

Company registration number 1963361 (England and Wales)

LONDON CITY AIRPORT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

LONDON CITY AIRPORT LIMITED

COMPANY INFORMATION

Directors	W Allan A Fitzgerald	(Appointed 11 January 2024)
Company number	1963361	
Registered office	London City Airport City Aviation House Royal Docks London E16 2PB	
Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	

LONDON CITY AIRPORT LIMITED

CONTENTS

	Pages
Strategic report	1 - 14
Directors' report	15 - 18
Directors' responsibilities statement	19
Independent auditors' report	20 - 23
Profit and loss account	24
Balance sheet	25
Statement of changes in equity	26
Notes to the financial statements	27 - 40

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

1. Our Strategy

London City Airport (“LCY” or “the Company”) has a clear strategy to deliver long term value through sustainable passenger growth, excellent customer service and by partnering with a range of leading airlines offering a mix of destinations and schedules that provide choice for passengers, whether flying for business, leisure or visiting friends and relatives (VFR). To complement our city location and our public transport links, we have developed a unique customer proposition of speed and convenience with our staff, many of whom live close to the airport, providing a friendly and professional service. This allows departing passengers to get from the front door to the boarding gate in under 20 minutes and arriving passengers from aircraft steps to leaving the terminal in under 15 minutes. Underpinning all of our operations is an absolute focus on safety, security, environment and the health and wellbeing of our staff, customers and communities, while delivering high levels of customer service.

2. Our strategic objectives

- Delivering passenger growth by promoting the airport as a speedy and convenient gateway for both business and leisure.
- Playing our part in the decarbonisation of the UK aviation industry and supporting our airline customers in their move towards cleaner, quieter, new generation aircraft;
- Ensuring appropriate infrastructure and facilities match customer demand.
- Continue to be a good neighbour by working closely with our communities and maintain compliance with all environmental and planning conditions.
- Continue to enhance the health and safety culture and results.
- Be a great place to work, allowing us to attract and retain great staff.

3. Our business model

London City Airport Limited is the airport operator. The business has access to funding from shareholder loans and 3rd party debt through intercompany loans held in the owning company structures.

Our revenues are primarily derived from passenger numbers through airline charges (c.80%) and non-aeronautical revenues (c.20%) from concession agreements with our commercial partners for the provision of food and beverage and retail offer with a variety of contractual formats. Car parking revenues are a key contributor to our non-aeronautical revenue but due to our city location and high proportion of public transport use including direct links to the DLR, our car parking provision is more limited than many other airports.

Unlike many other airport operators, LCY directly employs the ramp, baggage handling and security staff, while our airlines separately contract with their ground handling partners for passenger check-in and boarding and disembarking.

Due to the impact of the COVID pandemic on passenger numbers, the airport’s development programme was paused on completion of the key infrastructure and civil engineering works. This ensures that the complex works to create the base for the expanded terminal and pier are in place for an easier restart as passenger numbers revert to pre-pandemic levels. Until this point, smaller refurbishments are being undertaken to optimise the passenger spaces and improve the facilities available. The future completion of the development will also reflect improved building efficiency where appropriate, to support our sustainability aspirations. A revised completion plan has been reflected in the current planning application. This will be determined by the Secretaries of State for the Department for Transport (DfT) and the Department for Levelling Up, Housing and Communities (DLUHC) now that the appeal process has been completed.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. Our owners

LCY is part of the "Group" which consists of Londonia Topco Limited, and its subsidiaries, which is ultimately owned by a consortium of established long term infrastructure investors. The shareholders are OMERS (25%), Ontario Teachers' Pension Plan (25%), Wren House Infrastructure Management (25%) and AIMCo, on behalf of its clients, (25%). Please see Section 7 for further information on shareholder representation and governance.

5. 2023 Business Performance

5.1 Summary

The airport delivered 14% year on year growth in passenger traffic, delivering 3.4m passengers in the year. The additional passengers and the ongoing tight cost control has seen the airport return to operating profit, delivering £6.7m (2022: £1.2m loss).

Whilst capital expenditure continues to be under very tight control, focussed investments have been delivered during 2023 which have positively impacted the customer experience as they travel through the airport. This included the early introduction of CT scanning in security; the refreshed departure lounge; new and enlarged duty free, retail and food and beverage outlets; additional passenger seating as well as refurbished and additional toilet facilities.

Keeping an eye on the future, the airport has also invested in an Engineered Material Arrestor System (EMAS), providing safety enhancements which contributed to the successful certification of the Embraer E2-195 for use at the airport during the year.

The London Borough of Newham refused the airport's planning application, which was not unexpected. The main areas covered in the application are increasing the annual passenger cap from 6.5m to 9m passengers, but with no increase in the existing limit on aircraft movements, a re-phasing of the completion of the airport development programme to reflect passenger recovery, and additional operating hours primarily on Saturday afternoons (whilst maintaining the overnight curfew). The appeal process with the planning inspectorate commenced in December and was completed on 2 February 2024. The only area where agreement was not achieved between the parties was the impact of the additional operating hours. The Inspector will submit a recommendation to the Secretaries of State for the DfT and DLUHC for their final decision later in 2024.

Management have continued to focus on the important decarbonisation agenda and produced the airport's first Sustainability Report, which can be viewed on London City Airport's website. The airport has also retained its ACI Level 4+ Accreditation (see Section 6 for more detail).

Sections 5.2 to 5.6 provide further information relating to the key performance indicators linked to the delivery of our strategic objectives, with Section 6 covering progress on our ESG agenda.

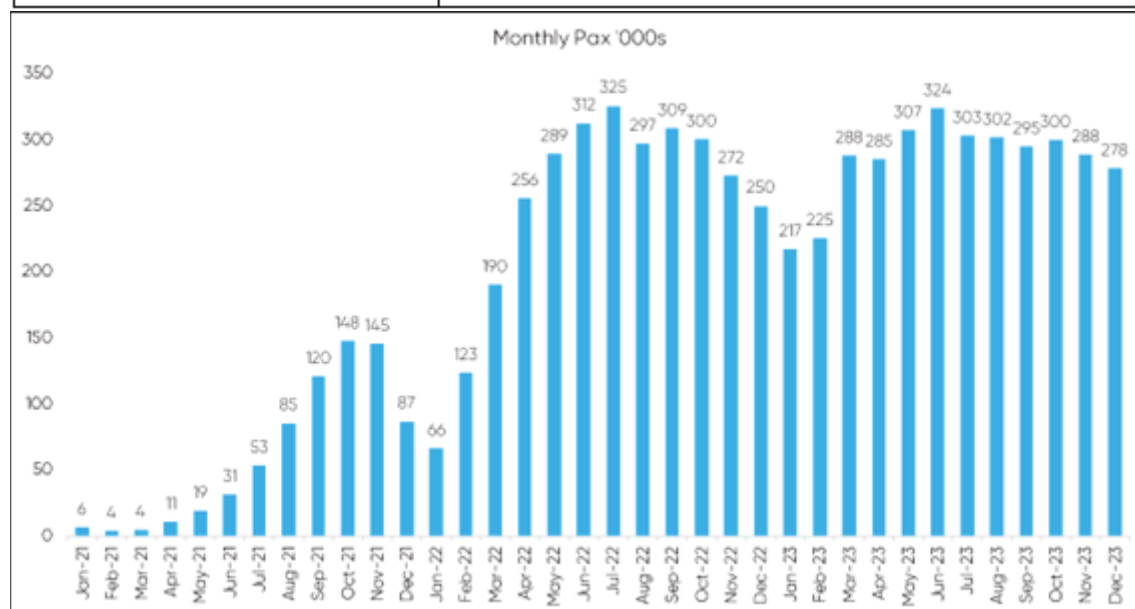
LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5.2 Passenger growth update

Growth	2019	2020	2021	2022	2023	2023 % Change
Passengers (000s)	5,100	905	714	2,990	3,412	14.1%
Aircraft Movements	79,370	17,927	12,656	42,942	48,499	12.9%
Employees (average FTEs)	649	643	424	488	530	8.6%
All Employees (as at Dec)	719	528	491	569	596	4.7%



Whilst 14% year on year growth was delivered at the airport, the growth experienced in 2022 which had led to significant optimism in the market, slowed in early 2023. The aviation industry across Europe has continued to recover on a two-track trajectory. Low-cost airlines have continued to lead the leisure driven recovery with “flag carrier” airlines continuing to be more cautious, tending to consolidate and strengthen existing schedules rather than adding capacity or new destinations. Business travel behaviours are continuing to adapt to hybrid working models, ESG agendas and restricted travel budgets, with less late booking and more considered booking and travel patterns. As a consequence, the airport and its airlines continue to work together to build on growing the visiting friends and relatives (VFR) market as well as the more leisure orientated destinations. The business and leisure/VFR passenger split for 2023 is 44% and 56% respectively.

The recovery of passenger numbers in 2023 has also been impacted by several industry wide well publicised aircraft engine and supply issues, combined with ongoing staff recruitment difficulties which have impacted several of the existing airlines operating at the airport. There has also been increased short haul capacity at London Heathrow, making use of slots as long-haul routes recover, which has also had an impact on LCY.

The ongoing supply issues in the aircraft market, affecting both Airbus and Embraer engines, and the increasing cost of operation, continues to impact our existing and prospective airlines and, as such, projections for 2024 have been softened. However, the airport and its airlines continue to work closely to ensure the flexibility needed to respond to the emerging demand patterns to deliver another positive year.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5.3 Customer Satisfaction

Customer Satisfaction	2019	2020	2021	2022	2023	2023 % Change
Net Promoter Score (NPS)	46	70	73	57	65	14.0%
On Time Performance (OTP)	72.5%	75.6%	90.0%	71.0%	71.8%	1.1%

During 2023, the airport has continued to achieve higher NPS scores than any of its London peers and achieved 65 overall for the year, with 73 for Q4. Management believes that the continued focus on customer service with the improved security processing times and improved departure lounge facilities have been recognised by our customers. During the year the airport also received several awards including London's Best Airport by Which? Magazine and the UK's Best Airport by Time Out London, rated for efficiency.

5.4 Financial Performance

Financial	2019	2020	2021	2022	2023	2023 % Change
Operating profit/loss	47.7	(48.20)	(45.60)	(1.20)	6.66	655.0%
Capital expenditure (£m)	19.3	9.0	3.3	15.7	24.0	-52.9%

The increased passenger volumes, combined with continuing close focus on cost control throughout the operation, despite the increasing inflationary challenges, led to a return to operating profit in the year of £6.7m, (2022: £1.2m losses). Before depreciation, the operation returned a positive result of £16.2m in the year (2022: £7.9m).

As the largest subsidiary in the Group, the financial performance of the Company has a direct impact on the financial covenants attached to the group facilities used to support the business. Therefore, the focus continues to be on cash management and maximising operating results while controlling capital expenditure, minimising the support required. All bank covenants were complied with during the year. Intercompany funding is reflected in debtor and creditor balance reported in notes 11 and 12 to the financial statements.

5.5 Health and Safety

LCY has remained focussed on providing a safe and secure service to its passengers. Whilst the risks from COVID have reduced, we have maintained some of the controls to limit the risk of staff absence on the operational and the Airport Rescue and Fire Fighting teams.

Whilst the overall passenger numbers reached c.67% of 2019's numbers averaged over the year, the airline schedules were much more consolidated in the peak periods. During the busiest periods in the summer, peak hour operations were approximating 93% of summer 2019. Despite this concentration of operating activities, and an overall increase in the number of bags processed through the airport, the key health and safety measures, shown in the table below, continued to improve, reflecting the continued positive safety culture.

This has also been reflected in the results of the annual CAA Aerodrome Safety Audit, which took place in November, retaining the overall rating of "very good".

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Health and Safety KPIs	2019	2022	2023	2023 % Change
Lost Time Incidents (LTI)	48	16	16	0.0%
RIDDOR	33	14	12	14.3%
Lost Working Days (LWD)	1274	369	732	-98.4%
Lost Working Hours (LWH)	9770	2948	3673	-24.6%

The increase in Lost Working Hours/Days was largely driven by two members of staff which accounted for 80% and 50% of total hours/days respectively.

RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. These Regulations require employers, the self-employed and those in control of premises to report specified workplace incidents.

5.6 Staff satisfaction

Our staff are critical to the delivery of our services and in providing the customer experience we expect. As demonstrated throughout this report, especially in Sections 6.7 and 8.2 below and the Directors Report, ensuring direct and virtual communication with our teams, and their wellbeing (financial, physical and mental) is the subject of significant workstreams.

During 2023 it was decided not to complete a full satisfaction survey, but to carry out more focussed “listening groups” and pulse surveys throughout the year, which enabled more tailored responses to group specific issues.

The Reward Forum, a subcommittee of the Staff Committee, also continues to look at the LCY Reward Package and in 2023 worked with management on several initiatives including increases to Maternity & Paternity Pay, the introduction of an annual leave exchange scheme and increases to the annual leave allowance for new starters joining the company.

6. TCFD and ESG at LCY

During 2023, the ESG agenda in all industries remained a key focus. Given LCY’s inner city location, environmental targets and support for the local community have been a fundamental part of the operation for many years, governed by the Board’s Health & Safety, Security and Environment (HSSE) Committee. A high number of measures, especially for noise and air quality are included in the Annual Performance Report completed as part of our current planning compliance for the London Borough of Newham. Full compliance on all of these measures has been achieved for the last six years.

Management continues to participate fully with the government’s Jet Zero Strategy as well as continuing to be involved in various industry projects on the future of flight aimed at reducing the overall impact of aviation on the environment, through new technologies, linked to hydrogen and electric aircraft as well as provision of Sustainable Aviation Fuel (SAF).

Whilst the Group is not in scope for the Taskforce for Climate-Related Financial Disclosures (TCFD) reporting requirements, a gap analysis of its current status and activities against the recommendations of the TCFD was undertaken and showed that LCY has reasonable readiness and alignment with climate risk requirements. Future areas for consideration include assessing the resilience of LCY strategy under different climate scenarios.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6.1 Governance

The Health Safety Security and Environment (HSSE) Committee reviews LCY's environmental performance and strategies and this Committee is supported by the CEO-led cross functional management Sustainability Steering Group.

Sustainability, and ESG more generally, is also considered in the Group's Enterprise Risk Management's process which is reviewed on a quarterly basis by management, the outputs from which are overseen by the Board's Audit and Risk Committee.

6.2 Strategy

London City Airport's strategy was laid out in the publication of 'Above and Beyond: Our Roadmap to a Sustainable Future' in 2022. This sets out our ambition to achieve net zero emissions and our plan of initiatives which will support the delivery of this target. In June 2023, we released our first Sustainability Report covering 2022, which provided an update on progress against the commitments in the roadmap. This report can be found on London City Airport's website (www.londoncityairport.com).

The focus in 2023 has been delivering some of these initiatives whilst progressing analysis on potential cost-effective investments to support a reduction in the airport's emissions over the longer-term. Whilst it is acknowledged that the direct impact of airports is a small proportion of total emissions associated with air travel, we have a plan for how we intend to reduce the airport's carbon emissions, for example using renewable energy sources for powering and heating our buildings and vehicles.

In addition, we are working closely with airlines and other partners to understand how we can support them on their journey to net zero. This is demonstrated by the airport's decision to invest in an Engineered Material Arrestor System (EMAS), which helped to facilitate the certification of the E2-195, another new generation aircraft, in addition to the E2-190 and A220-100 already being operated by Swiss/Helvetic. These new generation aircraft are significantly quieter and more fuel efficient than their predecessors.

The proposals set out in the planning application restrict any additional operating hours to new generation aircraft only, therefore incentivising airlines to introduce these cleaner, quieter, new generation aircraft sooner, and deliver the benefits of these throughout the week. Another initiative we delivered in 2023 is the provision of SAF which is now available at the private jet centre operation, and we are reviewing options to introduce this more widely at the airport as part of our fuel strategy.

6.3 Risk identification and management

Given the nature of aviation, LCY considers identification of climate risks as part of its day-to-day operations and overall risk management framework. In addition, the physical risks, and related requirements for future adaptation actions, were assessed as part of the S73 planning application, while the transition risks are primarily managed via the ERM process, which captures projected impacts alongside the risks themselves.

6.4 Targets and measures

As mentioned above, LCY operates a comprehensive framework of environmental and operational controls. The Annual Performance Report (APR) documents the compliance and progress against these controls. Key areas covered include the monitoring of noise and air quality and assessment of carbon emissions. Previous APRs can be viewed on the airport's website. Full compliance has been reported for the past six consecutive years.

Assessment of carbon emissions is undertaken and independently verified as per of ACI's Airport Carbon Accreditation (ACA) certification and outcomes, along with wider sustainability KPIs, are published in the annual Sustainability Report. The next annual update covering 2023 performance will be published in Q2 2024.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6.5 Environmental Performance

In 2023, LCY renewed the highest level of the ACA, Level 4+ 'Transition', demonstrating LCY's continued efforts to decarbonise operations as well as influence the reduction of Scope 3 emissions, in line with the IPCC 1.5 degree pathway.

Work continues to decarbonise the airport in order to reduce reliance on carbon offsets. LCY's electricity contract continues to be solely sourced from green energy sources and certified under the Renewable Energy Guarantees of Origin (REGOs) system. By proving that electricity comes from renewables and therefore generates no carbon emissions, LCY's overall carbon footprint is significantly reduced.

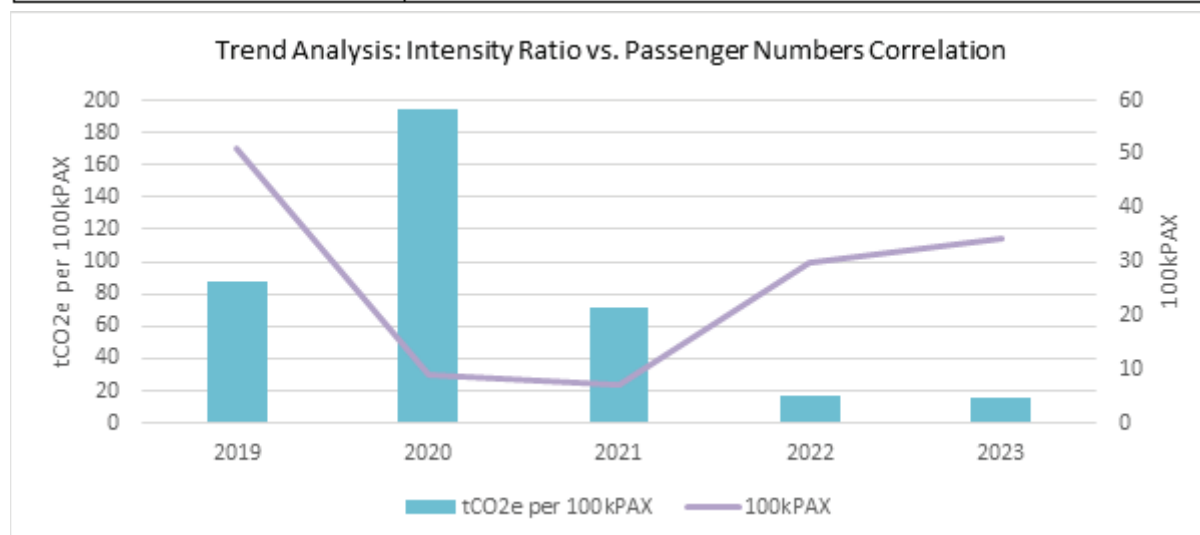
In 2023, we continued diverting 100% of our waste from landfill and successfully eliminated single-use plastic security bags by introducing high-tech CT scanners in security and removing the need to separate liquids. Work continues with our concessions and suppliers to transition to a circular economy and remove any residual single-use plastics. For this scope, we appointed a new waste contractor, Recorra, an East London recycling company with strong sustainability credentials. They are able to recycle over 35 different waste streams and process them all in UK and EU.

While the increase in ramp and aerodrome activity has led to increased diesel usage, it is still significantly reduced when compared to 2019 and 2020 levels. Overall, a 10.7% increase in total tonnes of CO₂ was achieved when compared with 2022, using the market-based assessment, reflecting the electricity supply being 100% from renewables.

However, using the alternative location-based approach (average national grid conversion factors), the increased activity led to an increase of 4%, due to the impact of the diesel increase being diluted.

The intensity measure considering the number of passengers shows a decrease of 3%.

	2019	2020	2021	2022	2023	2023 % Change
	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	
Business Travel (mileage)	2.69	1.7	1.8	1.8	1.4	24.3%
Gas	280.8	298.6	376.8	298.1	315.6	-5.9%
Diesel use	709	274.1	134.9	190.7	226.0	-18.5%
Electricity - location based	2565.5	1944.6	1767.3	1838.5	1880.1	-2.3%
Electricity - market based	3488	1182.5	0.0	0.0	0.0	0.0%
Total tCO ₂ e - MB	4480.5	1756.9	513.5	490.6	543.0	-10.7%
Total tCO ₂ - LB	3558.0	3701.5	2280.8	2329.1	2423.0	-4.0%
tCO ₂ e per 100kPAX	87.72	194.06	71.69	16.37	15.9	3.0%



LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6.6 Community

LCY has continued to support its local communities, focussing on education, employment, volunteering and community investment.

In 2023, the airport significantly increased its volunteering presence in the local community with more than 120 staff contributing 640 hours, directly benefitting over 1,000 east Londoners from schools to charities and other local organisations. In addition, we hosted larger programmes including our annual 'STEM in Aviation Day', 'Meet the Buyer' local supply chain event, Women in Aviation programme, summer Volunteering Fortnight and '12 Days of Giving' volunteering programme in December, which saw staff support a range of community events across east London.

In addition, LCY sponsored a variety of local events and initiatives throughout the year, including Newham's King's Coronation programme, Redbridge and Waltham Forest Libraries' Diwali celebrations and various Eid celebrations.

The LCY Local Community Fund supported 20 local charities and community organisations in 2023 by donating £86k (2022: £77k), which included a donation of £50k in January 2023 to local foodbanks to support with the cost-of-living pressures.

The total spent in 2023 on these activities total over £250k.

LCY continues to be committed to offering employment to local residents and has worked with the London Borough of Newham and other local businesses to hold local job fairs highlighting opportunities within the business.

6.7 Diversity and Inclusion

In 2023, LCY continued to broaden and deliver on the Inclusion Strategy developed in 2022 and key activities included the creation of an LGBTQIA+ employee forum, rollout of further Diversity training and development to over 80 managers and leaders in the business, and delivery of specific content focused programmes (such as the 'I am Remarkable' workshop for female employees in partnership with Google). The business also continued to support national initiatives via local activities for key awareness days/months (such as International Women's Day, Black History month, Pride, Mental Health week, etc.).

Gender pay equality has also been a focus for several years with specific projects aimed at increasing female representation across operational roles, which have historically been a male domain. For more information, please refer to the Gender Pay section in the Director's Report.

6.8 London Living Wage

LCY has been a London Living Wage (LLW) Employer since summer 2019. While all directly employed airport staff are paid above the London Living Wage, the decision directly benefited staff employed by some of the LCY's business partners including Mitie and GSF. The airport continues to work with its partners to encourage the adoption of the LLW as part of our target of being a LLW site.

LCY was the first airport in the UK to be both an accredited London Living Wage employer and certified with the Mayor of London's Good Work Standard. The continuing commitment to the LLW, despite the challenges caused by the recovery from the pandemic, coupled with LCY's policy of encouraging recruitment of local people, is reflective of LCY's commitment to not only be a good employer, but good for its local community too.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6.9 Financing

The 2021 £190m private placement funding included links to ESG measures with higher interest charges payable should the airport not achieve these targets. All of the targets included have been achieved.

6.10 Looking ahead

The underlying reasons for the slower than anticipated passenger recovery in 2023 are covered above in Section 5. However, this has been taken into account and revised projections have been developed reflecting the slower recovery back to 2019 levels.

However, management believe that the improvements to the customer offer that have been delivered during 2023 and will be largely completed in 2024, have positioned the airport well to welcome increased numbers of passengers over the next few years.

It is hoped that there will be a positive outcome to the planning application, a decision on which should be received during 2024, which would allow the airport to work with its airlines to consider the best way to maximise the use of the additional operating hours to continue to grow the leisure market opportunities from LCY.

During 2024, ITA will be launching Rome in addition to increasing daily services to Milan Linate. Aurigny is launching services between LCY and Guernsey and discussions are ongoing with current and prospective airlines about opportunities to drive volume and new destinations from the airport. The current aircraft and crew shortages across the industry are having a material impact on airlines' short-term plans, but they are still optimistic about the mid-term.

Given the softer recovery profile, our shareholders have increased their equity stake in the business by injecting £130m equity in April 2024 into the Group to allow a partial deleveraging and the lender group have agreed an amendment of the leverage covenant measures to reflect both the recovery curve and the continuing shareholder support for the group.

This is ahead of the planned refinancing of the term loans in 2025/2026.

7. Board Operation and Leadership

As LCY is the main operating Company in the Group, the corporate governance processes follow those set at the owning Group level. While LCY only lists its two executive Directors as officers, the four shareholders' representatives have a "significant control" over the Company and are fully involved in the governance and strategic oversight of the Company's activities.

This wider governance group comprises two representatives of each of the four shareholders, an independent Chair, plus the two executive Directors, the CEO, and the CFO. The make-up of this group encompasses a wealth of knowledge and experience required for the challenges of operating the airport and its development. The shareholders are experienced long term asset managers, some with interests in other airports. They are responsible for setting the long-term strategy for the airport and providing oversight of performance to ensure it meets its objectives. The key Committees established to assist in providing this oversight are the Audit and Risk Committee (ARC), the Health, Safety, Security and Environment Committee (HSSE), and the Remuneration Committee (RemCo), all of which include each shareholder's representatives, executive Directors and management as appropriate.

The Directors ensure key decisions are in line with the strategy, vision and values of the Company and delegate authority for day-to-day management to the CEO and Leadership Team of the Company and oversee the delivery of the strategic objectives through their regular engagement and reporting.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Group Directors as at 31 Dec 2023:

Role	Name	Organisation	Board committee
Chairman of the Board	Mel Ewell	Independent	All Committees - Attendee only
Executive - CEO	Robert Sinclair	London City Airport	All Committees - Attendee only
Executive - CFO	Wilma Allan	London City Airport	ARC - Attendee only
Director	Jamie Adam	OTPP	ARC
Director	David Stanton	OTPP	HSSE and RemCo
Director	Prateek Maheshwari	OMERS	RemCo
Director	Eric Machiels	OMERS	ARC, HSSE and RemCo
Director (Alternate)	Alberto Rozza	OMERS	
Director	Greg Pestrak	Wren House	ARC, HSSE and RemCo
Director (Alternate)	Naser Alaujan	Wren House	
Director	Ahmed Mubashir	AIMCo	ARC and RemCo
Director	Ross Clemmow	AIMCo	HSSE

8. Section 172(1) Statement

During the year, in performing their duties, the Directors have had regard to:

8.1 Consequences of longer-term decisions

Following the consultation process in 2019, the Company published a Master Plan in December 2020, this sets out the long-term strategic view of growth and sustainable development aspirations of the airport. This has been followed by the submission of the Planning Application in December 2022 (with its appeal hearing in December 2023 to February 2024), to raise the annual passenger cap from 6.5m to 9.0m, and the publication of the Sustainability Roadmap in May 2022.

On an annual basis, the Company prepares a budget and rolling long-term plan (typically five years) which also informs the impairment and valuation models. This ensures that any investment and resource needed to support projected growth can be highlighted and prioritised as appropriate.

8.2 Employee interests

Ensuring that LCY is a great place to work, with a flexible, skilled, diverse, motivated, and engaged workforce, are key priorities for LCY.

LCY uses a variety of methods to regularly engage our staff, ranging from weekly bulletins, email updates from Leadership Team members, all-staff briefings and individual business unit engagement led by the HR team.

A number of non-work staff welfare websites and webinars have been provided and promoted, with several focussing on wellbeing and mental health. Whilst these were established originally during the pandemic, the Company has continued to promote these tools.

Two-way engagement is delivered primarily through the Staff Committee, which meets monthly and provides the opportunity to discuss and resolve key workforce issues. It is chaired by the Chief People Officer and comprises representatives from all parts of the business. The Staff Committee enables LCY to explain business decisions and organisational changes, capture feedback from engaged employee representatives and, through its sub-committee the Reward Forum, propose changes to working terms and conditions as identified in section 5.6 above.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8.3 Relationships with customers, business partners and other stakeholders

LCY engages with a wide range of organisations, in both the public and private sectors, and the reputation of the airport and the way in which it communicates and is perceived by the wider population is very important to the Directors and Shareholders.

8.3.1 Customers

LCY engages directly with passengers in a variety of ways, including regular communications via our CRM database, our Consultative Committee and direct communication with our customers in the terminal, over the phone or via social media channels.

8.3.2 Business Partners

These relationships are managed by senior managers and directors of the relevant business departments who work closely with key business partners including airlines, retailers and suppliers, to ensure that we understand their needs and can adapt our operations accordingly in order to deliver the optimal business environment at the airport. For operational issues, there are regular meetings of the Airport Operators Committee and a bi-annual Employers Forum which all concession partners attend. Some key services are outsourced to partners e.g. air traffic control with NATS, hold baggage screening with Mitie and ground handling services through our airlines, with SHP (Sky Handling Partners) and GGS (Gatwick Ground Services).

8.3.3 Lenders

Regular update calls are held with the whole lender group, providing a briefing on the latest developments in the industry, business performance and emerging financial scenarios. Further interaction between individual lenders, management and shareholders are facilitated as required.

8.3.4 Shareholders

The Company benefits from the backing of supportive and committed long term shareholders who share the LCY vision for responsible and sustainable growth.

This relationship is guided by the Shareholder Agreement which ensures equal representation on the Board and Committees.

Engagement includes formal Board meetings, Committee meetings and regular business updates.

In addition, the shareholders make their subject matter experts available to management for support in technical areas such as tax and financing.

8.3.5 Government and regulators

LCY prioritises strong and collaborative working relationships with government departments, agencies and regulators who play a key role in shaping LCY's operating environment.

In addition, LCY regularly engages with other government departments, national and local elected representatives and industry/business groups including the Airport Operators Association (AOA) and Airports Council International (ACI) Europe to ensure LCY can shape and influence public policy decisions affecting the airport. This includes engagement with stakeholders at meetings and events and via responses to government consultations and parliamentary inquiries.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8.3.6 Communities

As London's most centrally located airport, LCY recognises that it has a responsibility to be a good neighbour and engage positively with local residents and communities in East London. LCY has an extensive programme of community engagement as explained in 6.6 above.

LCY maintains regular two-way dialogue in the following ways:

- Quarterly meetings of the London City Airport Consultative Committee (LCYCC);
- Quarterly publication of a community magazine which is delivered to 9,000 households through the LCY's Corporate Affairs team and dedicated Community Engagement Ambassador;
- Regular meetings with local businesses and developers, both individually and through local Chamber of Commerce meetings, on strategic and safeguarding issues;
- Regular compliance meetings with the London Borough of Newham;
- Participation in, and support for, the London Borough of Newham's community engagement activity; and
- Local stakeholder engagement on government-led initiatives e.g. airspace change.

9. Principal risks and uncertainties

The principal aim of the risk management approach at LCY is to embed the awareness of risk at all levels of the organisation.

Consideration is given to the impact of failing to manage risk on the business and its ability to achieve the strategic objectives. Failures could result in regulatory penalties, breaching operating licence conditions, reputational damage and limitations on LCY's ability to grow passenger numbers and attract the right staff and third-party partners.

The Enterprise Risk Management (ERM) framework used focusses on the identification and quantification of risks and when combined with the risk appetite, informs the scale of appropriate mitigations to be put in place, determining the residual risk. Board oversight is delegated to the Audit and Risk Committee. The following risks are considered to have the greatest potential impact if not managed appropriately.

9.1 Safety risks

Health and safety management is critical to the operation of LCY and the airport operates a safety management system built around risk assessment, inspection, asset stewardship, governance and assurance.

Risk assessments are undertaken for all activities entailing significant risk and proportionate control measures employed to safeguard everyone impacted by our business. LCY also operates robust asset selection and inspection and maintenance programmes to ensure property and equipment remain safe.

Governance, led by the Board through the HSSE Committee, and assurance processes are used to ensure the continuing effectiveness and to encourage continuous improvement. Particular attention has been paid during the year to the continuing impact on the risk environment arising from the pandemic.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9.2 Security risks including cyber

Security risks are regarded as critical risks to manage within the business, due to both the high-profile industry and the central London location. The airport mitigates these risks by adopting and enforcing rigorous policies and procedures supported by professional training and by investment in security technology. LCY also works closely with government agencies, including the Police and UK Border Agency, building a framework to establish joint accountabilities for airport security and shared ownership of risk, thus ensuring security measures remain both flexible and proportionate to the prevailing threat environment.

Given the increased reliance on systems within the business, LCY follows a defined Information and Cyber Security Framework supported by key objectives to ensure continuous improvement in our cyber security posture. This encompasses adhering to industry best practice standards, regular ethical hacking and vulnerability scanning alongside proactive third-party cyber audits. LCY also participates in industry forums such as National Cyber Security Centre, NATS Aviation Cyber Security and Data Protection Aviation Officers. LCY also communicates and trains our users on cyber security related issues through regular e-bulletins, mandatory training and phishing drills.

A 24x7 Security Operations Centre is in place to provide increased detection and response to cyber incidents which is delivered by the main IT outsource provider, Advanced 365. LCY has received a certificate of compliance from the CAA for its new Cyber Assurance Framework, which is now a CAA regulatory requirement.

9.3 Climate and environment related risks

Climate change and environmental lobbying against aviation continues to attract public focus. The carbon impact also featured highly in feedback on the Master Plan and planning application consultation in the summer. As a high-profile urban airport in London, LCY has always operated to the uppermost noise, air quality and energy standards. Strict adherence to a large number of environmental controls, a condition of the current planning permission, is monitored closely and is comprehensively reported on annually. Like other airports, extreme weather effects are an increasing risk and the airport has comprehensive risk assessments and procedures and equipment in place to deal with the events. Due to the positioning within the Royal Docks and being built over water, there are increased risks of flooding which are mitigated through the airport being covered by London flood defence arrangements.

The airport's response to the wider ESG agenda has been covered in its Sustainability Roadmap and the retention of the ACI Level 4+ accreditation in the year (see Section 6 above).

The airport also takes an active role in the various projects considering the future of flight to ensure it can play its part in reducing the impact of aviation as a whole to help respond to ongoing decarbonisation challenges.

9.4 Passenger demand risks

The key drivers of the airport's performance are passenger numbers and revenues. The post-COVID speed of recovery has affected the current and near-term financial performance of LCY. Many of the influencing factors are outside the airport's direct control, for example, current aircraft engine issues are affecting some of the aircraft used by airlines operating at LCY, affecting the plans for growth. A number of scenarios and projections have been modelled to inform the mitigating activities needed across all areas; operationally, resource planning, cost control and liquidity.

A key to the recovery is working in partnership with our airlines to ensure the continued growth in services. New contracts between the airport and airlines continue to encourage growth of routes and load factors through 2024 and beyond.

LONDON CITY AIRPORT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9.5 Liquidity and financial risks

The Group funds its operations through a combination of working capital, third party debt and shareholder-backed funding reflecting long-term interest in the success of the airport.

Much of the Group's senior debt has been refinanced in 2022 with a revised term to March 2026, which will secure liquidity for the operation. This extension covers the transition from the pandemic liquidity-based covenants back to the original EBITDA based terms. The lenders have agreed an amendment to these covenants as part of the partial debt prepayment in April 2024. Performance of the Company has a significant impact on the achievement of these measures. Therefore, these ratios are included in all forecasts and projections allowing consideration of corrective actions to be taken, either in costs, revenue or in securing additional funding.

Derivatives are employed to ensure a minimum of 75% of drawn debt is hedged against interest rate fluctuations.

A high percentage of costs are fixed in the short term, with significant time needed to recruit, train and security clear operational airside staff, limiting short term cost flexibility. However, a number of cost management options have been implemented and continue to be reviewed to ensure the business is right sized for the current and expected passenger volumes.

In the medium to longer term, the ability of any airport to optimise its infrastructure and facilities to meet demand and drive returns is dependent on achieving planning approvals for various passenger number increases. LCY is no different and the airport has submitted a planning application to raise the current annual passenger cap amongst other changes, with the decision expected in 2024.

9.6 Compliance and planning risks

Specific legislative risks exist in areas covering the operation of the airport from a health and safety, passenger screening and security and aerodrome operations perspective. Robust compliance and legal monitoring controls promote best practice throughout the organisation and minimise the Company's exposure to non-compliance. The key bodies that regulate the operation of the airport are the Civil Aviation Authority (CAA), the Department for Transport (DfT) and the London Borough of Newham (LBN).

In addition, planning risks exist in relation to LCY's ability to secure new planning permissions or modifications to existing permissions. Changes to the planning legislation, national aviation policy and the impact of pressure groups could impact the airport. Specialist planning advisors, involvement with industry-level engagement and representations and an experienced team work together to pre-empt and address any issues arising.

Approved by the Board of Directors and signed on its behalf



W Allan
Director

Date: 21/5/24

LONDON CITY AIRPORT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' report

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2023.

Results and dividends

The profit attributable to shareholders of £4.2m (2022: £3.3m loss) is arrived at after taking into account a taxation charge of £2.4m (2021: £2.1m charge). No dividend was declared or paid in the year (2022: £nil). There are no plans for a future dividend.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown below.

- **Robert Sinclair – Chief Executive Officer**

Robert joined London City Airport Limited in November 2017, bringing a broad range of airport management and general business experience with him to the role. Robert resigned as a director and left the company on the 26th January 2024.

- **Wilma Allan – Interim Co-CEO and Chief Financial Officer**

Wilma joined the airport in January 2018 following 19 years as a Finance Director/CFO in the rail industry, having worked in seven operating companies where she focussed on transforming the businesses, people development, continuous improvement and complex contractual negotiations. Wilma's early career was spent in various finance roles in the oil, nuclear and car industries.

- **Alison FitzGerald – Interim Co-CEO and Chief Operating Officer**

Alison FitzGerald joined London City Airport in January 2014 as Chief Information Officer (CIO). Since 2016 she has held the role of Chief Operating Officer (COO). As COO, Alison has responsibility for the overall airfield operation, security, passenger proposition as well as for the delivery of all technology services to the business. Prior to this role, Alison was CIO at the Financial Times and spent 16 years at Abbey/Santander where she held a number of senior management technology positions. She holds a professional Non-Executive Director qualification and was previously served as a Governor on the Board of the University of Bedfordshire.

Please see Section 7 in the Strategic Report on the broader Group governance and shareholder involvement.

None of the Directors had any interest in the shares of the Company.

There were no contracts or arrangements in which the Directors of the Company had interests which are required to be disclosed under the Companies Act 2006.

Directors' insurance and indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of the respective Directors which were in place throughout the year and which remain in place at the date of the report

Financial risk management and future developments

Financial risk management and future developments are discussed in the Strategic Report on page 3.

LONDON CITY AIRPORT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period, which is at least 12 months from the date of approval of these financial statements. The Directors have considered the Company's cash flow and liquidity, and the key areas of risk and uncertainty when making their assessment.

As indicated under 'Liquidity and financial risks' section of the Strategic Report, the Company funds operations through a combination of working capital and support from Group via external borrowings and shareholder backed funding.

Further details are given in the Going concern section in note 1.3 of the Financial Statements.

Employees

All employees are encouraged to be involved in the Company's performance through regular interactive communication channels providing up to date information on business matters and results. Employee remuneration also contains an element linked to business performance to give an opportunity for employees to participate in the success of the business.

See also sections 6.7 and 8.2 in the Strategic Report for further employee related commentary.

The airport regularly reviews employment methodology to ensure fairness and diversity in employment practices. The Company is committed to ensuring through reasonable adjustments that people with disabilities have access to roles in the workplace and recruitment decisions are based on ability to perform a role with the appropriate aptitude and ability.

Investment in training continues to ensure employees have the necessary skills to provide the best service to our customers. Both internal and external training is provided as appropriate to the employee's role and/or development.

It is important to the airport to attract and retain the best staff who can help shape the business to deal with both the strategic and day to day challenges.

LONDON CITY AIRPORT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Gender Diversity

London City Airport Limited is committed to continuing to provide equal opportunities to everyone irrespective of their gender.

The data used for the 2023 report was a snapshot of data from 5th April 2023, in accordance with the requirements of the Equality and Human Rights Commission's reporting instructions.

For 2023, the reported Median Male Hourly rate is 3% greater than the rate for Females (16.0% greater in 2021 & 6.4% greater in 2022), and the Mean Male hourly rate is 5.9% less than the rate for Females (2.7% greater in 2021 and 3.1% less in 2022). This is reflective of the increase in Females within the Upper Middle Quartile.

In 2023 82.8% of Females received a bonus compared to 87.8% of Males.

In 2022 our target was to increase female job holders across ramp services, engineering & middle quartile roles and 2023 data shows an increase in Female Ramp Service Agents and a 12.5% increase in the Upper Middle Quartile for the female population. These efforts will continue in 2024.

Number of employees split by gender as at 31 December:

Year ending 31 December 2023						
	Male		Female		Total	
	Number	%	Number	%	Number	%
Directors	1	0.25%	1	0.51%	2	0.34%
Senior Managers	7	1.76%	7	3.54%	14	2.35%
Managers	78	19.60%	38	19.19%	116	19.46%
All others	312	78.39%	152	76.77%	464	77.85%
Total	398	66.78%	198	33.22%	596	100%

Year ending 31 December 2022						
	Male		Female		Total	
	Number	%	Number	%	Number	%
Directors	1	0.26%	1	0.54%	2	0.35%
Senior Managers	8	2.08%	5	2.72%	13	2.28%
Managers	70	18.18%	36	19.57%	106	18.63%
All others	306	79.48%	142	77.17%	448	78.73%
Total	385	67.66%	184	32.34%	569	100%

LONDON CITY AIRPORT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Modern slavery and Human Trafficking

We have a zero-tolerance approach to modern slavery and are committed to ensuring that there is no modern day slavery or human trafficking in our business or supply chains. Our Anti-slavery Policy Statement reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Our commitment to anti-slavery is further demonstrated by the range of additional policies we implement in our business such as Whistleblowing, Anti-Bribery and Corruption, Purchasing and Ethics, general HR procedures and our employee Code of Conduct.

These demonstrate our dedication to promoting a culture of identifying, reporting and acting on potential concerns as well as encouraging and codifying ethical practice.

Charitable and political contributions

The total contribution for charitable purposes were £78k (2022: £58k). There were no political contributions made in 2023, (2022: £15k).

Walker Report Compliance

The Directors believe the annual report and financial statements comply with the principles of the Guidelines for Disclosure and Transparency in Private Equity.


Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed, PricewaterhouseCoopers LLP will therefore continue in office.

Liability limitation agreements

The directors have agreed with the company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 31 December 2023 should be limited to the greater of £5m or 5 times the auditor's fees, and that in any event the auditor's liability for damages should be limited to that part of any loss suffered by the company as is just and equitable having regard to the extent to which the auditor, the company and any third parties are responsible for the loss in question. The shareholders approved this limited liability agreement, as required by the Companies Act 2006.

On behalf of the Board



W Allan
Director

Date: 2/5/24

LONDON CITY AIRPORT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 United Kingdom Accounting Standards, comprising FRS 102 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



W Allan

Director

Date: 2/5/24

Independent auditors' report to the members of London City Airport Limited

Report on the audit of the financial statements

Opinion

In our opinion, London City Airport Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 Balance sheet as at 31 December 2023; the Profit and loss account, and the Statement of changes in equity 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.

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 2023 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 Directors' responsibilities statement, 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.

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 corporate taxation legislation, 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 the manipulation of financial statement line items through manual journal postings and potential management bias in determining critical accounting estimates. Audit procedures performed by the engagement team included:

- Inquiries of management with consideration of known and suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in respect of critical accounting estimates and assumptions;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

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 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 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.

Katherine Birch-Evans

Katherine Birch-Evans (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

2 May 2024

LONDON CITY AIRPORT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Turnover	3	102,690	85,294
Cost of sales		(7,607)	(7,052)
Gross profit		<u>95,083</u>	<u>78,242</u>
Administrative expenses		(88,527)	(79,963)
Other operating income	4	54	539
Operating profit/(loss)	5	<u>6,610</u>	<u>(1,182)</u>
Interest receivable and similar income	6	46	-
Profit/(loss) before taxation		<u>6,656</u>	<u>(1,182)</u>
Tax on profit/(loss)	9	(2,436)	(2,081)
Profit/(loss) for the financial year		<u><u>4,220</u></u>	<u><u>(3,263)</u></u>

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of other comprehensive income has been presented.

The profit/(loss) for the current and prior years is derived from continuing operations.

The notes on pages 27 to 40 form part of the financial statements.

LONDON CITY AIRPORT LIMITED

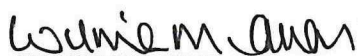
BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Fixed assets			
Tangible assets	10	64,549	54,450
Current assets			
Debtors: amounts falling due within one year	11	85,579	105,730
Debtors: amounts falling due after more than one year	11	10,119	7,949
Cash at bank and in hand		6,869	7,069
		<u>102,567</u>	<u>120,748</u>
Creditors: amounts falling due within one year	12	<u>(47,680)</u>	<u>(59,982)</u>
Net current assets		<u>54,887</u>	<u>60,766</u>
Net assets		<u>119,436</u>	<u>115,216</u>
Capital and reserves			
Called up share capital	14	31,197	31,197
Merger acquisition reserve		(23,239)	(24,606)
Profit and loss account		111,478	108,625
Total shareholders' funds		<u>119,436</u>	<u>115,216</u>

The notes on pages 27 to 40 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 2nd May 2024 and are signed on its behalf by:



W Allan
Director

Company Registration No. 1963361

LONDON CITY AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £000	Merger acquisition reserve £000	Profit and loss account £000	Total £000
Balance at 1 January 2022	31,197	(25,973)	113,255	118,479
Year ended 31 December 2022:				
Loss for the year	-	-	(3,263)	(3,263)
Merger acquisition movement	-	1,367	(1,367)	-
Balance at 31 December 2022	31,197	(24,606)	108,625	115,216
Year ended 31 December 2023:				
Profit for the year	-	-	4,220	4,220
Merger acquisition movement	-	1,367	(1,367)	-
Balance at 31 December 2023	31,197	(23,239)	111,478	119,436

The notes on pages 27 to 40 form part of these financial statements.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

General information

London City Airport Limited is a private company limited by shares incorporated in England and Wales. The registered office is London City Airport, City Aviation House, Royal Docks, London, E16 2PB.

1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

1.2 Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Disclosure exemption in the accounting policies

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 3 Financial Statement Presentation paragraph 3.17(d);
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Londonia Bidco Limited. These consolidated financial statements are available from its registered office, 44 Esplanade, St Helier, Jersey, JE4 9WG.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.3 Going concern

The Directors have prepared the financial statements on a going concern basis. In assessing the going concern position, the Directors have considered the following for a period of 12 months from the date of approval of the financial statements:

- The Company's cash flow and liquidity, including the recovery from impacts of Covid-19 thereon.

The financing arrangements available to the Company are from its ultimate parent, Londonia Topco Limited (the 'Group') which itself is funded by external lenders and shareholders.

As at 31 December 2023, the Group had £723.5m of utilised senior debt, an undrawn fully available revolving credit facility (RCF) of £61.6m, and £339m drawn of a £350m Holdco equity backed facility that was put in place during Covid. The maturity profile of these facilities occurs between March 2026 and November 2028.

The Group's financial forecasts over the next 12 months reflect softer passenger growth than anticipated last year, management are now expecting full recovery to 2019 levels by 2027/2028.

As a result of the slower recovery, the shareholders have taken pre-emptive actions necessary to ensure the Group remains in compliance with all bank covenants, and there is no requirement to draw on the available RCF during the going concern period.

For financial covenants, the Group has undertaken to maintain compliance with specific covenants. Covenant compliance test dates occur within the going concern period at 30 June 2024 and 31 December 2024.

An equity injection from the Shareholders of £130m has been injected into the Company in April 2024. This was used to fund an £85m voluntary prepayment of the £533.5m Senior Facility on 11 April 2024. The remaining £45m will be used for cash flow requirements, including interest obligations.

As a result of the equity injection, the Group has also successfully negotiated an amendment of the leverage covenant default levels to provide additional headroom. The base case forecasts did not require this covenant reset to remain compliant.

The Group has produced forecasts which demonstrate both liquidity and sufficient headroom, including against bank covenants, through the going concern period.

Given that there is always a level of uncertainty associated with various factors such as passenger growth rate projections, a severe but plausible downside case has been considered where the trajectory to pre covid trading is slower than anticipated, resulting in lower revenues. Under a severe but plausible downside scenario, the business remains compliant with the relevant financial covenants and shows liquidity headroom for a period of 12 months from the date of signing of the financial statements.

The Company and its Directors continue to manage liquidity by controlling both operating and capital expenditures while protecting the Company's ability to operate in a compliant and safe manner.

The Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

i) Aero revenue

Comprising primarily of landing fees, passenger charges, policing income, and aircraft parking charges and

ii) Income from 'concession arrangements'

Commercial revenue comprising primarily of concession fees from retail outlets.

This revenue is recognised on an accruals basis.

1.5 Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost. Assets under construction are not depreciated until they are available for use.

Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets.

The company assesses at each reporting date whether tangible assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible assets.

Land is not depreciated.

The estimated useful lives are as follows:

Freehold land and buildings	10 years
Plant and machinery	2 to 25 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Government Grants (Other Income)

Capital based government grants are included within accruals and deferred income in the balance sheet and released to the profit and loss account over fifteen years. Government Grants relating to the Coronavirus Job Retention Scheme (CJRS) and Airport & Ground Operations Support Scheme (AGOSS) are recognised in other income.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended where necessary to reflect current estimates. See note 10 for the carrying amount of the tangible assets, and the note above for the useful economic lives of each class of assets.

Merger reserve

Management have exercised judgement to determine the number of years over which the amount in the merger reserve is reduced with an equivalent decrease in retained earnings. This is assessed to be 20 years.

Accruals

Management exercise their judgement and make use of estimates to determine the performance and position of contracts included in accruals. This involves valuing the work performed and the impact of any changes to the contract programme or variations to the scope of work. Frequent assessments and reviews are performed for all contracts and regular forecasts are produced on the outcomes of each contract.

3 Turnover

Turnover is derived from the provision of airport management services, solely in the United Kingdom.

An analysis of the Company's turnover by class of business is set out below.

	2023	2022
	£000	£000
Turnover analysed by class of business		
Aero Revenue	81,900	67,277
Commercial Revenue	20,790	18,017
	<hr/>	<hr/>
	102,690	85,294
	<hr/> <hr/>	<hr/> <hr/>

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

4 Other operating income	2023	2022
	£000	£000
Grant income	<u>54</u>	<u>539</u>
<p>£16k relates to Airport and Ground Operations Support Scheme (AGOSS) (2022: £469k) and £38k (2022: £70k) relates to amortisation of government grants.</p>		
5 Operating profit/(loss)	2023	2022
	£000	£000
Operating profit/(loss) for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	140	129
Fees payable to the company's auditors for other audit services	-	19
Impairment of trade receivables	8	44
Depreciation - owned assets	9,604	9,088
Operating lease rentals	<u>23,193</u>	<u>23,340</u>
6 Interest receivable and similar income	2023	2022
	£000	£000
Interest receivable	<u>46</u>	<u>-</u>

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

7 Directors' remuneration

There are two directors in the Company, neither of whom received any emoluments directly from the company during the year. The Directors were remunerated by London Bidco Limited, a Group company, and provide services to a number of Group companies. It is not practical to determine the element of remuneration that relates to this company.

The costs incurred by the Group for the highest paid director in the Group were £926k (2022: £588k) including pension contributions of £35k (2022: £34k).

Directors' emoluments are £1,744k (2022: £1,164k) for the Group. Post-employment benefits are accruing for one director (2022: one) under defined contribution scheme. No directors (2022: none) were members of the defined benefit schemes.

Two directors (2022: two) are accruing benefits under long term incentive schemes.

8 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Operational	494	482
Administrative	111	69
	<u> </u>	<u> </u>
Total	605	551
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	24,127	21,420
Social security costs	2,515	2,455
Other pension costs	1,249	1,087
	<u> </u>	<u> </u>
	27,891	24,962
	<u> </u>	<u> </u>

9 Taxation

	2023	2022
	£000	£000
Current tax		
UK corporation tax on profits for the current period	3,252	(1,354)
Adjustments in respect of prior periods	1,354	117
	<u> </u>	<u> </u>
Total current tax	4,606	(1,237)
	<u> </u>	<u> </u>

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9	Taxation	(Continued)	
		2023 £000	2022 £000
	Deferred tax		
	Origination and reversal of timing differences	(1,044)	1,997
	Adjustment in respect of prior periods	(1,126)	1,321
	Total deferred tax	<u>(2,170)</u>	<u>3,318</u>
	Total tax charge	<u>2,436</u>	<u>2,081</u>

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £000	2022 £000
Profit/(loss) before taxation	<u>6,656</u>	<u>(1,182)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	1,564	(225)
Non qualifying depreciation	708	474
Non-taxable income/Non-deductible expenditure	(2)	(86)
Adjustments in respect of prior periods	228	1,439
UK tax rate differential	<u>(62)</u>	<u>479</u>
Taxation charge for the year	<u>2,436</u>	<u>2,081</u>

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

10 Tangible assets

	Freehold land and buildings £000	Assets under construction £000	Plant and machinery £000	Total £000
Cost				
At 1 January 2023	8,796	17,302	126,890	152,988
Additions	-	24,026	-	24,026
Transfer	120	(7,494)	7,374	-
Transfer to fellow group company	-	(3,709)	-	(3,709)
Disposals	(110)	(614)	(33,467)	(34,191)
At 31 December 2023	8,806	29,511	100,797	139,114
Accumulated depreciation				
At 1 January 2023	92	-	98,446	98,538
Depreciation charged in the year	20	-	9,584	9,604
Eliminated in respect of disposals	(111)	-	(33,466)	(33,577)
At 31 December 2023	1	-	74,564	74,565
Carrying amount				
At 31 December 2023	8,805	29,511	26,233	64,549
At 31 December 2022	8,704	17,302	28,444	54,450

Borrowing cost of £nil (2022: £nil) have been capitalised in the year.

Land and buildings include £8,055k (2022: £8,055k) of land which does not depreciate.

11 Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Trade debtors	7,798	6,952
Amounts owed by group undertakings	74,663	95,236
Other debtors	632	946
Prepayments and accrued income	2,486	2,596
	85,579	105,730
Amounts falling due after more than one year:		
Deferred tax asset (note 13)	10,119	7,949
Total debtors	95,698	113,679

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

12 Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	2,494	3,120
Amounts owed to group undertakings	29,455	43,851
Other creditors	1,813	1,394
Accruals and deferred income	13,918	11,617
	<u>47,680</u>	<u>59,982</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included within deferred income is a government grant of £nil (2022: £35k) that was granted in 2008 and is being amortised over 15 years.

13 Deferred taxation

The following are the major deferred tax (liabilities)/assets recognised by the company and movements thereon:

	2023	2022
	£000	£000
Balances:		
Accelerated capital allowances	202	(896)
Tax losses	9,173	8,700
Short term timing difference	744	145
	<u>10,119</u>	<u>7,949</u>
Movements in the year:	£000	£000
At 1 January	(7,949)	(11,267)
Deferred tax charge/(credit) to the profit and loss account for the year	(2,170)	3,318
At 31 December	<u>(10,119)</u>	<u>(7,949)</u>

No material amount of the deferred tax balance is expected to reverse in 2024.

14 Called up share capital

	2023	2022	2023	2022
	Number	Number	£000	£000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>31,196,939</u>	<u>31,196,939</u>	<u>31,197</u>	<u>31,197</u>

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Called up share capital

(Continued)

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

15 Potential future obligations arising from planning approval to expand airport's operations

The City Airport Development Programme (CADP) planning application (13/01228/FUL) was granted planning permission by the Secretaries of State for Communities and Local Government and Transport in July 2016 following an appeal and public inquiry which was held in March/April 2016. CADP includes a c.£500m investment to deliver extended passenger facilities and new airfield infrastructure at London City Airport which will enable the airport to operate up to 111,000 annual flight movements per annum and process up to 6.5 million passengers.

As a result of Covid-19 the Board paused the CADP development but agreed to complete those projects that were near to completion and would deliver capacity enhancing infrastructure for the future. The project will be restarted when passenger numbers recover.

The CADP planning permission is subject to comprehensive planning controls including 97 planning conditions and legal obligations.

The legal obligations attached to the CADP permission are listed in the Section 106 Agreement (S106) that the airport entered into with the London Borough of Newham, the Greater London Authority and Transport for London. There are two categories of future monetary payments that are payable under the CADP S106 agreement:

- Specific payments – for which the amounts are known. The precise timing of some payments is prescribed by the S106, whilst the timing of other payments is conditional upon the timing of projects and activities being undertaken by third parties to whom the contributions relate.
- Variable payments – for some of the obligations it is not possible to accurately estimate the potential cost or timing of the payment of these amounts as they are dependent on a variety of factors around the airport's own development and the future development of the local environment specifically in relation to development value compensation, noise insulation and other environmental improvements.

The 2016 CADP Planning Permission included a comprehensive mitigation package which was estimated at that time to have a maximum liability of around £26m. Since then, the airport has spent £19.4m against the original estimate. It is estimated that a further c.£6.5m will be spent across 2024 and 2025 combined (subject to take up rates of sound insulation; indexed payments and the review of other mitigation strategies that have yet to be agreed with the Local Authority).

Subject to securing consent for growth beyond our current passenger limits, it is assumed that the CADP Section 106 Agreement would be superseded by a new S106 from 2025.

Some of the S106 payments have been deferred following negotiations with London Borough of Newham and some of the works have been paused but the obligations still exist.

Details of the progress, funding and support provided by the airport to date is contained in the Annual Performance Report compiled under the agreement with LBN which can be found on the airport's website (<https://www.londoncityairport.com/corporate/corporate-info/reports-and-publications>)

LONDON CITY AIRPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

16 Operating lease commitments

Lessee

Non-cancellable leases and operating leases are as follows:

	2023 £000	2022 £000
Within one year	24,210	23,295
Between two and five years	46,563	-
	<u>70,773</u>	<u>23,295</u>

During the year £23,193k was recognised as an expense in the profit and loss account in respect of operating leases (2022: £23,295k).

17 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,249k (2022: £1,087k).

18 Ultimate controlling party

The immediate parent undertaking and smallest group to consolidate results is Londonia Bidco Limited, and the ultimate parent undertaking and largest group to consolidate results is Londonia Topco Limited both registered in Jersey. The registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG. Copies of the consolidated financial statements of Londonia Bidco Limited and Londonia Topco Limited are available to the public and may be obtained from 44 Esplanade, St Helier, Jersey, JE4 9WG.