 June 2024 (31 December 2023: £290 million). The number of shares on issue at 30 June 2024 was 896,700 A1 shares (31 December 2023: 896,700) and 99,308 A2 shares (31 December 2023: 99,308) with a par value of £289.70 each, amounting to £289 million (31 December 2023: £289 million), and 1,000,000 B shares (31 December 2023: 1,000,000) and 147,963 C shares (31 December 2023: 147,963) with a par value of £1.00 each, amounting to £1 million (31 December 2023: £1 million).

13 Borrowings

£ million	30 June 2024			31 December 2023		
	Current	Non-current	Total	Current	Non-current	Total
Bank and other loans	70	1,441	1,511	58	1,503	1,561
Asset financed liabilities	182	2,679	2,861	157	2,335	2,492
Lease liabilities	614	3,081	3,695	1,035	3,274	4,309
Interest bearing borrowings	866	7,201	8,067	1,250	7,112	8,362

Bank and other loans are repayable up to 2027. Long-term borrowings of the Group amounting to £2,947 million (31 December 2023: £2,590 million) are secured on fleet assets with a net book value of £3,204 million (31 December 2023: £2,822 million). Asset financed liabilities are all secured on the associated aircraft.

Notes to the accounts continued

For the six months ended 30 June 2024

14 Employee benefits

The Group operates a variety of post-employment benefit arrangements, covering both defined contribution and defined benefit schemes.

Defined contribution schemes

The main defined contribution scheme is the British Airways Pension Plan ('BAPP'). It offers a choice of contribution rates and the ability to opt for cash instead of a pension.

Defined benefit schemes

The principal funded defined benefit pension schemes within the Group are the Airways Pension Scheme ('APS') and the New Airways Pension Scheme ('NAPS'), both of which are in the UK and are closed to new members.

APS has been closed to new members since 1984, but remains open to future accrual. The benefits provided under APS are based on final average pensionable pay and, for the majority of members, are subject to inflationary increases in payment.

NAPS has been closed to new members since 2003 and closed to future accrual since 2018. Following closure, members' deferred pensions are increased annually by inflation up to five per cent per annum (measured using the Government's annual Pension Increase (Review) Orders, which since 2011 have been based on CPI).

Triennially, the Trustees of APS and NAPS undertake actuarial valuations, which are subsequently agreed with British Airways to determine the cash contributions and any deficit payment plans through to the next valuation date, as well as ensuring that the schemes have sufficient funds available to meet future benefit payments to members. These actuarial valuations are prepared using the principles set out in UK Pension legislation. This differs from the IAS 19 'Employee benefits' valuation, which is used for deriving the Income statement and Balance sheet positions, and uses a best-estimate approach overall. The different purpose and principles lead to different assumptions being used, most notably around the discount rate applied which under the actuarial valuation, aligns with a prudent estimate of the future investment returns on the assets of the respective schemes, whereas, under IAS 19, the rates are based on high quality corporate bond yields, regardless of how the assets are invested. As such, the two different approaches result in different estimates for the liabilities and funding levels.

At 30 June 2024, the triennial valuations as at 31 March 2024 for both APS and NAPS had not been finalised and accordingly the latest actuarial valuations performed as at 31 March 2021 resulted in a technical surplus of £295 million for APS and a technical deficit of £1,650 million for NAPS. The actuarial valuations performed for APS and NAPS are different to the valuation performed as at 30 June 2024 under IAS 19 'Employee Benefits' mainly due to timing differences of the measurement dates and to the specific scheme assumptions in the actuarial valuation performed as at 31 2021 compared with IAS 19 requirements used in the accounting valuation assumptions as at the reporting date.

Cash payments and funding arrangements

Cash payments in respect of pension obligations comprise normal employer contributions made by the Group and deficit contributions based on the agreed deficit payment plan with the respective Trustees. Total contributions paid by the Group for the six-month period ended 30 June 2024 were £8 million (six-month period ended 30 June 2023: £18 million).

Deficit contributions

At the date of the actuarial valuation, the actuarial deficit of NAPS amounted to £1,650 million. In order to address the deficit in the scheme, the Group has also committed to deficit contribution payments increasing by £50 million each year up to 30 June 2026 and subsequently capped at £225 million per year through to 31 May 2032. The deficit contribution plan includes an over-funding protection mechanism, based on the triennial valuation methodology for measuring the deficit, whereby deficit contributions are suspended if the funding position reaches 100 per cent, with a mechanism for contributions to resume if the contribution level subsequently falls below 100 per cent, or until such point as the scheme funding level reaches 100 per cent.

During the six-month period ended 30 June 2024, given the funding level of the scheme, the NAPS funding position exceeded 100 per cent and accordingly deficit contributions were suspended. At 30 June 2024, the valuation of the funding level incorporates significant forward-looking assumptions, such that the Group currently does not expect to make further deficit contributions. Given the long-term nature of the NAPS scheme, these assumptions are subject to uncertainty and there can be no guarantee that deficit contributions will not resume in the future or that additional deficit contributions will not need to be incorporated into future triennial actuarial valuations.

Notes to the accounts continued

For the six months ended 30 June 2024

14 Employee benefits continued

£ million	As at 30 June 2024			
	APS	NAPS	Other	Total
Scheme assets at fair value ^{2,3}	5,032	13,689	303	19,024
Present value of scheme liabilities ³	(4,969)	(11,917)	(429)	(17,315)
Net pension asset/(liability)	63	1,772	(126)	1,709
Effect of the asset ceiling ¹	(16)	(443)	-	(459)
Other employee benefit obligations	-	-	(8)	(8)
	47	1,329	(134)	1,242
Represented by:				
Employee benefit assets				1,388
Employee benefit obligations				(146)
Net employee benefit assets				1,242

£ million	As at 31 December 2023			
	APS	NAPS	Other	Total
Scheme assets at fair value ^{2,3}	5,239	14,433	339	20,011
Present value of scheme liabilities ³	(5,220)	(12,638)	(470)	(18,328)
Net pension asset/(liability)	19	1,795	(131)	1,683
Effect of the asset ceiling ¹	(7)	(628)	-	(635)
Other employee benefit obligations	-	-	(8)	(8)
	12	1,167	(139)	1,040
Represented by:				
Employee benefit assets				1,191
Employee benefit obligations				(151)
Net employee benefit assets				1,040

¹APS and NAPS have an accounting surplus under IAS 19, which would be available to the Group as a refund upon wind up of the scheme. This refund is restricted due to withholding taxes that would be payable by the Trustee arising on both the net pension asset and the future contractual minimum funding requirements. On 22 November 2023, the UK Government announced that it intended to reduce the rate of withholding taxes that would be payable by the Trustee from 35 per cent to 25 per cent. This change was substantively enacted on 11 March 2024. The resultant impact on the asset ceiling at 30 June 2024 amounted to a reduction of £183 million, with a corresponding increase in the net employee benefit asset.

²Included within the fair value of scheme assets are £0.6 billion of private equities and £0.4 billion of alternative funds at 30 June 2024, where the fair value has been determined based on the most recent third-party valuations. The dates of these valuations typically precede the reporting date and have been adjusted for any cash and foreign exchange movements between the date of the valuation and the reporting date. Typically, the valuation approach and inputs for these investments are not updated through to the reporting date unless there are indications of significant market movements.

³Includes Additional Voluntary Contributions (AVCs), which the Trustees hold as assets to secure additional benefits on a defined contribution basis for those members who elect to make such AVCs. At 30 June 2024, such assets were £275 million (31 December 2023: £278 million) with a corresponding amount recorded in the scheme liabilities.

At 30 June 2024, the assumptions used to determine the obligations under APS and NAPS were reviewed and updated to reflect market conditions at that date. The principal assumptions were as follows:

Per cent per annum	At 30 June 2024		At 31 December 2023	
	APS	NAPS	APS	NAPS
Discount rate	5.10	5.15	4.50	4.55
Rate of increase in pensionable pay	3.35	N/A	3.20	N/A
Rate of increase of pensions in payment	3.35	2.80	3.20	2.65
RPI rate inflation	3.35	3.15	3.20	3.00
CPI rate of inflation	N/A	2.80	N/A	2.65

Further information on the basis of the assumptions is included in note 28 of the Annual Report and Accounts for the year ended 31 December 2023.

Notes to the accounts continued

For the six months ended 30 June 2024

15 Provisions

£ million	Restoration and handback	Restructuring	Legal claims and contractual disputes	Carbon obligations	Other	Total
Balance at 1 January 2024	671	17	41	92	29	850
Provisions recorded during the period	50	-	2	53	17	122
Reclassifications	(14)	-	-	-	-	(14)
Utilised during the period	(32)	(1)	(8)	-	(15)	(56)
Extinguished during the period	-	-	-	(80)	-	(80)
Release of unused amounts	(7)	(1)	(4)	(3)	-	(15)
Unwinding of discount	12	-	-	-	-	12
Remeasurements	26	-	-	-	-	26
Exchange differences	(11)	-	-	-	-	(11)
As at 30 June 2024	695	15	31	62	31	834
Analysis:						
Current	168	15	30	32	11	256
Non-current	527	-	1	30	20	578
	695	15	31	62	31	834

16 Contingent liabilities

There are a number of other legal and regulatory proceedings against the Group in a number of jurisdictions. At 30 June 2024, where they could be reliably estimated, such liabilities amounted to £3 million (2023: £4 million). The Group does not consider it probable that there will be an outflow of economic resources with regard to these proceedings and accordingly no provisions have been recorded.

Contingent liabilities associated with employment and indirect taxes are presented in note 6.

Notes to the accounts continued

For the six months ended 30 June 2024

17 Financial risk management

The Group is exposed to a variety of financial risks: market risk (including fuel price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The principal impact of these on the condensed consolidated interim financial statements are discussed below:

Fuel price risk

The Group is exposed to fuel price risk. In order to mitigate such risk, under the Group's fuel price risk management strategy, a variety of over-the-counter derivative instruments are entered into. The Group strategy is to hedge a proportion of fuel consumption up to two years within the approved hedging profile.

At 30 June 2024, the fair value of the fuel derivative instruments was a £52 million net asset (2023: £63 million net liability).

Foreign currency risk

The Group is exposed to currency risk on revenue, purchases and borrowings that are denominated in a currency other than sterling. The currencies in which these transactions are primarily denominated are US dollar and euro. The Group has a number of strategies to hedge foreign currency risk. The Group strategy is to hedge a proportion of its foreign currency sales and purchases for up to three years.

At 30 June 2024, the fair value of foreign currency derivative instruments was a £104 million net liability (2023: £228 million net liability).

Interest rate risk

The Group is exposed to changes in interest rates on debt and cash deposits. In order to mitigate the interest rate risk, the Group's policies allow a variety of over-the-counter derivative instruments to be entered into.

At 30 June 2024, the fair value of interest rate derivative instruments was an £11 million net asset (2023: £14 million net asset).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has policies and procedures to monitor the risk by assigning limits to each counterparty by underlying exposure and by operating company and by only entering into transactions with counterparties with a very low credit risk.

At each period end, the Group assesses the effect of counterparties' and the Group's own credit risk on the fair value of derivatives.

The financial assets recognised in the financial statements, net of impairment losses (if any), represent the Group's maximum exposure to credit risk, without taking into account any guarantees in place or other credit enhancements.

18 Related party transactions

The Group had transactions in the ordinary course of business during the six months ended 30 June 2024 with related parties.

£ million	Six months ended 30 June	
	2024	2023
Sales of goods and services:		
Sales to/purchases on behalf of IAG ¹	-	-
Sales to/purchases on behalf of subsidiary undertakings of the parent ²	49	58
Sales to/purchases on behalf of significant shareholders of the parent ³	70	66
Sales to associates ⁴	217	207
Purchases of goods and services:		
Purchases from IAG ¹	24	63
Purchases from subsidiary undertakings of the parent ²	197	165
Purchases from significant shareholders of the parent ³	32	32
Purchases from associates ⁴	37	130

Notes to the accounts continued

For the six months ended 30 June 2024

18 Related party transactions continued

Period end balances arising from sales and purchases of goods and services:

£ million	30 June	31 December
	2024	2023
Receivables from related parties:		
Amounts owed by IAG ¹	-	1
Amounts owed by subsidiary undertakings of the parent ²	78	77
Amounts owed by significant shareholders of the parent ³	75	97
Amounts owed by associates ⁴	288	152
Payables to related parties:		
Amounts owed to IAG ¹	1,405	1,435
Amounts owed to subsidiary undertakings of the parent ²	63	61
Amounts owed to significant shareholders of the parent ³	-	-
Amounts owed to associates ⁴	1,882	1,489

¹The transactions between BA and IAG comprise mainly of a long-term loan, management fee in respect of services provided by IAG and recharges between the entities in respect of invoices settled on behalf of the other party. Transactions with IAG are carried out on an arm's length basis. The long-term loan owed to and from the Group bear market rates of interest.

²Amounts owed by and to subsidiary undertakings of IAG related to other subsidiaries of the IAG Group. Sales include interline transactions amounting to £6 million (2023: includes £17 million) where BA have flown a passenger on behalf of a related party airline and there are revenues and associated costs within BA's income statement. In these transactions, the passenger is the end consumer and the related party airline acts as the agent. Purchases exclude interline transactions amounting to £51 million (2023: includes £38 million) where a related party airline has flown a passenger on behalf of BA. In these transactions, BA acts as the agent and there are no revenues or associated costs within BA's income statement.

³Amounts owed by and to significant shareholders of IAG. Sales include interline transactions amounting to £42 million (2023: £31 million) where BA have flown a passenger on behalf of a related party airline and there are revenues and associated costs within BA's income statement. In these transactions, the passenger is the end consumer and the related party airline acts as the agent. Purchases exclude interline transactions amounting to £143 million (2023: £152 million) where a related party airline has flown a passenger on behalf of BA. In these transactions, BA acts as the agent and there are no revenues or associated costs within BA's income statement.

⁴Sales and purchases with associates are made at normal market prices and outstanding balances are unsecured. Cash settlement is expected within the standard settlement terms. Sales include interline transactions amounting to £35 million (2023: includes £11 million) where BA have flown a passenger on behalf of a related party airline and there are revenues and associated costs within BA's income statement. In these transactions, the passenger is the end consumer and the related party airline acts as the agent. Purchases exclude interline transactions amounting to £54 million (2023: includes £73 million) where a related party airline has flown a passenger on behalf of BA. In these transactions, BA acts as the agent and there are no revenues or associated costs within BA's income statement.

The Group has not benefited from any guarantees for any related party receivables or payables. During the period ended 30 June 2024 the Group has not made an allowance for expected credit losses relating to amounts owed by related parties (31 December 2023: £nil).

In November 2020, British Airways entered into a floating rate fixed term loan agreement with IAG, the ultimate parent undertaking, for £1,453 million (€1,645 million). The loan is repayable in November 2026.

During the course of 2022, the Group provided the first tranche of a long-term shareholder loan of £11 million to LanzaJet, a company which specialises in the generation of Sustainable Aviation Fuels of which the Group has a 16.7 per cent equity interest, classified as an associate and presented within Investments accounted for using the equity method in the Balance sheet. The second tranche of £3 million was provided in April 2023. The loan is repayable in June 2044.

On 1 April 2024, the Group sold 100 per cent of its existing British Airways Holidays Limited (BA Holidays) business to Avios Group Limited (AGL), an associate of the BA Group. The net consideration received on 1 April 2024 amounted to £549 million, with a further £150 million deferred consideration receivable over 2025 and 2026 (discounted to its present value of £132 million as at 30 June 2024). Receipt of the deferred consideration is unconditional, but some or all the deferred consideration could become repayable if certain commercial conditions are not met by BA. No repayments are currently expected. Further information on the transaction, including financial impacts, is provided in note 10b.

Directors' and Officers' loans and transactions

There were no loans or credit transactions with Directors or Officers of the Group at 30 June 2024 or that arose during the year that need to be disclosed in accordance with the requirements of sections 412 and 413 to the Companies Act 2006.

19 Post balance sheet events

No significant events have taken place between the reporting date and the date of this report.

Notes to the accounts continued

For the six months ended 30 June 2024

Fleet table

Number in service with Group companies at 30 June 2024

	Owned	Finance lease	Operating lease	Total June 2024	Total December 2023	Changes since Dec 2023	Future deliveries	Options
Airbus A319	11		17	28	29	(1)		
Airbus A320	36	23	27	86	86		10	
Airbus A321	12	3	10	25	24	1	6	
Airbus A350		16	2	18	17	1		36
Airbus A380	4	8		12	12			
Boeing 777-200	38	2	3	43	43			
Boeing 777-300	9		7	16	16			
Boeing 777-900							18	24
Boeing 787-8	8	2	2	12	12			
Boeing 787-9	1	8	9	18	18			
Boeing 787-10		6	2	8	7	1	10	6
Embraer E190	9		11	20	20			
TOTAL OPERATIONS	128	68	90	286	284	2	44	66

Notes:

1. Aircraft are reported based on their contractual definitions as opposed to their accounting determination. For accounting purposes, while all operating leases are presented as lease liabilities, finance leases are presented as either lease liabilities or asset financed liabilities, depending on the nature and timing of the individual arrangement.
2. Includes aircraft operated by British Airways Plc, BA Cityflyer Limited and BA Euroflyer Limited.
3. As well as those aircraft in service the Group also holds 5 aircraft (31 December 2023: 3) not in service.