GATWICK AIRPORT LIMITED

Annual Report and the Consolidated and Parent Company Financial Statements for the year ended 31 December 2022

Company Registration Number 01991018

ANNUAL REPORT AND THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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STRATEGIC REPORT

About Gatwick Airport

Our History

1930	Gatwick Airport began life in 1930 as the Surrey Aero Club, a small club for flying enthusiasts. In 1934, Gatwick was licensed as a public aerodrome to provide regular services to Paris and act as relief for London Croydon Airport. It took a break from public life soon after when it became a base for RAF night fighters during WWII.
1958	Queen Elizabeth reopened the airport in 1958 after a £7.8 million construction project that transformed Gatwick into a global travel hub. Taking over two-and-a-half years to complete, Gatwick became the first airport in the world to have a direct railway link, allowing passengers to enjoy more seamless journeys.
1964	Increased passenger demand, and the introduction of large aircraft like the Boeing 747, required three runway extensions, in 1964, 1970 and 1973. The latest enabling non-stop flights to and from the US West Coast.
1988	In 1988, the Queen returned to open the £200 million North Terminal, which saw the main building renamed South Terminal. Just ten years later, a fourth runway extension was required, and easyJet (now the airport's biggest airline) took up residence at Gatwick the following year.
2000	The 21st century began with extensions to the North and South Terminals, totalling £60 million, followed by the construction of the famous air passenger bridge – the longest in the world at 194 metres.
2009	The British Airports Authority was forced to sell Gatwick Airport in 2009, following a Competition Commission report. Global Infrastructure Partners (GIP) took over the airport, announcing plans to modernise and upgrade. In 2012, GIP announced a £2.5 billion investment programme.
2013	Gatwick opened the world's largest self-service bag-drop zone in 2013. Our highly efficient security operation meant passengers waited less than five minutes at security 97% of the time. Unmatched in size, innovation and ambition, this highlighted Gatwick's commitment to putting passengers at the heart of its operations by dramatically reducing queues.
2019	May 2019 marked the beginning of new management with VINCI Airports owning the majority shareholding of 50.01%, with the remainder owned by a consortium of investors managed by Global Infrastructure Partners. Pre-COVID-19 Gatwick served a record 46.6 million passengers and was famous for being the world's most efficient single runway airport, with a flight almost every minute.
2020	The pandemic had a dramatic impact on the travel industry, which saw our flights reduced to one terminal for nearly two years.
2022	In March 2022 the South Terminal was reopened, as borders across the world reopened. The airport saw a rapid recovery, with over 30 million passengers passing through the airport in the year. Our route network rebuilt over the year and now boasts around 40 long haul destinations. During a busy summer we also completed the resurfacing of the Main Runway. A new approach saw almost 40,000 tonnes of asphalt laid - 100,000 tonnes less than normally used when resurfacing the airport's Main Runway, and for half the original cost.
2023	Gatwick committed to reach net zero for airport operations (Scope 1 and 2) by 2030, ten years ahead of its previous target to ensure we are creating a sustainable airport for the future. Later this year the redeveloped train station will be completed, marking yet another step forward in Gatwick's evolution as a global transport hub.

Our Business

As the eighth largest airport in Europe (by traffic volume), we are committed to providing the best service and experience, with safety and security central to everything we do.

Our passengers

With the world's most efficient single runway, we are looking forward to welcoming even more passengers over the coming years, as part of our sustainable growth plans.

With access to 180 million passengers in London each year, Gatwick provides links to hundreds of destinations for both leisure and business. Gatwick is the number one London leisure airport for UK-based passengers, with 41% of UK leisure passengers travelling through our airport in 2019. As we continue our recovery, we are confident of reaching our pre-pandemic passenger numbers of 46.6 million, but there is still some way to go.

Our commercial partners

Our airline partners are an important part of our growth plans. We work with a diverse portfolio of carriers, including many of the world's largest airlines, who choose us not only for competitive costs, but also because we continue to work together to meet the growing demands of our passengers.

Working with our retail and service partners across the airport we maintain high service standards, including offering premium products and lounges, along with a range of retail outlets and restaurants to best suit the needs of all our passengers.

The infrastructure

We operate from one Main Runway measuring 3,316 meters. And our standby Northern Runway is available for use during periods of maintenance or for emergencies. We serve our passengers from both the North and South Terminals, with a shuttle operating between them. We are well connected to the South East and across the UK, with Gatwick Airport train station offering passengers direct links to 120 train stations and to over 700 with just one change.

We maintain a strong focus on operational performance, improving the passenger experience, and investing in new and upgraded facilities. Since 2010 we have invested over £2.5 billion.

Maximising value and efficiency

Increasing value and efficiency by maximising income, lowering operating costs and driving capital efficiency is a key pillar of our business strategy.

Our income – how do we earn our revenue?
Our income comes from the facilities we operate and services we offer. Our airline partners and passengers are significant contributors.

Aeronautical income	Landing fees	Airlines pay a fee for each aircraft to land and take off. This varies by aircraft weight, emissions and individual airline agreements.
	Parking fees	Airlines pay for the use of our stands, taxiways and on-airfield parking for each aircraft.
	Passenger fees	Airlines pay a fee per departing passenger as per our published tariff, and may pay additional charges, such as special assistance.

Non-aeronautical income	Retail income	Passengers make purchases in our retail outlets within the terminal and the retailer pays us a fee.
	Car parking income	Passengers pay for the use of our long-term and short-term parking facilities including drop-off.
	Property income	Various organisations pay us rental income for use of a large element of our buildings and facilities.

Our costs – what are our outgoings?
We incur significant costs in providing all the services and facilities across the airport.

Operating costs	Staff costs	To keep the operation running 24/7 we employ a large workforce.
	Maintenance and equipment costs	We are open 24 hours a day, with millions of passengers passing through the airport. We are constantly cleaning, repairing, renewing and updating our buildings and equipment.
	Rent and rates costs	We pay local council rates and taxes for properties across our business.
	Utilities costs	Every part of our operation requires power. We work hard to save energy and be as sustainable as we can.
	Other costs	The significant range of our operations results in a wide array of costs. We pay for policing, air traffic control and insurance, for example, alongside other costs.

Regulation at Gatwick Airport

Gatwick is subject to economic regulation by the Civil Aviation Authority (CAA) under the Civil Aviation Act 2012. This takes the form of legally enforceable undertakings ("commitments"), made by Gatwick to airlines, covering price, service, transparency, financial resilience, operational resilience and dispute resolution. These undertakings are backed by a licence issued by the CAA.

The first generation of commitments expired on 31 March 2021. In February 2021, the CAA published its decision and statutory licence consultation in relation to the economic regulation of Gatwick from 1 April 2021 to 31 March 2025. The February 2021 decision outlined broad support for Gatwick's finalised extended commitments and introduced some changes to ongoing annual monitoring provisions. The CAA confirmed the final licence conditions in a notice in May 2021 (CAP 2144).

The finalised extended commitments include a number of improvements to the existing commitments, such as:

- **Service**: Gatwick commits to maintain excellent service delivery for its passengers and airlines and will remain financially incentivised to do so. Informed by the consultation and passenger research, many of the existing service standards have been updated, and we have also added new standards for Wi-Fi connectivity, special-assistance service and flight information screen system availability.

- **Investment**: Gatwick will continue to consult annually on a five-year Capital Investment Programme and has amended the consultation process to provide earlier insight and greater clarity for airlines and passenger representatives on emerging projects. Gatwick has also increased the minimum capital investment commitment to £120 million per annum on average (2018/19 price base).

- **Price**: Gatwick will limit airport charges with a ceiling and a maximum annual rate increase of RPI+0%, referencing the gross yield for the year ending 31 March 2019. The new simplified gross-yield ceiling has given greater certainty to passengers and airlines about the maximum level of future charges.

- **Operational initiatives**: To increase the focus of Gatwick, its airlines, ground handlers and air traffic control provider on delivering resilient and punctual services, Gatwick has set itself formal targets for average on-time departure punctuality to be at least 70% in the summer season and 75% in the winter season. Gatwick will invest in a portfolio of operational initiatives and financial incentives for airlines and/or their ground handlers, with the aim of enabling airlines to achieve these punctuality targets. Gatwick will consult with airlines annually on the proposed on-time departure programme.

- **Capacity growth**: Gatwick commits to increase the resilient capacity of its airfield infrastructure, and to continue, for the present, to bear the cost of developing these plans, securing necessary political and planning approvals, and implementing the project. This includes potential projects to maximise the use of the existing Main Runway and to bring into routine use the standby Northern Runway. Gatwick is not adjusting its price commitment in response to the additional capital expenditure it may incur in this period in either preparation for obtaining the Development Consent Order (DCO), or in implementing the resulting infrastructure projects.

In addition to this, the CAA said it would undertake ‘focused assessments’ during the period on the average level of aeronautical discounts, the new security queue measurement system and the new capital investment consultation process, and whether airfield investment is being reinstated sufficiently quickly.

Gatwick has undertaken to notify the CAA and all operators at the airport at least two years before the end of the commitments term (i.e. by 31 March 2023) of its intention regarding the continuation of commitments. In anticipation of this, Gatwick has started consultation with operators and the CAA about the future of the commitments from 1 April 2025.

All airport operators are also subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate it is competent to conduct aerodrome operations safely. That licensing requirement is not affected by the Civil Aviation Act 2012.

Capital Investment at Gatwick Airport

As the Gatwick operational teams, airline partners and their ground handling staff delivered an extraordinary business recovery through 2022, we began work to re-energise our Capital Investment Programme. While capital spend was necessarily low through 2020, 2021 and 2022, several business-critical projects, such as the redevelopment and expansion of the train station and the re-surfacing of the Main Runway, continued their delivery. Other projects were paused, and the teams used the hiatus to re-evaluate schemes such as the Pier 6 western extension. In 2021, Gatwick’s shareholders backed the resumption of work on plans to bring the Northern Runway into routine use, representing a strong commitment to investing in the long-term future of the airport.

Gatwick has seven key investment drivers:

- Safety, security and compliance
- Sustainability
- Cost efficiencies
- Growth
- Asset stewardship and resilience
- Capacity and service
- Commercial revenue

Safety, security and compliance
Providing a safe and secure environment for passengers is critical for our business. We need to invest to comply with requirements from a range of authorities and to be able to continue to operate safely. Examples of projects that fall into this investment driver include the CAA-led Airspace Modernisation programme, redesigning the airspace over Southern England to deliver ‘quicker, quieter and cleaner journeys’, with the aim of further enhancing aviation safety and improving the capacity, efficiency, resilience and environmental performance of the airspace system. Another example is the upgrade of the security technology used to screen passengers and their cabin baggage, mandated by the Department for Transport (DfT). As well as enhancing security-screening capability, the new technology offers significant passenger service benefits, as it will allow liquids and laptops to be left in bags once the roll-out across passenger search areas is complete in 2024.

Asset stewardship and resilience
Consistently high levels of operational performance for our passengers and airline customers are the core of our business, and the cornerstone is the effective maintenance of our existing assets. Where appropriate, rather than simply renewing assets as they come to the end of their lives, we take the opportunity to upgrade them so we deliver a higher-performing asset base over time. This approach will be vital in delivering our net zero goal, for example, by replacing life-expired gas boilers, chillers and vehicles with sustainable alternatives. In the coming years, we will invest in some major programmes of work, such as the rolling programme of taxiway rehabilitation, the replacement and upgrade of several key air-traffic systems, including the Instrument Landing System and the North Terminal baggage system.

Running alongside these major investments is a significant Core Asset Stewardship programme, which covers all our day-to-day maintenance projects, such as escalator and lift replacements, replacement of lights with more energy efficient LEDs, passenger loading bridge replacement and airfield lighting upgrades, all of which are essential for keeping the airport running efficiently.

Maintaining a consistent and high-quality look and feel to facilities right across the airport plays an important part in ensuring Gatwick offers a competitive service proposition to passengers. As an example, passenger research, conducted pre-pandemic, highlighted the North Terminal International Departure lounge as feeling tired and dated. In 2023 we will invest over £10 million to improve orientation and wayfinding, as well as upgrading seating, flooring and lighting to give a fresh and modern feel throughout. A similar project will follow in the South Terminal.

The resilience of the airport is critical to us, our airline partners and our passengers. We invest in a wide variety of measures to enhance the airport's efficiency on a minute-by-minute basis, as well as our ability to recover from disruption. We will continue to invest in an extensive IT programme to enhance our protection against failures of critical IT systems, including guarding against cyber threats. On the airfield, work has begun to build a new rapid exit taxiway in 2023, the main purpose of which is to provide an additional fast exit route off the runway for arriving aircraft, in a location that is optimised for landing Code C, narrow-bodied aircraft. This will improve the resilience of the operation of the runway and on-time performance.

Sustainability
Gatwick has ambitious plans for transformation, while at the same time focusing on sustainable growth. By placing the needs of our passengers and airlines in equal measure with our responsibilities to local communities, our investment plans can help deliver the biggest benefit to the highest number of people, so that as Gatwick grows the whole region continues to thrive.

Gatwick aims to lead the way in sustainable aviation. In 2021 we launched our second Decade of Change, focusing on ten key topics over ten years. We have accelerated our goal of reaching net zero to 2030 bringing forward capital and operating investment, ten years ahead of our previous target. Our capital programme includes energy-efficiency projects, such as the replacement of light fittings with LEDs, accelerating our asset-replacement programme for gas boilers and diesel vehicles, and exploring alternative fuel sources such as geothermal heat for our buildings and hydrogenated vegetable oil for our fleet. We will invest in on-site renewable energy such as solar power, and off-site Power Purchase Agreements. We are exploring how we can treat and re-use rainwater to flush toilets, for example, and to reduce our wholesome water consumption by 50%.

As well as addressing our own sustainability objectives, our investment plans support our airline and other third-party partners in meeting their goals. As an example, we will facilitate the transition from diesel ground-support equipment with a supply of electric vehicle charging points across the airfield, and we are exploring the provision of pre-conditioned air to reduce the use of aircrafts' auxiliary power units. For the long term, we are starting to explore the infrastructure impact of future aircraft technologies, such as electric and hydrogen flight.

Gatwick is embedding sustainability throughout the project lifecycle of all investments, and we are not only considering what we are delivering, but also how we will deliver it. The recent runway resurfacing project provides a good example. The team members challenged themselves to think differently, and instead of a traditional asphalt overlay across the entire length and breadth of the runway, replaced just the central, heavily trafficked section. This reduced the amount of asphalt required by 70%, saving time, money and, crucially, carbon emissions. The Pier 6 western extension has also been reimagined: a revised design is being developed, still providing eight new pier-served stands to improve passenger service, but with a 50% smaller footprint, generating a significant carbon saving. The revised design aims to minimise water consumption and have smart, energy-efficient lighting. It incorporates rainwater harvesting and air-source heating.

Capacity and service
As the aviation industry continues its recovery there remains uncertainty on traffic levels. Traffic forecasting determines the capacity required to meet the future needs of our airline partners and passengers, and enables us to plan capital investments to meet these. We are planning capital investment to meet a number of scenarios. Infrastructure provision relies on satisfying peak demand and considers trends including up-gauging of aircraft, such as easyJet's introduction of the A321, increases in load factors, greater slot utilisation and winter growth. Gatwick is developing its infrastructure to provide for anticipated changes in fleet mix, continued shifts in seasonality and the additional resilience that peak spreading across the day requires. Planned investments include completion of the train station project in 2023, the development of both the North and South Terminal International Departure Lounges and the expansion of the taxiway network.

Gatwick operates in a highly competitive environment, and the quality of service we provide for our passengers is key to attracting and retaining customers and airline services. Our success in the previous decade was seen in overall traffic growth reaching record levels, increasing market share, an expanding network of long-haul routes and a consistently rising level of passenger satisfaction. We also pay close attention to airline and third-party operational performance targets and the impact of these on our passengers. For example, on-time performance (OTP) is a critical success factor for our airlines and a key driver of passenger satisfaction.

The western extension of Pier 6 to provide eight new pier-served stands and reduce coaching operations is perhaps our most significant capacity and service project. But our investment programme also includes exploration of the next generation of check-in automation, the continuation of automated boarding, upgrades to gate rooms and piers, equipment and facilities to aid passengers with special assistance needs, and a rolling programme to upgrade toilet facilities. There is also the installation of a new car-park monitoring system to aid passengers to find a space, and the trial of valet parking using robots, which will open up the potential for 2,000 existing long-stay spaces to be accessed via a valet drop-off without the need for passengers to hand over their keys, just a short walk from the South Terminal.

Cost efficiencies
In a post-pandemic world cost efficiency is more important than ever, and resource shortages across the aviation industry challenge us to identify opportunities to do things differently. We are partnering with airlines to explore the automation of check-in, boarding and baggage handling. Automated turn-performance monitoring could replace the current manual and retrospective recording of turn-related activities with computer vision, which will enable accurate, unbiased and real-time reporting of events. This will help airlines and their ground handlers optimise turn performance. Further roll-out of queue-monitoring technology will replace the need for manually counting queues at the border, and robotic floor cleaning machines will offer efficiency and service improvements.

Commercial revenue
Gatwick seeks to maximise the revenue it can generate through commercially returning projects. This benefits passengers through the provision of a wide choice of quality restaurants, shops, car parking, car rental and other services that enhance their airport experience.

In delivering additional car-parking capacity, we are also responding to Crawley Borough Council's local plan policy (GAT 3), which states that all additional car parking should be provided on-airport. We recognise that, as a good neighbour, we have a part to play in supporting their strategy to limit the impact airport parking can have on their community by providing the appropriate level.

Commercial projects include 3,000 additional mid-stay car-parking spaces for the North Terminal in Multistorey Car Park 7. As the North Terminal has become busier, demand has increased for mid-stay (two to three days) for both business travellers and passengers visiting friends and families at weekends.

There is also continued updating of retail spaces and restaurants throughout the airport, particularly in the near term, as we fill gaps created by the withdrawal of some operators during the pandemic. Our goal is to have no void retail space for summer 2023.

Growth
Work to prepare an application for a DCO to bring the Northern Runway into routine use is well underway. The project is wholly consistent with government policy to make the best use of our existing infrastructure and creates a platform for Gatwick to grow to about 80 million passengers per year by the 2040s. We have consulted our stakeholders, local businesses, neighbours and communities in two separate consultations and incorporated their feedback into our plans.

We are acutely aware of the need to strike the right balance between the clear benefits of growth and the impact on our local communities and the environment. We have set out further details in our Sustainable Growth section on page 29.

Runway resurfacing case study

Value engineered design to resurface Main Runway

In September 2022, Gatwick successfully completed the resurfacing of its Main Runway for less than half the normal cost and saving significant amounts of embodied carbon, all while maintaining stable daily operations of the airport's most critical asset. The success of the project can be attributed to several factors:

Design with a focus on quality and sustainability
The team challenged themselves to think differently. First, instead of replacing the entire runway, which would have involved 143,000 tonnes of asphalt, the team invested time in detailed testing and quality checking all areas. This meant only central, heavily trafficked and worn sections of the runway were repaired as the rest was still of good quality.

Second, instead of adopting traditional resurfacing methods, involving 'sacrificing' layers of asphalt by continually reworking areas to maintain quality for continued operation, the team explored alternative methods to deliver the same high-quality result. Together with VINCI and Colas, an innovative solution was designed, extensively tested (to prove it met the relevant industry standard for runway pavement quality) and developed to avoid this rework, saving another 4,000+ tonnes of asphalt which would otherwise have been wasted. Gatwick is the first airport in the UK to have successfully implemented this high-quality alternative.

In alignment with our Decade of Change and sustainability goals, under 40,000 tonnes of existing pavement were removed and replaced, and all material removed was sent to a recycling facility for use in other construction projects. To further reduce our carbon footprint, two asphalt batching plants were built on site at Gatwick to reduce unnecessary transportation costs and ensure an uninterrupted supply of quality asphalt.

Collaborative yet commercial procurement approach
The team worked with contractors from an early stage to develop a relationship built on trust, and establish detailed work and contingency plans for all potential construction and operational scenarios. Gatwick defined and owned the contract risk associated with poor weather conditions and committed to realistic access windows of time to mitigate risk for the delivery partner.

Delivery with careful risk and stakeholder management
This was a collaborative effort by the construction and operational airfield teams, as well as other parts of the airport, which took place over six months, with all resurfacing work completed during night shifts to ensure minimal disruption to the operation of the airport. Careful planning meant that more than 200 construction operatives, together with a 1.5km convoy of vehicles and equipment, were transported successfully via airside security to work every night.

Despite the risks involved in a project of this size and importance, relevant mitigations meant a perfect safety record was maintained throughout. Over 1,400 airfield ground lights were replaced, and all critical operational equipment and line markings were reinstated successfully every night, ensuring the passenger experience was unaffected the next day.

Chair's statement

"Reflecting on the start of 2022, when COVID-19 restrictions were still hampering international travel, it's important to recognise the rapid recovery we have made. That recovery is thanks to the Gatwick workforce, who successfully delivered through a difficult period and reopened the South Terminal well in advance of the peak season. I'm pleased to note that despite some challenges at the start of the summer season, we delivered good service levels throughout.

We've had to move quickly and adapt. The return to profitability in 2022 is promising, but we are cautious, given there is still some way to go.

Gatwick has had to transform and modernise. Building a more efficient business provides an opportunity to look closely at how we best serve passengers, and to invest wisely in key projects. Importantly, as the airport looks to return to pre-pandemic passenger levels, we need to consider the current economic outlook and the impact it may have on the aviation and travel industries, but we remain cautiously optimistic.

Where we are now: Bounce back and growth
The Board made critical decisions early in 2022 that allowed us to maintain good service levels over the summer, including recruiting over 500 security staff and putting in place the growth cap that ensured a good level of service through the peak summer months. Gatwick recovered faster than expected and thanks to the swift responses and actions of the DfT, CAA and our airlines, we were able to make the right decisions and deliver for our passengers.

Looking ahead, 2023 is promising but there are still headwinds in front of us. We cannot ignore the current cost-of-living crisis and the war in Ukraine, but we have learnt that our passengers want to and will continue to travel.

Sustainability
Recognising the urgent need to make net zero a reality, Gatwick has accelerated its commitment to reach net zero (Scope 1 and 2) by 2030, ten years ahead of its previous target. The industry is addressing the challenges, and we are working closely with our stakeholders to ensure we are creating a sustainable airport for the future.

In 2022 we continued to work on the ambitious goals of our ten-point plan, which focuses on the local economy, people and communities, noise, emissions and the local environment. Highlights included hosting the inaugural Gatwick Airport Economic Summit and receiving our eighth consecutive Biodiversity Benchmark Award in recognition of our industry-leading approach and commitment.

Local community
Nothing could have prepared us for the closing of borders and the impact it had on the airport and the wider community. It brought to the fore the importance of the airport to the local community – not only in the direct jobs it provides, but to the number of ancillary businesses and partners who rely on Gatwick for their livelihoods. There is no greater evidence than the impact they felt when we were not serving passengers during the pandemic.

The speed at which the airport recovered over the summer was symbolic of the impact. Local businesses rely on us, and we rely on them to ensure our future growth.

Investment
Projects such as the Gatwick train station upgrade, in which we have co-invested, are a positive step in supporting growth. When it opens in 2023, it will be more connected to London and the South East than ever before.

The Gatwick team also showed great innovation and efficiency when it came to projects such as the resurfacing of the Main Runway last summer. This was accomplished in half the time and for half the cost, while saving significant amounts of embodied carbon by using 70% less asphalt compared with traditional resurfacing methods.

Looking forward
While the past two years have been difficult, the Board has decided that long-term investment is critical to the future of the airport. Central to this is bringing the Northern Runway into routine use. We expect to submit a DCO in 2023, with a decision likely in 2024. Bringing the Northern Runway into routine operational use will unlock capacity and allow for a more efficient and resilient operation, as well as meeting passenger demand. Airport growth will provide a significant boost to the national and regional economy, and help will support jobs, tourism and trade throughout the UK.

Finally, the Board would like to thank our colleagues who have been instrumental in our bounce back and who have been committed to serving our passengers. I am confident we will reach our pre-pandemic level of passengers and continue to grow in the most sustainable way, while providing a significant boost to the local economy."

Sir David Higgins
Chairman

Our key performance indicators

Year	2022	2019
Passengers (millions)	32.8	46.6
Air Traffic Movements (ATM's)	213,947	280,660
% of passengers passing through security in 5 minutes or less	89%	97%
On Time Departures	55.9%	67.9%
EBITDA (pre-exceptional items)	£446.3m	£472.7m
Senior ICR [1]	4.15x	3.15x
Senior RAR	0.55x	0.60x
Carbon intensity (scope 1 & 2)	0.75 kgCO2e per passenger	0.81 kgCO2e per passenger
% of airport waste reused or recycled	56%	70%
Lost time injuries (LTIs) per 100k hours worked	0.24	0.18
Women in leadership %	35%	29%

1 Management calculation of the ratio for the 12 months to 31 December 2019

Our Strategy

COVID-19 had a huge impact on Gatwick Airport, including pausing investment and closing the South Terminal to preserve cash and protect jobs. The outlook is optimistic and the airport's recovery is well underway. We are focused on ensuring we grow sustainably and have an airport fit for the future.

Our Strategic Priorities

Gatwick's rebuild is focused on strategic priorities which set out Gatwick's ambition to grow back into one of Europe's best airports.

- The safety of our colleagues and passengers is a must and central to everything we do. It underpins our strategy and how we run our business every day.
- A sharper focus on delivering great service will ensure every passenger has an enjoyable and effortless experience. Central to this is ensuring passengers are provided with the most efficient service from the moment they arrive at the airport until they depart, and meeting the rigorous service standards we set each year.
- Linked to that is our strategy to rebuild and grow. Our airport relies on strong partnerships with our airlines, retailers and other commercial partners to maximise growth. Our focus is to continue to grow our network to create greater connectivity and to ensure all retail space best serves our passengers.
- By working smarter we are reinvigorating our ambition to keep being the best at what we do. Gatwick remains one of the most efficient airports in the world and we are focused on continually improving that efficiency and resilience.
- We prioritise engaging our people. We have committed to creating a more inclusive and diverse workforce and have set ourselves ambitious goals. Through updating our processes and policies we will aim to achieve them.
- Keeping our airport moving forward is central to our strategy. We are focused on investing in projects that serve our passengers and enable future growth.
- We've got big ambitions to be a sustainable business. Through our Decade of Change ten-point plan we are committed to ambitious goals focused on the local economy, people and communities, noise, emissions and the local environment.

Our Values

Our values support our strategy. They represent what we believe in and who we aspire to be. It's not just what we achieve, but how we work together, that sets us apart. Guided by our values we'll make Gatwick an even better place to work.

Our core values are:

- We are Ambitious. We set ourselves big goals and we push the boundaries to deliver for our passengers
- We are Competitive. We thrive on punching above our weight
- We are Resilient. Being prepared and in control makes us ready for the inevitable challenges
- We are Resourceful. We are obsessed with finding a better way
- We are Together. Amazing things happen when we work together

Operating review

Foreword from CEO

"Strong demand fast-tracked Gatwick's recovery, particularly in the second quarter when all UK travel restrictions were removed. With air-traffic volumes reflecting the strong passenger demand, we worked at pace to reopen the South Terminal, following its closure during the pandemic from 15 June 2020. The reopening on March 27 helped us bounce back to around 75% of pre-COVID levels.

The rapid growth in traffic led to short-term operational challenges in June, however, and our decisive early action to limit the airport's growth in the crucial school holiday period of July and August ensured passengers experienced reliable flight timetables. Our recovery continued as we reached over 70% of our pre-COVID passenger levels in 2022.

Thank you to all our frontline colleagues across the Gatwick campus who worked hard to deliver during an extraordinary time.

During 2022 we continued to see the full benefits of the steps taken during the pandemic to restructure the business and reduce our cost base. As a result, we returned to profitability in 2022 with positive EBITDA and free cash flow, allowing us to reduce our net debt as of 31 December 2022.

Despite some broad economic uncertainty, we are looking forward to a successful 2023, with new airlines and routes coming online, a strong ramp-up in our investment and continuous improvement in the high service standards for which Gatwick is known."

Stewart Wingate
Chief Executive Officer

Review of the year

A challenging environment

The initial recovery

Given the positive outlook in early 2022, we took decisive action to rapidly reopen the South Terminal well in advance of the peak summer season. This decision was driven by strong passenger demand and the airlines confirming their summer plans early following the reinstatement of the airport slot usage rules with the adjusted ratio of 70:30. Most significant was the return of British Airways' short-haul operations, in addition to substantial growth from Vueling and Wizz Air.

That decisive action saw us welcome a 40% increase in passengers overnight between 26 and 27 March, when we reopened the South Terminal.

The reopening of the South Terminal was a major undertaking, as it had been closed for nearly two years. Thousands of hours of preparation was completed in a short space of time to provide a safe and efficient service for passengers from moving 27 airlines back to the South Terminal, replacing 4,500 floor tiles and 3,000 light fittings and painting 49 miles of new lines on the airfield, to ensuring 3.3 kilometres of conveyer belts were working, and processing 10,000 trays to test our security system.

There was a transitionary period in 2022 while we reintroduced our Core Service Standards (CSS). This was carried out in agreement with the airlines and accounted for the uncertainties experienced with the recovery in traffic. We took a number of actions to ensure we met our CSS commitments during the unexpected rapid recovery. This included an early recruitment drive to fill thousands of jobs across the airport, including over 500 security staff.

Acceleration of recovery though a strong summer

At the beginning of the summer the travel industry saw the first significant signs of recovery. While higher demand and an accelerated recovery led to operational challenges across the whole aviation industry, continuous efforts were made to work with airlines and ground handlers to put in place operational improvements and ensure flight programmes and service levels were maintained.

One of our big challenges in 2022 was late cancellations by the airlines, which were primarily due to airline crew and ground handling availability. Other factors included European airspace restrictions as a result of the war in Ukraine and a small number of cases of staff sickness in air traffic control at Gatwick.

To manage this Gatwick introduced a temporary growth cap for July and August, which allowed measured growth through the peak summer period, and airlines were able to develop more stable schedules, giving greater certainty to passengers.

Despite the particularly challenging environment, we delivered good service levels, in terms of queuing time and passenger satisfaction. This was achieved through early intervention, including recruitment and investing in training as we completed the vetting process. We also introduced a retention programme for the busy summer period and put in place overtime and shift incentives to maximise available resource.

We supported the wider airport community with the introduction of several strategies, such as inbound baggage incentives and provision of contingent resources for airline ground handlers, and mobilised our own employees to provide additional airfield support to ground handlers and other airside partners.

These steps were designed to manage risk and ensure good service levels for passengers, which are measured through our CSS commitments.

The CSS define the framework for measuring service levels across the airport. They are stretching targets for a variety of passenger experience measures, which ensure we are constantly focused on our key areas of performance, from security queuing times to the availability of terminal and airfield assets. Failure to meet service targets can result in Gatwick paying a rebate of airport charges to the airlines.

As we returned to business as usual over the busy summer period (April-September), we continued to work with our airlines to ensure good levels of service were provided across both terminals.

During the summer 24.2 million passengers flew through Gatwick, with the recovery rate peaking at 85% of 2019 numbers in October. Our short-haul and domestic flights saw a rapid recovery from Q1 to Q2, with easyJet more than doubling the number of passengers.

Given the rapid recovery, meeting our CSS commitment of 95% of passengers passing through central security within five minutes was challenging over the summer. While we did not meet this commitment, the majority of passengers did get through security within 15 minutes. From the start of October 2022 all CSS measures in the security operation had been reinstated.

As well as ensuring our passengers received the best experience possible over the summer, we completed two major projects with minimal disruption to day-to-day operations. The Main Runway was resurfaced in sections over three months, and we transitioned Gatwick's air traffic control service provider from Air Navigation Solutions Limited to NATS Holding Limited. Both projects will provide further resilience to our operations.

Business as usual

As we continued to rebuild our long-haul market, as expected we saw lower levels of passengers in November and December. It was promising that, despite Border Force strike action, our recovery reached 75% of 2019 levels in those months.

Our operations both on the airfield and in the terminals were operating as usual at the end of 2022, and all our CSS measures were reinstated. There is no doubt 2023 will be a busier year, with more airlines coming on board, and new and returning retailers and food and beverage outlets filling our retail spaces.

Reflecting on 2022

In the 12 months to 31 December 2022, passenger numbers increased by over 420%, from 6.3 million in 2021 to 32.8 million, reaching over 70% of 2019 levels. This extraordinary bounce back was a result of three key factors: the lifting of government restrictions on travel, strong demand from passengers, and airlines putting significant capacity back into the market.

In our short-haul market the recovery was slightly higher with passenger levels reaching 77% of 2019 levels.

- easyJet ramped up operations at Gatwick. In August 2022 the carrier was up to 96% of August 2019 levels
- British Airways restarted short-haul operations with 18 aircraft at Gatwick contributing 7% of short-haul passengers during the summer months
- Over the summer Vueling doubled capacity with the number of based aircraft flying 16% more passengers during 2022 than in 2019
- Wizz Air increased from four flights a day in 2019 to 18 in 2022
- In addition to the operators mentioned, a further 28 airlines operated to the UK, Channel Islands and Europe, giving a total of 165 destinations to the region this year, including new destinations La Coruna, Paris Orly and Vilnius

We expect the long-haul market to take longer to reach 2019 levels due to the slower lifting of restrictions in destinations such as Australia, India and Thailand. In 2022, it reached 44% of 2019 levels across 38 passenger routes served by 11 airlines. This compares to 62 passenger routes served by 14 airlines in 2019. We welcomed new destinations Hanoi, Ho Chi Minh City, Dakar, Quebec, Islamabad and Bangkok, further evidencing the recovery and growth of the airport's connectivity. Our existing long-haul airlines saw positive growth. JetBlue launched a daily Boston service and a second daily flight to JFK. We also celebrated the first flights from Norse Atlantic and Bamboo Airlines, both new to Gatwick. Norse launched a daily Oslo and daily New York flight in August, and Bamboo commenced routes to Hanoi and Ho Chi Minh City.

	2022 m	2021 m	2019 m
Short haul			
Europe (including UK and Channel Islands)	**28.0**	5.6	36.6
Northern Africa	**0.8**	0.1	1.0
Total short haul	**28.8**	5.7	37.6
Long haul			
North America	**1.3**	0.1	4.1
Caribbean and Central America	**1.4**	0.4	2.2
South America	-	-	0.3
Sub-Sahara Africa	**0.2**	0.1	0.5
Middle East and Central Asia	**1.0**	-	1.4
Far East and South Asia	**0.1**	-	0.5
Total long haul	**4.0**	0.6	9.0
Total passengers	**32.8**	6.3	46.6
Air traffic movements (ATMs)	213,947	51,972	280,660

We have already seen a number of exciting announcements from airlines coming to Gatwick. This includes the return of Delta Airlines in the summer of 2023, Lufthansa starting two daily services to Frankfurt, and Air India launching 12 flights a week to Goa, Ahmedabad, Amritsar and Kochi, starting at the end of March.

Attention is now focused on our 2023 operations and ensuring we offer our passengers the high levels of service they expect from Gatwick.

Our People

Rebuilding our workforce

With our passengers numbers increasing rapidly again in 2022, a key priority was to boost Gatwick's workforce capability. This was delivered through a large-scale hiring programme and the introduction of our people framework 'Grow with Gatwick', which aims
to develop and retain talent.

Ahead of the busy summer we recruited over 500 security staff and hundreds of other people to fill critical roles, via a mix of external hiring and internal development. Recruiting for certain sectors, including construction and IT, proved more challenging, reflecting tight labour markets for those skills.

We ended the year with 2,230 employees, with over 25% of those joining in 2022. Our commitment to developing emerging talent continued with the 2022 apprentice intake, and we relaunched the Gatwick Graduate Programme in partnership with local universities – we're looking forward to welcoming our first intake in September 2023.

Reward

Due to the continuing focus on operating costs, no annual pay increases or bonuses were paid to employees in 2022. However, a £1,800 summer award was given to employees for their commitment during the peak summer period, and a new annual bonus scheme has been implemented for 2023 onwards.

We developed our reward system with a Colleague Recognition Programme, and have introduced a new grading system and benefits offer. We continued the Castor International share scheme plan, which provides Gatwick employees with the opportunity to become VINCI shareholders with preferential terms.

In early 2023 we opened pay negotiations with our trade unions, and our Remuneration and People Committee agreed a pay award for salaried staff, which will be implemented on 1 April 2023. This is good news after a number of years of pay freezes.

We continued to work with our trade unions throughout the year on rebuilding plans and our approach to managing operating costs.

The Post Furlough Mitigation Agreement, which implemented a range of cost and productivity measures, remained in place in 2022 and will be lifted on 1 April 2023. This 18-month agreement is an example of the collaboration that existed throughout the pandemic and was continued as we worked through an uncertain start to 2022.

Pay negotiations with the trade unions started in December 2022 and will continue through early 2023.

Building our future

Gatwick is committed to building a workforce that feels valued, and we want to reflect the diversity of the communities we work with and support. As our hiring momentum continues, we are well aware we need to further develop a culture that champions, attracts and retains diverse talent.

In 2022 the Diversity, Equality and Inclusion Council, under the guidance of the People Committee, continued this focus with support for our Business Resource Groups (BRGs), Equal Plane (gender equality) and REACH (race, ethnicity and cultural heritage). These groups will shortly be joined by BRGs for disability and LGBTQ+.

We published our Gender Pay Gap Report and for the first time reported on our Ethnicity Pay Gap. We maintained momentum with our Women in Leadership initiative, with the appointment of Lucy Chadwick to the Board of Directors and Rachel Ford to the Executive Management Board. In 2022, 50% of our external hires were women, putting us on track to meet our gender diversity targets.

The People Committee for Gatwick meets regularly to review the people framework and agreed a key focus for 2022 was to seek feedback from our people on the employee experience. Listening to our employees as we rebuild is a priority. To gain objective data we partnered with industry leader Best Companies to survey our people, which has resulted in a number of action plans to focus on employee engagement. Throughout 2023 we will continue to work on these plans and, again, seek feedback to ensure we build on our commitments.

Impact of COVID-19

The COVID-19 pandemic had an unprecedented impact on the global aviation industry, with significantly reduced traffic and substantial cuts in capacity by airlines before the removal of travel restrictions in March 2022.

From March 2020, a number of steps were taken to reduce cash outgoings and to reposition the business for the mid-term, including reducing operating expenditure and minimising our Capital Investment Programme, with only operationally critical projects or those near completion continuing.

In addition to the actions to reduce cash outgoings, we took steps to increase the availability of cash and committed funding. During 2020 and 2021 we were granted covenant waivers and an amendment of certain terms under the financing documents from Qualifying Borrower Secured Creditors. See page 40 for further details.

Key management changes

Rachel Ford joined Gatwick Airport's Executive Management Board on 19 April 2022, replacing Robert Herga as General Counsel and Company Secretary. Rachel joined us from Capita plc, where she served as Group Legal Director and then Chief of Staff to the Capita plc Chief Executive Officer. The Board of Directors and Executive Management Board thank Robert for his wise counsel and strong support throughout his time at Gatwick.

Lucy Chadwick joined the Gatwick Board on 29 June 2022 as Non-Executive Shareholder Director representing Global Infrastructure Partners (GIP), replacing Philip Iley. Lucy has over 30 years' experience in transport and government, and prior to GIP she was Director General at the UK DfT.

After two and half years as Gatwick's Chief Operating Officer, Adrian Witherow moved to Sydney Airport in January 2023 as its Chief Transformation Officer. Adrian joined Gatwick during the height of the pandemic and led the Operations team through an extremely challenging period. The Executive Management Board thank Adrian for his work in ensuring we delivered a smooth operation in 2022. Business Improvement Director John Higgins

Going concern

The Directors have prepared the financial statements on a going concern basis. In assessing the going concern position of the Group, the Directors have considered the ongoing political and economic situations and potential impact of COVID-19 on the cash flow and liquidity of the Group over the next 12 months, and the corresponding impact on the covenants associated with the Group's financing arrangements.

In forming this view, the Directors have noted that 2020 and 2021 were an unprecedented period in the aviation sector but that the actions taken since the start of the pandemic have managed the impact and put the Group in a strong position for recovery. Given the on-going political and economic situations there remains short term uncertainty in the passenger forecasts for 2023.

See Note 1 for further details.

Decade of Change – Our Sustainability Policy

CEO message

"We're building on our ten-point plan for 2030 with a renewed set of 'ten goals in ten years', which focus on the local economy, people and communities, noise, emissions and the local environment.

While the COVID-19 global pandemic has had a severe impact on our business, we are confident that we, together with the region and the country, can rebuild and grow. In doing so, we'll continue to be a passenger-oriented and efficient airport with a strong focus on contributing positively to the community, the economy and the environment.

I am proud of Gatwick's achievements since 2010, our commitment to sustainability and the team effort across our business, and I'm confident that Gatwick will continue to lead the way through this important Second Decade of Change."

Stewart Wingate
Chief Executive Officer

Decade of Change Timeline
Gatwick has made significant progress against Decade of Change goals since it was launched in 2010.

2010
First Decade of Change policy was released

2013
Moved to 100% renewable electricity to run the airport, certified with Renewable Energy Guarantee of Origin

2014
Achieved Biodiversity Benchmark Accreditation (and has unprecedentedly been achieved every year since)

2016 / 2017
Achieved Airport Carbon Accreditation at Level 3+ 'Neutrality'

2019
Launched Noise and Track Keeping System

&

By 2019 Gatwick Airport Limited had reduced Scope 1 and 2 emissions by over 54% compared with 1990 baseline

2021

Published first Gatwick's Economic Value report

&

Established a Diversity, Equality & Inclusion Council

&

Launched our Second Decade of Change policy

2022
Inaugural Economic Summit

&

Winner of the Royal Society for the Prevention of Accidents (RoSPA) President's Award, for Health and Safety

2023
Accelerated our commitment to be a net zero airport (Scope 1 and 2) by 2030, ten years ahead of our previous target

Our Goals
Operating sustainably and being a responsible business is critical to our long-term success.

In 2021, despite the continued impact of COVID-19, we successfully launched an update to our Sustainability Policy, called our Second Decade of Change. This looks ahead to 2030 and sets out a renewed set of goals covering ten topics. Recognising the urgent need to make net zero a reality, we have accelerated our commitment to be a net zero airport (Scope 1 and 2) by 2030, ten years ahead of its previous target.

Our goals, shown below, are shared across three themes: people and communities, net zero and local environment.

People and communities

1. Local economy
Be a partner and advocate for a thriving resilient economy and contribute to local and regional workforce skills partnerships and initiatives

2. Opportunity and accessibility
To increase workforce diversity through recruitment, training and retention practices and partnerships and ensure accessibility and opportunity for colleagues and passengers with disabilities

3. Workplace safety
Be a leading airport for the safety, health and wellbeing of our workforce and passengers, striving to learn and continually improve

4. Local communities
Invest resources in programmes and partnerships for those communities most affected by Gatwick's operations

5. Noise
Limit and where possible reduce the airport's impact on local communities by working with partners and stakeholders to create the most noise-efficient operation possible

8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 10 REDUCED INEQUALITIES

Net zero

Continue Gatwick's net zero transition and further improve local air quality by:

6. Airport emissions
- Reaching net zero for our Scope 1 and 2 emissions by 2030.
- Sourcing 50% of airport network electricity and 50% of heat network from UK renewable sources via onsite generation and direct purchase agreements (PPAs) by 2030
- Requiring all GAL and airport duty vehicles, ground support equipment and mobile construction equipment to meet zero or ultra-low emission standards by 2030

7. Aircraft and surface access emissions
- Playing our part in UK aviation and ground transport transition to net zero carbon
- Working with airlines and fuel providers to implement the Sustainable Aviation decarbonisation roadmap and interim goals
- Working with transport partners to increase airport passenger and staff usage of public transport and zero and ultra-low emission journey modes to 60% by 2030

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION

Local environment

8. Water
Reduce the airport's potable water consumption by 50% on a per passenger basis by 2030 compared to 2019, continue to improve the quality of water leaving the airport and work with partners to promote local water stewardship

9. Zero waste
Ensure that by 2030 all materials used at Gatwick in operations, commercial activity and construction, are repurposed for beneficial use i.e. repaired, reused, donated, recycled, composted or converted to fuel for heating or transport

10. Biodiversity
Have a sector-leading 'net gain' approach to protecting and enhancing biodiversity and habitats on the airport estate, including zero use of pesticides by 2030. Support biodiversity partnerships in our region

11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION

The 2030 goals take account of local and national sustainability priorities and enable Gatwick to play its part in delivering on the Paris Agreement climate change initiative and the United Nations' Sustainable Development Goals.

In 2021, we established our Capital, Environment and Sustainability Committee, and to support this we created the Decade of Change and Sustainability Steering Committee. Throughout 2022 we continued to focus on establishing the governance needed to deliver our goals.

- The Capital, Environment and Sustainability Committee operates as a subcommittee to the Board and discusses sustainability issues on a bi-monthly basis. Board members include the Chief Executive Officer and Chief Financial Officer.

- The Decade of Change and Sustainability Steering Committee provides leadership and direction for sustainability across Gatwick. Members include the Executive Management Team and Departmental Leaders, as well as the owners of the three Decade of Change themes.

We also focused on establishing the actions we will take to achieve our goals and how we will measure progress. Pages 24 to 28 set out our progress across the ten topic areas in 2022. Highlights include increasing workforce diversity through recruitment and purchasing 100% of airport network electricity from renewable sources.

Working in partnership with our stakeholders has and will continue to be a key focus for us, particularly in addressing the industry's challenge to decarbonise. In July 2022, the UK government published its Jet Zero Strategy, which sets out a framework for how the aviation sector will decarbonise and meet net zero aviation emissions by 2050. This included aiming for all airport operations in England to achieve zero emissions by 2040. We are working with industry bodies to help government define this ambition. At the same time, we continue to look at reducing our own emissions to reach our accelerated target of net zero (Scope 1 and 2) before 2030. We also remain committed to working with partners to reduce aircraft and surface-access emissions, and continue to support the vital work of the Jet Zero Council and Sustainable Aviation.

As we continue to recover from the COVID-19 pandemic, we are confident that we have the plans and governance structures in place to do so sustainably and responsibly. We'll continue to be a passenger-oriented and efficient airport with a strong focus on contributing to the community, the economy and the environment. As we do this, we will aim to beat the sustainability milestones in our Second Decade of Change, as we did with our first. Progress against our new goals to 2030 will be reported annually in the Decade of Change Report, available on our website.

Progress in 2022

People and Communities

Our People and Communities theme includes work relating to the local economy, opportunity and accessibility, workplace safety, local communities and noise.

Local Economy:

- We continue to advocate for a thriving, resilient economy and to contribute to local and regional workplace skills and partnerships
- In 2022, we commissioned the Airport Economic Zones research report, produced by Coast to Capital Local Enterprise Partnership, to understand opportunities that drive regional inward investment
- We confirmed our supporting role as industry partner of Sussex & Surrey Institute of Technology, which will feature a Crawley hub
- We recruited six new engineering apprentices
- We hosted the inaugural Gatwick Airport Economic Summit, which brought together stakeholders from across the region to discuss long-term sustainable economic growth and future inward investment
- We partnered with the Department for Work and Pensions and a wide range of airport employers to deliver five highly successful local jobs fairs, and expanded our Supplier Registration Form for local small and medium-sized enterprises (SMEs) interested in supplying Gatwick to include six additional regional postcodes

Opportunity and Accessibility:

- We continue to support the employee-led BRG Equal Plane, which aims to help create the culture to develop, retain and attract female talent
- We established two new employee-led BRGs: the Race, Ethnicity and Cultural Heritage Group (REACH), which aims to help to break down barriers in the workplace for colleagues from ethnic minorities and promote a more inclusive environment, and the Disability Group, which will raise awareness for different kinds of physical and mental needs, long-term conditions and neurodiversity
- In December 2022, for the first time, we published an Ethnicity Pay Gap Report alongside the Gender Pay Gap Report
- We continue to ensure accessibility and opportunity for colleagues and passengers with disabilities, and engage regularly with the Independent Gatwick Accessibility Panel and the Passenger Advisory Group, which focuses on passengers with special-assistance needs

Gatwick Gender & Ethnicity Pay Gap Report 2022

We've published our Gender Pay Gap Report for the past six years in line with UK law, and we're voluntarily sharing our Ethnicity Pay Gap Report for the first time this year. We've done this because we want to improve all areas of inclusion and be transparent about the changes and progress we're making.

This report is transparent, but it does not give the full story of where we are at in 2022. Along with the rest of the aviation sector, we were heavily impacted by the pandemic with an 86.5% drop in passenger numbers in 2021 from 2019. In April 2021, 93% of our colleagues were still furloughed following a restructure in 2020. This has somewhat impacted our results, but we're working hard to improve as we rebuild our workforce.

Our median gender pay gap is 11.8%, below the national average of 15.5%, but the mean gap is 19.5%, higher than the national average of 13.5%.

Our median ethnicity pay gap is 4.3%, and the mean gap is 12.5%.

To close both gaps we are focused on increasing ethnic and gender diversity, particularly at senior level. We remain committed to creating an inclusive workplace, one where everyone feels welcome. It's encouraging to see the progress we are making to ensure Gatwick is a great place to work.

Workplace Safety:

- To support our goal of being a leading airport for the safety, health and wellbeing of our workforce and passengers, we implemented a new Health, Safety and Environment Strategy designed to deliver projects to innovate and improve the employee experience. The strategy includes 'enabling employees to feel their best', and encouraging a philosophy of 'don't walk by', whether it be a safety matter or a health and wellbeing matter
- We are delighted our high standards for the Royal Society for the Prevention of Accidents (RoSPA) President's Award has recognised our Health, Safety and Environment (HSE), the tenth consecutive award received from RoSPA

Local communities:

- Our education and careers programmes continue to see high levels of engagement
- We've continued to support monthly Learn Live airport careers broadcasts into schools
- Colleagues have used their own experiences and knowledge to motivate 15 students from Hazelwick School in Crawley on the Love Local Jobs Dare to Dream mentor programme
- We delivered two 'Prepare to Take Off' virtual insight days to a total of 74 highly engaged and enthused students
- We continue our fundraising efforts and sponsorship of local events. In 2022, we sponsored Crawley Pride Festival, and 16 members of the Gatwick Fire & Rescue Service (Green & Red watches) undertook a 7.5-mile fundraiser in Kent for our charity partner Air Ambulance Kent Surrey & Sussex

Noise:

- We are committed to limiting the airport's impact on local communities where possible, by working with partners and stakeholders to create the most noise-efficient operation possible
- We have continued to engage with stakeholders though the Noise Management Board, the Noise and Track Monitoring Advisory Group, the annual Airspace and Noise Public Meeting, airline engagement sessions, and Sustainable Aviation
- We have progressed Gatwick's airspace modernisation project which aims to deliver safety, environmental - including noise and reduced Scope 3 emissions and efficiency benefits through a complete re-design of the network of arrival and departure routes that serve Gatwick

Net Zero

Our net zero theme includes work relating to airport greenhouse gas (GHG) emissions, and aircraft and surface-access GHG emissions.

Airport Emissions:
We continue to seek ways to reduce energy consumption and increase energy efficiency. We have completed a detailed engineering-led roadmap to identify initiatives to reduce carbon and potable water consumption. The roadmap includes renewables, decarbonising heat, decarbonising Gatwick's vehicle fleet, and reducing emissions associated with refrigerants. We are refining our Carbon Action Plan - this sets out the steps required to meet the target of net zero (Scope 1 and 2) before 2030, ten years ahead of our previous target realising the need to make net zero a reality. To reduce the amount of energy we use in the first place and to improve energy efficiency, we have reduced the heating set points in our buildings, progressed a programme to upgrade all lighting to LED. During 2022, our IT and engineering teams continued with the delivery phase of a proof-of-concept project to explore whether automation can be used to identify faults and optimise energy use by heating, ventilation and air-conditioning systems.

Aircraft and Surface Access Emissions:
We are committed to playing our part in the UK aviation and ground transport transition to net zero. We continue to engage with Sustainable Aviation's work on decarbonisation and the Jet Zero Council's work on sustainable aviation fuel, and to identify ways of influencing others to reduce carbon. To give airline operators an added incentive to operate the most efficient aircraft in their fleets at Gatwick, we introduced a new carbon incentive into the published tariff on 1 April 2022. To increase public transport use by passengers and staff, we have continued the redevelopment of the Gatwick train station and launched our Airport Surface Access Strategy (ASAS) 2022-2030. ASAS sets out how we will increase our passenger public transport mode share, reduce staff single-occupancy car journeys, and continue to reduce air passenger drop-off and pick-up car journeys to meet our Decade of Change targets.

Airport Carbon Accreditation

Gatwick maintains the Airport Council International's Airport Carbon Accreditation at Level 3+ (Neutral), with our most recent accreditation completed in summer 2022. ACA Neutral accreditation requires ongoing reduction in and offsetting of residual Scope 1 and 2 emissions, and active stakeholder engagement to manage and where feasible reduce Scope 3 emissions, including aircraft and surface-access emissions. At Gatwick, this programme includes incentivising newer aircraft, providing fixed electric ground power on aircraft stands and restricting use of aircraft auxiliary power units, and promoting public and low-emission transport to the airport. We aim to become Level 4+ accredited in 2023, and to continue working with partners to reduce overall emissions.

Our carbon footprint

We monitor our carbon footprint and report on our greenhouse gas emissions annually. This helps us to identify opportunities to reduce our emissions and assess our progress in achieving our carbon-reduction goals.

This section includes our mandatory reporting of greenhouse gas emissions and energy use pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and Streamlined Energy and Carbon Reporting (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The method used to calculate our carbon follows the Greenhouse Gas Protocol, using BEIS emission factors for the assessment year, and quantifying all six GHGs measured in terms of carbon dioxide equivalence (CO2e).

	2022	2021
Energy and fuel consumption used to calculate emissions:		
Natural gas (kWh)	**39,709,287**	44,781,697
Electricity (kWh)	**81,860,307**	61,339,692
Vehicle fuels (litres)	**375,656**	235,048
Propane (tonnes)	**4**	12
Refrigerants (kg)	**405**	887
SCOPE 1 (tonnes CO_2e)	**8,823**	10,163
Combustion of natural gas	**7,249**	8,202
Combustion of vehicle fuels	**961**	619
Propane use in fire training and workshops	**13**	36
Use of refrigerants	**600**	1,306
SCOPE 2 (tonnes CO_2e)		
Purchased electricity (location-based)	**15,830**	13,024
Purchased electricity (market-based) [1]	**-**	128
SCOPE 1 and 2 (tonnes CO_2e)		
Total gross location-based SCOPE 1 and 2	**24,653**	23,187
Total gross market-based SCOPE 1 and 2	**8,823**	10,291
SCOPE 1 and 2 carbon intensity		
Intensity ratio: kgCO_2e/passenger	**0.75**	3.71
Intensity metric: passenger numbers	**32,838,194**	6,254,549
SCOPE 3 (tonnes CO_2e)		
Business travel: employee road mileage and car hire	**4**	3

The location-based method reflects the average emissions intensity of the grid on which energy consumption occurs. The market-based method reflects emissions from electricity that has been purposefully chosen. In Gatwick's case, Renewable Electricity Guarantee of Origin certificates for the airport's electricity supply.

[1] A temporary contract was in place for the Copthorne development, a building offsite from the main airport campus to July 2021 which was not supported by Renewable Electricity Guarantee of Origin certificates.

Some of our Scope 3 emissions (emissions as a direct consequence of the use of goods and services provided by the company) are reported in the annual Decade of Change Report, along with performance against our wider Decade of Change indicators. These Decade of Change Reports are available on the Gatwick website.

Local Environment

Our Local Environment theme includes work relating to Water, Zero Waste and Biodiversity.

Water:
To reduce potable water consumption, we are exploring increasing rainwater harvesting and have continued active water-consumption monitoring and leak repairs. To help us meet the goal of continuing to improve the quality of water leaving the airport, we have introduced a trial enabling monitoring of real-time water-quality sampling data from rivers. A sonde was installed in the River Mole in June to improve Gatwick's understanding of the condition of the river. The River Mole is a significant river traversing the Gatwick estate and the sonde provides real-time measurements of temperature, conductivity, pH, ammonium, turbidity and dissolved oxygen, and a range of other useful water-quality parameters. The sonde allows Gatwick to monitor the condition of the surrounding environment. It enables us to work with other stakeholders by sharing this information to support and inform interventions in challenging conditions, such as droughts or incidents upstream of the airport.

Zero Waste:
Our goal is to ensure that by 2030 all materials used at Gatwick in operations, commercial activity and construction are repurposed for beneficial use, i.e. repaired, reused, donated, recycled, composted or converted to fuel for heating or transport. In 2022, 56% of airport operational waste was reused or recycled, with the remainder sent offsite for energy recovery. To help achieve our goal, we have focused on improving segregation of materials at source through a trial of new recycling stations in the North Terminal. We have rolled out a similar trial with key concessionaires to enhance segregation from food and beverage outlets. Engagement with airlines has also been increased to enhance onboard segregation processes to capture recyclable materials in consideration of CAT 1 waste-management requirements.

Biodiversity:
In February, Gatwick was awarded its eighth consecutive Biodiversity Benchmark Award, demonstrating an industry-leading approach and ongoing commitment to biodiversity. Furthermore, Gatwick signed a partnership agreement with the Sussex Biodiversity Records Centre to enhance its biodiversity data management and improve its knowledge of biodiversity records in the broader landscape. Gatwick has also continued to expand its award-winning wildflower road-verge initiative, with new areas hydroseeded to enhance the biodiversity potential of its green spaces. In addition, Gatwick introduced a new survey approach for birds, supporting a national monitoring programme. Our surveys help us to understand which species are using our sites so we can better target habitat works to conserve them.

Roadmap to 2030

In 2022, we developed our roadmaps for delivering each of our Decade of Change goals by 2030. These will set out the actions we will take to achieve our ambitions, and how we will measure our success. Further details will be provided in 2023.

Sustainable Growth

While the COVID-19 pandemic has had a dramatic impact on the transport sector as a whole, with aviation being severely affected, both industry and government continue to recognise aviation is essential to our economic recovery, as well as wider agendas such as the government's Global Britain initiative, levelling-up and inclusive, sustainable growth.

The past few years have reinforced our view that Gatwick Airport plays an important role in supporting the local and regional economy. Whether in terms of employment and job opportunities, fostering tourism, connecting businesses and attracting inward investment, or by providing work to the wider supply chain, we recognise the important relationship between the airport and the region, and the impact reducing operations had during the pandemic.

The Case for Growth
While we may still face challenges, we are confident we will return to pre-pandemic passenger levels during 2025 on a rolling 12-month basis and that by the end of the 2020s, passenger levels will have returned to broadly where they would have been had the pandemic not occurred. It is this confidence that has led us to continue to invest in exploring ways to grow Gatwick in a sustainable way.

Our confidence is also based on the strong recovery we have experienced since travel restrictions have been removed, in particular the uplift in long-haul connectivity, with the airport serving 42 long-haul routes - 68% of the number flown pre-pandemic - and the announcement by airlines including Delta, Air India and Lufthansa of plans to operate from Gatwick. By the October 2022 half-term holiday, Gatwick served almost 90% of the destinations it flew prior to the pandemic – 172 destinations compared with 197 over the same period in 2019. Our strength in encouraging the most modern and efficient aircraft fleets, flying point-to-point to a wide range of business and leisure destinations, means we can offer convenient and direct services to popular locations across Europe, North America, the Middle East and Asia.

At the same time, we are acutely aware of our responsibilities to the future of the planet. We will therefore grow in a way that supports government in achieving its commitment to net zero emissions by 2050, as mentioned earlier in this report.

By the end of the decade we will need more capacity to maintain efficient operations, improve resilience and meet passenger demand. We are confident our proposals will help boost our economy, maintain competition within the London market, open up new connections and support Global Britain. This in turn will lead to more choice and lower prices for passengers and businesses seeking to travel to and from the UK. Growth will also open up exciting new employment opportunities.

Taking forward the Gatwick Airport Masterplan

Although we published our Masterplan in July 2019, and a lot has happened since then, the fundamental strategy and approach set out for sustainable growth remains robust and sound.

The 2019 Masterplan set out how Gatwick could develop to meet demand in the most sustainable way by 2030, by:

- Continuing to make best use of our Main Runway through the use of technology
- Preparing a planning application to bring the Northern Runway into routine use
- Continuing to seek that national and local planning policy safeguards land for an additional runway in the future

The airport continues to look at ways to make the best use of our Main Runway, which is a key piece of national transport infrastructure that was successfully resurfaced this year in order to maintain its operability into the next decade. We are continuing to explore a number of technological and process initiatives to allow us to make use of its full capacity and also to improve the resilience of our operation, in order to reduce delays and disruption.

In terms of bringing the Northern Runway into routine use, detailed design work, as well as environmental, highways and other studies, were undertaken over several years following the publication of the Masterplan. This allowed us to undertake a comprehensive preapplication consultation exercise, which took place over 12 weeks in autumn 2021. Following this consultation, we carefully considered the feedback and undertook a second, more focused consultation during summer 2022, where we revisited previous highway designs and considered new ways of improving the scheme.

Following the close of the second consultation, the Northern Runway planning application is now being prepared for submission. Under the Planning Act 2008, the development is termed a Nationally Significant Infrastructure Project and will therefore be prepared as a DCO. The application will be submitted to the Planning Inspectorate who, on behalf of the Secretary of State, will examine the proposals and make a recommendation. The Secretary of State for Transport will then make the ultimate decision, which is likely to be in 2024.

At a local level, Gatwick continues to make representations to local authorities to ensure the right land-use planning framework is in place to achieve the company's aims, and to ensure land to the south of the airport continues to be safeguarded, in line with national aviation and planning policy.

Policy Considerations

There is long-standing government policy support for aviation contained in various documents such as the Aviation Policy Framework 2013, Beyond the Horizon - Making Best Use of Existing Runways June 2018, and Aviation 2050 - The Future of Aviation December 2018.

We continue our approach to development, taking on board policy decisions made by government and actively respond to policy consultations where necessary. Policy has developed over a number of years and recognises the tangible benefits aviation growth brings in terms of employment, economic confidence, growing tourism, increased trade and business investment. It also recognises the need for sustainable growth, taking steps to mitigate environmental impacts such as noise, carbon emissions and air quality.

In May 2022, to better reflect the challenges and opportunities around Brexit, the pandemic, technological advancement and decarbonisation, the DfT published 'Flightpath to the Future' - a strategic framework detailing how government intends to create the world's most reliable, modern and sustainable aviation sector. Presented as a ten-point plan, the report outlines strategies to strengthen and support the industry over the next decade, focusing on four key themes: sustainable recovery, embracing innovation, realising benefits for the UK, and delivering for users.

Gatwick is committed to working across industry and with government to deliver success, recognising that ambitions for the future of the sector must be delivered in partnership, and intends to play a full part in the newly formed Aviation Council being established to implement the commitments set out in the plan.

Government also published its Jet Zero Strategy in July 2022, setting clear decarbonisation goals and securing a more sustainable future for our climate, as well as the aviation industry. Government recognises many parts of the sector have continued to take significant steps in ensuring their businesses recover and grow with sustainability at heart. That is why Gatwick has a comprehensive plan and has committed to being net zero (Scope 1 and 2) by 2030. We have also been investigating ways of decarbonising aviation, working with airlines, manufacturers and fuel suppliers to consider the opportunities that decarbonisation can bring. We fully intend to play our part in supporting government's ambition, and believe making the best use of our existing infrastructure and assets is the right way to grow for the benefit of our passengers, airlines and the region.

Throughout 2022, Gatwick has played an active part in working with government on supporting the aviation industry's recovery, as well as future policy development. This has included working through our trade body, the Airport Operators Association (AOA) and other industry bodies such as the CBI and London First. Being an active member of the DfT's Expert Steering Groups, we have also been working with ministers and officials on establishing the safe return of international travel, giving evidence to the Transport Select Committee and responding to government policy and other consultations.

Gatwick's active participation in both government and local policy consultations, and extensive engagement with local authorities, MPs, business groups, the Gatwick Airport Consultative Committee (GATCOM) and community groups ensures Gatwick receives the feedback it requires to continue to meet its ambition for long-term sustainable growth.

Financial review

Foreword from CFO

"After two years of being significantly impacted by COVID-19, Gatwick has made a remarkable recovery but we're not out of the woods.

The very steep and rapid ramp-up of traffic has been a key driver of our revenues, while the steps taken during the pandemic to restructure the business and reduce our cost base through a leaner and more effective organisation have delivered significant benefits in operating costs. None of this could have been realised without the hard work from the dedicated Gatwick team, who ensured a good level of service throughout a challenging summer.

With a growing confidence in the recovery, coupled with improvement in performance, we have utilised some of our cash headroom to reduce our gross debt and lower cost of carry. Our liquidity position remains robust with £429.0 million as of 31 December 2022. Rating agencies also acknowledge greater certainty in the profile of the recovery with one agency returning to a 'stable' outlook. However, the focus on risk now moves quickly to understanding the impact of the macro-economic climate on travel demand and passenger behaviour.

In the year ended 31 December 2022, the Group's revenue increased to £776.6 million with EBITDA and profit after tax of £446.3 million and £208.2 million respectively following two years of significant losses"

Jim Butler
Chief Financial Officer

Basis of preparation
As at 31 December 2021, Gatwick Airport Limited ("the Company", "Gatwick", "GAL", "the Airport") has three wholly-owned subsidiaries: Ivy Bidco Limited, Gatwick Airport Pension Trustees Limited and Gatwick Funding Limited, collectively "the Group". These financial statements are the consolidated financial statements of the Group for the year ended 31 December 2022, the comparative period is the year ended 31 December 2021. The financial statements of the Gatwick Airport Limited Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The financial information presented within these financial statements has been prepared on a going concern basis. See page 87 and Note 1 for further details.

The Group has separately presented certain items on the income statement as exceptional as it believes it assists investors to understand underlying performance and aids comparability of the Group's result between periods. The exceptional items are material items of expense that are considered to merit separate presentation because of their size or incidence. They are not expected to be incurred on a recurring basis.

Review of 2022

2022 saw strong financial performance compared to 2021, as passenger numbers bounced back. Revenue increased from £192.7 million in 2021 to £776.6 million in 2022 (303.0%), with increases across all revenue streams. To support the recovery, we started to recruit staff and reopen infrastructure, this resulted in higher operating costs compared with 2021. Operating costs, excluding exceptional items, increased from £393.8 million in 2021 to £494.5 million in 2022 (25.6%).

2019 was the last full financial year not to be impacted by COVID-19. The pandemic affected our passenger traffic levels, revenue and costs. 2022 saw the start of recovery - to help stakeholders see the progress, we have isolated 2022 for financial review for revenue, and operating costs have been compared with 2019.

Revenue

For the year ended 31 December 2022, total revenue was £776.6 million, driven by a strong and steady recovery in passenger numbers throughout 2022 and more infrastructure being brought back into use, including the reopening of the South Terminal in late March 2022. Compared with the same period in 2019, total revenue in 2022 was £76.9 million (9.0%) lower against a backdrop of 13.8 million (29.6%) fewer passengers.

In terms of revenue mix, airport and other traffic charges income in 2022 accounted for 52.2% of total revenue, which is in line with 2019.The proportion of 2022 revenue falling into other categories was also broadly similar to 2019, with the exception of car parking, which made up 13.1% of total revenue in 2022 (following the introduction of forecourt charges in 2021) compared with 10.2% in 2019.

	2022	2021	2019
	£m	£m	£m
Airport and other traffic charges	**405.7**	85.6	457.2
Retail revenue	**158.6**	38.6	199.5
Car parking revenue	**101.7**	18.0	87.2
Property income	**30.8**	25.9	33.3
Operational facilities and utilities income	**34.6**	10.5	34.5
Other income	**45.2**	14.1	41.8
Total revenue	**776.6**	192.7	853.5

Airport and other traffic charges
Airport and other traffic charges income is driven by traffic volume (both passengers and aircraft), the level of airport charges and the terms of bilateral contracts with airlines. Charges are set in line with our Contracts and Commitments Framework. This currently allows for a maximum annual price increase of RPI+0% with a reference date of 2019, effective from 1 April each year following consultation with the airline community.

For the year ended 31 December 2022, airport and other traffic charges income decreased £51.5 million (11.3%) against the same period in 2019. However, aeronautical income per passenger (which includes the impact of bilateral pricing agreements) was £12.37 in 2022, which is higher than the 2019 equivalent. These results reflect a combination of factors including:

- 13.8 million fewer passengers in 2022 compared with 2019
- Nearly 67,000 fewer aircraft movements in 2022 compared with 2019
- A different airline mix between comparator years with a number of new carriers to Gatwick in 2022, expanding choice for passengers in terms of airline, price point and destination
- Increases to the planned gross yield in relation to each year commencing 1 April from 2019 to 2022 (i.e. the planned aeronautical revenue per passenger excluding the terms of bilateral contracts) in accordance with our Contracts and Commitments Framework
- An increase in the permitted security cost adjustment associated with a hold baggage-screening project

Retail
In the year to 31 December 2022, net retail income was £156.5 million and stemmed from the relaxation of government-imposed trading restrictions in 2021, the reopening of the South Terminal at the end of March 2022 and general growth in passengers.

Throughout the year we worked closely with concessionaires to manage this transition smoothly and overcome any operational challenges, including across the summer months when many operators experienced a shortage in staff. The outcome was strong sales per passenger across most categories and an enhanced product offering through introducing new brands and concessionaires. Catering and specialist shops particularly benefitted in 2022, given the limited onboard catering provision on some key carriers during the summer, meaning both passengers and crew were using these units more frequently.

Compared with 2019, total net retail income was £38.8 million lower (19.9%) in 2022 but within the context of passenger numbers being 29.6% lower. As a result, income per passenger in 2022 was £4.77, which is 13.8% better than 2019. This outcome is driven by a combination of factors, including a different passenger mix, new commercial terms with concessionaires, and the full trading impact of the investment made in 2019 to extend the mezzanine in the North Terminal to accommodate a broader catering offer.

	2022 **£m**	2021 £m	2019 £m
Duty and tax-free	**52.7**	12.7	59.8
Specialist shops	**33.8**	7.3	45.7
Catering	**41.5**	10.2	46.9
Bureau de Change	**13.2**	3.9	26.8
Other retail	**17.4**	4.5	20.3
Retail revenue	**158.6**	38.6	199.5
Less: retail expenditure	**(2.1)**	(0.4)	(4.2)
Net retail income	**156.5**	38.2	195.3
Passengers (millions)	**32.8**	6.3	46.6
Net retail income per passenger	**£4.77**	£6.06	£4.19

Car parking
Car-parking revenue comprises revenue from various parking products available across the airport (for example, short stay, long stay and valet operations), together with revenue from forecourt charges for passenger drop-offs.

For the year ended 31 December 2022, car-parking revenue exceeded £100 million for the first time in Gatwick's history. The 2022 result of £101.7 million was £14.5 million higher than the level achieved in 2019 and was predominantly driven by:

- A higher proportion of UK-originating departing passengers than seen in 2019
- A different mix of parking products at different times of the year
- Local market dynamics and operational constraints over the peak summer months leading to higher prices
- The impact of forecourt charging across both terminals, which was implemented in March 2021

Net car-parking income per passenger for the year ended 31 December 2022 was £2.57, an increase of 76.0% compared with the same period in 2019. This reflects higher revenues but also close monitoring of sales and operating costs (a high proportion of which are fixed in nature) throughout the year.

	2022	2021	2019
	£m	£m	£m
Car parking revenue	**101.7**	18.0	87.2
Less: car parking expenditure	**(17.6)**	(6.7)	(19.3)
Net car parking income	**84.1**	11.3	67.9
Passengers (millions)	**32.8**	6.3	46.6
Net car parking income per passenger	**£2.57**	£1.80	£1.46

Other income
For the year ended 31 December 2022, total other income amounted to £110.6 million, similar to 2019 levels. Property income grew in 2022 with the reopening of major infrastructure and more tenants returning to both office and operational spaces, but overall remained below 2019 income by £2.5 million. Conversely, income from operational facilities and utilities and other income was £3.5 million higher in 2022 compared with 2019. These categories include recharges to the airline community for services such as hold-baggage screening and special-assistance services, as well as reflecting higher utility costs being recharged across the wider airport community.

	2022	2021	2019
	£m	£m	£m
Property income	**30.8**	25.9	33.3
Other income	**45.2**	14.1	41.8
Operational facilities and utilities income	**34.6**	10.5	34.5
Other income	**110.6**	50.5	109.6

Operating costs

Against a backdrop of 13.8 million fewer passengers in 2022 compared with 2019, total operating costs (pre-exceptional items) for the year ended 31 December 2022 fell by £69.4 million (12.3%). This was achieved by balancing good service and operational requirements alongside continued tight cost management. It also reflects the fixed nature of certain costs.

	2022 £m	2021 £m	2019 £m
Staff costs	135.9	84.8	201.2
Retail expenditure	2.1	0.4	4.2
Car parking expenditure	17.6	6.7	19.3
Maintenance and IT expenditure	39.9	30.4	46.2
Utility costs	28.9	17.7	23.9
Rent and rates	29.7	32.1	29.1
Other operating expenses	76.2	47.0	60.7
Depreciation and amortisation	164.2	174.7	179.3
Total operating costs (pre-exceptional items)	**494.5**	**393.8**	**563.9**

The largest year on year reduction was within Staff costs; this cost category represents 27% of total operating costs in 2022 and was nearly £70 million lower in the year ended 31 December 2022 than the same period in 2019 (when staff costs represented 36% of total costs). The journey from 2019 to 2022 has been challenging with the need to take difficult decisions as the COVID-19 pandemic hit and then the subsequent rebuilding of our teams in 2022 during a challenging hiring environment, all to ensure appropriate staffing levels (particularly in Security) to match the growth in passengers. As a result, average full time equivalent (‘FTE’) employees reduced from 3,188 in 2019 to 1,977 in 2022 (some 38% lower). During 2022, a new rewards and recognition scheme was introduced although a number of staff cost related mitigations remained in place.

Both retail and car parking expenditure decreased in the year ended 31 December 2022 compared to their 2019 levels. Retail expenditure relates to e-commerce and advertising revenues which were negatively impacted by the closure of the South Terminal for part of the year. Car parking expenditure reduced by £1.7 million with lower operating costs from fewer passengers partly offset by new charges relating to the implementation of the forecourt drop-off charge.

Maintenance and IT costs were £6.3 million lower in 2022 compared to 2019 and include a major project to ensure the smooth and safe re-opening of the South Terminal after nearly two years of closure.

Towards the beginning of 2022, we started to witness rising and increasingly more volatile utility prices. To mitigate the impact of these adverse market conditions on our business, we took a decision to hedge electricity and gas commodity prices. This action generated a significant cost saving compared to market rates; however in spite of this, utility costs for the year ended 31 December 2022 were £28.9m, £5.0 million higher than 2019 levels.

Rent and rates totalled £29.7 million in 2022 which is broadly in line with 2019.

The ‘Other operating expenses’ category includes a range of costs that are largely fixed in nature (such as Police, air traffic control and insurance) as well as those that have both fixed and variable elements (including special assistance, cleaning, logistics and hold baggage screening). Expenditure on professional fees for compliance, regulation and to further develop our ESG agenda, are also included within this cost category. For the year ended 31 December 2022, other operating costs increased by £15.5 million (25.5%) compared to the year ended 31 December 2019. We continue to focus on identifying areas to generate efficiencies, alongside delivering operational requirements and a good passenger experience. Finally, within this cost category are income from the DfT in relation to the Airports and Ground Operators Support Scheme which totalled £4.0 million in 2022, together with one-off transition costs as we changed air traffic control operator during the year.

Depreciation and amortisation decreased by £15.1 million or 8.4% due to reduced capital investment in recent years post Covid-19.

EBITDA and operating profit

For the year ended 31 December 2022, the Group recorded an operating profit of £251.6 million (2021: operating loss of £201.1 million). The increase in operating profit was mainly driven by recovery in passenger numbers during 2022.

Exceptional costs have been disclosed separately above due to the one-off nature of these costs, as a consequence of the impact of the COVID-19 pandemic, the Group has recognised a non-cash impairment of £30.5 million on assets in the course of construction. In March 2020 a number of partially complete projects were placed on hold, some of which are unlikely to be restarted without material changes to the original proposed design. Costs incurred to date on these projects have been impaired.

EBITDA increased to £446.3 million (2021: loss of £26.3 million), resulting in an EBITDA margin of 57.5% (2021: negative margin of 13.6%, 2019: 55.4%).

	2022	**2021**	**2019**
	£m	£m	£m
Operating profit/(loss)	251.6	(201.1)	275.0
Depreciation and amortisation	164.2	174.7	179.3
Exceptional costs	30.5	0.1	18.4
EBITDA (pre-exceptional items)	**446.3**	**(26.3)**	**472.7**

Net profit/loss

For the year ended 31 December 2022, the Group recorded a profit before tax of £275.6 million (2021: loss of £358.8 million) and a profit after tax of £208.2 million (2021: loss of £363.8 million).

	2022	**2021**	**2019**
	£m	£m	£m
Operating profit/(loss)	251.6	(201.1)	275.0
Investment property revaluation gain	61.1	54.7	47.4
Loss on disposal of fixed assets	(1.1)	(0.8)	(1.7)
Net finance income/(costs)	(97.5)	(61.8)	(109.2)
Exceptional gain on derecognition of financial liabilities	111.2	-	-
Fair value gain/ (loss) on derivative financial instruments	(49.7)	(149.8)	8.2
Income tax (charge)/credit	(67.4)	(5.0)	(67.2)
Profit/(loss) for year	**208.2**	**(363.8)**	**152.5**

Fair value of investment property continued to see a recovery in 2022, this resulted in a non-cash fair value adjustment of £61.1 million.

The Group launched a tender offer to purchase some of the outstanding Class A bonds. A total of £462.6 million of nominal debt was purchased at a cost of £350.9 million resulting in a gain of £111.7 million. This reduced net finance costs to net finance income of £13.7 million compared to a net finance cost of £61.8 million in 2021.

Fair value loss on derivative financial instruments for the 12 months ended 31 December 2022 was £49.7 million (2021: £149.8 million, 2019: gain of £8.2 million) as a result of both increasing RPI indexation and increased floating rates (SONIA) given the interest rate rises announced by the Bank of England during 2022.

Tax

The tax charge for the year ended 31 December 2022 was £67.4 million (2021: £5.0 million). Based on a profit before tax of £275.6 million (2021: loss before tax of £358.8 million), this results in an effective tax rate of 24.5% (2021: -1.4%).

The effective tax charge for 2022 is higher than the statutory rate of 19% (2021:19%) primarily due to some of the current year deferred tax movements being at the 25% tax rate and non-deductible expenses increasing the tax charge for the year (2021: tax credit reduced by the increase in deferred tax liability resulting from the Finance Bill 2021 enacting a main rate of corporation tax at 25% from 1 April 2023).

During the year the Group received corporation tax refund of £14.7 million (2021: paid £3,117).

Cash position and cash flow

At 31 December 2022, the Group had £33.3 million (31 December 2021: £557.3 million, 31 December 2019: £10.0 million) of cash and cash equivalents. In the 12 months ended 31 December 2022, there was a decrease of £524.0 million in cash and cash equivalents.

Decrease in cash equivalents was primarily driven by one-off transactions such as repayment of Bank of England Covid Corporate Financing Facility ('CCFF') of £275.0 million, purchase some of the outstanding Class A bonds for £350.9 million and a reduction in the outstanding balance on the Group's Revolving Credit Facility ('RCF') by £240.0 million.

In the 12 months ended 31 December 2022, cash generated from operations increased to £537.4 million (2021: negative £33.9 million). The following table reconciles EBITDA to cash generated from operations.

	2022 £m	2021 £m	2019 £m
EBITDA	**446.3**	(26.3)	472.7
(Increase)/decrease in inventories, trade and other receivables	(4.0)	2.4	3.8
Increase in trade and other payables	81.8	11.6	19.5
Difference between pension charge and cash contributions	(4.2)	(21.5)	(15.1)
Exceptional costs	-	-	(11.0)
Other non-cash movements	2.8	(0.1)	0.1
Corporation tax refunds received/(paid)	14.7	-	(42.7)
Cash generated from/(used in) operations	**537.4**	**(33.9)**	**427.3**

Capital expenditure

During 2022 there was renewed focus on commencing the build back of the Capital Investment Programme and restarting projects paused as a result of COVID-19.

Gatwick invested £64.5 million in 2022 compared with £51.1 million in 2021 (2019: £253.0 million); capital expenditure in 2021 included £19.6m of IFRS 16 lease additions.

Key projects and areas of investment during 2022 were:

- **Asset stewardship and resilience**: Resurfacing of the Main Runway was completed during the year, with minimal impact to operations, in half the normal time and for half the cost. The success of this project was a result of innovative value engineering as well as using 70% less asphalt than the previous resurfacing in 2012, saving significant amounts of embodied carbon.

- **Capacity and service**: Train station redevelopment has progressed and remains on track for delivery in 2023. The station upgrade will create more space for passengers, making their journeys easier and improving accessibility. Work also began on a project to improve the look and feel of the North Terminal departure lounge.

- **Sustainability:** During the year there was a focus on developing detailed road maps and kicking off several new projects to support Gatwick's Second Decade of Change as well as its long-term commitments to sustainability.

- **Safety, security and compliance**: The trials of new security screening equipment for passengers and their cabin baggage are underway in the North Terminal Central Search. The new technology is mandated by the DfT and offers significant passenger service benefits as liquids and laptops will no longer need to be removed from bags.

- **Growth**: Gatwick continued to invest in developing its plans to maximise use of the existing Main Runway and to bring the standby Northern Runway into routine use. Team members have reviewed feedback from public consultations to refine the proposals and to improve the scheme, with the DCO application due to be submitted to the Planning Inspectorate by summer 2023. Regular use of our Northern Runway will reduce delays, bring new global connections and allow the airport to grow. It could serve about 80 million passengers a year by the 2040s. Other elements of the plans include improved airport and highway access, and more landscaping and green planting.

Financing

Financing structure

In 2011, a secured financing structure was put in place. As part of these arrangements, the Ivy Holdco Group entered into a Common Terms Agreement ('CTA') with its debt investors. The CTA sets out the terms and conditions of the Group's borrowing and the ongoing management of its secured financing which includes Class A Bonds, an Authorised Credit Facility ('ACF') and a Liquidity Facility ('LF'). The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing. The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing.

Class A bonds are issued by Gatwick Funding Limited (as Issuer) which are lent to either Ivy Holdco Limited ("IHL") or the Company ("GAL") as borrowers under the respective Borrower Loan Agreements with Deutsche Trustee Company Limited acing as Borrower Security Trustee.

Gatwick Airport Limited has a Revolving Credit Facility ('RCF') under the ACF of £300.0 million with a termination date of 21 June 2025. Following the impact of COVID-19, during 2021 and for the most of 2022 the RCF was fully drawn to ensure sufficient liquidity, the outstanding balance as at 31 December 2022 was £60.0 million.

The Group also has access to a committed £150.0 million Liquidity Facility ('LF') to ensure interest payment obligations can be kept current for over 12 months, providing additional assurance to bondholders and banks lender.

Between 2011 and 2019 Gatwick Funding Limited issued £3,100.0 million of publicly listed fixed rate secured bonds with scheduled and legal maturities ranging from 2024 and 2026 to 2049 and 2051 respectively as detailed below.

	Scheduled maturity	Legal maturity	Issue date	**As at 31 December 2022 £m**	As at 31 December 2021 £m	Borrower
Class A 5.25 per cent.	2024	2026	20 Jan 2012	**150.0**	300.0	GAL
Class A 6.125 per cent.	2026	2028	2 Mar 2011	**300.0**	300.0	GAL
Class A 2.5 per cent.	2030	2032	15 Apr 2021	**300.0**	300.0	GAL
Class A 4.625 per cent.	2034	2036	27 Mar 2014	**350.0**	350.0	GAL
Class A 5.75 per cent.	2037	2039	20 Jan 2012	**300.0**	300.0	GAL
Class A 3.125 per cent.	2039	2041	28 Sep 2017	**350.0**	350.0	GAL
Class A 6.5 per cent.	2041	2043	2 Mar 2011	**300.0**	300.0	GAL
Class A 2.625 per cent.	2046	2048	7 Oct 2016	**180.1**	300.0	GAL
Class A 3.25 per cent.	2048	2050	26 Feb 2018	**203.3**	300.0	IHL
Class A 2.875 per cent.	2049	2051	5 July 2019	**204.0**	300.0	GAL
				2,637.4	3,100.0	

The Group uses interest rate swaps to hedge against both movements in floating rates (SONIA) and to convert some of its fixed rate Class A bonds into RPI linked debt. The RPI linked interest rate swaps have total nominal value of £396.0 million of which £356.0 million swap interest from a fixed rate coupon with the remaining £40.0 million swapping interest from floating rates. During 2021, new interest rate swaps with a notional of £289.0 million and a tenor ranging between 5 and 7 years were executed where the Group will receive fixed coupon and pay SONIA with a spread close to zero for 2021 and 2022. In addition, during 2021, RPI linked swaps with a nominal value of £131.5 million were restructured to reduce the interest cost on these swaps for 2021 and 2022. The new and restructured interest rate swaps have reduced the interest rate burden on the group during a period of low operational income.

The Group regularly prepares long-term cash flow forecasts to test the sufficiency of its financing facilities to meet its funding requirements. The Directors consider that the current level of credit facilities is sufficient to meet its present forecast funding requirements and provides the Group with appropriate headroom.

During 2021 the Group was granted covenant waivers and an amendment of certain terms under the financing documents, from Qualifying Borrower Secured Creditors. This includes: a) that any Default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 in such calculation with the average of the 2017, 2018 and 2019 financial years corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

At 31 December 2022, the Group's consolidated Senior net debt was £2,745.1 million. It comprised of:

	2022 £m	**2021** £m	**2019** £m
Class A bonds	2,637.4	3,100.0	2,800.0
Index-linked derivative accretion	81.0	17.3	56.2
Revolving credit facilities	60.0	300.0	85.0
Cash and cash equivalents.	(33.3)	(557.3)	(10.0)
Net debt	**2,745.1**	**2,860.0**	**2,931.3**

For the year ended 31 December 2022, the average interest rate payable on borrowings was 6.57% p.a. (31 December 2021: 3.25% p.a.).

Financing activities in 2022

During 2020 the Gatwick Airport Limited was approved to draw up to £300.0 million under the Bank of England Covid Corporate Financing Facility ("CCFF"). £275.0 million was outstanding as at 31 December 2021, this was repaid in full on 17 March 2022.

In December 2022, the Group launched a tender offer to purchase some of the outstanding Class A bonds. This was funded from excess liquidity generated in the Group during 2022 as the impact of the pandemic eased. A total of £462.6 million of nominal debt was purchased at a cost of £350.9 million. At the same time, the borrower loans between Gatwick Funding Limited, the company and Gatwick Airport Limited were reduced by the same nominal amount.

Financial covenant ratios

The maximum net indebtedness to the total Regulatory Asset Base ('Senior RAR') and minimum interest cover ratio ('Senior ICR') are the Group's financial covenants that govern the Group's ability to raise incremental debt under the ACF Agreement. The Group's financial covenants on 31 December 2022, 2021 and 2019 under the CTA are shown below.

Senior ICR has recovered in 2022 due to improved operating cashflow linked to the recovery in traffic along with reduced interest costs as a result of the restructuring undertaken on our swaps portfolio in 2021. Senior RAR has improved as a result of reduced senior debt and the amendment to the Transfer RAB calculation in place until June 2024.

	31 December 2022	31 December 2021	31 December 2019 [1]	Trigger	Default
Minimum interest cover ratio ('Senior ICR')	**4.15x**	(1.49x)	3.15x	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ('Senior RAR')	**0.55**	0.81x	0.60x	> 0.70	> 0.85

1 Management calculation of the ratio for the 12 months to 31 December 2019

Pension scheme
Gatwick operates a defined benefit pension scheme which closed to new members in June 2010. On 31 December 2022, the defined benefit pension scheme, as measured under IAS 19, was funded at 125% (31 December 2021: 110%). This translated into an accounting surplus of £84.4 million (31 December 2021: £59.7 million).

The £24.7 million increase in surplus is primarily driven by the changes in financial markets over the year. Increases in bond yields led to large decreases in the value placed on plan liabilities over the year. These gains were mainly, though not entirely, offset by losses on the plan assets.

In October 2022, the Group resumed monthly deficit reduction contributions following the prepayment in December 2021 covering contributions up to 30 September 2022. The Directors believe the scheme has no significant plan-specific or concentration risks. Further details can be found in Note 25.

Dividends
The Directors have not declared a dividend during the year ended 31 December 2022 (2021: £nil). The Directors did not recommend the payment of a final dividend (2021: £nil).

Our approach to risk management

Risk management is a central element of the Group's strategic decisions and operations. The Group is committed to implementing appropriate strategies and processes that identify, analyse and manage the risks associated with the organisation in order to minimise the frequency and impact of undesired and unexpected events on the Group's objectives, while enabling it to optimise its business opportunities.

The principal aim of the risk-management strategy is to embed the awareness of risk at all levels of the organisation in such a way that ensures all significant business decisions are risk-informed. Particular emphasis is given to safety and security, environmental, climate, cyber, data, commercial, financial, reputational and legal risks.

A key element of the risk-management process is the risk-profiling methodology. This determines the threats to the achievement of business objectives and day-to-day operations in terms of likelihood and consequence at both inherent and residual level, after taking account of mitigating and controlling actions. These internal controls and processes are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatements or loss.

The risk-management process is also aimed at defining and implementing clear accountabilities, processes and reporting formats to deliver efficient and effective management assurance to the Board of Directors to ensure statutory compliance and protect and enhance reputation, while supporting business units to successfully manage their operations and properly embed risk management.

Details of the risk assessment and mitigating and controlling actions are maintained in a hierarchy of risk registers used as the basis for regular reviews of risk management by the Managing Corporate Responsibility and Risk subcommittee at executive management level, and by the Operations, Health and Safety Committee and the Audit, Risk and Finance Committee at Board level. The operation of the process and the individual registers are subject to review by the Group's Business Assurance function, to provide independent assurance to the Audit Committee and Board of Directors that the controls put in place to mitigate risks are working effectively.

The Board of Directors is responsible for reviewing on an annual basis the effectiveness of the internal control environment designed to mitigate the risks faced by the Group.

The Audit, Risk and Finance Committee was established to provide, amongst other things, independent oversight of the risk management of the Group. The key features of the Group's internal control and risk-management systems in relation to the financial reporting process include:

- A group-wide comprehensive system of financial reporting and financial planning and analysis
- Documented procedures and policies
- Defined and documented levels of delegated financial authority
- An organisational structure with clearly defined and delegated authority thresholds and segregation of duties
- A formal risk management process that includes the identification of safety and security, environmental, climate, cyber, data, commercial, financial, reputational and legal risks
- Detailed reviews by the Executive Management Board and the Board of management accounts measuring actual performance against both budgets and forecasts on key metrics
- Audit, Risk and Finance Committee review of key interim and annual financial statements and press releases before submission to the Board, scrutinising amongst other items
    - compliance with accounting, legal, regulatory and lending requirements
    - critical accounting policies and the going concern assumption
    - significant areas of judgement and estimates
    - key financial statement risk areas as reported further below in the report
- Independent review of controls by the Business Assurance function, reporting to the Audit, Risk and Finance Committee; and a confidential whistleblowing process

Our principal risks

The principal corporate risks as identified by the Board of Directors are as follows:

Safety, security and resilience risks

Fire, health and safety and security	
What is the risk?	Key risks relating to fire, health and safety and security.
How will this risk affect Gatwick?	We have legal and moral responsibilities to safeguard our passengers, our people and anyone else visiting or working at the airport. We are responsible for ensuring that our airport infrastructure, assets, systems and processes meet legal and regulatory requirements to protect aviation security and the ongoing security and operation of a critical piece of national infrastructure. Any threat to safety or security at the airport, including lack of adherence to procedure right through to security threats posed by terrorist activity, could result in injury or loss of human life, damage to airport infrastructure, impact to flight schedules, short- or long-term closure of Gatwick's facilities with consequential impact on passenger traffic levels, and broad-reaching reputational impact. Failure to comply with our obligations could have serious consequences for GAL as an organisation and for individuals employed by the Group. Sanctions include fines, disqualification and imprisonment.
How are we addressing this risk?	Safety and security underpin everything we do. Our commitment to deliver a safe and secure airport forms the foundation of our strategic priorities. Key risks to health, safety and security across our operation and broader enterprise are highlighted via risk register. We undertake risk assessments for all activities that have significant risk, to ensure proportionate control measures and risk-mitigation strategies are implemented. Executive level oversight of our risk identification, assessment, mitigation, management and assurance strategies is provided by our Managing Corporate Responsibility and Risk Committee (a subset of our Executive Management Board) and Board Level oversight by our Operations, Health and Safety Committee and our Audit, Risk and Finance Committee. Gatwick manages its health and safety risk through HSE management systems. We have a strong Health and Safety culture, with a clear Environmental Health and Safety (EHS) policy focusing on key risks including Safety, Occupational Health and Wellbeing, Environment, Fire and Performance Improvement. Our leaders understand their roles and responsibilities in delivering a strong, just EHS culture through their behaviours (attitudes, values and beliefs), and through visibility and engagement with employees, contractors and passengers. Our people receive the health, safety and security training required to ensure they are able to identify, understand and manage risks associated with their roles. We promote a just and fair culture by undertaking investigations for the purpose of implementing improvements and responding to positive and negative behaviours appropriately. We have a comprehensive occupational health and wellbeing service in place to promote and support the wellbeing of our people. We have a confidential reporting line through which concerns about wrongdoing in respect of health, safety and security can be reported. Oversight of our security-related controls and mitigations is provided by our Risk Advisory Group chaired by our Head of Stable Operations, and Security Executive Group chaired by our COO. We deploy leading-edge security technology, systems and processes. We have a specialist security compliance function, which oversees the implementation of and adherence to rigorous policies and procedures. We maintain close liaison with government agencies, the police and armed forces to match security measures to the current threat environment. Our security procedures are subject to independent scrutiny from the CAA and other domestic/international agencies.

Stable and resilient operations	
What is the risk?	Gatwick may suffer business interruption or disruption caused by a wide range of events out of its control (including pandemic, war, riot, political action, adverse weather events, technical system failures). As Gatwick operates from a single site, any disruption to the stability of our operation could have a material adverse impact on the airport. It may take considerable time to recover post-disruption. Certain events may lead to prolonged closure of airspace or pervasive travel restrictions. Enduring trends in the macroeconomic or physical environment could have longer-term impact on the stability and resilience of our operation. Vulnerability in our supply chain caused by events outside of our/our suppliers' control, could have a material adverse effect on the stability and resilience of our operation.
How will this risk affect Gatwick?	Failure to maintain a stable and resilient operation has an impact on our ability to provide the service levels and passenger experience our passengers and airlines expect. It could also have significant impact on air traffic movements, passenger numbers and consequently airport revenue. Material, long-term impact to our operation could have consequential adverse financial impact for Gatwick.
How are we addressing this risk?	Gatwick is not immune to external events and threats to our operational resilience. Whilst we may be unable to fully insulate ourselves from such threats, we take action to anticipate the impact of such events on our operation and maintain detailed contingency plans to minimize disruption and passenger inconvenience. We continually update these plans through a process of routine testing, adoption of best practice, and taking lessons learned from unplanned incidents. Our corporate insurance framework provides coverage for property and business interruption to protect against events outside of our control. We monitor financial resilience of our key suppliers. Executive level oversight of our operational resilience and reliability is provided by our Managing Corporate Responsibility and Risk Committee (a subset of our Executive Management Board), with Board-level oversight by our Operations, Health and Safety Committee.

Information (including personal data) security	
What is the risk?	In recent years we have seen cyber threats evolve in both complexity and sophistication toward a fully industrialised model driven by well-resourced organisations including Nation States and Organised Crime Groups. Common methods of attack include phishing, often combined with the compromise of influential user accounts leading to ransomware demands, as well as denial of service attacks on websites and other public-facing services. New ways of working in the post-COVID world have added another dimension to the threat landscape by blurring the boundaries between home and work, thereby putting even more emphasis on sound digital security practices across all walks of life. Gatwick processes a large amount of personal data, including biometric images of passengers. As a leading airport, part of the critical national infrastructure and with perceived close links to immigration and law enforcement, Gatwick remains at high risk for data breaches.
How will this risk affect Gatwick?	A major cyber attack could result in significant operational disruption over an extended period due to failure of key airport operational systems. Negative impacts could include loss of revenue through inability to operate at planned capacity, regulatory fines incurred through CSS failures, financial loss through ransomware demands or penalties imposed under GDPR if the attack includes loss or breach of personal data. There is also potential for reputational impact.

How are we addressing this risk?	Gatwick has developed a multi-layered cyber defence strategy. We run a dedicated cyber function of certified professionals supported by industry-leading technologies designed to detect and prevent cyber incursions and to respond rapidly in the event of an attack. We consider that our employees are a critical first line of defence and hence we ensure that both cyber and phishing awareness courses are undertaken annually for all staff, supplemented by regular briefings and updates to emphasise the importance of cyber awareness in both business and personal lives. In 2023 we are also running a cyber enhancement program to add further controls to our defence-in-depth approach in response to the constantly evolving nature of the threat. We have implemented a number of controls and mitigations to address data privacy risks, including an ongoing GDPR Compliance Programme emphasising data protection by design in project lifecycles, organisation-wide training, both online and face to face, and wider communication and awareness work. Information security risk is explicitly managed and reported on at both Executive Management and Board levels, which ensures resource and focus is maintained in this critical area.

Regulatory, legal, commercial, growth and reputational risks

CAA regulation	
What is the risk?	We are subject to economic regulation. This economic regulation includes licence conditions, a monitoring regime, as well as additional scrutiny of specific areas such as airfield investment, airline operational relations and punctuality.
How will this risk affect Gatwick?	Changes to economic regulation could have a material impact on our business. Non-compliance with licence conditions could result in substantial fines, enforcement orders and, in extreme cases, the loss of licence (preventing Gatwick from levying airport charges). Additionally, if the CAA, through its monitoring regime, identifies passenger harm, then it may seek to amend Gatwick's licence and introduce additional obligations, or adopt other forms of economic regulation.
How are we addressing this risk?	Economic regulation is represented on Gatwick's Executive Management Board by the Chief Financial Officer. The risk of an adverse outcome from the CAA's monitoring of the commitments is mitigated as far as possible by a dedicated team, which ensures full compliance with formal regulatory requirements, establishes a sound relationship with the Regulator, and advises Gatwick's Management and Board of Directors on regulatory matters.

Change in demand	
What is the risk?	While leisure demand has returned quickly, there is a risk that other segments such as some long-haul travel, some business traffic, and certain markets, such as China, have been slower to recover to pre-pandemic levels.
How will this risk affect Gatwick?	This could mean the traffic mix at Gatwick remains uncertain in the short term or the trajectory of passenger volume recovery could be impacted for longer.
How are we addressing this risk?	Gatwick employs various mechanisms to mitigate and manage this risk, including: • Implementing a strategy to diversify Gatwick's network and carriers. Active engagement with the airline industry to target, attract and grow new carriers, new routes and grow market share of business and visiting friends and family traffic. Participation in industry events and conferences to meet with airlines, airports and other industry stakeholders is critical for future growth. • Slot strategy to secure desired slot recommendation for summer 2023 and for the future, with an advocacy plan also in place to influence DfT, ACI (World and Europe), IATA and other stakeholders for future slot reform. Participation in the ACI Expert Group on Slots Board and continual engagement with ACL, our slot coordinators, to optimise the slot portfolio at Gatwick, thereby maximising the use of airport infrastructure. • A pricing mechanism that remains very competitive and attractive to airlines with bilateral contracts in place, which help secure committed passenger volumes

Growth	
What is the risk?	GAL requires numerous permissions and licenses from various external bodies and organisations to develop facilities and infrastructure at the airport.
How will this risk affect Gatwick?	If permissions are not obtained there is a risk that facilities are delayed or not brought forward in a timely manner to meet long-term demand as well as the needs of our airlines, passengers and stakeholders.
How are we addressing this risk?	We engage extensively across stakeholders including the DfT, our consultative committee GATCOM, members of parliament, local authorities, airlines, airport companies, community groups and business groups to understand their position and issues. We actively participate in and respond to consultations and calls for evidence to secure clear and stable policy so that permissions can be applied for, and investment decisions taken, with confidence. We also produce and consult on documents such as our Airport Master Plan and a Capital Investment Plan setting out the infrastructure and development requirements likely to be needed by the airport over the medium and longer term. Executive level oversight of our controls and mitigations in respect of this risk is provided by our Investment and Growth Board (a subset of our Executive Management Board) and Board level oversight by our Capital, Environment and Sustainability Committee.

Capital investment	
What is the risk?	Failure to develop and implement a Capital Investment Programme to match the needs of our airlines, passengers and stakeholders, impacting ability to sustain growth. Our Capital Investment Programme encompasses asset replacement, compliance, sustainability, capacity and service and commercial return.
How will this risk affect Gatwick?	This risk could have a material impact on delivery of our future growth ambitions and to the level of service offered to passengers, with consequential adverse financial and reputational impact.
How are we addressing this risk?	Capital investment is represented on Gatwick's Executive Management Board by the Chief Technical Officer, encompassing Development, Planning, Construction and IT. We have a dedicated team responsible for the development and execution of the airport's Capital Investment Programme. Each year we consult with our airline community and our Passenger Advisory Group to develop and publish a rolling five-year Capital Investment Programme. Our investment plans are underpinned by the latest traffic forecasts and service-delivery performance. We continually seek passenger views of our facilities and services, via our Quality of Service in-house survey and regular in-depth independent market research, and we benchmark ourselves against comparator airports through engagement with industry bodies such as Airports Council International (ACI). We closely monitor technological developments in the aviation industry and our investment plans accommodate trials and pilot schemes to support innovation. Successful initiatives are then incorporated into the next annual Capital Investment Programme for campus-wide roll-out. A comprehensive Asset Stewardship Programme allows us to monitor the performance of our assets and plan 're-lifing' and replacement activities effectively. Sustainability is a fundamental consideration at the heart of Gatwick's growth strategy and our investment plans are refreshed each year to reflect our sustainability goals and the progress we have made towards achieving them. This multidisciplinary approach ensures that our capital investment is timely, targeted and optimises value. Executive level oversight of our controls and mitigations in respect of this risk is provided by our Investment and Growth Board (a subset of our Executive Management Board) and Board level oversight by our Capital, Environment and Sustainability Committee.

Our climate change and net zero risks are covered on pages 44 to 55 within our Task Force on Climate-related Financial Disclosures ("TCFD").

People risks

People and industrial relations	
What is the risk?	Our people are critical to everything that we do at Gatwick. There are inherent risks across all aspects of the employee lifecycle, including recruitment, wellbeing, engagement, development, reward and retention. Prevailing UK labour market conditions exacerbate this risk.
How will this risk affect Gatwick?	Sustained lack of resilience across our employee base has an impact on our ability to provide the service levels and passenger experience that our passengers and airlines expect, and affects our ability to deliver on our commitments.
How are we addressing this risk?	Our people strategy deploys a range of policies and resources to recruit, engage, develop and reward our employees appropriately, to ensure we retain the critical talent required for the future of our business. Our recruitment policy and process reflect our commitment to recruit diverse talented individuals from all sectors of the community. We welcome candidates from all genders, gender identities, sexual orientations, ages, disabilities, marital status, pregnancy or maternity status, colour, race, ethnic origin, religion, belief or lack thereof. We will not exclude any candidate with a disability unless it is objectively clear the candidate is unable to perform a duty that is intrinsic to the role, having considered any reasonable adjustments. Reasonable adjustments to the recruitment process will be made to ensure an applicant is not disadvantaged due to their disability. All successful external candidates are subject to a criminal record check and the appropriate security clearance, as required by the role. We have a large population of employees whose working arrangements are covered by collective bargaining agreements. To mitigate the risk of industrial action by employees, we deploy an architecture of formal negotiation and consultative bodies to discuss pay, conditions of employment, and business issues with three recognised trade unions (Unite, Prospect and PCS). Our approach aims to resolve issues at a department level, thereby avoiding escalation. The Gatwick Joint Committee, the senior consultative forum in the airport, has strong focus on business strategy and performance. We also have formal agreements designed to resolve disputes. Executive level oversight of our controls and mitigations in respect of this risk is provided by our People Committee (a subset of our Executive Management Board) and Board level oversight by our Remuneration and People Committee.

Financial risks

Cash flow interest rate risk	
What is the risk?	The Group is exposed to interest rate fluctuations on both floating debt and interest rate swaps.
How will this risk affect Gatwick?	Increased interest rates would negatively impact the Group's profitability.
How are we addressing this risk?	The Board of Directors approves prudent treasury policies for the Group and delegates certain responsibilities to Senior Management, who directly control day-to-day treasury operations. The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the Group's business operations and funding. To achieve this, the Group enters into interest rate and index-linked swaps to protect against interest rate and inflation risks. The Group's policy is to maintain a mix of fixed and floating-rate debt within Board-approved parameters, such that a minimum of 75% of existing and forecast debt is at a fixed or retail price index-linked rate. The Group's aeronautical revenues and the use of index-linked swaps offset some of the exposure to changes in the retail price index. Interest rate swaps are also used to manage the effective level of fixed/floating rate debt on the long-term bonds.

Funding and liquidity risk	
What is the risk?	The Group uses a mixture of bond and bank debt, with an exposure to refinancing risk if the debt capital markets are closed for long periods of time.
How will this risk affect Gatwick?	The Group's liquidity could be impacted if debt is unable to be refinanced efficiently or at high market rates.
How are we addressing this risk?	The Group has established a multicurrency programme for the issuance of bond debt in addition to bank debt and a liquidity facility. To ensure continuity of funding and flexibility, debt maturities are spread over a range of dates, thereby ensuring the Group is not exposed to excessive refinancing risk in any one year. Covenants under the financing arrangements are monitored and forecast on an ongoing basis, with formal testing reported to the Board of Directors, Audit, Risk and Finance Committee and Executive Management Board, along with all investors. Following the granting of covenant waivers in both 2020 and 2021, the Group continues to comply with all borrowing obligations and financial covenants, and forecasts to do so for at least the next three years from the Statement of Financial Position date.

Credit risk	
What is the risk?	Counterparty credit risk exists through interest rate swaps held by the Group to mitigate its interest rate exposures.
How will this risk affect Gatwick?	The Group could be exposed to credit-related losses in the event of non-performance by counterparties to financial instruments
How are we addressing this risk?	The Group manages a portfolio of derivatives including interest rate and inflation linked swaps with ten separate counterparties. The Group monitors the credit rating of derivative counterparties and ensures no positions are entered into with counterparties with long-term credit rating below BBB- as rated by S&P and Fitch.

Task force on climate-related financial disclosures

With the rising global awareness of climate change as a systemic issue and financial risk that has potentially significant repercussions on our industry, investors and other stakeholders are seeking greater transparency on climate-related risks and opportunities so they may make more informed financial decisions.

The recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") were released in June 2017 as a tool to facilitate this transparency. These recommendations consist of climate-related financial risk and opportunity disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

We have now accelerated our commitment to reach net zero by 2030 for Scope 1 and 2 emissions. In 2022 we began a more formal process to comprehensively address climate-change risks. Our Decade of Change and Sustainability Steering Committee was formed and has been tasked with conducting a full assessment of climate-related risks and opportunities. The Committee's purpose is to oversee the integration of all of our Second Decade of Change commitments, including climate-related risks into Gatwick's business strategy, and to identify and manage risks and opportunities.

We believe reporting practices bring discipline and accountability, which enhance our ability to manage our key business issues and execute our strategy. Therefore, in 2021 we chose to implement the TCFD disclosure recommendations. We recognise we are on a continuous improvement process, and we expect our climate-related reporting to improve as we mature in our identification and management of material climate-related risks and opportunities.

In this section we set out our latest view on material climate-related financial risks and how we are managing them. The table below references other sections of our report, which contain further information on our approach to climate change and the action we are taking to address climate-related risks.

TCFD disclosure recommendations index

Disclosure recommendation	Section reference	Page
Describe the Board's oversight of climate-related risks and opportunities.	Sustainable growth	29
	Our approach to risk management	43
Describe Management's role in assessing and managing climate-related risks and opportunities.	Our principal risks	44
	TCFD	52
Climate strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	TCFD	52
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Sustainable growth	29
	TCFD	52
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C-or-lower scenario.	TCFD	53
Risk management		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk-management process.	TCFD	55
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Decade of Change - Our sustainability policy	27
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	TCFD	55
Metrics and targets		
Describe the organisation's processes for identifying and assessing climate-related risks.	Our approach to risk management	43
Describe the organisation's processes for managing climate-related risks.	Sustainable growth	29
	Our approach to risk management	43
	TCFD	52
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Our approach to risk management	43

GOVERNANCE

The Board has oversight and the Executive Management Board has responsibility for climate-related issues. Such issues are reviewed by the Board on a bi-monthly basis through the Capital, Environment and Sustainability Committee (CESC), to allow for review and guidance on strategy, business plan and capital investment plans, as well as monitoring of implementation and performance against goals and targets. In addition, the Executive Management Board has responsibility for reviewing and approving the annual Decade of Change Performance report, including the underlying objectives, performance data and sustainability roadmap.

The Board has been involved in shaping and reviewing our strategy and goals. It sets out our strategic response to the climate-related risks facing our business and the need to both reduce our impact on climate change through mitigation, and to limit the physical effects of climate change on our operation through adaptation.

The appointment of Lucy Chadwick to the Gatwick Airport Limited Board in June 2022 further strengthens the Board's knowledge and capability to consider the climate-change agenda and the risks and opportunities climate change poses to our business. Lucy assumed the position of Chair of the Capital, Environment and Sustainability Committee, a subcommittee of the Board, in June 2022.

Eric Delobel brings his knowledge and expertise to the Board of Directors and the CESC on sustainable aviation fuels, e-fuels and in the field of hydrogen in the aviation sector, developed through the partnership between VINCI, Air Liquide and Airbus.

As part of our ongoing risk-management process, the Managing Corporate Responsibility and Risk Committee discusses the principal risks facing our business on a bi-monthly basis, as well as annually during the strategic planning and budgeting processes. Further support is provided by the Audit, Risk and Finance Committee, which maintains oversight of risk management, internal controls and the preparation and content of our TCFD disclosure.

In 2022, the Decade of Change and Sustainability Steering Committee was created to specifically address sustainability matters, including climate-related issues. The Committee is chaired by our Head of Sustainability, and comprises core members from all key functions across the business, including our Chief Financial Officer, Chief Operating Officer, Chief Technical Officer, Chief Planning Officer and a number of Executive Management and Senior Leaders. The Committee's purpose is to oversee the integration of sustainability and climate-related issues into Gatwick's business strategy, and to identify and manage risks and opportunities. The Committee meets at least monthly.

The Decade of Change and Sustainability Steering Committee is responsible for:

- Monitoring progress towards achieving our Second Decade of Change and broader sustainability goals
- Embedding sustainability into the culture of Gatwick
- Developing appropriate sustainability key performance indicators (KPIs) to be monitored by Executive Management Board at regular intervals
- Promoting sustainability as a business priority to deliver economic and efficient operations
- Promoting awareness, understanding and engagement on sustainability issues with internal and external stakeholders

The Head of Sustainability reports to the Chief Technical Officer, providing reports and updates to the Executive Management Board, and informs the Board as needed. He is supported by a team of sustainability professionals.

To ensure focused implementation of Gatwick's sustainability strategy, selected ESG-related KPIs are included in the incentive plans of the Executive Management Board.

Risk management

Climate risks and opportunities are included in the scope of our risk-management framework, processes and reporting.

Gatwick's risk-management framework is designed to identify, assess and mitigate risks to minimise their potential impact and support the achievement of our strategic priorities. The risk management framework is supported by:

- A top-down assessment, performed by the Board and Executive Management Board to create a good understanding of the organisation's key risks
- A bottom-up assessment that occurs in parallel, resulting in the aggregation of individual departmental risk assessments
- A specific climate-change risk assessment to support in the identification, assessment and management of climate-related risks and opportunities.

In 2022, we strengthened our methodology and tools to identify, assess and manage our climate risks and opportunities. This included the introduction of the Managing Corporate Responsibility and Risk Committee (MCRR) which is responsible at the Executive level for reviewing the effectiveness of the Group's risk-management strategy and framework, and for reviewing the principal risks. MCRR is supported by each department's newly created Risk Champion who is responsible for coordinating, formulating and reviewing the departments risk register and holding risk challenge sessions.

In summary, our assessment of climate risk shows the following:

- In the short to medium term, Gatwick and the aviation industry must navigate transition risks. These risks can vary significantly depending on the nature and speed at which the UK Government aligns to a Paris Agreement trajectory. There may be measures that limit demand for aviation, including raising the cost of air travel or limiting airport capacity.
- In the longer term, physical risks could pose a greater threat to our ability to run stable operations as result of extreme weather events.

Scenario analysis allows us to better understand the impact of climate change and how it could affect Gatwick. As we develop scenario analysis it will be a critical tool for strategic and financial planning and risk management.

Climate strategy

Our strategic priorities include sustainable growth and achieving our Second Decade of Change goals. Our first Decade of Change set out the airport's goals between 2010 and 2020. During that decade we met or exceeded our goals. Our commitment to a sustainable Gatwick is stronger than ever, and in June 2021 we published our Second Decade of Change Sustainability Policy, which looks ahead to 2030.

In formulating our Second Decade of Change goals to 2030, Gatwick aligned with local and national priorities and with investors' sustainability and ESG requirements. The goals are also aligned with international priorities through the Sustainable Development Goals. Our renewed goals are adopted by the Board, with strategic implementation and performance monitoring led by the Chief Executive Officer and the Chief Technical Officer.

Building on the success of our first ten-point plan, our new strategy contains ten new goals to be met by 2030. Our climate-related goals include reducing emissions from our own operations to meet net zero before 2030, and to play our part in UK aviation and ground transportation achieving net zero emissions by 2050, which aligns to the Paris Agreement trajectory. Our goals align with several of the United Nations' Sustainable Development Goals, including Goal 13: Climate Action. And they align with the UK Sustainable Aviation Coalition's aims, published as the Sustainable Aviation Decarbonisation Roadmap in 2020 and updated in 2021.

To enable us to continue to reduce carbon emissions (including Scope 3) we are refining our Carbon Action Plan. This sets out how we intend to achieve reductions in the emissions over which we have direct control and how we intend to influence and guide reductions in emissions in the control of our partners.

Our climate-related risks

Climate change presents significant strategic risks to the aviation sector and Gatwick.

Transition risks

Transition risk is related to the nature, pace and timing of decarbonisation of the aviation industry and also the wider global economy. The pathway to reduce emissions may be gradual and managed or may be rushed and abrupt.

Policy and regulatory	
What is the risk?	The aviation industry does not grow as forecasted because: • The UK Government implements additional measures which limit demand for aviation, including raising the cost of air travel or limiting airport capacity • Policies to price carbon at a UK, European or international level, through taxation or carbon trading schemes, translate to increased ticket prices and therefore reduce demand for aviation
How will this risk affect Gatwick?	The UK aviation sector set a target of net zero emissions by 2050. It published its roadmap to get there, which enables the industry to grow by 70% and achieve net zero by that date. In 2021, the entire global aviation industry committed to net zero emissions by 2050. To help meet the UK Governments targets there is a risk of potential slower traffic growth and demand reduction.
How are we addressing this risk?	Gatwick continues to support government and industry with decarbonisation plans. In 2021 we introduced a new carbon charge to incentivise airlines and airport operators to use more sustainable and cleaner fleets. We will look to further develop our charging structure to incentivise airlines to use lower-carbon alternatives such as sustainable aviation fuel (SAF) and hydrogen-powered aircraft. Gatwick already has the lowest carbon cost per origin-to-destination (point-to-point) passenger compared with other airports in the London system. We will look to further reduce this as we grow.

Market and demand changes	
What is the risk?	Negative consumer sentiment towards flying and consumers opting to fly less.
How will this risk affect Gatwick?	There is a risk of potential slower traffic growth and demand reduction.
How are we addressing this risk?	The pandemic has strengthened the strategic case for aviation, we have seen how an island trading nation relies upon airlinks economically and socially. In 2021 we introduced a new carbon charge to incentivise airlines and airport operators to use more sustainable and cleaner fleets. We will look to further develop our charging structure to incentivise airlines to use lower-carbon alternatives such as SAF and hydrogen-powered aircraft. We have progressed Gatwick's airspace modernisation project, which is a key enabler in reducing Scope 3 emissions from air traffic movements. Although decarbonising the flight is the key enabler for growth, we are committed to cutting our own carbon footprint and to be net zero (Scope 1 and 2) by 2030.

Reputational	
What is the risk?	Investors and lenders will show a preference towards businesses with a lower-carbon impact.
How will this risk affect Gatwick?	Investors and lenders are increasingly funding decarbonisation strategies and putting greater focus on the carbon performance of companies. This could result in high-carbon sectors, such as aviation, incurring a higher cost of funding, and more difficulties in securing funding.
How are we addressing this risk?	To maintain investor confidence, we will continue to enhance our disclosures and data on our carbon performance. We are committed to further improve our TCFD disclosures in 2023. We already publish an Annual Decade of Change Performance Report where we set out our progress against all ten of our Decade of Change goals, one of which will now include our commitment to be net zero by 2030. In this report, we publish our annual Greenhouse Gas Emissions, which are independently assured. Gatwick is working towards ACI's Airport Carbon Accreditation Level 4+ accreditation, aiming to be Level 4+ by the end of 2023, and planning for ESG and sustainability-linked financing as part of our long-term financing strategy. We continue to work with stakeholders to ensure we are making the most sustainable choices.

Technology	
What is the risk?	Risk in implementing Gatwick's own decarbonisation plans and feasibility or availability of lower- or zero-carbon alternatives. These new technologies and infrastructure to support decarbonisation will require significant investment and operational changes.
How will this risk affect Gatwick?	The adoption of zero-carbon emission aircraft at scale is likely to require more substantial changes to airport infrastructure and operations.
How are we addressing this risk?	We are working with suppliers and watching developments in technology, which will further support our plans. We will encourage government support for airlines to use lower carbon alternatives such as SAF but also develop our charging structure to incentivise airlines to invest in lower-carbon alternatives. Although decarbonising the flight is the key enabler for growth, we are committed to cutting our own carbon footprint and to be net zero by 2030. We are already investing in lower-carbon alternatives across the airport campus, switching to LED lighting and electric equipment and fleets.

Physical risks

Physical risk related to climate change could mean we face more frequent or severe weather events like flooding, storms and droughts. We consider physical risks in our Climate Adaptation Risk Assessment, which we publish every five years and most recently updated in December 2021.

Information regarding potential future climate conditions in the Gatwick area has been obtained from the UKCP18 projections using the RCP8.5 global warming scenario. RCP8.5 is the highest GHG scenario used in climate science and is based on little to no reduction in overall global GHG emissions taking place. It is therefore a highly precautionary scenario for adaptation planning in case global collective action does not deliver in time.

Operations and infrastructure	
What is the risk?	There is a risk of climate change on Gatwick's operations and infrastructure that means the airport will have to operate in higher temperatures, deal with increased risk of flooding and/or other extreme weather events.
How will this risk affect Gatwick?	Gatwick is located at the confluence of several waterways in the upper reaches of the River Mole catchment. This means that flood-risk management and resilience continue to be of utmost importance. Extreme temperatures may also disrupt operations and impact resilience.
How are we addressing this risk?	Our latest Climate Adaption Report sets out all the direct and indirect climate risks facing the airport, including the most material risks described above, as well as the mitigations currently in place and actions we plan to take to strengthen mitigation in future. As a certified aerodrome, the Airport is required, under UK CAA regulations, to have an Adverse Weather Plan. The plan details how we sustain stable operations, as far as reasonably practicable, in the event of an adverse weather event. We will continue to build our understanding as the evidence and science is updated on the physical risks we face and the appropriate level of mitigation that will be required.

Destinations	
What is the risk?	The local impact of climate change at some destinations reduces passenger demand and the profitability and viability of those routes
How will this risk affect Gatwick?	The impact of climate change could alter the attractiveness of certain destinations, reducing the demand for those routes. Examples of destinations at most risk include those that would be impacted by sea level inundation and the loss of important local climate conditions that are important features for attracting visitors, such as snow cover at winter sports destinations.
How are we addressing this risk?	Gatwick is working with the wider VINCI Airports network to undertake a study in 2023 to understand the risk and opportunities of climate change on our current route network. This will help assess development opportunities to further grow our network and minimise this risk.

Routes	
What is the risk?	Climate change may result in increased turbulence or unfavourable flying conditions, which may affect the routing or viability of some flight paths offered by airlines at Gatwick.
How will this risk affect Gatwick?	While weather already impacts aircraft routing today, climate change will result in significant changes to weather patterns and atmospheric conditions, which may affect the routing of aircraft between departure and arrival airports. This could lead to airlines reducing or removing impacted destinations.
How are we addressing this risk?	Gatwick will continue to monitor this risk and seek wider views across the sector, particularly from airlines but also within the VINCI Airports network.

Metrics and target

Each year we publish our Decade of Change Performance Report, where we regularly measure and disclose our performance against all of our Second Decade of Change commitments and our annual Greenhouse Gas Assessment. Full and latest details can be found in our 2021 Second Decade of Change Performance Report. In addition to our existing metrics and targets, we continue to look at how best to enhance disclosures, this includes improving our ability to identify and measure emissions, working with our suppliers, airlines and other airport operators, and exploring new ways of capturing data to enhance decision making and transparency.

On page 27 we report our energy and carbon footprint as required by the Streamlined Energy and Carbon Reporting (SECR) regime. This includes our Scope 1 and 2 energy usage and greenhouse gas emissions, and part of our Scope 3 emissions (employee road mileage and car hire) for the year ended 31 December 2021 and 31 December 2022. Our full Greenhouse Gas Assessment including other Scope 3 emissions sources is presented in our annual Decade of Change Performance Report.

In line with TCFD Guidance on Metrics, Targets and Transition Plans (October 2021), we disclose the performance against all of our Decade of Change indicators in our annual Decade of Change Performance Report.

Road map to full compliance

During 2023 we will assess our resilience under different climate transition risk scenarios. We will simulate the impact of transition risks through 2030, and to 2040 for physical risks. The insights from this work will further strengthen the importance and relevance of our climate-related actions outlined in our Carbon Action Plan.

Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires the Directors of the Group to act in the way they consider, in good faith, would most likely promote the success of the Group for the benefit of its members.

In doing so, section 172 requires a Director to have regard (amongst other matters) to:

a. The likely consequences of any decisions in the long term
b. The interests of the company's employees
c. The need to foster the company's business relationships with suppliers, customers and others
d. The impact of the company's operations on the community and environment
e. The desirability of the company maintaining a reputation for high standards of business conduct
f. The need to act fairly as between members of the company

The Directors discharge their section 172 duty by having regard to the factors set out above along with other relevant factors. The Directors will ensure key decisions are in line with the Group's vision, purpose and values.

As in any large organisation, the Directors delegate authority for the day-to-day management of the Group to the EMB and then engage Management in setting, approving and overseeing execution of the business strategy and related policies.

The Group's key stakeholders are its passengers, local communities and environment, colleagues, airlines, shareholders and investors, commercial partners and supplier and regulators. The views of and the impact of the Group's activities on these stakeholders are important when making relevant decisions.

The Directors have set out below some examples of how we have actioned matters set out in section 172(1)(a) - (f) when discharging our section 172 duty.

Key decisions made by the Board

Capital allocation

The Board consider a number of factors when implementing financing strategies and levels of distributions (as defined under the CTA) to any shareholder affiliate companies outside of the Ivy Holdco Group. During the year ended 31 December 2022 the Group did not raise any new external financing or make any distributions.

In setting this level, the Directors considered the following factors:
- The overall performance of the business and near-term market conditions
- The financial outlook for key airlines
- The likely views of rating agencies regarding these factors
- The forward view of the Ivy Holdco Group's debt and interest-cover credit ratios
- The extent of the pension fund deficit reduction
- The ability to maintain adequate liquidity
- The ability to allocate sufficient capital to reinvest in asset maintenance, airport resilience, capacity and service improvements
- The ability to allocate sufficient resources and capital to achieving stretching environmental goals, which ensure the long-term sustainability of the Group

The level of external financing and distributions reflect a balanced approach that considered all the factors above but gave significant weight to the factors that safeguarded the long-term best interests of the Group. Further details of the Group's financing activities during 2022 can be found on page 40.

Recovery from the impact of COVID-19

As we continue our recovery post-COVID, the Board of Directors made a number of fundamental decisions throughout 2022 following collaboration with the airlines, union representatives, employee representatives, suppliers and other stakeholders of the airport, where necessary. In the face of a much faster recovery in demand than anticipated, these decisions enabled Gatwick to maintain good service levels over the summer and to deliver for passengers.

The Board made critical decisions early in 2022 including recruiting over 500 security staff and putting in place the growth cap for July and August. Gatwick recovered faster than expected and thanks to the swift responses and actions of the DfT, CAA and our airlines, we were able to make the right decisions and deliver for passengers.

Carbon strategy

Gatwick is committed to low-carbon growth. Our Second Decade of Change Sustainability Policy, published in June 2021 and discussed in the Decade of Change section of this report, sets out our commitment to reducing carbon emissions. Recognising the urgent need to make net zero a reality, Gatwick has accelerated its commitment to be a net zero airport (Scope 1 and 2) by 2030, ten years ahead of its previous target. The Second Decade of Change Sustainability Policy also sets out our commitment to playing our part in the UK aviation and ground transport transition to net zero.

During 2022, we continued to focus on establishing the governance needed to deliver our Second Decade of Change goals. We formed our Decade of Change and Sustainability Steering Committee to provide leadership and direction for sustainability across Gatwick. Progress against our Decade of Change goals will be reported annually in the Decade of Change report, available on our website.

Sustainable growth

We published our Masterplan in July 2019, setting out how Gatwick could develop to meet demand in the most sustainable way over the next 15 years. While the world has changed dramatically since 2019, the fundamental strategy and approach to sustainable growth set out in the Masterplan remains robust and sound. The 2019 Masterplan set out how Gatwick could develop to meet demand in the most sustainable way through to the 2030s, by:

- Continuing to make best use of our Main Runway through the use of technology
- Preparing a planning application to bring our Northern Runway into routine
- Continuing to seek that national and local planning policy safeguards land for an additional runway in the future

In our endeavour to bring the Northern Runway into routine use, we have undertaken detailed design work as well as environmental, highways and other studies over several years following the publication of the Masterplan. This allowed us to undertake a comprehensive pre-application consultation exercise, which took place over 12 weeks during autumn 2021. Following the close of the consultation, we then carefully considered responses, and based on the feedback received, we undertook a second, more focused consultation during the summer of 2022, where we revisited previous designs and considered new possibilities and ways of improving the scheme.

Following the close of the second consultation in 2022, the planning application for the Northern Runway Project is being prepared ready for submission. Under the Planning Act 2008, the development is termed a Nationally Significant Infrastructure Project and will therefore be prepared as a DCO. The application itself will be submitted to the Planning Inspectorate who, on behalf of the Secretary of State, will examine the proposals and make a recommendation. The Secretary of State for Transport will then make the ultimate decision, which is likely to be in 2024.

Commitments

In January 2020, Gatwick issued to its airlines a finalised set of extended commitments for the period 1 April 2021 to 31 March 2025. These include a simplified gross-yield ceiling to give greater certainty on future charges. Gatwick also decided to accelerate the pricing benefit in these commitments to be effective retrospectively from 1 January 2020. In February 2021, the CAA published its decision and statutory licence consultation in relation to economic regulation of Gatwick from 1 April 2021 to 31 March 2025. The February 2021 decision outlined broad support for Gatwick's finalised extended commitments and introduced some changes to the ongoing annual monitoring provisions. The CAA confirmed the final licence conditions in a notice in May 2021 (CAP 2144).

Gatwick has undertaken to notify the CAA and all operators at the airport at least two years prior to the end of the Commitments term (i.e. by 31 March 2023) of its intention with regards to the continuation of Commitments. In anticipation of this, Gatwick has started consultation with operators and the CAA about the future of the Commitments from 1 April 2025.

Stakeholder Engagement

The Executive Management Board, along with Senior Management, engage with key stakeholders. The output of this engagement informs business-level decisions. Below highlights some of the engagement that takes place.

Passengers

Gatwick engages with passengers through a number of channels to understand their needs and to help shape future plans.

Gatwick formally consults the Passenger Advisory Group, a sub-group of the Gatwick Airport Consultative Committee (GATCOM), on capital investment plans. We listen to their views on the facilities and services we provide to passengers and their recommendations for improving the passenger experience. In addition to consultation with the Passenger Advisory Group on capital development projects, we work with them through several other consultative work streams to hear about passengers' experiences and needs for their journeys through the airport.

Gatwick has a comprehensive research strategy, which systematically collects and analyses passengers' views on all aspects of their journeys to and through the airport, at each of 50 touchpoints where passengers interact with airport services and facilities. In addition, we also have an online feedback tool to make comments simple for passengers to give, and social-media channels such as Twitter, Instagram and Facebook all offer customers the opportunity to provide 'in the moment' opinions on their airport experiences, as well as providing important opportunities for communication.

Airlines

Gatwick engages with its airline customers through a variety of established forums to understand their needs and deliver the right operating environment. The key forums used to engage with airlines are:

- Airport Consultative Committee (ACC) covering a range of strategic topics
- Annual consultation forums covering Gatwick's Capital Investment Programme and the structure and level of airport charges
- Monthly Joint Operations Group (JOG) meetings with representatives from a range of stakeholders including airlines, ground handlers and Gatwick's local air-navigation service provider

Colleagues

Gatwick is a complex business employing over 2,200 individuals directly, and as such there are risks associated with all aspects of the employee experience including hiring, career development, training, reward and recognition and retention. Gatwick's HR approach is to deploy a range of policies and resources to engage, motivate and reward its employees appropriately, as well as ensure we retain the critical talent required for the future of the business.

In 2021 the Gatwick People Committee was introduced into the governance structure of the company to provide the Executive Team a forum from which to enhance accountability for the employee experience. During 2022 we launched our people framework 'Grow with Gatwick', which aims to develop and retain talent. Ahead of the busy summer we recruited over 500 security staff and hundreds of other people to fill critical roles via a mix of external hiring and internal development. Our commitment to developing emerging talent continued with the 2022 apprentice intake, and we relaunched the Gatwick Graduate Programme in partnership with local universities – we're looking forward to welcoming our first intake in September 2023.

We have developed our reward system with a Colleague Recognition Programme, and have planned developments to our grading system and benefits offer. We continued the Castor International share scheme plan, which provides Gatwick employees with the opportunity to become VINCI shareholders with preferential terms.

We continued to work with our trade unions throughout the year on rebuilding plans and our approach to managing operating costs. The Post Furlough Mitigation Agreement, which implemented a range of cost and productivity measures, remained in place in 2022 and will be lifted on 1 April 2023. This 18-month agreement is an example of the collaboration that existed throughout the pandemic and was continued as we worked through an uncertain start to 2022.

As we move further into 2023 we have opened pay negotiations with our trade unions, and our Remuneration and People Committee has agreed a pay award for salaried staff, which will be implemented on 1 April 2023.

Regulator

Gatwick is subject to a regulatory framework, based on commitments backed by a licence and supplemented by a monitoring regime by the CAA. Management meet regularly with the CAA to discuss all issues relating to the regulation of Gatwick. As part of the licence, Gatwick is required to provide various documents and information.

Suppliers and Commercial Partners

Gatwick works with suppliers and commercial partners to deliver the best passenger experience. Gatwick regularly attend events with the local business community and hosted the inaugural Gatwick Economic Forum, attended by a number of local business advocates and economic partners.

The Gatwick Procurement team routinely invites local suppliers to be part of ‘request for x’ (RFXs), providing opportunities for consideration on a range of goods and services. Local suppliers may also register interest in working with Gatwick via the registration portal.

Gatwick actively tracks spend with local suppliers and will continue to develop long-term sustainable procurement practices that benefit the local economy. In 2019 Gatwick committed to pay SMEs within 30 days. In line with the Prompt Payment Code in 2022, we paid over 96% of invoices within 60 days but on average only taking 24 days.

Investors

Understanding the needs of investors helps Gatwick to access a cost-effective financing base and maintain the investment grade-rating.

Gatwick’s Board of Directors is made up of Executive and Non-executive Directors representing both shareholders. Gatwick provides regular financial updates to both shareholders. Gatwick publishes annual and semi-annual reports and financial statements, which include enhanced disclosures. Gatwick also performs investor roadshows to provide current and potential investors an update on performance. Management liaises with credit-rating agencies to ensure we understand the impact of Gatwick’s strategic decisions.

Local communities and economy

The lifting of travel restrictions and rebuilding of airport operations through the summer helped to stimulate recovery in the local economy and generate employment for local communities severely impacted during the pandemic, underlining Gatwick’s longstanding role as an economic engine for the region. We intensified our engagement with local partners, including regional economic partnerships, local authorities and business organisations, working collaboratively to continue to drive economic recovery.

The focus was on raising awareness and facilitating access for local people to the large number of jobs that were required for summer 2022, including facilitating five jobs fairs in partnership with airport companies and the Department for Work and Pensions. We have also committed senior level engagement in strategic projects such as the Sussex & Surrey Institute of Technology and continue to work with local tourism partners to promote the region to international inbound passengers. In November, Gatwick held its inaugural Economic Summit, bringing together 125 key stakeholders to discuss long-term sustainable economic growth and future inward investment across our region, demonstrating how a successful airport can support the wider economy.

Ahead of the increase in operations in the summer, we recognised that after an extended period of quiet skies, local residents may be more sensitive to aircraft operations. We used a range of communication channels including local radio and TV to highlight the return to more aircraft in the sky and raise awareness of the wide range of actions Gatwick takes to monitor and manage the impact of our operations, specifically aircraft noise. The Gatwick Airport Consultative Committee and Passenger Advisory Group continued to play a significant role as a focal point for engagement, representing the interests of the local community, businesses, passengers, environmental groups and other industry stakeholders. We have continued to keep local communities updated with latest news and announcements from the airport through our regular Gatwick in Touch newsletter. In November, we also reinstated an engagement forum for our nearest neighbours to focus attention on local transport and access issues.

Gatwick was able to support a summer of community activities across the local area, providing sponsorship and resources for local events, many following a two-year absence due to COVID-19. We were pleased to sponsor the first Crawley Pride event in August, an important inaugural event for the town and one that supports Gatwick's commitment to diversity, equality and inclusion (DE&I). We also announced the relaunch of the Gatwick Foundation Fund which had been suspended during the pandemic. Gatwick's programme of Learn Live broadcasts went from strength to strength in 2022, amassing over 86,000 student views. This was supplemented with a programme of virtual insight days designed to give students an opportunity to explore the wide range of careers across the airport and to enable them to quiz colleagues on their roles and career paths, whilst taking part in fun and engaging activities to develop their knowledge and skills.

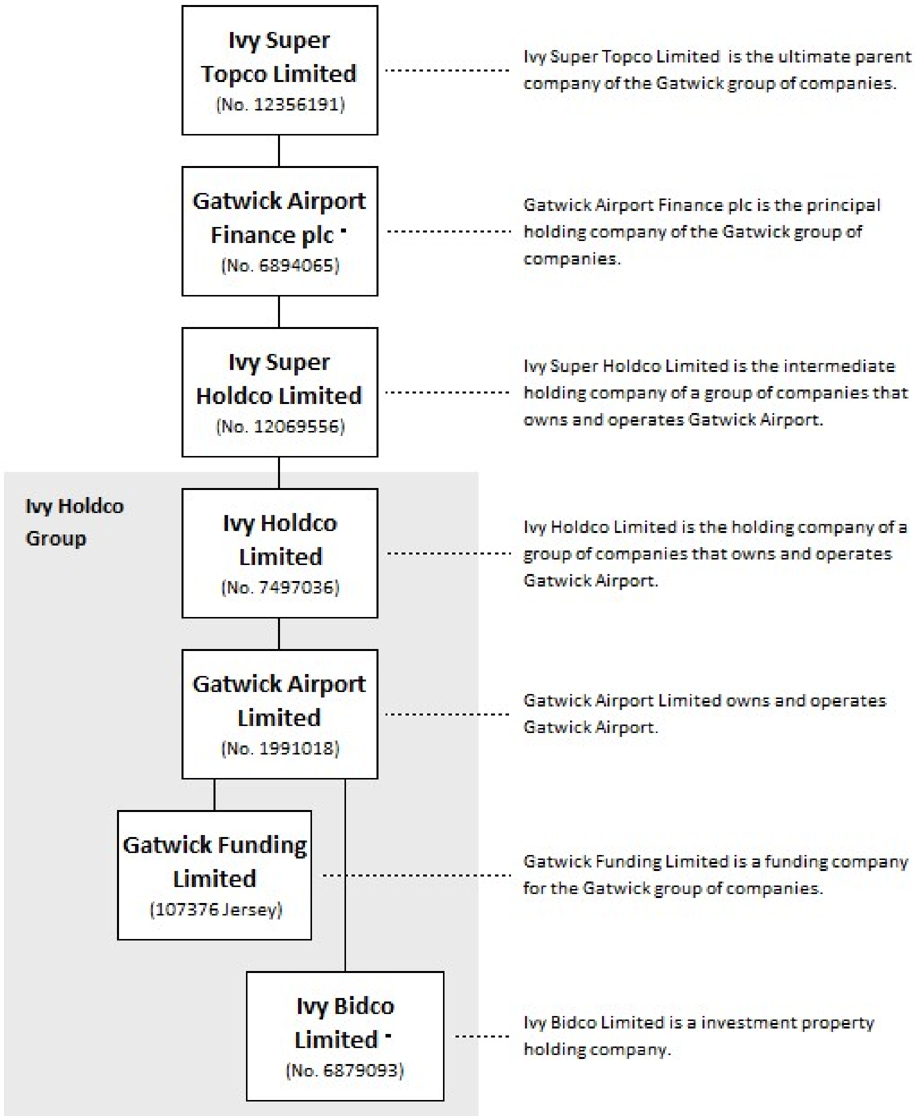
CORPORATE GOVERNANCE

Group Structure

Ivy Holdco Limited is a holding company of a group of companies (the 'Ivy Holdco Limited Group') that owns Gatwick Airport ('Gatwick', 'the Company'). The Company's subsidiary, Gatwick Airport Limited, accounts for the significant majority of the Group's operations.

The Board of Directors of Gatwick Airport Limited (the 'GAL Board') determines the long-term strategy of the Group, ensuring that it acts ethically, has the necessary resources to meet its objectives, monitor performance, and meet its responsibilities as a major UK infrastructure asset.

The ultimate parent company of the Gatwick Group is Ivy Super Topco Limited. A simplified structure of Ivy Super Topco Limited and its subsidiaries, along with their principal activities within the Group is illustrated in the diagram below.



* Structure has been simplified for ease of reference; company has dormant subsidiary.

Ownership

The Gatwick Group is ultimately owned by VINCI SA (VINCI) and a consortium of investors managed by Global Infrastructure Management LLC (GIM).

On 13 May 2019, Cruiser Bidco Limited, a wholly owned subsidiary of VINCI SA, completed the acquisition of 50.01% interest in the Group for a total equity consideration of approximately £3.0 billion.

VINCI Airports, as the world's leading private airport operator in the world, manages the development and operation of more than 65 airports in 12 countries in Europe, Asia and the Americas. Served by more than 250 airlines, VINCI Airports' network handled 255 million passengers in 2019. Through its expertise as a comprehensive integrator, VINCI Airports develops, finances, builds and operates airports, leveraging its investment capability and know-how in optimising operational performance, modernising infrastructure and steering environmental transition. VINCI Airports' annual revenue in 2021 was €1.2 billion, down 55% relative to 2019 but up 20% on 2020. For more information, visit www.vinci-airports.com.

Global Infrastructure Partners (GIP) is a leading global independent infrastructure fund manager. GIP targets infrastructure businesses and assets in the energy, transportation, digital, water and waste sectors. GIP has grown to be one of the world's largest infrastructure investors and currently manages $87 billion in assets on behalf of its global investor base. The companies in GIP's equity portfolios have combined annual revenues greater than $80 billion and employ approximately 100,000 people. For more information, visit www.global-infra.com.

Governance arrangements resulting from the Gatwick Group's secured financing structure

In 2011, a secured financing structure was put in place. As part of these arrangements, the Group entered into a Common Terms Agreement (CTA) with its debt investors. The CTA sets out the terms and conditions of the Group's borrowing and the ongoing management of its secured financing. The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing.

Board governance

The Board of Directors is ultimately accountable to the Group's shareholders, and is responsible for ensuring that Management actions are aligned with the interests of other stakeholders. The Board of Directors has approved a governance framework in order to effectively discharge its collective responsibility. This framework supports our Directors' compliance and their duty to promote our success under section 172 of the Companies Act 2006.

The framework includes the delegation of specific authorities to the Board subcommittees, the Audit, Risk and Finance Committee, the Remuneration and People Committee, the Operations and Health and Safety Committee, the Capital, Environment and Sustainability Committee and the Commercial Committee.

BOARD OF DIRECTORS

The Board of Directors carries ultimate responsibility for the effective direction and control of the Group's business and is accountable to shareholders for the long-term success of the Group. This is achieved through:

- Setting the strategic objectives
- Approving strategic projects, Management business plans and budgets
- Ensuring that the Group operates effective risk management
- Reviewing trading performance against financial targets set at the start of the financial year
- Ensuring the Group acts ethically and meets its legal and regulatory responsibilities

Chairman

Responsible for:

- Leading the Board of Directors as an effective decision-making body
- Setting the Board agenda and regularly reviewing strategic aims
- Modelling boardroom culture and promoting individual Director engagement

Chief Executive Officer

Responsible for:

- Providing executive management and leading the Executive Management Board
- Setting, communicating and demonstrating the values and principles of the Group
- Promoting a clear vision and business plan, focusing on key strategic aims.

Non-Executive Shareholder Directors

Responsible for:

- Considering the performance of Management against agreed goals
- Providing constructive challenge and strategic guidance
- Determining appropriate levels of remuneration for the Executive Management Board and other Senior Managers
- Oversight of succession planning

Company Secretary

Responsible for:

- Advising the Board of Directors on governance matters
- Managing the meeting timetable in conjunction with the Chairman
- Assisting the Chairman to ensure the Board of Directors receives accurate, timely and clear information

Board Sub-committees

Audit, Risk and Finance Committee

Responsible for:

- Ensures the integrity of financial statements
- Oversees the internal and external audit programmes
- Monitors the financial control and risk management systems, and compliance with laws, regulations and ethical codes of practice

Remuneration and People Committee

Responsible for:

- Designs and determines the remuneration and associated benefits of the Executive Management Board and other Senior Managers
- Reviews workforce remuneration and related policies for alignment with the Group's values and culture, and reflects this when setting executive remuneration

Operations and Health & Safety Committee

Responsible for:

- Reviews the strategy and exposure to environmental risk, health and safety matters, operational performance and resilience and business continuity
- Monitors performance against targets and drives management commitment and accountability with respect to managing risks

Capital, Environment and Sustainability Committee

Responsible for:

- Provides financial governance and performance oversight of Group's capital investment activity
- Provides oversight of policy on environment and sustainability
- Monitors the strategic growth of the airport including performance of the Northern Runway DCO

Commercial Committee

Responsible for:

- Agreeing the Group's commercial and contracting strategy with airlines
- Building and delivering the non-aeronautical commercial roadmap

EXECUTIVE MANAGEMENT BOARD

Executive Management Subcommittees

Investment and Growth Board

People Committee

Managing Corporate Responsibility and Risk Committee

Security Executive Group

Gatwick Airport Limited Board of Directors

Chairman, Executive Directors and Company Secretary

Sir David Higgins
Non-executive Chairman
Sir David Higgins was appointed non-executive Chairman in January 2017. As Chief Executive of Network Rail, Sir David initiated a major reform programme focusing on transparency, value for money and accountability. Sir David also served as Chief Executive of the organisation responsible for the delivery of the London 2012 Olympic Games, the Olympic Delivery Authority, establishing the organisation and negotiating the overall budget with HM Treasury, and led the commercial negotiations for Stratford City, London & Continental Railways, and Westfield. Sir David holds a degree in Engineering from Sydney University and a Diploma from the Securities Institute. He is also a Fellow of both the Royal Academy of Engineering and the Institute of Civil Engineers.

Stewart Wingate
Chief Executive Officer
Stewart has served as the Chief Executive Officer since 2009. Stewart was with BAA from 2004 until September 2009, first as Customer Services Director of Glasgow Airport, then as Chief Executive Officer of Budapest Airport, and then as Managing Director of Stansted Airport. He is a Chartered Engineer and a Fellow of the Institute of Engineering and Technology. Stewart has a Master's in Business Administration with Distinction, and a first-class honours degree in Electrical and Electronic Engineering.

Jim Butler
Chief Financial Officer
Jim was appointed Gatwick's Chief Financial Officer in September 2021. Prior to that, Jim served in various roles at American Airlines since 1996, including Senior Vice President – Airport Operation and Cargo; President of the Cargo Division, and Managing Director of Commercial Planning and Performance. Jim has previously led airport operations and had oversight of strategic initiatives across American's global network throughout the United States, Latin America, the Caribbean, Europe and the Pacific. He has also served as a member of the Board of Directors of BAR UK; IATA Cargo Committee and the A4A Cargo Executive Council. Jim is also a licensed private pilot.

Rachel Ford
General Counsel and Company Secretary
Rachel joins Gatwick as General Counsel and Company Secretary from Capita where she has served as Group Legal Director and more recently as Chief of Staff to the Capita Group Chief Executive Officer. Prior to that role, Rachel worked as in-house Legal Counsel with Thomson Reuters for ten years. She trained as a lawyer in her native Australia and moved to the UK in 2006 to work for Linklaters.

Non-Executive Shareholder Directors

Michael McGhee
GIP representative
Michael is a transport partner of GIP and is based in London. He was a Managing Director of the Investment Banking Department of Credit Suisse and Head of the Global Transportation and Logistics Group since 1998. Previously he was head of BZW's Global Transportation Group, since founding it in July 1990, and has advised governments on several privatisations in the transport sector globally.

William Woodburn
GIP representative
Bill is a Founding Partner. He chairs the Portfolio Management Committee and is a member of the Investment and Operating and Valuation Committees. He oversees GIP's Operating Team and is based in Stamford, Connecticut. Prior to the formation of GIP in 2006, Bill spent 23 years at GE, where he most recently served as President and CEO of GE Infrastructure. During his tenure at GE, he oversaw several key acquisitions. Mr. Woodburn previously served as Executive Vice President and as a member of the four-person Office of the CEO at GE Capital. He served on the GE Capital Board for 2000 and 2001. Bill holds MS and BS degrees in Engineering from Northwestern University and the US Merchant Marine Academy. He is a member of the Boards of Directors of Gatwick Airport Limited, Competitive Power Ventures and EnLink Midstream.

Lucy Chadwick
GIP representative
Lucy joined GIP in 2019 and is a Partner and Head of ESG, based in London.

Lucy has over 30 years of transport and government experience. She is the Chair of GIP's ESG Committee and participates on the Investment Committee as an advisor, providing continuity and consistency when assessing key ESG considerations for new opportunities. She also sits on the boards of Gatwick, NTV Italo and Naturgy Energy Group on behalf of GIP. Prior to joining GIP, Lucy was a Director General in the UK Department for Transport, and an adviser to Prime Minister Tony Blair on transport. Lucy was a member of Accenture's senior management team for 13 years. She has a BSc from the University of Exeter.

David McMillan
CalPERS representative
David has had a long career in the transport sector, with a focus on aviation. He is currently Chair of the Air Traffic Management Policy Institute. Previously he has held a number of key positions including Chair of the global Flight Safety Foundation and Director General of Eurocontrol, which coordinates air traffic across 40 European states. Before that he was UK Director General of Civil Aviation and spoke for Europe on environmental issues at ICAO. Earlier in his career, David led for the Government on the establishment of the NATS PPP and Network Rail, and was Secretary to the RUCATSE report on airport capacity in South East England. David started his career in the Diplomatic Service and is a fellow of the Chartered Institute of Transport and the Royal Aeronautical Society.

Marten Soderbom
GIP representative
Marten Soderbom is a Principal at GIP and is based in London. Marten focuses on the transport sector at GIP and worked on the recent sale of Gatwick, the sale of London City Airport and the acquisition of NTV Italo Rail. Prior to joining GIP in 2012, Marten spent 12 years at Credit Suisse, where he was a Director in the Transport team. His experience includes numerous airport, port and rail M&A transactions and privatisations. He also has M&A, capital-raising and restructuring experience in other transport sub-sectors, including airline, shipping and bus.

Nicolas Notebaert
VINCI representative
Nicolas is a member of the VINCI Group Executive Committee and serves as CEO of VINCI Concessions, bringing together global market leaders VINCI Airports, VINCI Highways and VINCI Railways.

Nicolas joined the VINCI Group in 2002 as Head of Operations for the French road concession Cofiroute, before being appointed Director of Business Development for VINCI Concessions France in 2004. In February 2008, he became President of VINCI Airports, and CEO of VINCI Concessions in 2016. Prior to joining the VINCI Group, he held various positions in the French Ministry of Public Works and served as a cabinet member of the French Minister for Transportation and Infrastructure. He started his career in 1994 as a consultant to the World Bank. Nicolas is a graduate of Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées.

Olivier Mathieu
VINCI representative
Olivier is an alumnus of the ESSEC business school (MBA). He began his career as an adviser to the Chief Financial Officer of VINCI in 1995. He then successively became Management Controller at G+H Montage (VINCI Group - Germany), Chief Financial Officer of Sogea-Satom (Africa branch of VINCI Construction) and Chief Administrative and Financial Officer of VINCI Construction Filiales Internationales (Africa, Overseas France, Germany, Central Europe). Olivier was then appointed Chief Financial and Asset Management Officer of VINCI Concessions. He was appointed Executive Vice-President of VINCI Concessions in 2012.

Rémi Maumon de Longevialle
VINCI representative
Rémi graduated from Ecole Polytechnique and ENSAE in France and has a Master of Public Affairs from Sciences-Po Paris. He started his career at PwC where he was a member of the PPP / Project Finance team in Paris for two years. He joined VINCI in 2012 as Project Manager in the VINCI Concessions Structured Finance team where he took part in the financing of large infrastructure projects in Europe and Latin America (motorways, railways and stadiums). In 2014, he joined the Business Development team of VINCI Airports as Project Manager. He was notably in charge of the successful bid, closing and operational takeover of the Kansai Airports in Japan from 2015 to 2016. Rémi was then appointed as Project Director for the Middle East and Central Asia regions where he managed several airport acquisition projects before being named Chief Financial Officer of VINCI Airports in 2018.

Pierre-Hugues Schmit
VINCI representative
Pierre-Hugues is a graduate of Ecole Polytechnique (Paris) in 2001 and the French National University of Civil Aviation (ENAC in Toulouse) in 2003, he has also spent one year in UC Berkeley as graduate student in transportation engineering. Pierre-Hugues worked at the French CAA for seven years, three of which as the head of the French Airlines Department (2006-2009). From 2010 to 2012, Pierre-Hugues worked as an advisor to the French Transportation Minister. He then joined Aéroports de Paris as deputy director of the Le Bourget division. In 2014, along with three partners, he founded La compagnie, a scheduled airline based in Paris delivering pure business class service to New York. Pierre-Hugues joined VINCI Airports in June 2017 where he supervises the airport business expertise on air service development, extra aeronautical activities and airport operations.

Eric Delobel
VINCI representative
Eric is a graduate of the Ecole Spéciale des Travaux Publics and the Institut de l'Administration des Entreprises. Joining Quille (Bouygues Group) in 1995, Eric held various project management roles before moving into real estate development for Bouygues Immobilier, Hammerson, then Foruminvest as Director of Programmes and Development respectively. After joining VINCI in 2009, he was appointed CEO of the Granvia concession company in charge of designing and building the R1-PR1bina motorway in Slovakia. Eric joined VINCI Airports in 2012 and has held several roles within the company, including Managing Director for West Region in France and CEO of Cambodia Airports. In August 2019, Eric was appointed the Chief Technical Officer for VINCI Airports.

Executive Management Board

The Board of Directors delegates responsibility for the day-to-day operational management of the Group to the Chief Executive Officer, Stewart Wingate, who is supported by the Executive Management Board.

See page 64 for biographical details for Stewart Wingate (Chief Executive Officer), Jim Butler (Chief Financial Officer) and Rachel Ford (General Counsel).

John Higgins
Interim Chief Operating Officer
John joined Gatwick as Head of Airfield in 2012 and led the rollout of our programme to improve runway efficiency. In October 2017 he was appointed to the role of Business Improvement Director, and in December 2022 John took on the role of Interim Chief Operating Officer. He began his career with General Electric as a graduate trainee and held a number of senior roles within the company, including Managing Director of its Industrial Diamond business in Ireland, latterly running the pipeline business for Europe and Asia.

Jonathan Pollard
Chief Commercial Officer
Jonathan joined Gatwick's Executive Team in September 2020. Prior to this, over a three-year period as Chief Commercial Officer at Luton Airport, he helped deliver significant growth in passenger volume, as well as the completion of a significant terminal transformation programme. He holds a BSc in Air Transport Management from Loughborough University and joined the National Express Group as a graduate in 2005, going on to hold several executive roles.

Cédric Laurier
Chief Technical Officer
A graduate of the Ecole Nationale des Ponts et Chaussées and the Institut Français d'Urbanisme, Cédric began his career in 1996 at the Paris Chamber of Commerce and Industry. He joined the VINCI Group's Cofiroute subsidiary in 2003. He worked for five years as Special Advisor and subsequently Project Manager of the Duplex 86. In 2008, Cédric joined Aéroports de Paris, where he worked for four years as Project Director before becoming Director of the Project Management Division in 2012. He was appointed as Technical Director of VINCI Airports in 2018 and subsequently appointed Chief Technical Officer of Gatwick Airport in May 2019.

Tim Norwood
Chief Planning Officer
Tim joined Gatwick as Chief Planning Officer in February 2017 with responsibility for the development of the long-term Masterplan, and subsequently took on Corporate Affairs and Sustainability, creating a combined Directorate. He was previously Chief Planning Officer at EDF Energy, with responsibility for securing consent for the Hinkley Point C Project and progressing the planning and environmental assessment work for nuclear new build at Sizewell. Tim is a member of the Royal Town Planning Institute. He has a Masters in Town Planning from the University of Newcastle upon Tyne and a geography degree from the University of London.

Lorenzo Rebel
Deputy Chief Financial Officer
Lorenzo was appointed Deputy CFO in August 2020. He started his career as an External Auditor at PwC before joining VINCI in 2009 as a Financial Controller for Eastern Europe. Lorenzo held different positions in Finance and Internal Audit within the VINCI Group before being appointed the CFO of Nantes Atlantique Airport in 2015.

Before joining Gatwick, he had been the CFO of the Salvador Bahia Airport in Brazil since 2017. Lorenzo is a graduate in Finance from the Grenoble School of Business (MBA).

David Conway
HR Director
David was appointed as HR Director in January 2021 and has over 30-years' experience in the oil and energy, aviation and retail industries for brand leaders including BP, British Airways and Safeway.

He joined Gatwick from BP where he worked for over 13 years. His last role was HR Vice President for BP's Alaska business, which operated the Prudhoe Bay oil field and the trans-Alaska pipeline. David previously worked for British Airways in Operations and HR, and started his career with Safeway in Customer Service and Operations.

Bronwen Jones
Development Director
Bronwen joined BAA in 1989 as a graduate trainee with a degree in business studies from Aston University. In 1995, she moved to Heathrow Airport and worked in a wide variety of operational roles before returning to Gatwick in 2003 as Head of Customer Services. More recently, as Head of Development, Bronwen has played a central role in some of our largest transformational programmes, including self-service bag drop, the North Terminal development programme and the creation of Gatwick Connects.

Rachel Bulford
Retail Director
Rachel was appointed Retail Director in July 2020, having joined Gatwick as Head of Retail in 2016. She is responsible for the shops, restaurants, media advertising and foreign exchange across the airport. Her role includes developing and executing Gatwick's retail strategy and delivering projects that add to or reconfigure the retail space. Rachel began her career at Marks and Spencer as a graduate trainee and went on to hold various roles at the retailer including working in international development in India, Russia and South Korea

Nick Batchelor
IT Director
Nick was appointed IT Director in November 2019. He has worked in mission critical IT environments for nearly 30 years with a specific background in IT Operations, Infrastructure and Enterprise Architecture. Nick has worked in a number of business domains, including financial services and manufacturing, as well as transportation, with nearly ten years at Network Rail prior to joining Gatwick. In his current role at Gatwick, Nick is responsible for the evolution and performance of IT Business Services and Infrastructure, as well as the delivery of technology projects that form part of Gatwick's Capital Investment Programme.

Alasdair Scobie
Capital Programmes Director
Alasdair was appointed Capital Programmes Director in November 2019, with responsibility for the delivery of Gatwick's Capital Investment Programme. He joined Gatwick in 2014 as Head of Commercial Operations before moving, in 2017, to become Head of Capital Investment Delivery (Infrastructure), where he led the delivery of Gatwick's infrastructure-focused Capital Investment Programmes across airfield, baggage and piers.

Executive subcommittees

Investment and Growth Board
The Investment and Growth Board acts under authority delegated by the Executive Committee as a single accountable forum on capital investment across Gatwick, and is responsible for medium-term capital investment plans, capital investment appraisal, and policy decisions including our Decade of Change Sustainability Strategy. It is chaired by the Chief Financial Officer. Most of the Executive Management Board are also members.

People Committee
This committee provides appropriate levels of governance with regards to "people matters", focusing on developing and investing in high-performing people. On behalf of the Executive Management Board, it ensures policies and practices associated the People Strategy are consistent with the Group's values and strategic priorities. It enables agile and transparent decision making, while assuring levels of consistency across the organisation. It is chaired by the Chief Executive Officer; other members include the Chief Financial Officer, HR Director, General Counsel and Company Secretary, as well as representatives from the Commercial and Operations Teams.

Managing Corporate Responsibility and Risk Committee
This committee is responsible for reviewing the effectiveness of the risk-management strategy and framework, and for reviewing the principal risks. It covers cyber and data risks and all aspects of safety, including fire, physical health and safety, airside safety, and psychological and environmental safety. It is chaired by the Interim Chief Operating Officer and the Executive Management Board are members.

Security Executive Group
The Security Executive Group is responsible for agreeing, reviewing and delivering effective airport security through collaboration by security stakeholders at the airport to effectively mitigate threats from crime, including terrorism and serious and organised crime. It is chaired by Interim Chief Operating Officer. Other members include senior representatives of the local police force, airlines and other operators at the airport.

Composition of Board and its committees

The Board of Directors comprises the Chairman, ten Non-Executive Shareholder Directors and two Executive Directors, the Chief Executive Officer and Chief Financial Officer. The names and biographies of all Directors of Gatwick Airport Limited are published on pages 64 to 66. The Board of Directors has collective responsibility for the Group's strategy and performance. Each Director has a clear understanding of their accountability and responsibilities.

The Non-Executive Directors bring outside experience in areas such as aviation, transport, health and safety, sustainability, climate change, energy, government and finance, and provide constructive challenge and influence from outside the Group.

The Directors are required to comply with the Group's policies, including policies on professional conduct, health and safety, conflicts of interest and anti-bribery, gifts and hospitality.

Board activities in 2022

The Board held five scheduled meetings during the year. Its main activities were:

- Approval of annual report and financial statements for the year ending 31 December 2021.
- Approval of the 2022 budget and business plan.
- Setting strategic direction and oversight of executive execution of strategy (providing approvals where appropriate in accordance with Delegated Financial Authority) in respect of:
    - commercial strategy in respect of four commercial revenue pillars (aeronautical, retail, car parks and real estate)
    - Gatwick's ESG strategy encompassing sustainability, net zero, social and governance commitments and path to achieve
    - key capital investments at the airport including Main Runway resurfacing and next generation security project)
    - Gatwick's growth strategy including Northern Runway project, Main Runway optimisation and rapid exit taxiway
    - Gatwick's economic regulatory framework, Contracts and Commitments.
- Strategic decision to implement growth cap for July and August 2022.
- Oversight and review of operational performance across stable operations, EHS, and passenger service, as well as preparedness of upcoming IATA season readiness.
- Review and approval of the Group's Modern Slavery Act Statement

Audit, Risk and Finance Committee

Introduction

The Audit, Risk and Finance Committee members include a Chair appointed by the Board and two Shareholder Non-Executive Directors who are also Board Members. Together they have appropriate competence in audit, risk and financing. The current Audit, Risk and Finance Committee members are:

Olivier Mathieu (Chair)
Marten Soderbom
Rémi Maumon de Longevialle
Lucy Chadwick

During the year the Committee continued to play a key role in assisting the Board in fulfilling its oversight responsibility. During 2022, the recovery from the COVID-19 pandemic continued to create unprecedented impacts for Gatwick and the aviation industry as a whole.

Roles and responsibilities

The Audit, Risk and Finance Committee is a subcommittee of the Board and meets at least three times per annum. Its responsibilities include:

- Considering the appointment of the external auditors; considering relevant ethical guidance and assessing the independence of the external auditors, and ensuring that key audit personnel are rotated at appropriate intervals (including overseeing the process for selecting the external auditors and making recommendations to the Board)
- Recommending the audit fee to the Board for approval and preapproving any fees in respect of non-audit services provided by the external auditors, and ensuring that the provision of non-audit services does not impair the external auditors' independence or objectivity
- Discussing with the external auditors the nature and the scope of the audit and reviewing the auditors' quality-control procedures and steps taken by the auditors to respond to changes
- Reviewing the effectiveness of systems for financial control, financial reporting and risk management
- Monitoring the integrity of the financial statements of the Group and reviewing; challenging where necessary, the actions and judgements of Management in relation to the interim and annual financial statements, and any press releases related to those statements
- Reviewing internal audit reports to the Audit, Risk and Finance Committee on the effectiveness of the Group's systems for internal control, financial reporting and risk management
- Reviewing the external auditors' management letter and Management's responses
- Considering Management's responses to any major external or internal audit recommendations
- Approving the appointment and dismissal of the Head of Business Assurance
- Reviewing Gatwick's procedures for handling allegations from whistleblowers
- Reviewing the ethics policy and monitoring its application throughout the business, considering any ethical issues which arise as a result of audit findings
- Reviewing Gatwick's tax policy and insurance strategy and arrangements
- Reviewing the results of the Data Protection Officer's Data Privacy Compliance Monitoring Programme and ensuring the Data Protection Office is adequately resourced to carry out its tasks
- Confirming that the financial statements are fair, balanced and understandable
- Review and confirmation of the going concern disclosure for the annual report and financial statements
- Oversight of the Group's compliance with laws and regulations and review of the effectiveness of the compliance risk management framework

Activities in 2022

The Committee held four scheduled meetings during the year as well as a number of additional meetings to consider key financing decisions. The Committee's main activities were to:

Financial reporting:

- Review and recommend approval of the interim annual report and financial statements and the associated going-concern statements
- Challenged and endorse significant accounting judgements recommended by Management
- Review accounting developments and their impact to the Group's financial statements
- Review and approve the approach of the Task Force on Climate Related Financial Disclosures

External audit:

- Consider reports by the external auditor on its audit and its review of the annual and interim financial statements
- Review the external audit strategy and assess effectiveness of the external audit
- Review audit and non-audit fees incurred in 2022
- Review and recommended approval of the change in the Group's external auditors for the year ended 31 December 2023

Internal audit:

- Review and approve the scope of the 2023 internal audit plan
- Review the conclusions, key findings and remediation plans from internal audits completed during 2022
- Monitor progress of the implementation of actions from internal audit activity

Risk management:

- Review the effectiveness of risk management and internal governance for the Group, with particular focus on security, financial, climate and cyber risks

Financing:

- Review and recommended approval to undertake tender process on Class A bond repurchase
- Considering the Group's long-term financing strategy with particular emphasis on ESG and sustainability-linked financing

Legal and regulatory compliance:

- Review of current material legal and regulatory compliance risks
- Review the effectiveness of Group's legal and regulatory compliance risk management framework

Remuneration and People Committee

Introduction

The Remuneration and People Committee members include a Chair appointed by the Board and four Shareholder Non-Executive Directors who are also Board members. The current Remuneration and People Committee members are:

Nicolas Notebaert (Chair)
Michael McGhee
Olivier Mathieu
Marten Soderbom
Rémi Maumon de Longevialle

Roles and responsibilities

The Remuneration and People Committee is a sub-committee of the Board and is responsible for overseeing Board, Executive Management Board and other Senior Management appointments, remuneration and succession planning, including:

- The compensation packages of the members of the Executive Management Board (including salary, bonus, pensions and other incentive compensation)
- The contractual terms for the members of the Executive Management Board and independent Non-Executive Directors
- The design and terms of bonus plans including approval of off-cycle bonus payments including sign on, retention and guaranteed bonuses
- The design and terms of long-term incentive plans
- Succession planning for the members of the Executive Management Board
- To approve the operating framework for remuneration delegated to the Chief Executive Officer

The Committee meets at least twice per annum.

Activities in 2022

The Committee held three scheduled meetings during the year. Its main activities were:

- Reviewed and approved employee remuneration strategy including the implementation of the Summer Award bonus of £1,800 to all staff in October 2022
- Reviewed and approved the design of the 2022 annual bonus plan
- Approved the easing of post-furlough mitigations including the return to regular normal overtime rates and employer pension contributions
- Reviewed the Diversity and Inclusion Strategy and release of the 2022 Gatwick Airport Limited Gender Pay Gap Report
- Approved the compensation package for new members appointed to the Executive Management Board
- Reviewed forecast performance of all active short- and long-term incentive plans

Operations and Health and Safety Committee

Introduction

The Operations and Health and Safety Committee members include a Chair appointed by the Board and one Shareholder Non-Executive Directors who is also a Board member. The current Operations and Health and Safety Committee members are:

Pierre-Hughes Schmit (Chair)
Marten Soderbom

Roles and responsibilities

The Operations and Health and Safety Committee is a subcommittee of the Board and is responsible for reviewing the Group's strategy and exposure to risk with respect to EHS matters, operational organisation, performance and resilience, business continuity and asset replacement. This includes company-wide operational and EHS initiatives, policies and procedures. The Committee monitors the Group's performance against targets and drives management commitment and accountability with respect to managing risks.

The Committee meets at least six times per annum.

Activities in 2022

The Committee held six scheduled meetings during the year. Its main activities were:

- Operational performance review, across Stable Operations, EHS and Passenger Service
- Oversight and review of key operations and HSE workstreams, including:
    - Summer 2022 readiness planning, including independent decision points, timing of recruitment, endorsed airport and operator incentives schemes and supported growth cap for July and August
    - Key productivity initiatives across both 12-month and five-year plans
    - Air Traffic Control supplier transition and service resilience development
- Winter 2022 and summer 2023 planning and operations
- Review of health and safety risks for passengers and staff

Capital, Environment and Sustainability Committee

Introduction

The Capital, Environment and Sustainability Committee members include a Chair appointed by the Board of Directors and three Shareholder Non-Executive Directors who are also Board members. The current Capital, Environment and Sustainability Committee members are:

Lucy Chadwick (Chair)
Marten Soderbom
Rémi Maumon de Longevialle
Eric Delobel

Roles and responsibilities

The Capital, Environment and Sustainability Committee is primarily responsible for discharging the Board's duties by providing financial governance and performance oversight in relation to the Capital Investment Programme, including reviewing all major capital investment proposals and providing related recommendations to the Board. It also has oversight of all environment and sustainability matters (including related policy and compliance) and the strategic growth of the airport.

The Committee meets at least six times per annum.

Activities in 2022

The Committee held eight scheduled meetings during the year. Its main activities were:

- Oversight and review of the Capital investment capability ramp-up post-COVID
- Review of our long-term Capital Investment Programme
- Financial governance, performance oversight and review of capital investment activity, including strategic projects:
    - Northern Runway project including DCO process
    - Other key strategic projects such as Main Runway resurfacing, North Terminal departure lounge refurbishment, Pier 6 western extension and next-generation security systems
- Oversight and review of environment and sustainability matters, including:
    - Decade of Change – net zero targets
    - Carbon Action Plan
    - Key ESG project roadmaps

Commercial committee

Introduction

The Commercial Committee members include a Chair appointed by the Board of Directors and one shareholder Non-Executive Director who is also a Board member.

Marten Soderbom (Chair)
Pierre-Hugues Schmit

Roles and responsibilities

The Commercial Committee is primarily responsible for agreeing Gatwick's commercial strategy relating to the airport's primary revenue streams and for oversight of key commercial initiatives across Gatwick. The Committee meets as a minimum of six times per annum, though meeting frequency often increases aligned with peaks in commercial activity.

Activities in 2022

The Committee held ten scheduled meetings during the year. Its main activities were:

- Oversight, evaluation and review of traffic forecasts
- Strategic oversight and approval of key bilateral airline contracts
- Oversight and endorsement of Gatwick's prospect airline pipeline and planned business development activity
- Evaluation and approval of Gatwick's retail category strategy
- Oversight and approval on key contract renewals and awards across both retail and property units
- Strategic oversight of commercially driven capital investment projects, including refurbishment of the North Terminal international departure lounge and development of Multi-story Car Park 7
- Evaluation and oversight of Gatwick's performance relative to relevant external benchmarks
- Evaluation and approval of Gatwick's traffic and income components of the business plan

Directors' report

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2022.

Principal Activities
The principal activity of Gatwick Airport Limited is an airport owner and operator. A review of the progress of the Group's business during the year, the key performance indicators, internal controls, principal business risks and likely future developments are contained in the Strategic and Governance Reports.

Results and Dividends
The profit after taxation for the financial year amounted to £208.2 million (2021: loss of £363.8 million).

No dividends were paid in 2022 or 2021.

The statutory results for the year are set out on page 83.

The financial statements have been prepared on a going concern basis as detailed in the going concern statement on page 87 in the Group's accounting policies.

Board of Directors
The directors who served during the year and since the year end, except where noted, were as follows:

Michael McGhee
William Woodburn
Olivier Mathieu
Nicolas Notebaert
Rémi Maumon de Longevialle
Pierre-Hugues Schmit
David McMillan
Lucy Chadwick – appointed 29 June 2022
Philip Iley – resigned 29 June 2022
Eric Delobel
Marten Soderbom

Company Secretary
The Company Secretary is Rachel Fords, General Counsel. Robert Herga resigned as Company Secretary on 1 May 2022 and Rachel Ford was appointed as a replacement on the same date.

Statement of engagement with employees
The directors have promoted the information in this statement to the Section 172(1) statement shown on page 56.

Employment policies
The Group's aim is to ensure that all employees and job applicants are given equal opportunity and that we represent our passenger base. In accordance with our diversity and inclusion policy, candidates are selected for employment, promotion or training on the basis of their merit, regardless of age, gender, gender identity, race, religion, sexual orientation, disability, marital status or maternity and pregnancy. Disabled people are encouraged to apply and progress their career with us, we see people for their abilities, not their disabilities. Adjustments are made for job applicants and employees to guarantee we are breaking or minimising any barriers to their development.

Our policies are continuously being reviewed to ensure we are an inclusive and accessible employer. In 2023 we will be launching a new Workplace Adjustments Guide and disability awareness training will start being rolled out to all staff before the end of 2023.

Our Business Resource Group for disabled colleagues – Able2 was launched in December 2022, to support disabled colleagues and to help us raise awareness on different kinds of disabilities.

All employees will be given help and encouragement to develop their full potential and utilise their unique talents. Therefore, the skills and resources of the Group will be fully utilised to maximise the efficiency of the whole workforce.

All employees, no matter whether they are part time, full time, or temporary, will be treated fairly and with respect. This policy is adopted throughout the Group in relation to all recruitment and to succession planning, to support a diverse pipeline.

Statement on engagement with stakeholders
The directors have promoted the information in this statement to the Section 172(1) statement shown on page 58.

Statement of Corporate Governance Arrangements
For the year ended 31 December 2022, under the Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council ('FRC') in December 2018.

The Wates Principles provide a framework for the Board of Directors to monitor corporate governance of the Group and see where governance standards can be raised to a higher level across the business.

The table below shows the six Wates Principles and indicates where more information can be found in the strategic and the governance reports.

Principle	Page
Purpose and leadership	14, 51, 61
Board composition	63
Director responsibilities	66, 69, 78
Opportunity and risk	43, 70, 73
Remuneration	72
Stakeholder relationships and engagement	14, 58

Streamlined Energy and Carbon Reporting
In accordance with the Streamlined Energy and Carbon Reporting requirements, the Group's energy usage has been reported in the Strategic Report on page 27.

Subsequent events
There are no subsequent events to disclose.

Financial risk management
The directors have disclosed financial risk management in the Strategic Report on page 48.

Directors' indemnity
During the year ended 31 December 2022 and as at the date of approval of the financial statements, the Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any indemnity to which the person concerned might otherwise be entitled, every Director of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Disclosure of information to Auditors
So far as the Directors who held office at the date of approval of this Directors' Report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Strategic Report and Directors' Report were approved by the Board and signed on its behalf by:

Marten Soderbom
Director
14 March 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

On behalf of the Board

Marten Soderbom
Director
14 March 2023

FINANCIAL STATEMENTS

Independent auditors' report to the members of Gatwick Airport Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gatwick Airport Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and the Consolidated and Parent Company Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2022; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Cash Flow Statements for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment based on our understanding of the business, enquiries of the Board and Audit, Risk and Finance Committee, and the going concern assessment performed by management
- Agreeing the underlying cash flow projections to Board approved forecasts, understanding how these forecasts are compiled and assessing the accuracy of management's historic forecasts
- Evaluating the appropriateness of management's cash flow models including assessing the integrity of the model, its mathematical accuracy and the reasonableness of other key assumptions such as over passenger number forecasts, cash costs and working capital movements
- Assessing whether the stress testing and downside scenarios performed by management appropriately considered the principal risks facing the business, and were adequate
- Evaluating the Group's liquidity and available funding for a period of at least a year from the date of approval of these financial statements
- Considering the existence of covenants with respect to external debt arrangements and reviewing management's assessment of forecast compliance, in particular as at the next measurement dates of 30 June 2023 and 31 December 2023

- Evaluating the performance of the business in the period through to the date of the approval of the financial statements
- Reviewing the directors' conclusions and disclosures of the matter as set out in note 1 to the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the licence terms set out by the Civil Aviation Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase reported revenue or reduce reported expenditure, and application of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Making enquires of the Directors, the Group's General Counsel, internal audit and the Audit, Risk and Finance Committee to identify any instances of non-compliance with laws and regulations, including consideration of known or suspected instances of fraud
- Performing a review of the terms and conditions outlined in the Civil Aviation Authority licence to determine any significant risk of non-compliance and have specifically performed procedures around the Group's ability to comply with capital expenditure commitments
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business. In particular, testing any journal entries posted with unusual account combinations
- Challenging and testing assumptions and judgements made by management in respect of their significant accounting estimates (because of the risk of management bias)
- Reviewing relevant meeting minutes, including those of the Board of Directors
- Reviewing the Group's litigation register as far as it related to non-compliance with laws and regulations and fraud; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 March 2023

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Revenue	4	**776.6**	192.7
Other operating income	5	**-**	0.1
Operating costs	6	**(525.0)**	(393.9)
Operating profit/(loss)		**251.6**	(201.1)
Analysed as:			
Operating profit/(loss) before exceptional items		**282.1**	(201.0)
Operating costs – exceptional	7	**(30.5)**	(0.1)
Investment property revaluation	16	**61.1**	54.7
Loss on disposal of fixed assets	9	**(1.1)**	(0.8)
Financing			
Fair value loss on derivative financial instruments	10	**(49.7)**	(149.8)
Finance income	11	**74.3**	89.7
Finance costs	12	**(171.8)**	(151.5)
Exceptional gain on derecognition of financial liabilities	24	**111.2**	-
Profit/(loss) before tax		**275.6**	(358.8)
Income tax charge	13	**(67.4)**	(5.0)
Profit/(loss) for the period		**208.2**	(363.8)

The notes on pages 87 to 126 form an integral part of these financial statements.

All income and expenses recognised during the current and prior periods are from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Profit/(loss) for the year		**208.2**	(363.8)
Other comprehensive income			
Items that will not be reclassified to the consolidated income statement			
Actuarial gain on retirement benefit obligations	25	**19.3**	76.9
Tax charge	23	**(5.0)**	(14.6)
Other comprehensive income for the year		**14.3**	62.3
Total comprehensive income/(expense) for the year		**222.5**	(301.5)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital £m	**Retained earnings £m**	**Total £m**
Balance at 1 January 2021	4.1	132.8	136.9
Loss for the year	-	(363.8)	(363.8)
Other comprehensive income	-	62.3	62.3
Issue of share capital	345.0	-	345.0
Share based payments	-	0.8	0.8
Balance at 31 December 2021	349.1	(167.9)	181.2
Profit for the year	-	208.2	208.2
Other comprehensive income	-	14.3	14.3
Share based payments	-	(0.8)	(0.8)
Balance at 31 December 2022	**349.1**	**53.8**	**402.9**

The notes on pages 87 to 126 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**31 December 2022 £m**	31 December 2021 £m
Assets			
Non-current assets			
Property, plant and equipment	15	**2,061.2**	2,177.4
Investment properties	16	**1,134.7**	1,073.1
Intangible assets	17	**16.4**	24.0
Lease receivables	21	**16.8**	16.8
Other non-current assets	22	**499.0**	593.7
Retirement benefit asset	25	**84.4**	59.7
		3,812.5	3,944.7
Current assets			
Inventories		**7.1**	6.0
Trade and other receivables	18	**240.2**	128.7
Corporation tax receivable		**-**	34.2
Cash and cash equivalents		**33.3**	557.3
		280.6	726.2
Total assets		**4,093.1**	4,670.9
Liabilities			
Non-current liabilities			
Non-current borrowings	24	**(2,657.3)**	(3,349.7)
Derivative financial liabilities	19	**(367.1)**	(317.4)
Lease liabilities	21	**(74.9)**	(78.0)
Deferred tax	23	**(347.4)**	(295.1)
		(3,446.7)	(4,040.2)
Current liabilities			
Current borrowings	24	**-**	(274.6)
Lease liabilities	21	**(3.1)**	(3.2)
Trade and other payables	26	**(224.7)**	(161.9)
Current tax liabilities		**(2.6)**	(1.0)
Deferred income		**(13.1)**	(8.8)
		(243.5)	(449.5)
Total liabilities		**(3,690.2)**	(4,489.7)
Net assets		**402.9**	181.2
Equity			
Share capital	27	**349.1**	349.1
Retained earnings		**53.8**	(167.9)
Total equity		**402.9**	181.2

The financial statements of Gatwick Airport Limited (company registration number 01991018) on pages 83 to 126 were approved by the Board of Directors on 14 March 2023 and signed on its behalf by:

Marten Soderbom
Director

Rémi Maumon de Longevialle
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Cash flows from operating activities			
Profit/(loss) before tax		**275.6**	(358.8)
Adjustments for:			
Investment property revaluation	16	**(61.1)**	(54.7)
Loss on disposal of fixed assets		**1.1**	0.8
Fair value loss on financial instruments	10	**49.7**	149.8
Finance income	11	**(74.3)**	(89.7)
Finance costs	12	**171.8**	151.5
Exceptional gain on derecognition of financial liabilities		**(111.2)**	-
Depreciation and amortisation	6	**164.2**	174.7
Impairment of fixed assets		**33.3**	-
(Increase)/decrease in inventories, trade and other receivables		**(4.0)**	2.4
Increase in trade and other payables		**81.8**	11.6
Defined benefit pension contributions		**(4.2)**	(21.5)
Cash generated from/(used in) operations		**522.7**	(33.9)
Corporation tax refund		**14.7**	-
Net cash generated from/(used in) operating activities		**537.4**	(33.9)
Cash flows from investing activities			
Interest received		**1.3**	25.2
Purchase of fixed assets		**(68.3)**	(28.7)
Net cash used in investing activities		**(67.0)**	(3.5)
Cash flows from financing activities			
Interest paid		**(125.0)**	(105.3)
Payment of lease liabilities and interest	28	**(3.5)**	(3.5)
Issue of ordinary share capital	27	**-**	345.0
(Repayment)/increase in fixed rate borrowings		**(350.9)**	292.6
Repayment of term loan		**-**	(300.0)
Increase in CCFF[(a)]		**-**	523.9
Repayment of CCFF[(a)]		**(275.0)**	(425.0)
Repayment of revolving credit facility		**(240.0)**	-
Payment of inflation accretion	28	**-**	(25.4)
Net cash used in/(from) financing activities		**(994.4)**	302.3
Net (decrease)/increase in cash and cash equivalents		**(524.0)**	264.9
Cash and cash equivalents at the beginning of the period		**557.3**	292.4
Cash and cash equivalents at the end of the year		**33.3**	557.3

(a) Presented net in the prior year.

The notes on pages 87 to 126 form an integral part of these financial statements.

1. BASIS OF PREPARATION

Gatwick Airport Limited ("the Company") is a private company, limited by shares, and is registered and incorporated in England, United Kingdom. The registered number is 01991018 and the registered address is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

These financial statements are the consolidated financial statements of the Group for the year ended 31 December 2022. The comparative period is the year ended 31 December 2021. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Gatwick Airport Limited transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of the Gatwick Airport Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and prepared under the historical cost convention, except for investment properties and derivative financial instruments. These exceptions to the historic cost convention have been measured at fair value in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and as permitted by the Fair Value Directive as implemented in the Companies Act 2006. There were no changes to accounting standards that had a material impact on the financial statements and there are no new accounting standards that are not yet effective that are expected to have a material impact on the financial statements.

Going concern

The Directors have prepared the financial statements on a going concern basis. The Group's financing arrangements are cross-guaranteed by each company within the Ivy Holdco Group. This results in each company being interdependent on the overall results and cash flows of the Group as a whole. This arrangement is further disclosed within note 24. In assessing the going concern position of the Group, the Directors have considered the ongoing political and economic situations and the potential impact of COVID-19 on the cash flow and liquidity of the Group over the next 12 months, and the corresponding impact on the covenants associated with the Group's financing arrangements.

In forming this view, the Directors have noted that 2020 and 2021 was an unprecedented period in the aviation sector. The actions taken during the pandemic to manage the impact and reposition the business for the mid-term have put the Group in a strong position for recovery. Given the on-going political and economic situations there remains short term uncertainty in the passenger forecasts for 2023.

As at 31 December 2022, the Ivy Holdco Group held cash of £34.0 million and £60.0 million of the £300.0 million Revolving Credit Facility was drawn. To provide additional liquidity following the purchase of some of the outstanding Class A bonds, in February 2023 the Group entered into a new Revolving Credit Facility under an Authorised Credit facility of £100.0 million with a termination date of 23 August 2024 with an option to extend to 23 February 2025. The Group also has access to a committed £150.0 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months. The Group does not currently expect to utilise the Liquidity Facility. The Group's forecasts demonstrate that the Group continues to have liquidity headroom for at least the next 12 months.

During 2021, the Group was granted covenant waivers and an amendment of certain terms under the financing documents from Qualifying Borrower Secured Creditors. This includes: a) that any default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 EBITDA, in such calculation with the average of the 2017, 2018 and 2019 financial years, corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

Due to the unprecedented uncertainty and the impact of COVID-19, previous reporting periods have included a material uncertainty in relation to going concern. In the 12 months to 31 December 2022, passenger numbers increased from 6.3 million in 2021 to 32.8 million, reaching over 70% of 2019 passenger levels. This bounce back was a result of three key factors: the lifting of government restrictions on travel, strong demand from passengers, and airlines putting significant capacity back into the market. The Group's most recent forecast shows expected passenger numbers in 2023 of circa 87% compared to 2019 and stronger performance compared to previous forecasts.

The Directors have considered this, in addition to a number of severe but plausible downside scenarios, including the impact of ongoing economic and political situations. The Directors consider that the Group can maintain sufficient liquidity over a period of at least 12 months from the date of the approval of the financial statements. Considering amendment of certain terms under the financing documents described above, the Group anticipates compliance with all covenant tests at the relevant calculation dates over a period of at least 12 months from the date of the approval of the financial statements. Accordingly the Directors have a reasonable expectation that the Group will continue as a going concern, and the financial statements have been prepared on that basis.

The financial statements were approved by the Directors on 14 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

Revenue is recognised when the Group satisfies performance obligations by transferring control of goods or services to its customers. Revenue is measured at the fair value of the consideration receivable net of rebates, discounts and VAT. Note 4 provides further details. Revenue comprises:

- Airport and other traffic charges:
- Passenger charges levied on passengers on departure;
- Aircraft landing and take-off charges levied according to noise certification;
- Aircraft parking charges based on a combination of weight and time parked; and
- Other charges levied (i.e. fixed electrical ground power) when these services are rendered.

- Retail:
- Concession fees recognised for the provision of retail space based upon concessionaires' turnover. The performance obligation is satisfied by the customer occupying the retail space.

- Car parking:
- Car parking income is recognised for the provision of a car parking space in return for a fee.

- Property and operational facilities:
- Property letting income, recognised on a straight-line basis over the term of the rental period;
- Usage charges made for the operational systems (i.e. check-in desks, baggage handling), recognised as each service is provided;
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale; and
- Other invoiced sales, recognised on the performance of the service.

- Contractual income is treated as deferred income and released to the income statement as earned.

(b) Exceptional Items

Exceptional items are material items of income or expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's financial performance. Such items may include gains or losses on disposal of assets or financial liabilites, impairment of assets, major reorganisation of business, closure or mothballing of terminals and those costs incurred in bringing new airport terminal complexes and airfields to operational readiness that are not able to be capitalised as part of the project.

(c) Property, Plant and Equipment

Property, plant and equipment constitutes the Group's operational asset base including terminal complexes, airfield assets, plant, equipment, Group occupied properties and right to use assets recognised under IFRS 16. The Group has elected to use the cost model under IAS 16 Property, Plant and Equipment as modified by the transitional exemption to account for assets at deemed cost that were fair valued upon transition to IFRS at 1 April 2014 in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. Consequently, property, plant and equipment is stated at cost or deemed cost less accumulated depreciation.

Assets in the course of construction are stated at cost less provision for impairment (if any). Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate, cost includes relevant borrowing costs, own labour costs of construction and related project management costs, and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the resources will be available to achieve a successful delivery of an asset such that future commercial returns will flow to the Group.

The Group reviews these projects on a regular basis, and at least every six months, to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

Depreciation is provided on operational assets, other than land, and assets in the course of construction, on a straight-line basis over their expected useful life as follows:

Terminal building, pier and satellite structures	20 - 60 years
Terminal fixtures and fittings	5 - 20 years
Airport plant and equipment:	
- baggage systems	15 years
- screening equipment	7 years
- lifts, escalators, travellators	20 years
- other plant and equipment including runway lighting and building plant	5 - 20 years
Airport tunnels, bridges and subways	50 - 100 years
Runway surfaces	10 - 15 years
Runway bases	100 years
Taxiways and aprons	50 years
Motor vehicles	4 - 8 years
Office equipment	5 - 10 years
Computer equipment	4 - 8 years
Right of use assets	over period of lease

The Group assesses, at each financial position date, whether there is an indication that an asset's residual value and/or useful life may not be appropriate. If such indication exists, the useful lives and residual values are reviewed, and adjusted if appropriate.

Interest payable resulting from financing property, plant and equipment whilst in the course of construction is capitalised once planning permission has been obtained and a firm decision to proceed taken. Capitalisation of interest ceases once the asset is complete and ready for use.

(d) Investment Properties

The Group recognises investment property in accordance with IAS 40 *Investment Properties*. An investment property is one held to either earn rental income or for capital growth. The Group has elected to use the fair value model and therefore investment properties are initially recognised at cost then revalued to fair value at the reporting date by an Independent Property Valuer. Gains or losses in fair value of investment properties are recognised in the Income Statement in the period in which they arise. Gains or losses on disposal of investment property are recognised in the Income Statement on completion.

If an investment property becomes Group occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost.

(e) Intangible Assets

Intangible assets relate to computer software costs and are measured at cost less accumulated amortisation. Amortisation is recognised in the Income Statement on a straight-line basis over the expected useful economic life (4 – 10 years), from the date that the assets are available for use. Amortisation methods and useful lives are reviewed annually and adjusted if appropriate. Software costs within intangible assets are all acquired.

(f) Impairment of Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Where the asset does not generate cash flows that are independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset’s net realisable value and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset. The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions in the impairment tests. In all cases tested, there is sufficient headroom and no indication of a material impairment of assets.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount less any residual value, on a straight-line basis over its remaining useful life.

(g) Leases

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at a cost which comprises the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate to dismantle and remove the underlying asset, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset can be reduced by impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability for the Group comprise of fixed payments and any amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, resulting in an adjustment made to the carrying value of the right-of-use asset.

The Group presents right-of-use assets in 'property, plant and equipment', and lease liabilities in 'lease liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases for low value assets. The Group recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

Leases where the Group transfers substantially all the risks and rewards of ownership are classified as a finance lease. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Leases where the Group retains substantially all the risks and benefits of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as the income. The Revenue accounting policy note provides further details.

(h) Inventories

Inventories consist of engineering spares and other consumable stores and are recorded at the lower of cost and net realisable value.

(i) Cash and Cash Equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Cash that can only be used for a specific purpose or where access is restricted, is classified as restricted cash.

(j) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

The Group's financial assets are measured at amortised cost. Classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

1. Amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as amortised cost. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are presented as non-current assets.

2. Impairment of financial assets

The Group applies a provision matrix using historical loss experience, adjusting for current conditions and reasonable forecasts. The Group uses three years of historical data to establish an average default rate. This probability is applied to current information, taking into account adjustments for current external conditions and reasonable forecasts.

The Group's adjustment of current external conditions and reasonable forecasts extend to assessing individual financial assets for indicators of impairment, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in payments; or
- it becoming probable that the counterparty will enter administration/bankruptcy or financial re-organisation.

The Group's definition of default is based on the ageing of debts and will also consider the financial status of the customer. The Group considers any debts over 180 days overdue, or any customer that falls into receivership, in default.

Trade receivables are assessed monthly for any impairments. For trade receivables and other assets that are in scope of the IFRS 9 impairment model, an expected credit loss model has been applied, taking into account current conditions and reasonable forecasts.

Financial Liabilities

Financial liabilities are classified as either:

- financial liabilities at fair value through profit or loss (FVTPL); or
- other financial liabilities (i.e. borrowings, trade and other payables, etc.)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of a business after deducting all of its liabilities.

1. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

2. Debt issue costs and arrangement fees

Issue costs are those that are incurred directly in connection with the issue of a financial instrument, that would not have been incurred had the instrument not been issued. These are accounted for as a deduction from the amount of consideration received and amortised under the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Facility and arrangement fees resulting from the negotiation of finance that do not qualify as issue costs are written off to the Income Statement as incurred. Debt issue costs on refinanced instruments are written off directly to the Income Statement when the liability is derecognised.

3. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4. Derivative financial instruments

The Group has a number of derivative financial instruments used to manage its exposure to inflation and interest rate risk. The derivative financial instruments utilised by the Group are interest rate and index-linked swaps.

The purpose of the interest rate swaps is to hedge the cash interest rate risk that arises on borrowings with variable interest rates. Interest receivable on the swaps matches the benchmark interest rate payable on the borrowings, and interest payable is at a fixed rate. The purpose of the index-linked swaps is to hedge the inflation risk arising on inflation related income, particularly RPI linked airport and other traffic charges. Interest receivable on the swaps matches the benchmark interest rate payable on the borrowings, and interest payable on the swaps is based on a fixed real interest rate (excluding inflation) plus a periodic inflation adjustment amount based on the cumulative movement in the RPI inflation index. On each five year anniversary date of the index-linked swaps, a further payment is made based on the cumulative movement in the RPI index applied to the notional principal value of the swaps.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each financial position date.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group's current derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the Income Statement, along with the reduction to reflect the credit risk of the Group on its swap position at the reporting date, in accordance with IFRS 9. The periodic amounts of interest payable and receivable on interest rate and index-linked swaps, and the periodic change in the accrued amount of inflation accretion on the notional principal value of the index-linked swaps, are taken to the Income Statement; accrued interest payable and receivable is included in current creditors or debtors, and the inflation accretion accrual is included in non-current debt in the Statement of Financial Position.

(k) Retirement Benefit Obligations

The Group operates a self-administered defined benefit plan. The defined benefit obligation is calculated each reporting date by independent actuaries using the projected unit method. The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the Statement of Financial Position.

Current service costs, past service costs, net interest on the defined benefit liability (assets) and plan administration expenses are recognised within the Income Statement as they are incurred. Re-measurements on retirement benefit obligations and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) are recognised in Other Comprehensive Income under IAS 19 Employee Benefits.

The Group also operates a defined contribution scheme. The pension costs of this scheme are charged to the Income Statement in the period in which they are incurred.

(l) Current and Deferred Taxation

The tax expense for the period comprises current and deferred taxation. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity.

Current tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, for instance, deferred tax is recognised on temporary differences arising from the revaluation of investment properties.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the financial position date and are expected to apply in the periods in which the timing differences are expected to reverse.

(m) Share Capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

(n) Dividend Distribution

A dividend distribution to the Group's shareholders is recognised in the Group's financial statements in the period in which the shareholders' right to receive payment of the dividend is established by approval of the dividend at the Annual General Meeting, or board meeting for interim dividends.

(o) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, management have made estimates and judgements. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to changes in estimates and assumptions. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

a) Estimates

Investment Properties

Investment properties were valued at fair value at 31 December 2022 by Jones Lang LaSalle Limited (2021: Jones Lang LaSalle Limited). The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

Investment property classification and valuation are areas of judgement. The directors have defined specific criteria required to be met for assets to be classified as investment property. The directors consider car park assets meet this classification criteria therefore hold them as investment property. Car parks are valued primarily on a profits method of valuation which considers the cash flows expected to be generated by their trading potential. This reflects income and operating costs from previous years together with estimated forecasts, assumptions around future growth rates and varying discount rates depending on the attributes of each individual car park. Further details are available in note 16. The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions and any material changes in the inputs could lead to a material change in the valuation.

Fair Value of Derivative Financial Instruments

The fair value of derivative financial instruments is determined by using valuation techniques. These techniques require judgement and make assumptions that are mainly based on market conditions existing at each reporting date. The valuation technique used is a discounted cash flow methodology. Sensitivity analysis over the key inputs which create estimate uncertainty has been performed to assess the impact of changes in market conditions (note 20).

Retirement Benefit Obligations

Certain assumptions have been adopted for factors that determine the valuation of the Group's liability for pension obligations at period end and future returns on pension scheme assets and charges to the Income Statement. The factors have been determined in consultation with the Group's actuary taking into account market and economic conditions. Changes in assumptions can vary from period-to-period as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group's liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. The impact of the change in assumptions on the valuation of the net financial position for pension schemes is reflected in the Statement of Comprehensive Income. Further details are available in note 25.

Taxation

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The recognition of a deferred tax asset in the financial statements is therefore based on management's estimates of forecast profits in future years. Further details are available in note 13 and note 23.

b) Judgements

Capitalisation

Management are required to make judgements in relation to the capitalisation of costs within fixed assets. This relates to when amounts may begin to be capitalised, the asset class, the useful economic life applied, and where there may be doubt about the ultimate completion of the asset, for example with the Northern Runway project where there will be regulatory requirements such as planning consents.

Investment Properties

Investment property classification and valuation are areas of judgement. The directors have defined specific criteria required to be met for assets to be classified as investment property. The directors consider car park assets meet this classification criteria therefore hold them as investment property. Under IAS 40 Investment Properties, an entity treats a property as investment property if the ancillary services it provides are insignificant to the arrangement as a whole. Gatwick provides insignificant ancillary services as the operation of the car park is outsources to an external provider. The revenue represents rental income for the use of the space.

Income tax

The calculation of the Group's total tax charge necessarily involves a degree of judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through a formal legal process. Further details are available in note 13.

4. REVENUE

The Directors consider the business to have only one segment (defined as the Airport due to the nature of its regulatory environment, type of operation, geographic location, and internal management reporting framework). All of the Group's revenue arises in the United Kingdom and is from continuing operations. Additional details of the revenue generated by each of the Group's key activities are given below.

Nature of services

The Group's main revenue streams are:

- Airport and other traffic charges
- Retail income
- Car parking income
- Property income
- Operational facilities, utilities and other income

- Airport and other traffic charges: there are four distinct performance obligations, these are landing, parking, departing and other charges (i.e. noise and fixed electrical ground power). The revenue from these charges is recognised on the day the movement takes place or services are rendered.

  There are a number of airline contracts in place with discounts which vary by season (Summer/Winter). The Group recognises the discount over the period during which it is earned. Discounts are typically focussed on the Winter season.

- Retail income: the Group deems that the performance obligation is the provision of retail space in return for a fee. The fee is either a fixed rental fee or a concession fee based on the concessionaire's turnover. The performance obligation is satisfied by the customer occupying the retail space.

- Car parking income: car parking revenue is recognised either
  a) on the date of arrival at the car parking in the case of pre-booked reservation; or
  b) on the date of departure from the car park in the case of pay-on-exit (roll up).

  The performance obligation is the provision of a car parking space in return for a fee.

- Property income: the performance obligation is the provision of office space or land in return for a fee. The fee is either a fixed rental fee or a fee based on the tenant's turnover in the case of the hotel and petrol stations. The Group considers the performance obligation is satisfied by the customer occupying the office space or land. Income is recognised in accordance with IFRS 16.

- Operational facilities, utilities and other income: this revenue is derived from the recovery of certain costs incurred by the Group. The Group considers the performance obligation is satisfied when the customers make use of the facilities and utilities provided by the Group.

Disaggregation of revenue

In the following table, revenue is disaggregated by the Group's primary service lines:

		Year ended 31 December 2022 £m		Year ended 31 December 2021 £m
Airport and other traffic charges		**405.7**		85.6
Retail				
- Duty and tax-free	**52.7**		12.7	
- Specialist shops	**33.8**		7.3	
- Catering	**41.5**		10.2	
- Bureaux de change	**13.2**		3.9	
- Other retail	**17.4**		4.5	
		158.6		38.6
Car parking		**101.7**		18.0
Property income		**30.8**		25.9
Operational facilities and utilities income		**34.6**		10.5
Other		**45.2**		14.1
		776.6		192.7

More than 10% of the Group's total revenue is derived from easyJet in the current and prior periods.

Contract balances

	31 December 2022 £m	31 December 2021 £m
Net trade receivables (note 18)	**18.8**	33.9
Contract assets	**22.4**	6.2
Contract liabilities	**(13.1)**	(8.8)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights to receive consideration become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time, when the Group's performance obligations have been satisfied (deferred income)

The amount of revenue recognised in the period to 31 December 2022 from performance obligations satisfied in previous periods is £3.2 million (2021: £6.1 million). This is due to a revision in estimated passenger numbers in respect to the annual assessment of various aeronautical and retail contracts.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	31 December 2022 £m		31 December 2021 £m	
	Contract assets	**Contract liabilities**	Contract assets	Contract liabilities
Revenue recognised that was included in contract liability balance at the beginning of the period	**-**	**4.5**	-	3.8
Increases due to cash received (excluding amounts recognised as revenue in the period)	**-**	**(8.8)**	-	(6.0)
Transfers from contract assets recognised at the beginning of the period to receivables	**(6.2)**	**-**	(2.2)	-
Increases as a result of changes in the measure of progress	**22.4**	-	6.2	-

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

5. OTHER OPERATING INCOME

During the year ended 31 December 2021 the Group received other income in the form of insurance proceeds.

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Other income	**-**	0.1

6. OPERATING COSTS

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Wages and salaries [(a)]	**110.2**	65.9
Social security costs	**13.6**	8.9
Pension costs	**5.1**	6.9
Share-based payments	**0.9**	0.9
Other staff related costs	**6.1**	2.2
Staff costs	**135.9**	84.8
Retail expenditure	**2.1**	0.4
Car parking expenditure	**17.6**	6.7
Depreciation and amortisation	**164.2**	174.7
Maintenance and IT expenditure	**39.9**	30.4
Rent and rates	**29.7**	32.1
Utility costs	**28.9**	17.7
Police costs	**12.3**	11.8
Other operating expenses [(b)]	**48.4**	20.6
Aerodrome navigation service costs	**15.5**	14.6
Exceptional costs	**30.5**	0.1
	525.0	393.9

(a) Wages and salaries are net of government grants relating to the Coronavirus Job Retention Scheme amounting to £nil in the year (2021: £16.0 million)

(b) Other operating expenses includes impairment of trade receivables amounting to £0.3 million in the year (2021: £0.4 million) and government grants relating to the Airport and Ground Operations Support Scheme (“AGOSS”) of £4.0 million (2021: £12.0 million).

Average full-time equivalent (“FTE”) employees

	Year ended 31 December 2022	Year ended 31 December 2021
Average operation FTE employees	**1,679**	1,445
Average non-operational FTE employees	**298**	273
Average FTE employees	**1,977**	1,718

Audit services

Fees payable to the company’s auditors for the audit of consolidated financial statements totalled £0.5 million in the period (2021: £0.4 million). Fees payable to the company’s auditors for audit-related assurance services totalled £0.1 million in the period (2021: £0.2 million).

7. OPERATING COSTS - EXCEPTIONAL

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Reorganisation costs (a)	**-**	0.1
Impairment of fixed assets (b)	**30.5**	-
	30.5	0.1

(a) Reorganisation costs relate to the reorganisation of the business following the impact of COVID-19 in 2020.

(b) As a consequence of the impact of the COVID-19 pandemic, in March 2020, a number of partially complete projects were placed on hold. Some of these are unlikely to be restarted without material changes to the original proposed designs, including changes made to reflect a more sustainable approach. The Group has reviewed its assets for indicators of impairment and recognised an exceptional non-cash impairment on costs incurred to date of £30.5 million.

8. DIRECTORS' EMOLUMENTS

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Directors' emoluments		
Aggregate of emoluments and benefits	**9.6**	1.2

An amount of £nil (31 December 2021: £nil) was paid into money purchase schemes in respect of the Directors. Aggregate amounts receivable under long-term incentive schemes were £nil (2021: £nil).

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Highest paid Director		
Aggregate of emoluments and benefits	**7.1**	0.6

During 2021 the Directors received a reduced salary, consistent with other staff members and no bonuses were paid for 2021 as part of the actions to mitigate the financial impacts of COVID-19. As the business began its recovery in 2022, the shareholders established a new LTIP for certain Directors and executive board members, this incentive plan will measure the evolution of a broad range of metrics from 2020 to 2024. Of the £9.6m directors' aggregate emoluments and £7.1m aggregate emoluments of the highest paid director, £1.2m and £0.6m respectively was paid during the year ended 31 December 2022 with majority of the balance payable in 2025.

Nine Directors (2021: nine) were not remunerated during the year for services to the Group. No Directors exercised share options during the year (2021: nil). No Directors are members of the Gatwick Airport Limited defined benefit pension plan (2021: nil). No compensation was received by former Directors for loss of office during the year (2021: nil). One Director had awards receivable in the form of shares under the Group's LTIP (2021: nil).

Non-executive shareholder directors are employed by the ultimate shareholders. The remuneration for their services to Gatwick Airport Limited cannot be allocated to the Company. All Directors are considered as key management personnel.

9. LOSS ON DISPOSAL OF FIXED ASSETS

Loss on disposal of fixed assets relate to assets no longer in use by the Group.

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Loss on disposal of fixed assets	**1.1**	0.8

10. FAIR VALUE MOVEMENT ON DERIVATIVE FINANCIAL INSTRUMENTS

Fair value loss on derivative financial instruments represents the movement in the year of the present value of expected net cash outflows in interest rate and index- linked derivative contracts (refer to note 19).

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Fair value loss on derivative financial instruments	**(49.7)**	(149.8)

11. FINANCE INCOME

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest receivable from other group undertakings [(a)]	**27.8**	26.0
Interest receivable on money markets and bank deposits	**2.5**	-
Net finance return on pension schemes	**1.3**	-
Interest receivable on derivative financial instruments [(b)]	**41.8**	63.2
Lease income	**0.9**	0.5
	74.3	89.7

(a) These amounts relate to interest receivable on a £300.0 million (2021: £300.0 million) intercompany loan with Ivy Super Holdco Limited and on a £203.3 million (2021: £300.0 million) bond issued to Ivy Holdco Limited.

(b) These amounts relate to interest receivable on £396.0 million interest to index-linked derivatives and £289.0 million fixed to floating interest-linked derivatives. Refer to note 19 for detail on the notional value of the Group's swaps.

12. FINANCE COSTS

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest on fixed rate bonds	**131.3**	129.4
Foreign exchange loss	**0.1**	-
Interest on bank borrowings [(a)]	**5.1**	6.1
Interest payable on derivative financial instruments [(b)]	**22.3**	6.2
Amortisation of debt costs	**10.3**	2.7
Non-utilisation fees on bank facilities	**0.7**	0.7
Lease expense	**12.8**	11.8
Net charge on pension scheme	**-**	0.5
Capitalised borrowing costs [(c)]	**(10.8)**	(5.9)
	171.8	151.5

(a) These amounts relate to interest payable on loans drawn under the £300.0 million Authorised Credit Facilities Agreement., Term Loan and Bank of England CCFF.

(b) These amounts relate to interest payable on £396.0 million interest to index-linked derivatives and £289.0 million fixed to floating interest-linked derivatives. Refer to note 19 for detail on the notional value of the Group's swaps.

(c) Borrowing costs have been capitalised using a rate of 5.67% (2021: 3.39%), which is the weighted average of rates applicable to the Group's overall borrowings outstanding during the year. The capitalised interest amount is calculated by applying the capitalisation rate to the average monthly balance of assets in the course of construction, after deducting the value of construction work undertaken but not paid for, and included in the value of such assets.

13. INCOME TAX

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Current tax		
Current tax (charge)/credit	**(19.7)**	0.5
Adjustment in respect of prior years	**(0.4)**	4.5
Total current tax (charge)/credit	**(20.1)**	5.0
Deferred tax		
Current year	**(35.9)**	64.5
Adjustment in respect of prior years	**1.0**	(3.7)
Effect of change in tax rate	**(12.4)**	(70.8)
Total deferred tax charge	**(47.3)**	(10.0)
Income tax charge	**(67.4)**	(5.0)

Reconciliation of effective tax rate

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2021: 19%). The actual tax charge for the current and prior years differ from the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit/(loss) before tax	**275.6**	(358.8)
Tax on (profit)/loss at 19%	**(52.4)**	68.2
Effect of:		
Adjustment in respect of prior years	**0.6**	0.8
Expenses not deductible for tax purposes [(a)]	**(11.7)**	(6.2)
Tax rate changes	**(12.4)**	(70.8)
Effects of group relief	**9.3**	2.7
Revaluation on investment property	**(0.8)**	0.3
Total tax charge	**(67.4)**	(5.0)

(a) Expenses not deductible for tax purposes is primarily due to capital expenditure which does not qualify for tax relief amounting to £11.1 million (2021: £7.5 million).

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

The calculation of the Group's total tax charge necessarily involves a degree of judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through a formal legal process. The Group is currently in discussions with HMRC regarding the utilisation of certain losses and taxes associated with a group reorganisation, and while the final resolution of this matter is uncertain at this time, having taken external advice the directors believe the group has a very strong position and accordingly are confident this will not give rise to any additional tax liability. However, due to the inherent uncertainty surrounding matters of this nature the final resolution could give rise to material difference in the tax charge and related cash flows. The resolution of matters of this nature is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

14. DIVIDENDS

The directors did not declare or pay any dividends during the year (2021: £nil). The Directors did not recommend the payment of a final dividend (2021: £nil).

15. PROPERTY, PLANT AND EQUIPMENT

Cost	Terminal complexes £m	Airfield assets £m	Group occupied properties £m	Plant, equipment & other assets £m	Assets in the course of construction £m	Total £m
1 January 2021	1,617.0	581.9	165.9	725.6	198.8	3,289.2
Additions at cost	-	-	-	-	51.1	51.1
Impairment	-	-	-	-	(9.7)	(9.7)
Interest capitalised	-	-	-	-	5.9	5.9
Transfers to completed assets	2.2	0.8	22.5	7.6	(43.5)	(10.4)
Reclassification between categories	(4.9)	(10.6)	(0.3)	9.8	-	(6.0)
Disposals	(0.3)	(0.2)	-	(1.4)	-	(1.9)
31 December 2021	1,614.0	571.9	188.1	741.6	202.6	3,318.2
Additions at cost	-	-	-	-	64.5	64.5
Impairment (1)	-	-	-	-	(33.3)	(33.3)
Interest capitalised	-	-	-	-	10.8	10.8
Transfers to completed assets	4.2	30.4	4.3	9.3	(50.1)	(1.9)
Reclassification between categories	32.2	-	3.9	(38.3)	-	(2.2)
Disposals	(1.2)	(39.1)	(0.3)	(5.6)	-	(46.2)
31 December 2022	**1,649.2**	**563.2**	**196.0**	**707.0**	**194.5**	**3,309.9**
Accumulated Depreciation						
1 January 2021	(493.6)	(202.3)	(34.4)	(250.3)	-	(980.6)
Charge for the year	(76.4)	(32.0)	(8.0)	(46.4)	-	(162.8)
Reclassification between categories	0.4	1.6	0.1	(1.3)	-	0.8
Disposals	0.3	0.2	-	1.3	-	1.8
31 December 2021	(569.3)	(232.5)	(42.3)	(296.7)	-	(1,140.8)
Charge for the year	(70.9)	(33.4)	(9.3)	(39.7)	-	(153.3)
Reclassification between categories	(4.0)	-	(0.5)	4.8	-	0.3
Disposals	1.2	38.0	0.3	5.6	-	45.1
31 December 2022	**(643.0)**	**(227.9)**	**(51.8)**	**(326.0)**	**-**	**(1,248.7)**
Net book value						
31 December 2022	**1,006.2**	**335.3**	**144.2**	**381.0**	**194.5**	**2,061.2**
31 December 2021	1,044.7	339.4	145.8	444.9	202.6	2,177.4
1 January 2021	1,123.4	379.6	131.5	475.3	198.8	2,308.6

(1) Previously capitalised costs impaired. £30.5 million (2021: £nil) relates to impairment of fixed assets included in exceptional costs. See note 7.

Valuation

Terminal complexes, airfield assets, Group occupied properties, plant and equipment and other assets are shown at historical cost or deemed cost following fair value revaluation upon the Group's transition to IFRS at 1 April 2014 or following reclassification from investment property. The Group reviews its asset base on a regular basis to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment. This review includes consideration of the Group's assessment of the impact of climate change and commitments made under the Decade of Change

Capitalised interest

Interest costs of £10.8 million (2021: £5.9 million) have been capitalised in the year at a capitalisation rate of 5.67% (2021: 3.39%) based on a weighted average cost of borrowings.

Security

As part of the financing agreements outlined in note 24, the Group have granted security over its assets and share capital to the Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

16. INVESTMENT PROPERTIES

Valuation	Investment properties £m
1 January 2021	1,016.0
Transfers to completed assets (from Assets in the course of construction)	0.1
Reclassification between categories	3.0
Disposals	(0.7)
Revaluation gain	54.7
31 December 2021	1,073.1
Transfers to completed assets (from Assets in the course of construction)	0.5
Revaluation gain	61.1
31 December 2022	**1,134.7**
Net book value	
31 December 2022	**1,134.7**
31 December 2021	1,073.1
1 January 2021	1,016.0

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2022 by Jones Lang LaSalle Limited at £1,134.7 million. (2021: £1,073.1 million valued by Jones Lang LaSalle Limited). These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account*, inter alia,* of planning constraints and reflecting the demand for airport related uses. As a result of the valuation, a gain of £61.1 million is recognised in the income statement (2021: £54.7 million).

The Group's car parking assets are held as investment properties.

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used (refer to note 20). Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. When considering future income, the valuations have had regard to the Group's assessment of the impact of climate change on forecasts; sustainability and environmental matters have been considered as part of the valuation approach.

17. INTANGIBLE ASSETS

Cost	Intangible assets £m
1 January 2021	79.7
Transfers to completed assets (from Assets in the course of construction)	10.3
Reclassification between categories	3.1
Disposals	(0.6)
31 December 2021	92.5
Transfers to completed assets (from Assets in the course of construction)	1.4
Reclassification between categories	2.2
Disposals	(4.4)
31 December 2022	**91.7**
Accumulated Amortisation	
1 January 2021	(56.4)
Charge for the year	(11.9)
Reclassification between categories	(0.8)
Disposals	0.6
31 December 2021	(68.5)
Charge for the year	(10.9)
Reclassification between categories	(0.3)
Disposals	4.4
31 December 2022	**(75.3)**
Net book value	
31 December 2022	**16.4**
31 December 2021	24.0
1 January 2021	23.3

18. TRADE AND OTHER RECEIVABLES

	31 December 2022 £m	31 December 2021 £m
Trade receivables	**25.3**	40.5
Less: loss allowance	**(6.5)**	(6.6)
Net trade receivables	**18.8**	33.9
Accrued interest receivable	**14.3**	33.4
Other receivables	**0.2**	0.7
Prepayments and accrued income [(a)]	**30.2**	6.4
Amounts owed by group undertakings – interest free	**139.7**	30.7
Amounts owed by group undertakings – interest bearing	**37.0**	23.6
	240.2	128.7

(a) Includes contract assets of £22.4 million (2021: £6.2 million)..

The carrying value of trade and other receivables is classified at amortised cost.

Trade receivables are assessed monthly for any impairments. For trade receivables and other assets that are in scope of the IFRS 9 impairment model, an expected credit loss model has been applied, taking into account current conditions and reasonable forecasts.

Trade receivables are non-interest bearing and are generally on 14 day payment terms.

For further information about the Group's exposure to credit and market risks, and impairment losses for trade receivables, refer to note 20.

19. DERIVATIVE FINANCIAL LIABILITIES

	31 December 2022 Notional £m	**31 December 2022 Fair value £m**	31 December 2021 Notional £m	31 December 2021 Fair value £m
Variable rate to index-linked swaps	**40.0**	**24.3**	40.0	32.4
Fixed rate to index-linked swaps	**356.0**	**262.4**	356.0	240.5
Fixed rate to floating-linked swaps	**289.0**	**80.4**	289.0	44.5
	685.0	**367.1**	685.0	317.4

Variable rate to index-linked swaps
Variable rate to index-linked swaps have been entered into to economically hedge borrowings and inflation-linked revenue.

Fixed rate to index-linked swaps
Fixed rate to index-linked swaps have been entered into to economically hedge borrowings and inflation-linked revenue.

Fixed rate to floating-linked swaps
Fixed rate to floating rate swaps have been entered into to reduce the proportion of fixed rate debt held by the group to below 85%.

The above swaps are designated as financial instruments which are fair valued through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the Income Statement, along with the reduction to reflect the credit risk of the Group on its swap position at the reporting date, in accordance with IFRS 9.

The Group has recognised a £49.7 million loss in financial derivatives through the income statement for the year ended 31 December 2022 (2021: £149.8 million loss).

The Group has recognised a total cumulative gain of £50.4 million at 31 December 2022 (2021: £37.1 million) to reflect the credit risk on the Group's external swap position.

20. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments (other than derivatives) comprise bank borrowings, cash and short term deposits. The main purpose of these instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions, principally interest rate swaps and index-linked swaps. The purpose of these transactions is to manage the interest rate and inflation risks arising from the Group's operations and its sources of finance.

The Group does not use financial instruments for speculative purposes. The treasury function operates on a centralised non-speculative risk basis. Its purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the Group's business operations and funding.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors approves prudent treasury policies for managing each of the risks which are summarised below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates and inflation indices (such as RPI) will affect the Group's income and expenditure or the value of its holdings of financial instruments.

The Group's interest rate risk arises primarily from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain a mix of fixed to floating rate debt within Board approved parameters such that a minimum of 75% of existing and forecast debt is at a fixed rate. To manage this mix, the Group enters into interest rate swaps. These swaps may be designated to hedge underlying debt obligations. The Group also uses floating rate interest bearing financial assets as a natural hedge of the exposure to fair value interest rate risk. These instruments do not qualify for hedge accounting.

As at 31 December 2022, the Group's fixed: floating interest rate profile, after hedging, on gross debt was 89:11 (2021: 84:16).

As at 31 December 2022, each 0.5% change in interest rates would have resulted in the following gain/(loss) to pre-tax profit and equity, due to movement in the finance income, finance cost and mark-to-market valuation of derivatives:

	31 December 2022 Income statement impact £m	**31 December 2022 Equity impact £m**	31 December 2021 Income statement impact £m	31 December 2021 Equity impact £m
0.5% increase in interest rates	**(5.0)**	**-**	2.3	-
0.5% decrease in interest rates	**5.0**	**-**	(2.3)	-
0.5% increase in inflation indices	**(47.5)**	**-**	(54.0)	-
0.5% decrease in inflation indices	**45.4**	**-**	51.2	-

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet their contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and accounts receivable. The Group has no significant concentrations of credit risk. The Group's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring only counterparties within defined credit risk parameters are used.

Financial assets

For the financial assets that are in scope of the IFRS 9 impairment model, the Group applies a provision matrix using historical loss experience, adjusting for current conditions and reasonable forecasts. The assets assessed by the Group are the receivables, and the Group uses three years of historical data to establish an average default rate.

The Group's adjustment for current external conditions and reasonable forecasts extend to assessing individual financial assets for indicators of impairment, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in payments; or
- it becoming probable that the counterparty will enter administration/bankruptcy or financial re-organisation.

The Group's definition of default is based on the ageing of debts and will also consider the financial status of the customer. The Group considers any debts over 180 days overdue, or any customer that falls into receivership, in default.

The Group has recognised a provision based on current external factors of £6.5 million as at 31 December 2022 (2021: £6.6 million).

The Group has recognised a provision based on current external factors of £6.5 million as at 31 December 2022 (2021: £6.6 million).

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
At 1 January	**6.6**	6.4
Increase during the year	**2.5**	1.4
Receivable written off as uncollectible	**-**	-
Reversal of amounts previously impaired	**(2.6)**	(1.2)
As at 31 December	**6.5**	6.6

Credit risk exposure

The table below summarises the Group's exposure to credit risk by customer group calculated as a portion of impairment of trade receivables over the annual revenue. Nil percentages are due to the reversal of amounts previously impaired.

	Year ended 31 December 2022 %	Year ended 31 December 2021 %
Airport and other traffic charges	**-**	-
Retail	**-**	1.4
Car park	**-**	-
Property	**4.8**	3.6
Other	**0.2**	-

As the Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer group, the Group analyses each customer for creditworthiness by using external ratings. The Group can also adjust payment terms to mitigate its exposure to credit risk.

The airport charges and payment terms for airlines are published in the Conditions of Use. As the charges are significantly based on the number of departing passengers, the outstanding debt can escalate quickly. Therefore financial security is requested from all new customers, invoices are raised on a five day cycle and where credit is granted, it is on 14 day payment terms or less. Airline credit exposure is monitored on a daily basis and payment terms and financial security requirements amended as appropriate.

Many of the retail concessionaires have a significant high street presence and are affected by the changes in their market place. The performance of their contracts at the Airport are constantly monitored and the broader impact of their overall business is considered. Additional financial security is requested where there is an indication of increased credit risk.

Passenger car parking charges are either paid in advance or paid prior to exit from the car park. Parking charges for contractors and service providers are billed on a monthly cycle and where credit is granted, it is on 14 day payment terms.

Certain customers and suppliers are critical to the operation of the Airport, such as ground handling agents and failure of such companies can have a significant impact on the operation of the Airport. The credit risk of these companies is constantly monitored and where an increase in credit risk is identified an appropriate action plan is agreed with that company in order to ensure a stable operation of the Airport and to minimise any financial loss.

Cash and Cash equivalents

The Group maintains a prudent split of cash and cash equivalents across a range of market counterparties in order to mitigate counterparty credit risk.

Debt securities

Board approved investment policies and relevant debt facility agreements provide counterparty investment limits, based on short- and long-term credit ratings. Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with short-term credit ratings lower than A-3/F3. The Group monitors the credit rating of derivative counterparties regularly and ensures no positions are entered into with counterparties with a long-term credit rating below BBB+(S&P), BBB+(Fitch) or Baa1 (Moody's).

As at 31 December 2022, the Group had no credit risk exposure with derivative counterparties of its interest rate swaps and index-linked swaps due to a liability position on the mark to market (2021: nil).

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Although there can be no certainty that financing markets will remain open for issuance at all times, debt maturities are spread over a range of dates, thereby ensuring that the Group is not exposed to excessive refinancing risk in any one year.

Financial assets by category

The Group's financial assets can be analysed under the following categories:

	31 December 2022 £m	31 December 2021 £m
Lease receivables	**16.8**	16.8
Net trade receivables	**18.8**	33.9
Other receivables	**0.2**	0.7
Cash and cash equivalents	**33.3**	557.3
Amounts owed by group undertakings	**675.7**	647.9
Total financial assets	**744.8**	1,256.6

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Group regularly reviews and maintains or adjusts the capital structure as appropriate in order to achieve these objectives.

	31 December 2022	**31 December 2022**	31 December 2021	31 December 2021
	Other financial liabilities at amortised cost	**Liabilities at fair value through income statement**	Other financial liabilities at amortised cost	Liabilities at fair value through income statement
	£m	**£m**	£m	£m
Borrowings	**2,657.3**	**-**	3,624.3	-
Derivative financial liabilities	**-**	**367.1**	-	317.4
Lease liabilities	**78.0**	**-**	81.2	-
Trade payables and accruals	**102.2**	**-**	46.1	-
Other payables	**27.6**	**-**	2.7	-
Capital creditors	**9.4**	**-**	13.5	-
Total financial liabilities	**2,874.5**	**367.1**	3,767.8	317.4

Changes in the fair value of derivative financial instruments are recognised immediately in the Income Statement, along with the reduction to reflect the credit risk of the Group on its swap position at the reporting date, in accordance with IFRS 9.

The Group has recognised a £49.7 million loss (2021: £149.8 million loss) in financial derivatives through the income statement for the year ended 31 December 2022.

At 31 December 2022, the Group has not designated any financial liabilities at fair value through the Income Statement, other than its derivative financial liabilities which do not qualify for hedge accounting.

The tables below analyse the gross undiscounted contractual cash outflows/(inflows) on the Group's financial liabilities and net settled derivative financial instruments as at 31 December 2022 to the contract maturity date. Other non-interest bearing financial liabilities have been excluded. All current liabilities have varying maturity dates within the next 12 months

31 December 2022	**Less than one year £m**	**One to two years £m**	**Two to five years £m**	**Greater than five years £m**
Class A Bonds – Principal payments	-	-	450.0	2,187.4
Class A Bonds – Interest payments	114.8	114.8	302.5	1,070.2
Derivative financial instruments	16.7	19.1	213.7	193.8
	131.5	**133.9**	**966.2**	**3,451.4**

31 December 2021

Class A Bonds – Principal payments	-	-	600.0	2,500.0
Class A Bonds – Interest payments	131.8	131.8	363.8	1,354.3
Derivative financial instruments	(50.8)	9.8	132.1	262.3
	81.0	141.6	1,095.9	4,116.6

Fair value estimation

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:
- Trade receivables
- Trade payables
- Cash and cash equivalents
- Amounts due to/from group undertakings

	31 December 2022 £m	31 December 2021 £m
Bonds		
Book value	**2,598.0**	3,050.7
Fair value	**2,269.3**	3,547.8

The fair values of listed borrowings are based on quoted prices.

Financial instruments that are measured in the Statement of Financial Position at fair value are classified by the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Group's derivative financial instruments is determined using the present value of the estimated future cash flows based on observable yield curves. As at 31 December 2022, all of the resulting fair value estimates in the Group are included at Level 2 except for Bonds which are valued at Level 1 and Investment Properties which are valued at Level 3, consistent with the prior year.

21. LEASES

As a lessee

'Property, plant and equipment' comprise owned and leased assets.

	Note	**31 December 2022 £m**
Property, plant and equipment owned		**1,879.9**
Right-of-use assets		**181.3**
	15	**2,061.2**

The Group's leased assets include group occupied property, vehicles and machinery. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Cost

	Group occupied properties £m	Plant and equipment £m	Total £m
1 January 2021	15.9	179.9	195.8
Additions in the Year	18.0	1.9	19.9
Disposals in the year	-	(0.6)	(0.6)
31 December 2021	33.9	181.2	215.1
Additions in the year	0.1	0.1	0.2
Disposals in the year	-	(0.3)	(0.3)
31 December 2022	**34.0**	**181.0**	**215.0**
Accumulated depreciation			
1 January 2021	(2.4)	(20.6)	(23.0)
Charge in the Year	(2.0)	(3.3)	(5.3)
Disposals in the Year	-	0.3	0.3
31 December 2021	(4.4)	(23.6)	(28.0)
Charge in the Year	**(2.4)**	**(3.6)**	**(6.0)**
Disposals in the Year	**-**	**0.3**	**0.3**
31 December 2022	**(6.8)**	**(26.9)**	**(33.7)**
Net Book value			
31 December 2022	**27.2**	**154.1**	**181.3**
31 December 2021	29.5	157.6	187.1
1 January 2021	13.5	159.3	172.8

Lease liabilities included in the statement of financial position

	31 December 2022 £m	31 December 2021 £m
Current	**3.1**	3.2
Non-current	**74.9**	78.0
Total lease liabilities	**78.0**	81.2

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments payable after the reporting date. The significant difference between total lease liabilities and total undiscounted lease payments payable is primarily due to the discounting of lease payments on long term lease liabilities.

	31 December 2022 £m	31 December 2021 £m
Less than one year	**16.1**	15.3
Between one and five years	**56.9**	55.2
More than five years	**702.0**	665.3
Total undiscounted lease payments payable	**775.0**	735.8

Amounts recognised in Income statement

	31 December 2022 £m	31 December 2021 £m
Interest on lease liabilities	**12.8**	11.8
Depreciation expense on right-of-use assets	**6.0**	5.3
Expenses relating to short-term leases [a]	**-**	-
	18.8	17.1

(a) Short-term leases amount to £24,855 for the year ended 31 December 2021 (2021: £30,828)

As a Lessor

Leases where the Group transfers substantially all the risks and rewards of ownership are classified as a finance lease. Please see note 11 for the Group's finance lease income for the year.

Leases included in the statement of financial position

	31 December 2022 £m	31 December 2021 £m
Non-current assets	**16.8**	16.8
Total lease asset	**16.8**	16.8

The following table sets out the maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2022 £m	31 December 2021 £m
Less than one year	**0.8**	0.8
Between one and five years	**3.6**	3.6
More than five years	**74.2**	74.6
Total undiscounted lease payments receivable	**78.6**	79.0

The difference between the total undiscounted lease payments receivable and the total lease assets included in the statement of financial position is due to unearned finance income.

The Group has classified leases that do not transfer substantially all the risks and rewards incidental to the ownership of the assets as operating leases. Lease income from operating leases for the year is £30.8 million (2021: £25.9 million).

22. OTHER NON-CURRENT ASSETS

Other non-current assets relate to amounts due from parent undertakings.

	31 December 2022 £m	31 December 2021 £m
Other non-current assets	**499.0**	593.7

During the year ended 31 December 2019 the Group advanced Ivy Super Holdco Limited £300.0 million. At the balance sheet date other non-current assets includes £198.9 million (2021: £293.6 million) relating to a bond issued to Ivy Holdco Limited.

23. DEFERRED TAX

The following are the deferred tax assets and (liabilities) recognised by the Group and associated movements during the Year:

	Losses £m	Fixed assets £m	Retirement benefit obligations £m	Short term timing differences £m	Total £m
1 January 2021	50.5	(326.4)	7.3	(1.9)	(270.5)
(Charge)/credit to income	102.5	(107.3)	(7.1)	1.9	(10.0)
Charge to equity	-	-	(14.6)	-	(14.6)
31 December 2021	153.0	(433.7)	(14.4)	-	(295.1)
(Charge)/credit to income	(32.7)	(15.9)	(1.4)	2.7	(47.3)
Charge to equity	-	-	(5.0)	-	(5.0)
31 December 2022	**120.3**	**(449.6)**	**(20.8)**	**2.7**	**(347.4)**

24. BORROWINGS

	31 December 2022 £m	31 December 2021 £m
Fixed rate borrowings	**2,598.0**	3,050.7
Authorised Credit Facility–Revolving Facility [(a)]	**59.3**	299.0
Bank of England Covid Corporate Financing Facility	**-**	274.6
	2,657.3	3,624.3

Maturity Profile:		
Repayable in less than 1 year	**-**	274.6
Repayable between 1 and 2 years	**149.6**	598.1
Repayable between 2 and 5 years	**357.3**	297.6
Repayable in more than 5 years	**2,150.4**	2,454.0
	2,657.3	3,624.3

(a) This amount includes capitalised upfront costs in relation to the bank facilities entered into on 21 June 2018. These costs are being amortised over the term of the facility.

At the balance sheet date, the Group recognised unamortised capitalised coupon discount and debt issuance costs of £40.1 million (2021: £50.9 million).

All the above borrowings are carried at amortised cost. The fixed rate borrowings and Authorised Credit Facility are secured.

Ivy Holdco Group Facilities

The Group is party to a Common Terms Agreement ("CTA") with, *inter alia*, the National Westminster Bank as Authorised Credit Facility ("ACF") agent and previously the Initial Authorised Credit Facility ("Initial ACF") agent. Gatwick Airport Limited and Ivy Holdco Limited have Borrower Loan Agreements with Gatwick Funding Limited (as Issuer), and Deutsche Trustee Company Limited (as Borrower Security Trustee). The CTA together with a Master Definitions Agreement covers, *inter alia*, the Initial ACF Agreement, the ACF Agreement and the Borrower Loan Agreements.

The ACF Agreement entered into on 21 June 2018 has a Revolving Credit Facility of £300.0 million with a termination date of 21 June 2025. There are £60.0 million drawings outstanding on the Revolving Credit Facility at 31 December 2022 (2021: £300.0 million). The Group also has access to a committed £150.0 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months, providing additional assurance to bondholders and banks.

During the year ended 31 December 2021 the Group issued £300.0 million of new Class A bonds.

During 2020 the Group was approved to draw up to £300.0 million under the Bank of England Covid Corporate Financing Facility ("CCFF"). £175.0 million was drawn on 10 November 2020. The loan was repaid in January 2021, with a further £250.0 million drawn on 14 January 2021. Prior to the closure of the CCFF scheme this loan was repaid in March 2021 with a further £275.0 million drawn on 19 March 2021. The CCFF was fully repaid on 17 March 2022.

In December 2022 the Group launched a tender offer to purchase some of the outstanding Class A bonds. This was funded from excess liquidity generated in the Group during 2022 as the impact of the pandemic eased. A total of £462.6 million of nominal debt was purchased at a cost of £350.9 million. At the same time the Borrower loans between Gatwick Funding Limited, Ivy Holdco Limited and Gatwick Airport Limited were reduced by the same nominal amount. The Group recognised an exceptional gain on derecognition of financial liabilities of £111.2 million.

The Group's subsidiary, Gatwick Funding Limited has issued £2,637.4 million (2021: £3,100.0 million) of publicly listed fixed rate secured Bonds comprising:

	Scheduled maturity	Legal maturity	Issue date	**As at 31 December 2022 £m**	As at 31 December 2021 £m	Borrower
Class A 5.25 per cent.	2024	2026	20 Jan 2012	**150.0**	300.0	GAL
Class A 6.125 per cent.	2026	2028	2 Mar 2011	**300.0**	300.0	GAL
Class A 2.5 per cent.	2030	2032	15 Apr 2021	**300.0**	300.0	GAL
Class A 4.625 per cent.	2034	2036	27 Mar 2014	**350.0**	350.0	GAL
Class A 5.75 per cent.	2037	2039	20 Jan 2012	**300.0**	300.0	GAL
Class A 3.125 per cent.	2039	2041	28 Sep 2017	**350.0**	350.0	GAL
Class A 6.5 per cent.	2041	2043	2 Mar 2011	**300.0**	300.0	GAL
Class A 2.625 per cent.	2046	2048	7 Oct 2016	**180.1**	300.0	GAL
Class A 3.25 per cent.	2048	2050	26 Feb 2018	**203.3**	300.0	IHL
Class A 2.875 per cent.	2049	2051	5 Jul 2019	**204.0**	300.0	GAL
				2,637.4	3,100.0	

The proceeds of all bond issuances by Gatwick Funding Limited (together "the Bonds") are lent to either Gatwick Airport Limited or Ivy Holdco Limited under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Bonds.

At 31 December 2022, the average interest rate payable on borrowings was 6.57% p.a. (2021: 3.25% p.a.).

At 31 December 2022, the Group had £240.0 million (2021: none) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

Financial covenants

The following table summarises the Ivy Holdco Group's financial covenants as at 31 December 2022 under the CTA, and lists the trigger and default levels:

Covenant	**31 December 2022**	Trigger	Default
Minimum interest cover ratio ("Senior ICR")	**4.15**	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	**0.55**	> 0.70	> 0.85

25. RETIREMENT BENEFIT ASSET

Defined contribution plan

The Group operates a defined contribution scheme for all qualifying employees.

The total cost charged to the Income Statement of £4.5 million (2021: £6.0 million) represents contributions payable to this scheme by the Group at rates specified in the rules of the plans. As at 31 December 2022, £0.4 million of contributions (2021: £0.3 million) due in respect of the current reporting year remain unpaid to the scheme.

Defined benefit pension plan

For some employees, the Group operates a funded pension plan providing benefits for its employees based on their pensionable service and final pensionable pay. The assets of the Plan are held in a separate trustee administered fund.

Cash contributions to the plan are reviewed at funding valuations carried out every three years. If there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this.

At the previous actuarial valuation at 30 September 2019 there was a deficit in the plan of £59.0 million. To remove this, the Company agreed to pay deficit contributions of £1.3 million per month from October 2019 to December 2020 inclusive, a further £5.0 million in December 2020, £21.1 million in December 2021, and £1.3 million per month from October 2022 to November 2023 inclusive. Future contributions are in the process of being reviewed as part of the latest actuarial valuation as at 30 September 2022 which is currently in progress.

The following table sets out the key IAS 19 assumptions used for the plan:

	31 December 2022 %	31 December 2021 %
Rate of increase in salaries – to 31 December 2022	**1.5**	1.5
salaries – from 31 December 2022	**1.5**	1.5
Rate of increase in salaries – thereafter	**1.5**	1.5
Rate of increase in pensions in payment (RPI)	**3.0**	3.0
Rate of increase in pensions in payment (5% LPI)	**3.0**	2.0
Discount rate	**4.8**	2.0
Retail Prices Index inflation	**3.2**	3.2
Consumer Prices Index inflation	**2.4**	2.4

The majority of the Plan's assets are held within instruments with quoted market prices in an active market. Whilst the majority of the Plan's holdings are regarded as being readily marketable, the Plan has an allocation to private credit where the assets are subject to a maximum 9 year lockup period from September 2017. The plan does not invest directly in property occupied by the Company or in financial securities issued by the Company. The investment strategy is set by the Trustee of the Plan in consultation with the Company.

In the plan, pensions in payment are generally increased in line with inflation and benefit payments have an average duration of 17 years (2021: 22 years).

The mortality assumptions used were as follows:

	31 December 2022 Years	31 December 2021 Years
Life expectancy of male aged 60 at the Statement of Financial Position date	**26.1**	26.3
Life expectancy of male aged 60 in 20 years' time	**27.4**	27.6
Life expectancy of female aged 60 at the Statement of Financial Position date	**28.3**	28.4
Life expectancy of female aged 60 in 20 years' time	**29.6**	29.8

The sensitivities regarding the principal assumptions used to measure the plan liabilities are set out below:

Assumptions	Change in assumption	Impact on plan liabilities at 31 December 2022 £m
Discount rate	-0.5%	28.8
Inflation	+0.5%	21.7
Life expectancy	+ 1 year	9.2

The sensitivity analyses above have been calculated to show the movement in the defined benefit obligation at the end of the reporting year in isolation, and may not be representative of the actual change. Each change is based on a change in the key assumption shown while holding all other assumptions constant and assuming no change in the corresponding asset value for the Plan. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous year.

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit plan is as follows:

	31 December 2022 £m	31 December 2021 £m
Present value of plan liabilities	**(331.5)**	(562.9)
Fair value of plan assets	**415.9**	622.6
Surplus	**84.4**	59.7

Reconciliation of present value of plan liabilities

	31 December 2022 £m	31 December 2021 £m
Opening present value of plan liabilities	**(562.9)**	(596.1)
Current service cost	**(0.2)**	(0.2)
Interest cost	**(10.9)**	(8.2)
Contributions from plan members [(a)]	**(0.1)**	(0.1)
Benefits paid	**21.5**	12.4
Actuarial (loss)/gain	**221.1**	29.3
Closing present value of plan liabilities	**(331.5)**	(562.9)

(a) Contributions from plan members include contributions paid by the Group on behalf of plan members via salary sacrifice.

Reconciliation of fair value of plan assets

	31 December 2022 £m	31 December 2021 £m
Opening fair value of plan assets	**622.6**	558.0
Interest on plan assets	**12.1**	7.7
Actuarial (loss)/gain	**(201.3)**	47.8
Benefits paid	**(21.5)**	(12.3)
Contributions paid by employer	**3.9**	21.3
Contributions paid by members	**0.1**	0.1
Closing fair value of plan assets	**415.9**	622.6

The Group has the ability to recognise the surplus in the pension plan in full because the Group has an unconditional right to a refund of surplus upon the conclusion of the winding up of the pension plan.

The current allocation of the plan's assets is as follows:

	31 December 2022	31 December 2021
Equity funds	**24%**	26%
Private equity funds	**6%**	2%
Asset backed securities	**17%**	-
Emerging market multi asset funds	**-**	8%
Diversified growth funds	**10%**	28%
Liability driven investment funds	**33%**	24%
Cash/other	**10%**	12%
	100%	100%

Plan assets do not include any of the Group's own financial instruments, or any property occupied by Group.

Re-measurements under IAS 19 are determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on index-linked investments are based on relevant indices as at the financial position date. Expected returns on equity investments and diversified growth funds reflect long-term real rates of return expected in the respective markets.

The amounts recognised in the income statement are as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Employer's part of current service cost	**(0.2)**	(0.2)
Net interest	**1.2**	(0.5)
	1.0	(0.7)

Actuarial gains and losses

The amount recognised in other comprehensive income are as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Changes in financial assumptions	**255.6**	35.6
Changes in demographic assumptions	**2.3**	9.7
Experience adjustments on benefit obligations	**(37.3)**	(16.2)
Return on plan assets less interest on plan assets	**(201.3)**	47.8
Gain/(loss) recognised in other comprehensive income	**19.3**	76.9

Amounts for current year and prior years

	31 December 2022 £m	31 December 2021 £m	31 December 2020 £m	31 December 2019 £m	31 March 2019 £m
Present value of plan liabilities	**(331.5)**	(562.9)	(596.1)	(511.7)	(495.9)
Fair value of plan assets	**415.9**	622.6	558.0	487.0	458.3
Surplus/(deficit)	**84.4**	59.7	(38.1)	(24.7)	(37.6)

The Group operates the schemes under the UK regulatory framework. Benefits are paid to members from trustee-administered funds, and the trustees of each scheme are responsible for ensuring that each representative scheme is sufficiently funded to meet current and future benefit payments. Scheme assets are held in trusts separate to the Group. If investment experience is worse than expected, the Group's obligations increase.

26. TRADE AND OTHER PAYABLES

	31 December 2022 £m	31 December 2021 £m
Trade payables	**18.2**	8.7
Accruals	**84.0**	37.4
Capital payables	**9.4**	13.5
Accrued interest payable	**85.5**	99.6
Other payables	**27.6**	2.7
	224.7	161.9

27. SHARE CAPITAL

	31 December 2022 £m	31 December 2021 £m
Called up, allotted and fully paid		
349,100,587 (2021: 349,100,587) ordinary shares of £1.00 each	**349.1**	349.1

The Group issued 345,001,225 shares on 24 June 2021 for £345,001,225.

28. RECONCILIATION IN NET DEBT

Net debt comprised the Company’s borrowings net of cash and cash equivalents excluding interest accruals.

	As at 1 January 2022 £m	**Cash flow £m**	**Other non-cash changes £m**	**As at 31 December 2022 £m**
Borrowings	**(3,624.3)**	**865.9**	**101.1**	**(2,657.3)**
Derivative financial liabilities	**(317.4)**	**-**	**(49.7)**	**(367.1)**
Lease liabilities	**(81.2)**	**3.5**	**(0.3)**	**(78.0)**
Total financing liabilities	**(4,022.9)**	**869.4**	**51.1**	**(3,102.4)**
Cash and cash equivalents	**557.3**	**(524.0)**	**-**	**33.3**
Net debt	**(3,465.6)**	**345.4**	**51.1**	**(3,069.1)**

	As at 1 January 2021 £m	Cash flow £m	Other non-cash changes £m	As at 31 December 2021 £m
Borrowings	(3,528.8)	(91.5)	(4.0)	(3,624.3)
Derivative financial liabilities	(193.0)	25.4	(149.8)	(317.4)
Lease liabilities	(63.7)	3.5	(21.0)	(81.2)
Total financing liabilities	(3,785.5)	(62.6)	(174.8)	(4,022.9)
Cash and cash equivalents	292.4	264.9	-	557.3
Net debt	(3,493.1)	202.3	(174.8)	(3,465.6)

The other non-cash changes in borrowings primarily relate to the exceptional gain on derecognition of financial liabilities (see note 24) offset by amortisation of debt costs.

29. RELATED PARTY TRANSACTIONS

During the Year the Group entered into transactions with related parties as follows:

	Income/(Expense) to related party		Amounts owed from/(due to) related party	
	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m	**As at 31 December 2022 £m**	As at 31 December 2021 £m
Gatwick Airport Finance plc [(a)]	**-**	-	**1.0**	1.0
Ivy Super Holdco Limited [(a)]	**16.1**	16.1	**331.1**	315.0
Ivy Holdco Limited[(a)]	**9.6**	9.8	**343.6**	331.9
VINCI Airports SAS [(b)]	**(5.7)**	(1.7)	**(7.4)**	(4.4)
Global Infrastructure Partners [(b)]	**(4.8)**	(1.6)	**(5.8)**	(3.8)

(a) Amounts receivable from related party relate to interest income.

(b) Amounts payable to related party relate to royalties and service fees.

Ivy Holdco Limited is the Group's immediate parent entity in the UK. Gatwick Airport Finance plc is the parent entity of Ivy Super Holdco Limited (see note 32).

Key management personnel compensation

	31 December 2022 £m	31 December 2021 £m
Aggregate emoluments	**17.5**	3.3

The executive management board consisting of 15 members (2021: 16) are considered key management personnel, the aggregate emoluments cover short- and long-term compensation. During 2021 the executive management board received a reduced salary, consistent with other staff members and no bonuses were payable for 2021 as part of the actions to mitigate the financial impacts of COVID-19. As the business began its recovery in 2022, the shareholders established a new LTIP for certain executive board members, this incentive plan will measure the evolution of a broad range of metrics from 2020 to 2024.

30. COMMITMENTS

Capital commitments

Contracted commitments for capital expenditure amount to £30.5 million (2021: £54.4 million).

Other commitments

During the year ended 31 March 2014, the Group reviewed its current policy around noise alleviation. In April 2014 Gatwick launched a new revised domestic noise insulation scheme for local communities affected by noise around the Airport. The scheme is one of the most innovative in Europe and covers an additional 1,000 homes and increases the area eligible by 17km^2. Estimated payments under this scheme will total £3.0 million.

In addition, there are live blight schemes to support the market for housing in areas identified for a potential future full length additional runway at Gatwick. Obligation under these schemes will only crystallise once the Group announces its intention to pursue a planning application for a new additional runway. At this time, no decisions have been made.

31. CLAIMS AND CONTINGENT LIABILITIES

As part of the refinancing agreements outlined in note 24, the Ivy Holdco Group have granted security over their assets and share capital to the Ivy Holdco Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above and the disclosures in note 13, the Group has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other material items arising in the normal course of business at 31 December 2022 (2021: nil).

32. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

At 31 December 2022 the Group's ultimate parent and controlling party is VINCI SA, a company incorporated in France.

The Group's results are included in the audited consolidated financial statements of VINCI SA for the year ended 31 December 2021, the largest group to consolidate these financial statements. The consolidated financial statements of VINCI SA can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France.

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**31 December 2022 £m**	31 December 2021 £m
Assets			
Non-current assets			
Property, plant and equipment	5	**2,052.9**	2,169.6
Investment properties	6	**104.4**	111.3
Intangible assets	7	**16.4**	24.0
Investment in subsidiaries	8	**690.4**	690.4
Lease receivables	13	**16.8**	16.8
Other non-current assets	14	**323.1**	318.7
Retirement benefit asset	16	**84.4**	59.7
		3,288.4	3,390.5
Current assets			
Inventories		**7.1**	6.0
Trade and other receivables	9	**234.6**	120.4
Corporation tax receivable		**-**	30.7
Cash and cash equivalents		**33.0**	557.3
		274.7	714.4
Total assets		**3,563.1**	4,104.9
Liabilities			
Non-current liabilities			
Non-current borrowings	11	**(2,458.4)**	(3,056.2)
Derivative financial liabilities	10	**(367.1)**	(317.4)
Lease liabilities	13	**(74.9)**	(78.0)
Deferred tax	15	**(148.7)**	(123.1)
		(3,049.1)	(3,574.7)
Current liabilities			
Current borrowings	11	**-**	(274.6)
Lease liabilities	13	**(3.1)**	(3.2)
Trade and other payables	17	**(446.5)**	(300.9)
Current tax liabilities		**(3.0)**	(1.0)
Deferred income		**(13.1)**	(8.8)
		(465.7)	(588.5)
Total liabilities		**(3,514.8)**	(4,163.2)
Net assets/(liabilities)		**48.3**	(58.3)

COMPANY STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2022

	Note	**31 December 2022 £m**	31 December 2021 £m
Equity			
Share capital	18	**349.1**	349.1
Retained earnings		**(300.8)**	(407.4)
Total equity		**48.3**	(58.3)

The total comprehensive income for the year ended 31 December 2022 was £107.4 million (2021: £315.7 million expense).

The Company financial statements of Gatwick Airport Limited (Company Registration Number 01991018) on pages 127 to 153 were approved by the Board of Directors on 14 March 2023 and signed on its behalf by:

Marten Soderbom
Director

Rémi Maumon de Longevialle
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital £m	**Retained earnings £m**	**Total £m**
Balance at 1 January 2021	4.1	(92.5)	(88.4)
Loss for the year	-	(378.0)	(378.0)
Other comprehensive expense	-	62.3	62.3
Issue of share capital	345.0	-	345.0
Share based payments	-	0.8	0.8
Balance at 31 December 2021	349.1	(407.4)	(58.3)
Profit for the year	-	93.1	93.1
Other comprehensive income	-	14.3	14.3
Share based payments	-	(0.8)	(0.8)
Balance at 31 December 2022	**349.1**	**(300.8)**	**48.3**

The notes on pages 130 to 153 form an integral part of these parent company financial statements.

COMPANY CASH FLOW STATEMENT
For the year ended 31 December 2022

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Cash flows from operating activities		
Profit/(loss) before tax	**128.3**	(418.0)
Adjustments for:		
Investment property revaluation	**7.8**	(9.6)
Loss on disposal of fixed assets	**1.1**	0.1
Fair value loss on financial instruments	**49.8**	149.8
Finance income	**(62.5)**	(79.8)
Finance costs	**158.1**	139.9
Exceptional gain on derecognition of financial liabilities	**(111.2)**	-
Depreciation and amortisation	**164.2**	174.7
Impairment of fixed assets	**33.2**	-
(Increase)/decrease in inventories, trade and other receivables	**(6.1)**	2.3
Increase in trade and other payables	**81.8**	44.9
Defined benefit pension contributions	**(4.2)**	(21.5)
Cash used in operations	**440.3**	(17.2)
Corporation tax received	**16.5**	-
Net cash generated from/(used) in operating activities	**456.8**	(17.2)
Cash flows from investing activities		
Interest received	**3.5**	0.3
Purchase of fixed assets	**(67.9)**	(30.0)
Net cash generated from/(used in) investing activities	**(64.4)**	(29.7)
Cash flows from financing activities		
Interest paid	**(112.7)**	(95.8)
Payment of lease liabilities	**(3.5)**	(3.5)
Issue of ordinary share capital	**-**	345.0
Increase in external borrowings	**-**	391.5
Decrease in revolving credit facility	**(240.0)**	-
Payment of inflation accretion	**-**	(25.4)
Repayment of external borrowings	**(560.5)**	(300.0)
Net cash used in/(generated from) financing activities	**(916.7)**	311.8
Net (decrease)/increase in cash and cash equivalents	**(524.3)**	264.9
Cash and cash equivalents at the beginning of the period	**557.3**	292.4
Cash and cash equivalents at the end of the period	**33.0**	557.3

The notes on pages 130 to 153 form an integral part of these financial statements.

1. BASIS OF PREPARATION

Gatwick Airport Limited ("the Company") is a private company, limited by shares, and is registered and incorporated in England, United Kingdom. The registered number is 01991018 and the registered address is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

These financial statements are the financial statements of the Company for the year ended 31 December 2022. The comparative period is the year ended 31 December 2021. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Gatwick Airport Limited transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of the Gatwick Airport Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and prepared under the historical cost convention, except for investment properties and derivative financial instruments. These exceptions to the historic cost convention have been measured at fair value in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and as permitted by the Fair Value Directive as implemented in the Companies Act 2006. Accounting policies have been applied consistently and there were no changes to accounting standards.

The financial statements contain information about Gatwick Airport Limited as an individual company and do not contain consolidated financial information as the parent of its subsidiaries. The Company is a wholly-owned subsidiary of Ivy Holdco Limited and is included in its consolidated financial statements which are publicly available. As such the Company has taken the s400 Exemption under the Companies Act 2006 from preparing consolidated financial statements.

Going concern

The Directors have prepared the financial statements on a going concern basis. The Group's financing arrangements are cross-guaranteed by each company within the Ivy Holdco Group. This results in each company being interdependent on the overall results and cash flows of the Group as a whole. This arrangement is further disclosed within note 24 of the Consolidated Financial Statements. In assessing the going concern position of the Company, the Directors have considered the ongoing political and economic situations and the potential impact of COVID-19 on the cash flow and liquidity of the Group over the next 12 months, and the corresponding impact on the covenants associated with the Group's financing arrangements.

In forming this view, the Directors have noted that 2020 and 2021 was an unprecedented period in the aviation sector. The actions taken during the pandemic to manage the impact and reposition the business for the mid-term have put the Group in a strong position for recovery. Given the on-going political and economic situations there remains short term uncertainty in the passenger forecasts for 2023.

As at 31 December 2022, the Ivy Holdco Group held cash of £34.0 million and £60.0 million of the £300.0 million Revolving Credit Facility was drawn. To provide additional liquidity following the purchase of some of the outstanding Class A bonds, in February 2023 the Group entered into a new Revolving Credit Facility under an Authorised Credit facility of £100.0 million with a termination date of 23 August 2024 with an option to extend to 23 February 2025. The Group also has access to a committed £150.0 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months. The Group does not currently expect to utilise the Liquidity Facility. The Group's forecasts demonstrate that the Group continues to have liquidity headroom for at least the next 12 months.

During 2021, the Group was granted covenant waivers and an amendment of certain terms under the financing documents from Qualifying Borrower Secured Creditors. This includes: a) that any default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 EBITDA, in such calculation with the average of the 2017, 2018 and 2019 financial years, corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

Due to the unprecedented uncertainty and the impact of COVID-19, previous reporting periods have included a material uncertainty in relation to going concern. In the 12 months to 31 December 2022, passenger numbers increased from 6.3 million in 2021 to 32.8 million, reaching over 70% of 2019 passenger levels. This bounce back was a result of three key factors: the lifting of government restrictions on travel, strong demand from passengers, and airlines putting significant capacity back into the market. The Group's most recent forecast shows expected passenger numbers in 2023 of circa 87% compared to 2019 and stronger performance compared to previous forecasts.

The Directors have considered this, in addition to a number of severe but plausible downside scenarios, including the impact of ongoing economic and political situations. The Directors consider that the Group can maintain sufficient liquidity over a period of at least 12 months from the date of the approval of the financial statements. Considering amendment of certain terms under the financing documents described above, the Group anticipates compliance with all covenant tests at the relevant calculation dates over a period of at least 12 months from the date of the approval of the financial statements. Accordingly the Directors have a reasonable expectation that the Group will continue as a going concern, and the financial statements have been prepared on that basis.

The financial statements were approved by the Directors on 17 August 2022.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Company's accounting policies, management have made estimates and judgements. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to changes in estimates and assumptions. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

a) Estimates

1) Investment Properties

Investment properties were valued at fair value at 31 December 2022 by Jones Lang LaSalle Limited (2021: Jones Lang LaSalle Limited). The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

Investment property classification and valuation are areas of judgement. The directors have defined specific criteria required to be met for assets to be classified as investment property. The directors consider car park assets meet this classification criteria therefore hold them as investment property. Car parks are valued primarily on a profits method of valuation which considers the cash flows expected to be generated by their trading potential. This reflects income and operating costs from previous years together with estimated forecasts, assumptions around future growth rates and varying discount rates depending on the attributes of each individual car park. Further details are available in note 6. The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions and any material changes in the inputs could lead to a material change in the valuation.

1) Fair Value of Derivative Financial Instruments

The fair value of derivative financial instruments is determined by using valuation techniques. These techniques require judgement and make assumptions that are mainly based on market conditions existing at each reporting date. The valuation technique used is a discounted cash flow methodology. Sensitivity analysis over the key inputs which create estimate uncertainty has been performed to assess the impact of changes in market conditions (note 12).

2) Retirement Benefit Obligations

Certain assumptions have been adopted for factors that determine the valuation of the Company's liability for pension obligations at period end and future returns on pension scheme assets and charges to the Income Statement. The factors have been determined in consultation with the Company's actuary taking into account market and economic conditions. Changes in assumptions can vary from period-to-period as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Company's liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. The impact of the change in assumptions on the valuation of the net financial position for pension schemes is reflected in the Statement of Comprehensive Income. Further details are available in note 16.

3) Taxation

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The recognition of a deferred tax asset in the financial statements is therefore based on management's estimates of forecast profits in future years. Further details are available in note 23.

b) Judgements

1) Capitalisation

Management are required to make judgements in relation to the capitalisation of costs within fixed assets. This relates to when amounts may begin to be capitalised, the asset class, the useful economic life applied, and where there may be doubt about the ultimate completion of the asset, for example with the Northern Runway project where there will be regulatory requirements such as planning consents.

3. COMPANY RESULT FOR THE YEAR

The profit for the year ended 31 December 2022 was £93.1 million (2021: £378.0 million loss).

As permitted by Section 408 of the Companies Act 2006, no separate Income Statement is presented in respect of the Company.

Fees payable to the company's auditors for the audit of consolidated financial statements totalled £0.5 million in the period (2021: £0.4 million). Fees payable to the company's auditors for audit-related assurance services totalled £0.1 million in the period (2021: £0.2 million).

Employee information

	Year ended 31 December 2022	Year ended 31 December 2021
Average operation FTE employees	**1,679**	1,445
Average non-operational FTE employees	**298**	273
Average FTE employees	**1,977**	1,718

4. DIVIDENDS

No dividends were declared during the year (2021: £nil). The Directors did not recommend the payment of a final dividend (2021: £nil).

The Company did not receive dividends from its wholly-owned subsidiary, Gatwick Airport Limited, during the year (2021: £nil).

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Terminal complexes £m	Airfield assets £m	Group occupied properties £m	Plant, equipment & other assets £m	Assets in the course of construction £m	Total £m
1 January 2021	1,617.0	581.9	165.9	725.6	190.0	3,280.4
Additions at cost	-	-	-	-	51.0	51.0
Impairment	-	-	-	-	(8.6)	(8.6)
Interest capitalised	-	-	-	-	5.9	5.9
Transfers to completed assets	2.2	0.8	22.5	7.6	(43.5)	(10.4)
Reclassification between categories	(4.9)	(10.6)	(0.3)	9.8	-	(6.0)
Disposals	(0.3)	(0.2)	-	(1.4)	-	(1.9)
31 December 2021	1,614.0	571.9	188.1	741.6	194.8	3,310.4
Additions at cost	-	-	-	-	64.0	64.0
Impairment (1)	-	-	-	-	(33.2)	(33.2)
Interest capitalised	-	-	-	-	11.1	11.1
Transfers to completed assets	4.2	30.4	4.3	9.3	(50.5)	(2.3)
Reclassification between categories	32.2	-	3.9	(38.7)	-	(2.6)
Disposals	(1.2)	(39.1)	(0.3)	(5.6)	-	(46.2)
31 December 2022	**1,649.2**	**563.2**	**196.0**	**706.6**	**186.2**	**3,301.2**
Accumulated Depreciation						
1 January 2021	(493.6)	(202.3)	(34.4)	(250.3)	-	(980.6)
Charge for the year	(76.4)	(32.0)	(8.0)	(46.4)	-	(162.8)
Reclassification between categories	0.4	1.6	0.1	(1.3)	-	0.8
Disposals	0.3	0.2	-	1.3	-	1.8
31 December 2021	(569.3)	(232.5)	(42.3)	(296.7)	-	(1,140.8)
Charge for the year	(70.9)	(33.4)	(9.3)	(39.7)	-	(153.3)
Reclassification between categories	(4.0)	-	(0.5)	5.2	-	0.7
Disposals	1.2	38.0	0.3	5.6	-	45.1
31 December 2022	**(643.0)**	**(227.9)**	**(51.8)**	**(325.6)**	**-**	**(1,248.3)**
Net book value						
31 December 2022	**1,006.2**	**335.3**	**144.2**	**381.0**	**186.2**	**2,052.9**
31 December 2021	1,044.7	339.4	145.8	444.9	194.8	2,169.6
1 January 2021	1,123.4	379.6	131.5	475.3	190.0	2,299.8

(1) Previously capitalised costs impaired. £30.5 million (2021: £nil) relates to impairment of fixed assets included in exceptional costs. See note 7 of the Consolidated Financial Statemetns.

Valuation

Terminal complexes, airfield assets, Company occupied properties, plant and equipment and other assets are shown at historical cost or deemed cost following fair value revaluation upon the Company's transition to IFRS at 1 April 2014 or following reclassification from investment property.

Capitalised interest

Interest costs of £10.8 million (2021: £5.9 million) have been capitalised in the period at a capitalisation rate of 5.67% (2021: 3.39%) based on a weighted average cost of borrowings.

Security

As part of the financing agreements outlined in note 11, the Company, its subsidiary, Ivy Bidco Limited and its parent, Ivy Holdco Limited, have granted security over their assets and share capital to the Company's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

6. INVESTMENT PROPERTIES

Valuation	Investment properties £m
1 January 2021	98.6
Transfers to completed assets (from Assets in the course of construction)	0.1
Reclassification between categories	3.0
Disposals	-
Revaluation gain	9.6
31 December 2021	111.3
Transfers to completed assets (from Assets in the course of construction)	0.9
Disposals	-
Revaluation loss	(7.8)
31 December 2022	104.4
Net book value	
31 December 2022	**104.4**
31 December 2021	111.3
1 January 2021	98.6

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2022 by Jones Lang LaSalle Limited at £104.4 million (31 December 2021: £111.3 million). These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account, inter alia, of planning constraints and reflecting the demand for airport-related uses. As a result of the valuation, a revaluation loss of £7.8 million was recognised in the Income Statement (2021: £9.6 million gain).

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used (refer to note 12). Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

7. INTANGIBLE ASSETS

Cost	Intangible assets £m
1 January 2021	79.7
Transfers to completed assets (from Assets in the course of construction)	10.3
Reclassification between categories	3.1
Disposals	(0.6)
31 December 2021	92.5
Transfers to completed assets (from Assets in the course of construction)	1.4
Reclassification between categories	2.2
Disposals	(4.4)
31 December 2022	**91.7**
Accumulated Amortisation	
1 January 2021	(56.4)
Charge for the year	(11.9)
Reclassification between categories	(0.8)
Disposals	0.6
31 December 2021	(68.5)
Charge for the year	(10.9)
Reclassification between categories	(0.3)
Disposals	4.4
31 December 2022	**(75.3)**
Net book value	
31 December 2022	**16.4**
31 December 2021	24.0
1 January 2021	23.3

8. INVESTMENT IN SUBSIDIARIES

	31 December 2022 £m	31 December 2021 £m
Investment in subsidiaries	**690.4**	690.4

At 31 December 2022 and 31 December 2021, the Company had investments in the following subsidiary undertakings:

Subsidiary Undertakings	Principal activity	Holding	%
Ivy Bidco Limited	Property company	Ordinary Shares	100%
Gatwick Funding Limited	Financing company	Ordinary Shares	100%
Gatwick Airport Pension Trustees Limited [(a)]	Dormant company	Ordinary Shares	100%

(a) Held by a subsidiary undertaking

All subsidiaries are registered, incorporated and operate in the United Kingdom, except Gatwick Funding Limited ("GFL") which is registered and incorporated in Jersey. Ivy Bidco Limited has registered office 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB. Gatwick Airport Pension Trustees Limited has registered office 5th Floor Destinations Place, Gatwick Airport, West Sussex, RH6 0NP. GFL has registered office 44 Esplanade, St Helier, Jersey, JE4 9WG.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company is a wholly-owned subsidiary of Ivy Holdco Limited and is included in the consolidated financial statements of Ivy Holdco Limited which are publicly available. Consequently the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

9. TRADE AND OTHER RECEIVABLES

	31 December 2022 £m	31 December 2021 £m
Trade receivables	**25.3**	40.5
Less: loss allowance	**(6.5)**	(6.6)
Net trade receivables	**18.8**	33.9
Accrued interest receivable	**14.3**	33.4
Other receivables	**0.2**	0.7
Prepayments and accrued income [(a)]	**30.2**	6.4
Amounts owed by group undertakings – interest free	**139.7**	30.7
Amounts owed by group undertakings – interest bearing	**31.4**	15.3
	234.6	120.4

(a) Includes contract assets.

The carrying value of trade and other receivables is classified at amortised cost.

Trade receivables are assessed monthly for any impairments. For trade receivables and other assets that are in scope of the IFRS 9 impairment model, an expected credit loss model has been applied, taking into account current conditions and reasonable forecasts.

Trade receivables are non-interest bearing and are generally on 14 day payment terms.

For further information about the Company's exposure to credit and market risks, and impairment losses for trade receivables, refer to note 12.

10. DERIVATIVE FINANCIAL LIABILITIES

	31 December 2022 Notional £m	**31 December 2022 Fair value £m**	31 December 2021 Notional £m	31 December 2021 Fair value £m
Variable rate to index-linked swaps	**40.0**	**24.3**	40.0	32.4
Fixed rate to index-linked swaps	**356.0**	**262.4**	356.0	240.5
Fixed rate to floating-linked swaps	**289.0**	**80.4**	289.0	44.5
	685.0	**367.1**	685.0	317.4

Variable rate to index-linked swaps
Variable rate to index-linked swaps have been entered into to economically hedge borrowings and inflation-linked revenue.

Fixed rate to index-linked swaps
Fixed rate to index-linked swaps have been entered into to economically hedge borrowings and inflation-linked revenue.

Fixed rate to floating-linked swaps
Fixed rate to floating rate swaps have been entered into to reduce the proportion of fixed rate debt held by the group to below 85%.

The above swaps are designated as financial instruments which are fair valued through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the Income Statement, along with the reduction to reflect the credit risk of the Group on its swap position at the reporting date, in accordance with IFRS 9.

The Company has recognised a £49.8 million loss in financial derivatives through the income statement for the year ended 31 December 2022 (2021: £149.8 million loss).

The Company has recognised a total cumulative gain of £50.4 million at 31 December 2022 (2021: £37.1 million) to reflect the credit risk on the Group's external swap position.

11. BORROWINGS

	31 December 2022 £m	31 December 2021 £m
Fixed rate borrowings from other group undertakings	**2,399.1**	2,757.2
Authorised Credit Facility–Revolving Facility [(a)]	**59.3**	299.0
Bank of England Covid Corporate Financing Facility	**-**	274.6
	2,458.4	**3,330.8**
Maturity Profile:		
Repayable in less than 1 year	**-**	274.6
Repayable between 1 and 2 years	**149.6**	598.1
Repayable between 2 and 5 years	**357.3**	297.6
Repayable in more than 5 years	**1,951.5**	2,160.5
	2,458.4	3,330.8

(a) Amount includes capitalised upfront costs in relation to the bank facilities entered into on 21 June 2018. These costs will be amortised over the term of the facility.

At the balance sheet date, the Company recognised unamortised capitalised coupon discount and debt issuance costs of £35.7 million (2021: £44.2 million).

All the above borrowings are carried at amortised cost. The fixed rate borrowings, Authorised Credit Facility and Term Loan are secured.

Ivy Holdco Group Facilities

The Ivy Holdco Group is party to a Common Terms Agreement ("CTA") with, inter alia, the National Westminster Bank as Authorised Credit Facility ("ACF") agent and previously the Initial Authorised Credit Facility ("Initial ACF") agent. Gatwick Airport Limited and Ivy Holdco Limited have Borrower Loan Agreements with Gatwick Funding Limited (as Issuer), and Deutsche Trustee Company Limited (as Borrower Security Trustee). The CTA together with a Master Definitions Agreement covers, inter alia, the Initial ACF Agreement, the ACF Agreement and the Borrower Loan Agreements.

The ACF Agreement entered into on 21 June 2018 has a Revolving Credit Facility of £300.0 million with a termination date of 21 June 2025. There are £60.0 million of drawings outstanding on the Revolving Credit Facility at 31 December 2022 (2021: £300.0 million). The Group also has access to a committed £150.0 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months, providing additional assurance to bondholders and banks.

The Group was approved to draw up to £300.0 million under the Bank of England Covid Corporate Financing Facility ("CCFF"). £175.0 million was drawn on 10 November 2020. The loan was repaid in January 2021 and a further £250.0 million was drawn on 14 January 2021. Prior to the closure of the CCFF scheme this loan was repaid in March 2021 with a further £275.0 million drawn on 19 March 2021. The loan was fully repaid on 17 March 2022.

The Group's subsidiary, Gatwick Funding Limited has issued £2,637.4 million (2021: £3,100 million) of publicly listed fixed rate secured Bonds comprising:

	Scheduled maturity	Legal maturity	Issue date	**As at 31 December 2022 £m**	As at 31 December 2021 £m	Borrower
Class A 5.25 per cent.	2024	2026	20 Jan 2012	**150.0**	300.0	GAL
Class A 6.125 per cent.	2026	2028	2 Mar 2011	**300.0**	300.0	GAL
Class A 2.5 per cent.	2030	2032	15 Apr 2021	**300.0**	300.0	GAL
Class A 4.625 per cent.	2034	2036	27 Mar 2014	**350.0**	350.0	GAL
Class A 5.75 per cent.	2037	2039	20 Jan 2012	**300.0**	300.0	GAL
Class A 3.125 per cent.	2039	2041	28 Sep 2017	**350.0**	350.0	GAL
Class A 6.5 per cent.	2041	2043	2 Mar 2011	**300.0**	300.0	GAL
Class A 2.625 per cent.	2046	2048	7 Oct 2016	**180.1**	300.0	GAL
Class A 3.25 per cent.	2048	2050	26 Feb 2018	**203.3**	300.0	IHL
Class A 2.875 per cent.	2049	2051	5 Jul 2019	**204.0**	300.0	GAL
				2,637.4	3,100.0	

The proceeds of all bond issuances by Gatwick Funding Limited (together "the Bonds") are lent to either Gatwick Airport Limited or Ivy Holdco Limited under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Bonds.

At 31 December 2022, the average interest rate payable on borrowings was 6.57% p.a. (2021: 3.25% p.a.).

At 31 December 2022, the Group had £240.0 million (2021: none) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

Financial covenants

During 2020 and 2021 the Group was granted covenant waivers and an amendment of certain terms under the financing documents, from Qualifying Borrower Secured Creditors. This includes: a) that any Default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2020, June 2021, December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 EBITDA in such calculation with the average of the 2017, 2018 and 2019 financial years corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

The following table summarises the Group's financial covenants as at 31 December 2022 under the CTA, and lists the trigger and default levels:

Covenant	**31 December 2022**	Trigger	Default
Minimum interest cover ratio ("Senior ICR")	**4.15**	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	**0.55**	> 0.70	> 0.85

12. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's principal financial instruments (other than derivatives) comprise bank borrowings, cash and short term deposits. The main purpose of these instruments is to raise finance for the Company's operations.

The Company also enters into derivative transactions, principally interest rate swaps and index-linked swaps. The purpose of these transactions is to manage the interest rate and inflation risks arising from the Company's operations and its sources of finance.

The Company does not use financial instruments for speculative purposes. The treasury function operates on a centralised non-speculative risk basis. Its purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the Company's business operations and funding.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors approves prudent treasury policies for managing each of the risks which are summarised below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates and inflation indices (such as RPI) will affect the Company's income and expenditure or the value of its holdings of financial instruments.

The Company's interest rate risk arises primarily from its borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's policy is to maintain a mix of fixed to floating rate debt within Board approved parameters such that a minimum of 75% of existing and forecast debt is at a fixed rate. To manage this mix, the Company enters into interest rate swaps. These swaps may be designated to hedge underlying debt obligations. The Company also uses floating rate interest bearing financial assets as a natural hedge of the exposure to fair value interest rate risk. These instruments do not qualify for hedge accounting.

As at 31 December 2022, the Company's fixed: floating interest rate profile, after hedging, on gross debt was 89:11 (2021: 84:16).

For the year ended 31 December 2022, each 0.5% change in interest rates would have resulted in the following gain/(loss) to pre-tax profit and equity, due to movement in the finance income, finance cost and mark-to-market valuation of derivatives:

	31 December 2022 Income statement impact £m	**31 December 2022 Equity impact £m**	31 December 2021 Income statement impact £m	31 December 2021 Equity impact £m
0.5% increase in interest rates	**(5.0)**	**-**	2.3	-
0.5% decrease in interest rates	**5.0**	**-**	(2.3)	-
0.5% increase in inflation indices	**(47.5)**	**-**	(54.0)	-
0.5% decrease in inflation indices	**45.4**	**-**	51.2	-

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet their contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and accounts receivable. The Company has no significant concentrations of credit risk. The Company's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring only counterparties within defined credit risk parameters are used.

Trade and lease receivables and amounts due from other group undertakings

For the financial assets that are in scope of the IFRS 9 impairment model, the Group applies a provision matrix using historical loss experience, adjusting for current conditions and reasonable forecasts. The assets assessed by the Group are the receivables, and the Group uses three years of historical data to establish an average default rate.

The Group's adjustment for current external conditions and reasonable forecasts extend to assessing individual financial assets for indicators of impairment, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in payments; or
- it becoming probable that the counterparty will enter administration/bankruptcy or financial re-organisation.

The Group's definition of default is based on the ageing of debts and will also consider the financial status of the customer. The Group considers any debts over 180 days overdue, or any customer that falls into receivership, in default.

The Group has recognised a provision based on current external factors of £6.5 million as at 31 December 2022 (2021: £6.6 million).

Movements in impairment allowance for trade receivables are as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
At 1 January	**6.6**	6.4
Increase during the year	**2.5**	1.4
Receivable written off as uncollectible	**-**	-
Reversal of amounts previously impaired	**(2.6)**	(1.2)
As at 31 December	**6.5**	6.6

Credit risk exposure

The table below summarises the Company's exposure to credit risk by customer group calculated as a portion of impairment of trade receivables over the annual revenue.

	31 December 2022 %	31 December 2021 %
Airport and other traffic charges	**-**	-
Retail	**-**	1.4
Car park	**-**	-
Property	**4.8**	3.6
Other	**0.2**	-

As the Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer Company, the Company analyses each customer for creditworthiness by using external ratings. The Company can also adjust payment terms to mitigate its exposure to credit risk.

The airport charges and payment terms for airlines are published in the Conditions of Use. As the charges are significantly based on the number of departing passengers, the outstanding debt can escalate quickly. Therefore financial security is requested from all new customers; invoices are raised on a five day cycle and where credit is granted, it is on 14 day payment terms or less. Airline credit exposure is monitored on a daily basis and payment terms and financial security requirements amended as appropriate.

Many of the retail concessionaires have a significant high street presence and are affected by the changes in their market place. The performance of their contracts at the Airport are constantly monitored and the broader impact of their overall business is considered. Additional financial security is requested where there is an indication of increased credit risk.

Passenger car parking charges are either paid in advance or paid prior to exit from the car park. Parking charges for contractors and service providers are billed on a monthly cycle and where credit is granted, it is on 14 day payment terms.

Certain customers and suppliers are critical to the operation of the Airport, such as ground handling agents and failure of such companies can have a significant impact on the operation of the Airport. The credit risk of these companies is constantly monitored and where an increase in credit risk is identified an appropriate action plan is agreed with that company in order to ensure a stable operation of the Airport and to minimise any financial loss.

Cash and Cash equivalents

The Company maintains a prudent split of cash and cash equivalents across a range of market counterparties in order to mitigate counterparty credit risk.

Debt securities

Board approved investment policies and relevant debt facility agreements provide counterparty investment limits, based on short- and long-term credit ratings. Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with short-term credit ratings lower than A-3/F3. The Group monitors the credit rating of derivative counterparties regularly and ensures no positions are entered into with counterparties with a long-term credit rating below BBB+(S&P), BBB+(Fitch) or Baa1 (Moody's).

As at 31 December 2022, the Group had no credit risk exposure with derivative counterparties of its interest rate swaps and index-linked swaps due to a liability position on the mark to market (2021: nil).

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Although there can be no certainty that financing markets will remain open for issuance at all times, debt maturities are spread over a range of dates, thereby ensuring that the Company is not exposed to excessive refinancing risk in any one year.

Financial assets by category

The Company's financial assets can be analysed under the following categories:

	31 December 2022 £m	31 December 2021 £m
Lease receivables	**16.8**	16.8
Net trade receivables	**18.8**	33.9
Other receivables	**0.2**	0.7
Cash and cash equivalents	**33.0**	557.3
Amounts owed by group undertakings	**494.2**	364.7
Total financial assets	**563.0**	973.4

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company regularly reviews and maintains or adjusts the capital structure as appropriate in order to achieve these objectives.

	31 December 2022	**31 December 2022**	31 December 2021	31 December 2021
	Other financial liabilities at amortised cost	**Liabilities at fair value through income statement**	Other financial liabilities at amortised cost	Liabilities at fair value through income statement
	£m	**£m**	£m	£m
Borrowings	**2,458.4**	**-**	3,330.8	-
Derivative financial liabilities	**-**	**367.1**	-	317.4
Lease liabilities	**78.0**	**-**	81.2	-
Trade payables and accruals	**102.0**	**-**	45.3	-
Other payables	**26.9**	**-**	2.7	-
Capital creditors	**9.4**	**-**	13.5	-
Total financial liabilities	**2,674.7**	**367.1**	3,473.5	317.4

Changes in the fair value of derivative financial instruments are recognised immediately in the Income Statement, along with the reduction to reflect the credit risk of the Company on its swap position at the reporting date, in accordance with IFRS 9.

The Company has recognised a £49.8 million loss (2021: £149.8 million loss) in financial derivatives through the income statement for the year ended 31 December 2022.

At 31 December 2022, the Company has not designated any financial liabilities at fair value through the Income Statement, other than its derivative financial liabilities which do not qualify for hedge accounting.

The tables below analyse the gross undiscounted contractual cash outflows/(inflows) on the Company's financial liabilities and net settled derivative financial instruments as at 31 December 2021 to the contract maturity date. Other non-interest bearing financial liabilities have been excluded. All current liabilities have varying maturity dates within the next 12 months.

	Less than one year £m	**One to two years £m**	**Two to five years £m**	**Greater than five years £m**
31 December 2022				
Class A Bonds – Principal payments	**-**	**-**	**450.0**	**1,984.1**
Class A Bonds – Interest payments	**108.2**	**108.2**	**282.7**	**931.4**
Derivative financial instruments	**16.7**	**19.1**	**213.7**	**193.8**
	124.9	**127.3**	**946.4**	**3,109.3**
31 December 2021				
Class A Bonds – Principal payments	-	-	600.0	2,200.0
Class A Bonds – Interest payments	122.0	122.0	334.5	1,139.8
Derivative financial instruments	(50.8)	9.8	132.1	262.3
	71.2	131.8	1,066.6	3,602.1

Fair value estimation

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Trade receivables
- Trade payables
- Cash and cash equivalents
- Amounts due to/from group undertakings

	31 December 2022 £m	31 December 2021 £m
Bonds		
Book value	**2,399.1**	2,757.2
Fair value	**2,130.1**	3,229.0

The fair values of listed borrowings are based on quoted prices.

Financial instruments that are measured in the Statement of Financial Position at fair value are classified by the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Company's derivative financial instruments is determined using the present value of the estimated future cash flows based on observable yield curves. As at 31 December 2022, all of the resulting fair value estimates in the Company are included at Level 2 except for Bonds which are valued at Level 1 and Investment Properties which are valued at Level 3, consistent with the prior year.

13. LEASES

As a lessee

'Property, plant and equipment' comprise owned and leased assets.

	Note	**31 December 2022 £m**
Property, plant and equipment owned		**1,871.6**
Right-of-use assets		**181.3**
	5	**2,052.9**

The Company's leased assets include Company occupied property, vehicles and machinery. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Cost

	Group occupied properties £m	Plant and equipment £m	Total £m
1 January 2021	15.9	179.9	195.8
Additions in the Year	18.0	1.9	19.9
Disposals in the year	-	(0.6)	(0.6)
31 December 2021	33.9	181.2	215.1
Additions in the year	0.1	0.1	0.2
Disposals in the year	-	(0.3)	(0.3)
31 December 2022	**34.0**	**181.0**	**215.0**
Accumulated depreciation			
1 January 2021	(2.4)	(20.6)	(23.0)
Charge in the Year	(2.0)	(3.3)	(5.3)
Disposals in the Year	-	0.3	0.3
31 December 2021	(4.4)	(23.6)	(28.0)
Charge in the Year	**(2.4)**	**(3.6)**	**(6.0)**
Disposals in the Year	**-**	**0.3**	**0.3**
31 December 2022	**(6.8)**	**(26.9)**	**(33.7)**
Net Book value			
31 December 2022	**27.2**	**154.1**	**181.3**
31 December 2021	29.5	157.6	187.1
1 January 2021	13.5	159.3	172.8

Lease liabilities included in the statement of financial position

	31 December 2022 £m	31 December 2021 £m
Current	**3.1**	3.2
Non-current	**74.9**	78.0
Total lease liabilities	**78.0**	81.2

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments payable after the reporting date.

	31 December 2022 £m	31 December 2021 £m
Less than one year	**16.1**	15.3
Between one and five years	**56.9**	55.2
More than five years	**702.0**	665.3
Total undiscounted lease payments payable	**775.0**	735.8

Amounts recognised in Income statement

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest on lease liabilities	**12.8**	11.8
Depreciation expense on right-of-use assets	**6.0**	5.3
Expenses relating to short-term leases [(a)]	**-**	-
	18.8	17.1

(a) Short-term leases amount to £24,855 for the year ended 31 December 2021 (2021: £30,828)

As a Lessor

The Company leases properties, which have been classified as a finance lease.

Leases included in the statement of financial position

	31 December 2022 £m	31 December 2021 £m
Non-current assets	**16.8**	16.8
Total lease asset	**16.8**	16.8

The following table sets out the maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2022 £m	31 December 2021 £m
Less than one year	**0.8**	0.8
Between one and five years	**3.6**	3.6
More than five years	**74.2**	74.6
Total undiscounted lease payments receivable	**78.6**	79.0

Lease income from lease contracts in which the Company acts as a lessor for the year is £30.8 million (2021: £25.9 million). The Company classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

14. OTHER NON-CURRENT ASSETS

Other non-current assets relate to amounts due from group undertakings.

	31 December 2022 £m	31 December 2021 £m
Other non-current assets	**323.1**	318.7

15. DEFERRED TAX

The following are the deferred tax assets and (liabilities) recognised by the Company and associated movements during the period:

	Losses £m	Fixed assets £m	Retirement benefit obligations £m	Short term timing differences £m	Total £m
1 January 2021	45.7	(197.7)	7.3	(2.0)	(146.7)
Credit/(charge) to income	98.2	(55.0)	(7.1)	2.1	38.2
Charge to equity	-	-	(14.6)	-	(14.6)
31 December 2021	143.9	(252.7)	(14.4)	0.1	(123.1)
Credit/(charge) to income	(23.6)	1.9	(1.4)	2.5	(20.6)
Charge to equity	-	-	(5.0)	-	(5.0)
31 December 2022	**120.3**	**(250.8)**	**(20.8)**	**2.6**	**(148.7)**

16. RETIREMENT BENEFIT ASSET

Defined contribution plan

The Company operates a defined contribution scheme for all qualifying employees.

The total cost charged to the Income Statement of £1.0 million (2021: £6.0 million) represents contributions payable to this scheme by the Company at rates specified in the rules of the plans. As at 31 December 2022, £3.9 million of contributions (2021: £0.3 million) due in respect of the current reporting year remain unpaid to the scheme.

Defined benefit pension plan

For some employees, the Group operates a funded pension plan providing benefits for its employees based on their pensionable service and final pensionable pay. The assets of the Plan are held in a separate trustee administered fund.

Cash contributions to the plan are reviewed at funding valuations carried out every three years. If there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this.

At the previous actuarial valuation at 30 September 2019 there was a deficit in the plan of £59m. To remove this, the Company agreed to pay deficit contributions of £1.3 million per month from October 2019 to December 2020 inclusive, a further £5.0 million in December 2020, £21.1 million in December 2021, and £1.3 million per month from October 2022 to November 2023 inclusive. Future contributions are in the process of being reviewed as part of the latest actuarial valuation as at 30 September 2022 which is currently in progress.

There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover any further deficit that arises in the plan.

The following table sets out the key IAS 19 assumptions used for the plan:

	31 December 2022 %	31 December 2021 %
Rate of increase in salaries – to 31 December 2022	**1.5**	1.5
salaries – from 31 December 2022	**1.5**	1.5
Rate of increase in salaries – thereafter	**1.5**	1.5
Rate of increase in pensions in payment (RPI)	**3.0**	3.0
Rate of increase in pensions in payment (5% LPI)	**3.0**	2.0
Discount rate	**4.8**	2.0
Retail Prices Index inflation	**3.2**	3.2
Consumer Prices Index inflation	**2.4**	2.4

The majority of the Plan's assets are held within instruments with quoted market prices in an active market. Whilst the majority of the Plan's holdings are regarded as being readily marketable, the Plan has an allocation to private credit where the assets are subject to a maximum 9 year lockup period from September 2017. The plan does not invest directly in property occupied by the Company or in financial securities issued by the Company. The investment strategy is set by the Trustee of the Plan in consultation with the Company.

In the plan, pensions in payment are generally increased in line with inflation and benefit payments have an average duration of 17 years (2021: 22 years).

The mortality assumptions used were as follows:

	31 December 2022 Years	31 December 2021 Years
Life expectancy of male aged 60 at the Statement of Financial Position date	**26.1**	26.3
Life expectancy of male aged 60 in 20 years' time	**27.4**	27.6
Life expectancy of female aged 60 at the Statement of Financial Position date	**28.3**	28.4
Life expectancy of female aged 60 in 20 years' time	**29.6**	29.8

The sensitivities regarding the principal assumptions used to measure the plan liabilities are set out below:

Assumptions	Change in assumption	Impact on plan liabilities at 31 December 2022 £m
Discount rate	-0.5%	28.8
Inflation	+0.5%	21.7
Life expectancy	+ 1 year	9.2

The sensitivity analyses above have been calculated to show the movement in the defined benefit obligation at the end of the reporting year in isolation, and may not be representative of the actual change. Each change is based on a change in the key assumption shown while holding all other assumptions constant and assuming no change in the corresponding asset value for the Plan. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous year.

The amount included in the Statement of Financial Position arising from the Company's obligations in respect of its defined benefit plan is as follows:

	31 December 2022 £m	31 December 2021 £m
Present value of plan liabilities	**(331.5)**	(562.9)
Fair value of plan assets	**415.9**	622.6
Surplus/	**84.4**	59.7

Reconciliation of present value of plan liabilities

	31 December 2022 £m	31 December 2021 £m
Opening present value of plan liabilities	**(562.9)**	(596.1)
Current service cost	**(0.2)**	(0.2)
Interest cost	**(10.9)**	(8.2)
Contributions from plan members [(a)]	**(0.1)**	(0.1)
Benefits paid	**21.5**	12.4
Actuarial gain/(loss)	**221.1**	29.3
Closing present value of plan liabilities	**(331.5)**	(562.9)

(a) Contributions from plan members include contributions paid by the Group on behalf of plan members via salary sacrifice.

Reconciliation of fair value of plan assets

	31 December 2022 £m	31 December 2021 £m
Opening fair value of plan assets	**622.6**	558.0
Interest on plan assets	**12.1**	7.7
Actuarial (loss)/gain	**(201.3)**	47.8
Benefits paid	**(21.5)**	(12.3)
Contributions paid by employer	**3.9**	21.3
Contributions paid by members	**0.1**	0.1
Closing fair value of plan assets	**415.9**	622.6

The current allocation of the plan's assets is as follows:

	31 December 2022	31 December 2021
Equity funds	**24%**	26%
Private equity funds	**6%**	2%
Asset backed securities	**17%**	
Emerging market multi asset funds	**-**	8%
Diversified growth funds	**10%**	28%
Liability driven investment funds	**33%**	24%
Cash/other	**10%**	12%
	100%	100%

Plan assets do not include any of the Company's own financial instruments, or any property occupied by Company.

Re-measurements under IAS 19 are determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on index-linked investments are based on relevant indices as at the financial position date. Expected returns on equity investments and diversified growth funds reflect long-term real rates of return expected in the respective markets.

The amounts recognised in the income statement are as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Employer's part of current service cost	**(0.2)**	(0.2)
Net interest	**1.2**	(0.5)
	1.0	(0.7)

Actuarial gains and losses

The amount recognised in other comprehensive income are as follows:

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Changes in financial assumptions	**255.6**	35.6
Changes in demographic assumptions	**2.3**	9.7
Experience adjustments on benefit obligations	**(37.3)**	(16.2)
Return on plan assets less interest on plan assets	**(201.3)**	47.8
Gain/(loss) recognised in other comprehensive income	**19.3**	76.9

Amounts for current year and prior years

	31 December 2022 £m	**31 December 2021 £m**	31 December 2020 £m	31 December 2019 £m	31 March 2019 £m
Present value of plan liabilities	**(331.5)**	**(562.9)**	(596.1)	(511.7)	(495.9)
Fair value of plan assets	**415.9**	**622.6**	558.0	487.0	458.3
Surplus/(deficit)	**84.4**	**59.7**	(38.1)	(24.7)	(37.6)

The Company operates the schemes under the UK regulatory framework. Benefits are paid to members from trustee-administered funds, and the trustees of each scheme are responsible for ensuring that each representative scheme is sufficiently funded to meet current and future benefit payments. Scheme assets are held in trusts separate to the Company. If investment experience is worse than expected, the Company's obligations increase.

17. TRADE AND OTHER PAYABLES

	31 December 2022 £m	31 December 2021 £m
Trade payables	**18.2**	8.7
Accruals	**83.8**	36.6
Capital payables	**9.4**	13.5
Accrued interest payable	**0.1**	-
Accrued interest payable to other group undertakings	**79.9**	91.4
Amounts owed to group undertakings – interest free	**228.2**	148.0
Other payables	**26.9**	2.7
	446.5	300.9

18. CALLED UP SHARE CAPITAL

	31 December 2022 £m	31 December 2021 £m
Called up, allotted and fully paid		
349,100,587 (2021: 349,100,587) ordinary shares of £1.00 each	**349.1**	349.1

The Company issued 345,001,225 shares on 24 June 2021 for £345,001,225.

19. RELATED PARTY TRANSACTIONS

During the period the Company entered into transactions with related parties as follows:

	Income/(Expense) to related party		Amounts owed from/(due to) related party	
	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m	**As at 31 December 2022 £m**	As at 31 December 2021 £m
Ivy Bidco Limited [(a)]	**(78.2)**	(15.8)	**(205.2)**	(129.3)
Gatwick Funding Limited [(b)]	**(102.6)**	55.6	**(2,831.9)**	(3,134.4)
Gatwick Airport Finance plc	**-**	-	**1.0**	0.9
Ivy Holdco Limited	**-**	-	**139.1**	30.1
VINCI Airports SAS [(c)]	**(5.7)**	(1.7)	**(7.4)**	(4.4)
Global Infrastructure Partners [(c)]	**(4.8)**	(1.6)	**(5.8)**	(3.8)
Ivy Super Holdco Limited [(d)]	**16.1**	16.1	**331.1**	315.0

(a) Net amount payable to related party relates to £80.5 million payable (2021: £17.9 million) for rental expenses and £2.3 million receivable (2021: £2.1 million) for interest income.

(b) Amounts payable to related party relate to interest expense.

(c) Amounts payable to related party relate to royalties and service fees.

(d) Amounts receivable from related party relate to interest income.

Ivy Super Holdco Limited is the Company's intermediate parent entity in the UK. Gatwick Airport Finance plc is the parent entity of Ivy Super Holdco Limited.

20. CLAIMS AND CONTINGENT LIABILITIES

As part of the refinancing agreements outlined in note 11, the Company have granted security over their assets and share capital to the Company's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above, the Company has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other material items arising in the normal course of business at 31 December 2022 (2021: nil).

21. RECONCILIATION IN NET DEBT

Net debt comprised the Company's borrowings net of cash and cash equivalents excluding interest accruals.

	As at 1 January 2022 £m	**Cash flow £m**	**Other non-cash changes £m**	**As at 31 December 2022 £m**
Borrowings	**(3,330.8)**	**800.5**	**71.9**	**(2,458.4)**
Derivative financial liabilities	**(317.4)**	**-**	**(49.7)**	**(367.1)**
Lease liabilities	**(81.2)**	**3.5**	**(0.3)**	**(78.0)**
Total financing liabilities	**(3,729.4)**	**804.0**	**21.9**	**(2,903.5)**
Cash and cash equivalents	**557.3**	**(524.3)**	**-**	**33.0**
Net debt	**(3,172.1)**	**279.7**	**21.9**	**(2,870.5)**

	As at 1 January 2021 £m	Cash flow £m	Other non-cash changes £m	As at 31 December 2021 £m
Borrowings	(3,235.5)	(91.5)	(3.8)	(3,330.8)
Derivative financial liabilities	(193.0)	25.4	(149.8)	(317.4)
Lease liabilities	(63.7)	3.5	(21.0)	(81.2)
Total financing liabilities	(3,492.2)	(62.6)	(174.6)	(3,729.4)
Cash and cash equivalents	292.4	264.9	-	557.3
Net Debt	(3,199.8)	202.3	(174.6)	(3,172.1)

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

At 31 December 2022, VINCI SA, a company incorporated in France, is the ultimate parent and ultimate controlling party of Gatwick Airport Limited, a United Kingdom ("UK") incorporated and domiciled company.

The Company's results are included in the audited consolidated financial statements of VINCI SA for the year ended 31 December 2022, the largest group to consolidate these financial statements. The consolidated financial statements of VINCI SA can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France.