

# **IVY BIDCO LIMITED**

## **Annual Report and Financial Statements for the year ended 31 December 2022**

Company Registration Number: 06879093

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2022**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Michael McGhee  
William Woodburn  
Olivier Mathieu  
Nicolas Notebaert  
Rémi Maumon De Longevialle  
Pierre-Hugues Schmit  
David McMillan  
Eric Delobel  
Marten Soderbom  
Lucy Chadwick

**SECRETARY**

TMF Corporate Administration Services Limited

**REGISTERED OFFICE**

8th Floor  
20 Farringdon Street  
London  
EC4A 4AB

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

**BANKER**

The Royal Bank of Scotland plc  
2 ½ Devonshire Square  
London  
EC2M 4BA

## STRATEGIC REPORT

### REVIEW FOR THE YEAR

Ivy Bidco Limited ("the Company"), has one wholly-owned subsidiary; Gatwick Airport Pension Trustees Limited. The company is a 100% owned subsidiary of Gatwick Airport Limited. Ivy Holdco Limited, Gatwick Airport Limited, Gatwick Funding Limited, Ivy Bidco Limited and Gatwick Airport Pension Trustees Limited are referred to collectively in this Strategic Report, the Directors' Report and these financial statements as "the Ivy Holdco Group" or "the Group".

The Company's principal activities are as an investment property holding company.

During the year ended 31 December 2022 the Company made a profit after taxation of £117.4 million (2021: £41.3 million), largely due to property revenue from Gatwick Airport Limited and an investment property revaluation gain.

The Company's investment properties were valued at fair value at 31 December 2022 by Jones Lang LaSalle Limited.

### FUTURE DEVELOPMENTS

The Directors do not expect changes in the Company's activities as an investment property holding company within the Ivy Holdco Group in the 12 months following the approval of these financial statements.

### GOING CONCERN

The Company has net assets of £1,162.1 million (2021: £1,044.7 million).

Based on the net asset position, the Company's future developments, and as further detailed in note 1, the Directors have a reasonable expectation that the Company will continue as a going concern for a period of at least 12 months from the date of approval of these financial statements and the financial statements have been prepared on that basis. For further details, refer to note 1 of the financial statements.

### KEY PERFORMANCE INDICATORS

The following are the key performance indicators ("KPIs") that the Board of Directors use to monitor the performance and position of the Company:

- Property income; and
- Investment property valuation.

### EMPLOYEES

The Company has no employees (2021: none). All employees of the Group are employed by Gatwick Airport Limited. Details of the employee policies of Gatwick Airport Limited are included in the financial statements of Ivy Holdco Limited for the year ended 31 December 2022.

**STRATEGIC REPORT (continued)**

**FINANCIAL RISK MANAGEMENT**

All financial risks are managed by the Ivy Holdco Group as the companies within the Group, of which Ivy Bidco Limited is one, form a securitisation group.

The Company's principal financial instruments are the inter-company loans due to and from Gatwick Airport Limited.

The primary financial risks faced by the Company are:

**(a) Interest rate risk**

The Company's interest rate risk arises from the interest rate payable on the inter-company loan due to its parent. The Group has managed this risk by agreeing a fixed rate for the inter-company loan.

**(b) Cash flow interest rate risk**

The Company's cash flow interest rate risk arises from the interest bearing loan due to its parent. This risk is managed on a Group basis, at which level the net cash flow interest rate risk is nil.

**(c) Credit risk**

Credit risk arises from the receivable balances from the Company's parent, Gatwick Airport Limited. The credit risk in relation to this is viewed as negligible.

**(d) Liquidity risk**

Liquidity risk is the risk that the Company has insufficient resources to meet its obligations as they fall due. This risk is managed on a Group basis.

On behalf of the Board



**Marten Soderbom**  
Director  
14 March 2023

## **DIRECTORS' REPORT**

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

## **PRINCIPAL ACTIVITIES**

The Company's activities are as an investment property holding company.

## **FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies have been disclosed in the financial risk management section of the Strategic Report.

## **FUTURE DEVELOPMENTS**

The Company's future developments have been disclosed in the future developments section of the Strategic Report.

## **DIVIDENDS**

During the year ended 31 December 2022, no dividends were declared and paid. (2021: no dividends were declared and paid).

## **BOARD OF DIRECTORS**

The Company's Board of Directors who served during the year and up to the date of approval of these financial statements are as follows:

Eric Marc Jacques Delobel  
Olivier Mathieu  
Michael John McGhee  
Nicolas Notebaert  
Remi Maumon De Longevialle  
William Alan Woodburn  
Pierre-Hugues Schmit  
David McMillan  
Marten Soderbom  
Lucy Chadwick (appointed 29 June 2022)  
Philip Iley (resigned 29 June 2022)

## **DIRECTORS' INDEMNITY**

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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND 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 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 company and of the profit or loss of the company 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 company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

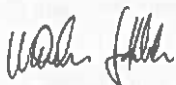
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**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 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 company's auditors are aware of that information.

On behalf of the Board



**Marten Soderbom**  
Director  
14 March 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IVY BIDCO LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

In our opinion, Ivy Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Income Statement, the Statement of Changes in Equity, and the Cash Flow Statement 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 company 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**

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 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 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED (continued)**

**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 company and its 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 strategic report, the directors' report and 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 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 company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED (continued)****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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, 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 Groups' 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
- 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](http://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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IVY BIDCO LIMITED (continued)**

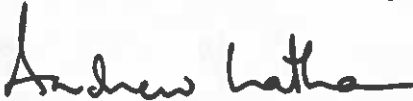
**OTHER REQUIRED REPORTING**

**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 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 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

**INCOME STATEMENT**  
For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Revenue	4	80.5	17.9
Operating costs	5	-	(1.1)
<b>Operating profit</b>		<b>80.5</b>	<b>16.8</b>
Investment property revaluation	9	69.0	45.1
Loss on disposal of fixed assets		-	(0.7)
Finance costs	6	(2.4)	(2.1)
<b>Profit before tax</b>		<b>147.1</b>	<b>59.1</b>
Income tax charge	7	(29.7)	(17.8)
<b>Profit for the year</b>		<b>117.4</b>	<b>41.3</b>

The notes on pages 13 to 23 form an integral part of the financial statements of Ivy Bidco Limited (Company Registration Number: 06879093).

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

There is no other comprehensive income for the current year and prior year other than that stated in the Income Statement and accordingly no Statement of Other Comprehensive Income has been presented.

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

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
Balance at 1 January 2021	687.6	2.8	313.0	1,003.4
Profit for the year	-	-	41.3	41.3
Balance at 31 December 2021	687.6	2.8	354.3	1,044.7
Profit for the year	-	-	117.4	117.4
<b>Balance at 31 December 2022</b>	<b>687.6</b>	<b>2.8</b>	<b>471.7</b>	<b>1,162.1</b>

The notes on pages 13 to 23 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2022

	Note	31 December 2022 £m	31 December 2021 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	9	1,039.1	969.6
		<b>1,039.1</b>	<b>969.6</b>
<b>Current assets</b>			
Trade and other receivables	11	228.2	148.0
Corporation tax receivable		-	3.5
Cash and cash equivalents		0.3	-
		<b>228.5</b>	<b>151.5</b>
<b>Total assets</b>		<b>1,267.6</b>	<b>1,121.1</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other non-current liabilities	13	(23.0)	(18.7)
Deferred tax liability	12	(81.9)	(57.7)
		<b>(104.9)</b>	<b>(76.4)</b>
<b>Current liabilities</b>			
Trade and other payables		(0.4)	-
Current tax liabilities		(0.2)	-
		<b>(0.6)</b>	<b>-</b>
<b>Total liabilities</b>		<b>(105.5)</b>	<b>(76.4)</b>
<b>Net assets</b>		<b>1,162.1</b>	<b>1,044.7</b>
<b>Equity</b>			
Share capital	14	687.6	687.6
Share premium	14	2.8	2.8
Retained earnings		471.7	354.3
<b>Total equity</b>		<b>1,162.1</b>	<b>1,044.7</b>

The financial statements on pages 10 to 23 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

**CASH FLOW STATEMENT**  
**For the year ended 31 December 2022**

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
<b>Cash flows from operating activities</b>		
Profit before tax	147.1	59.1
<i>Adjustments for:</i>		
Investment property revaluation	(69.0)	(45.1)
Loss on disposal of fixed assets	-	0.7
Finance costs	2.4	2.1
Increase in receivables	(80.5)	(16.8)
Cash generated from operations	-	-
Corporation tax repayment	0.3	-
<b>Net cash from operating activities</b>	<b>0.3</b>	<b>-</b>
Movement in cash	0.3	-
Cash and cash equivalents at the beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>0.3</b>	<b>-</b>

The notes on pages 13 to 23 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**1. BASIS OF PREPARATION**

Ivy Bidco Limited ("the Company") is a private company, limited by shares, and is registered and incorporated in England, United Kingdom. The registered number is 06879093 and the registered address is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

These financial statements are the financial statements of Ivy Bidco Limited for the year ended 31 December 2022. The comparative period is the year ended 31 December 2021. They are presented in sterling and rounded to the nearest £0.1m. The financial statements of Ivy Bidco 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, derivative financial instruments and financial liabilities that qualify as hedged items under a fair value hedge accounting system. 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.

The financial statements contain information about Ivy Bidco Limited as an individual company and do not contain consolidated financial information as the parent of Gatwick Airport Pension Trustees Limited. The Company is a wholly-owned subsidiary of Gatwick Airport Limited and is included in the consolidated financial statements of its parent Ivy Holdco Limited which are publicly available. As such the Company has taken the s400 Exemption under the Companies Act 2006 from preparing consolidated financial statements.

Ivy Bidco Limited ("the Company"), Gatwick Airport Pension Trustees Limited, Ivy Holdco Limited, Gatwick Airport Limited, and Gatwick Funding Limited are referred to collectively in the Strategic Report, the Directors Report and these financial statements as "the Ivy Holdco Group" or "the Group".

**Going concern**

The Directors have prepared the financial statements on a going concern basis. The company recognised a profit for the year ended 31 December 2022 of £117.4 million and had net current assets of £227.9 million as at 31 December 2022. 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. 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 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 9 August 2024 with an option to extend to 9 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, 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

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 88% 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 Company 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 control of the goods or services are transferred to the customer (i.e., when the Company delivers its performance obligation under the contract). Revenue is measured at the fair value of the consideration received net of rebates, discounts and VAT and comprises:

Property and operational facilities:

- Property letting income, recognised on a straight-line basis over the term of the rental period; and
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale.

**(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 Company's financial performance. Such items may include gains or losses on disposal of assets, impairment of assets and major reorganisation of business.

**(c) Investment Properties**

The Company 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 Company 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 Company occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost.

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 Company.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

The Company 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.

**(d) Investment in Subsidiaries**

Investments in subsidiaries are recognised at cost and reviewed for impairment on an annual basis.

**(e) Impairment of Assets**

The Company 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 Company 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.

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.

**(f) 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.

**(g) 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. 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**(h) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the financial position date and are discounted to present value where the effect is material.

**(i) Current and Deferred Taxation**

The tax expense for the year 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 value 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 temporary differences are expected to reverse.

**(j) 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.

**(k) Dividend Distribution**

A dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year 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.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In applying the Company's accounting policies, management have made estimates and judgements. Actual results may, however, differ from the estimates calculated and management believe that the following are the more significant judgements impacting these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**(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 9.

**(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 and where there may be doubt about the ultimate completion of the asset.

**4. REVENUE**

The Directors consider the business to have only one segment. All of the Company's revenue arises in the United Kingdom and is from continuing operations.

**(a) Nature of services**

The Company's main revenue stream is property income.

The performance obligation of property income is the provision of office space or land in return for a fee. The fee is based on the tenant's turnover. The Company considers the performance obligation satisfied by the customer occupying the office space or land.

Lease income from lease contracts in which the Company acts as a lessor for the year is £80.5 million (2021: £17.9 million). The Company considers these leases as operating leases and lease income is variable based on the tenant's turnover. This income is recognised in accordance with IFRS 16.

**Disaggregation of revenue**

The Company's revenue from property income for the year ended 31 December 2022 is £80.5 million (2021: £17.9 million).

**(b) Contract balances**

	<b>31 December 2022 £m</b>	<b>31 December 2021 £m</b>
Receivables - amounts owed by group undertakings	<b>228.2</b>	149.1

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**5. OPERATING COSTS**

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Maintenance expenditure <sup>(a)</sup>	-	1.1
	-	1.1

(a) Relates to previously capitalised costs written off.

The Company has no employees (2021: nil). All employees of the Ivy Holdco Group are employed by Gatwick Airport Limited, Gatwick Airport Limited incurs all staff costs for the Ivy Holdco Group. Details of the employee policies of Gatwick Airport Limited are included in the financial statements of Ivy Holdco Limited for the year ended 31 December 2022.

No Directors (2021: nil) were remunerated during the year for services to the Company. Audit fees of £5,000 (2021: £5,000) are borne by Gatwick Airport Limited. No other fees are payable to the Company's auditors.

**6. FINANCE COSTS**

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest on borrowings from other group undertakings <sup>(a)</sup>	2.4	2.1

(a) Amounts relate to an interest bearing loan from other group companies.

**7. INCOME TAX**

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
<b>Current tax</b>		
Current year	(5.5)	-
Adjustments in respect of prior years	-	3.2
<b>Total current tax (charge)/credit</b>	<b>(5.5)</b>	<b>3.2</b>
<b>Deferred tax</b>		
Current year	(17.4)	(9.3)
Adjustments in respect of prior years	(1.0)	2.2
Effect of change in tax rate	(5.8)	(13.9)
<b>Total deferred tax charge</b>	<b>(24.2)</b>	<b>(21.0)</b>
<b>Income tax charge</b>	<b>(29.7)</b>	<b>(17.8)</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**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)/credit for the current and prior year differs 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 before tax	147.1	59.1
Tax on profit at 19%	(27.9)	(11.2)
Effect of:		
Adjustments in respect of prior years	(1.0)	5.4
Tax rate changes	(5.9)	(13.9)
Effects of group relief	3.1	2.9
Revaluation	2.0	(0.5)
Expenses not deductible	-	(0.5)
<b>Total tax charge</b>	<b>(29.7)</b>	<b>(17.8)</b>

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.

**8. DIVIDENDS**

No dividends were declared and paid during the year (2021: no dividends declared and paid).

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022

9. INVESTMENT PROPERTIES

	Asset in the course of construction £m	Investment properties £m	Total £m
1 January 2021	8.7	917.4	926.1
Additions	0.2	-	0.2
Disposals	-	(0.7)	(0.7)
Impairment	(1.1)	-	(1.1)
Revaluation gain	-	45.1	45.1
Reclassification between categories	0.4	(0.4)	-
<b>31 December 2021</b>	<b>8.2</b>	<b>961.4</b>	<b>969.6</b>
Additions	0.5	-	0.5
Revaluation gain	-	69.0	69.0
<b>31 December 2022</b>	<b>8.7</b>	<b>1,030.4</b>	<b>1,039.1</b>
<b>Net book value</b>			
<b>31 December 2022</b>	<b>8.7</b>	<b>1,030.4</b>	<b>1,039.1</b>
31 December 2021	8.2	961.4	969.6
1 January 2021	8.7	917.4	926.1

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2022 by Jones Lang LaSalle Limited at £1,030.4 million. (31 December 2021: £961.4 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 £69.0 million is recognised in the income statement (31 December 2021: a gain of £45.1 million).

The Company'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. 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.

Security

As part of the financing agreements outlined in note 16, the Company, and its parent, Gatwick Airport 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**10. INVESTMENT IN SUBSIDIARIES**

At 31 December 2022 and 31 December 2021, the Company had investments in the following subsidiary undertakings:

Subsidiary Undertakings	Principal Activity	Holding	%
Gatwick Airport Pension Trustees Limited	Dormant company	Ordinary Shares	100%

The carrying value of the investment as at 31 December 2022 is £100 (2021: £100). The subsidiary is incorporated and operates in the United Kingdom. The Directors believe that the carrying value of the investments is supported by its underlying net assets. Gatwick Airport Pension Trustees Limited has registered office 5th Floor Destinations Place, Gatwick Airport, West Sussex, RH6 0NP.

**11. TRADE AND OTHER RECEIVABLES**

	31 December 2022 £m	31 December 2021 £m
Amounts owed by group undertakings	228.2	148.0
	<b>228.2</b>	<b>148.0</b>

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

Amounts owed by group undertakings are assessed for any impairments as they are in scope of the IFRS 9 impairment model.

The Company has not recognised a provision for the year ended 31 December 2022 (2021: £nil).

**12. DEFERRED TAX LIABILITY**

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

	Investment properties £m	Losses £m	Total £m
1 January 2021	(41.3)	4.6	(36.7)
Credit/(charge) to income	(25.4)	4.4	(21.0)
31 December 2021	(66.7)	9.0	(57.7)
Charge to income	(15.2)	(9.0)	(24.2)
<b>31 December 2022</b>	<b>(81.9)</b>	<b>-</b>	<b>(81.9)</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**13. OTHER NON-CURRENT LIABILITIES**

	<b>31 December 2022 £m</b>	<b>31 December 2021 £m</b>
Amounts due to group undertakings <sup>(a)</sup>	<b>23.0</b>	<b>18.7</b>

(a) Amounts relate to an unsecured interest bearing loan from other group companies.

	<b>31 December 2022 £m</b>	<b>31 December 2021 £m</b>
Maturity Profile:		
Repayable between 2 and 5 years	<b>23.0</b>	<b>18.7</b>
	<b>23.0</b>	<b>18.7</b>

**14. SHARE CAPITAL AND SHARE PREMIUM**

	<b>31 December 2022 £m</b>	<b>31 December 2021 £m</b>
<b>Called up share capital</b>		
687,596,520 (2021: 687,596,520) ordinary shares of £1.00 each	<b>687.6</b>	<b>687.6</b>
<b>Share premium</b>		
Ordinary share premium	<b>2.8</b>	<b>2.8</b>
	<b>690.4</b>	<b>690.4</b>

**15. RELATED PARTY TRANSACTIONS**

During the year the Company entered into transactions with related parties as follows:

	Net income from related party		Amounts owed from related party	
	<b>Year ended 31 December 2022 £m</b>	Year ended 31 December 2021 £m	<b>As at 31 December 2022 £m</b>	As at 31 December 2021 £m
Gatwick Airport Limited <sup>(a)</sup>	<b>78.1</b>	<b>15.8</b>	<b>205.2</b>	<b>129.3</b>

(a) Net income from related party relates to £80.5 million receivable (2021: £17.9 million) for rental income and £2.4 million payable (2021: £2.1 million) for interest.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**16. CLAIMS AND CONTINGENT LIABILITIES**

As part of the financing agreements, the Company, and its parent, Gatwick Airport Limited, has granted security over their assets 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 disclosure in note 7, the Company has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 31 December 2022 (2021: nil).

**17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY**

At 31 December 2022 the Company's ultimate parent and controlling party is VINCI SA, a company incorporated in France. The Company's immediate parent company is Gatwick Airport Limited, a company incorporated and domiciled in the UK.

The Company's results are included in the audited consolidated financial statements of VINCI SA and Ivy Holdco Limited for the year ended 31 December 2022, the largest and smallest groups to consolidate these financial statements. The consolidated financial statements of VINCI SA can be obtained from the Company Secretary, VINCI, 1973, boulevard de La Défense, CS 10268, 92757 Nanterre Cedex - France

