

Registered No: 10390742

Gatwick Ground Services Limited

Annual Report and Accounts
For the year ended 31 December 2020



Gatwick Ground Services Limited

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Gatwick Ground Services Limited

Corporate information

DIRECTORS

M. Gower
M. Murphy
A. Carson

REGISTERED OFFICE

Waterside
PO Box 365
Speedbird Way
Harmondsworth
West Drayton
UB7 0GB

Gatwick Ground Services Limited

Strategic report

The Directors present their strategic report for the year ended 31 December 2020. Gatwick Ground Services Limited (the "Company") is a wholly owned subsidiary undertaking of British Airways Plc ("BA").

The principal accounting policies adopted by the Company are set out in note 2.

Business review

The Company had revenue during the period of £12,474,000 (2019: £21,176,000) and reported a profit after tax of £411,000 (2019: £756,000).

Safety and security incidents

As a subsidiary of BA, Gatwick Ground Services Limited reports to and is overseen by BA's Board Safety Review Committee that satisfies itself that the Company has appropriate safety resources and procedures.

People and employee relations

The Company is part of a large unionised workforce represented by a number of different trade unions. Collective bargaining takes place on a regular basis and any breakdowns in the bargaining process may result in subsequent strike action which may disrupt operations and adversely affect business performance.

Management maintains regular communication to keep colleagues informed about the business and progress on the delivery of the business plan. The Company has a focus on leveraging employee expertise and ensuring the development of our talent.

Significant reliance on customer

The Company is reliant on a critical customer, if the business requirements of the customer change in the future, it would have a significant impact on the operation of the business. The Company continues to consider diversification in order to mitigate this risk.

Impact of COVID-19

During 2020, the Company has been impacted by the outbreak and escalation of COVID-19. From late February, as the virus spread across the globe, many governments placed significant restrictions on the movement of people and on travel across international borders.

The Directors have taken action to preserve cash by reducing overhead costs and reducing forecast capital expenditure. The Directors continue to monitor and review the Company's cash flow forecasts regularly and will continue to take any necessary actions to support the Company's financial position.

Future developments

During 2020 and throughout 2021, the Company has extended the services offered to include "Front of House" including check-in and boarding, for BA and VY. This allows the company to provide full handling capability, increasing the opportunity to diversify customer base. In addition, ground handling and cleaning services will be offered and provided to other airlines based at LGW.

The Directors do not expect any major changes in the Company's activity in the foreseeable future.

Section 172 statement

During 2020, the Board acted in a way, they consider, in good faith, would most likely promote the success of Gatwick Ground Services ('GGS') for the benefit of its members based on information available to them at the time. The following disclosure details how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

Customers	
Why it is important to engage and what matters to them?	Both our immediate (the airlines) and indirect customers (their passengers) continue to value safety, reliability and value for money. There is also a growing trend in ethical and sustainability concerns being a factor in consumer choices.
How management and/or Directors engaged and what was the impact of the engagement.	The Board and Leadership Team receive regular updates regarding performance from British Airways, including related results of customer feedback surveys, net promoter score and complaints data. Safety performance of handling services and the punctuality of aircraft departure are monitored regularly due to the relationship with customer satisfaction. Regular performance meetings are held with customers.
Suppliers	
Why is it important to engage and what matters to them?	<p>The Company's suppliers are fundamental to ensuring that the company meets the high standards of conduct that customers and other key stakeholders expect. Key suppliers include equipment provision and maintenance, and as a result play a key part in providing a safe operation.</p> <p>Suppliers value operational stability ensuring predictable demand, transparency and integrity at all times in all business dealings and timely settlement avoiding liquidity challenges.</p>
How management and/or Directors engaged and what was the impact of the engagement.	<p>There is active supplier management, including contingency planning. IAG Global Business Services provide a centralised procurement function for the IAG Group and manage supplier engagement. The IAG Group Supplier Code of Conduct sets out the standards to which suppliers engaging with GGS must apply.</p> <p>The Board receives updates regarding material developments in key supplier relationships and regular operational updates including updates on operational performance at Gatwick Airport.</p>
Workforce	
Why it is important to engage and what matters to them?	<p>The Company's long-term success is predicated on the commitment of the workforce to the airline's purpose and consistently demonstrating the GGS values. To maintain a competitive advantage and meet the growing demand of the commercial aviation handling environment, the workforce needs to be adaptive and have a constantly evolving skills base.</p> <p>Engaging with the workforce is essential to ensure that the Company fosters an environment that the workforce is motivated to work in and that best supports their wellbeing.</p> <p>Colleagues are concerned with opportunities for personal development and career progression, a culture of inclusion and diversity, compensation and benefits and the ability to make a difference within GGS.</p>
How management and/or Directors engaged and what was the impact of the engagement.	Colleagues are provided with information that is of concern to them, including business and financial performance updates which are provided in person by the Managing Director at forums and via email. Colleagues are encouraged to share their views on all matters with senior management.
Investors	
Why it is important to engage and what matters to them?	GGS's sole investor is also its primary customer. From both perspectives performance, value for money and benchmarking to ensure efficiency is key. Any work undertaken that is not for BA must deliver value to BA in its role as investor of the company.
How management and/or Directors	The Board includes representatives of BA and IAG.

engaged and what was the impact of the engagement.	Key decisions taken by the Board of GGS require approval and ratification by BA and IAG, which depending on levels of financial investment and contractual terms may be at management committee and board levels. The Leadership Team provides regular operational and financial performance communications, such as monthly trading results, to BA.
Communities and environment	
Why it is important to engage and what matters to them?	The communities in which the company operates require GGS to operate in a socially responsible manner and protect the environment.
How management and/or Directors engaged and what was the impact of the engagement.	<p>GGS shares the values of parent company BA.</p> <p>Further information on the BA culture and commitment to corporate responsibility is available in the financial statements of BA.</p>



M. Gower
Director
27 September 2021

Gatwick Ground Services Limited

Directors' report

Registered No: 10390742

The Directors present their report and the unaudited accounts of Gatwick Ground Services Limited for the year ended 31 December 2020.

The principal accounting policies adopted by the Company are set out in note 2

Directors

The Directors of the Company during the year ended 31 December 2020 and up to the date of approval of the financial statements were:

- M. Gower
- M. Murphy
- A. Carson

Principal activities

The principal activities of the Company include aircraft cleaning, ground handling and front of house services (from Aug 2020) for British Airways at London Gatwick Airport.

Results and dividends

The profit after tax for the year ended 31 December 2020 amounted to £411,000 (2019: £756,000). The Directors do not propose to pay a dividend (2018: Nil).

Going concern

In light of the COVID-19 pandemic, the Directors have prepared updated cash flow forecasts for the period to 31 December 2021. Based on these forecasts the Directors have a reasonable expectation that the Company has sufficient liquidity for the foreseeable future and accordingly the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2020.

The Company has received confirmation from its parent company, British Airways Plc ('BA'), that it will provide financial support to the Company should it be required for a period of 12 months from the date of approval of these financial statements. Having made an assessment of the ability of BA to provide such support if required, the Directors have a reasonable expectation that the Company has sufficient liquidity for the foreseeable future and accordingly the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2020.

In addition, the retention of Gatwick Cabin Crew following the BA S188 Redundancy Notice, combined with additional responsibilities transferred to GGS from BA, gives the Directors confidence that BA will retain an operation from Gatwick that will support a viable GGS business and supported by a revised profitable contract.

However, the Company's financial position is significantly affected by the level of operating activity of BA. The Directors note the publication of BA's condensed consolidated interim financial statements for the six-month period ended 30 June 2021, in which a material uncertainty in relation to going concern was disclosed.

As a consequence, the Directors of the Company consider there is also a material uncertainty over the level of the Company's operating activities and the Group's ability to provide financial support to the Company and this could cast significant doubt upon the Company ability to continue as a going concern. Refer to note 1 for further information.

To control costs during the period of lower demand, GGS has furloughed excess heads making use of the Government Job Retention Scheme.

Gatwick Ground Services Limited

Directors' report

Registered No: 10390742

Directors' and officers' liability insurance

The ultimate parent company of the Group, International Consolidated Airlines Group S.A ("IAG"), purchases insurance against Directors' and Officers' liability as permitted by the Companies Act 2006 for the benefit of the Directors and Officers of its subsidiary undertakings.

Political contributions

During the period, the Company made no political contributions (2019: £nil).

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information

The Directors who were members of the board at the time of approving the Directors' report are listed on page 4. Having made enquiries of fellow Directors, each of these Directors confirm that:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

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



M. Gower
Director
27 September 2021

Gatwick Ground Services Limited

Income statement and statement of other comprehensive income

For the year ended 31 December 2020

£000's		2020	2019
Revenue	6	12,474	21,176
Cost of sales		(11,486)	(16,773)
Gross profit		988	4,403
Other Income	7	4,511	-
Other expenses		(5,000)	(3,739)
Operating profit	7	499	664
Interest expense		8	(19)
Tax charge on ordinary activities	9	(96)	111
Profit for the financial period		411	756

The notes on pages 11 to 20 form part of these financial statements.

The above results are all in respect of continuing operations.

Other expenses include exceptional items of £1,500,000 relating to BA restructuring cost.

There were no items of other comprehensive income for the year ended 31 December 2020.

Gatwick Ground Services Limited

Balance sheet

As at 31 December 2020

£000's	Note	31-Dec-20	31-Dec-19
Non current asset			
Right of use equipment	11	-	268
Total non current assets		-	268
Current assets			
Trade and other receivables	12	3,070	2,058
Total current assets		3,070	2,058
Creditors: amounts falling due within one year	13	(1,046)	(713)
Net assets		2,024	1,613
Share capital and reserves			
Called up share capital	14	-	-
Profit and loss account		2,024	1,613
Total shareholders' funds		2,024	1,613

The notes on pages 11 to 20 form part of these financial statements.

For the financial year in question the Company was entitled to exemption under section 479a of the Companies Act 2006 relating to subsidiary companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements on pages 8 to 20 were approved by the Board of Directors on 27 September 2021 and signed on its behalf by:



M. Gower
Director
27 September 2021

Gatwick Ground Services Limited

Statement of changes in equity

As at 31 December 2020

As at 31 December 2020			
£000's	Called up share capital	Profit and Loss account	Total
Balance as at 1 January 2020	-	1,613	1,613
Profit for the financial period	-	411	411
Balance as at 31 December 2020	-	2,024	2,024
As at 31 December 2019			
£000's	Called up share capital	Profit and Loss account	Total
Balance as at 1 January 2019	-	857	857
Profit for the financial period	-	756	756
Balance as at 31 December 2019	-	1,613	1,613

Gatwick Ground Services Limited

Notes to the financial statements

1. General information

The financial statements of Gatwick Ground Services Limited for the year to 31 December 2020 were authorised for issue by the Board of Directors on 30th June 2021 and the balance sheet was signed on the Board's behalf by M. Gower. The Company is a private limited company by shares with its main activity being providing ground services for BA at London Gatwick Airport. The Company is incorporated and domiciled in England.

The principal accounting policies adopted by the Company are set out in note 2.

2. Significant accounting policies

Basis of preparation

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and with the Companies Act 2006. These financial statements have been prepared on a historical cost convention. The Company's financial statements are presented in pounds sterling, which is the Company's functional currency, and all values are rounded to the nearest thousand pounds (£000), except where indicated otherwise. FRS 101 allows companies to take advantage of certain disclosure exemptions. As allowed under the standard, the disclosure exemptions under paragraph 8 to 9 of FRS 101 'Reduced Disclosure Framework' have been applied as the Company is a wholly owned subsidiary undertaking of BA whose accounts include an equivalent disclosure, where required, of the following standards:

- a) the requirements in paragraph 38 in IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1;
 - ii. Paragraph 73 (e) of IAS 16 *Property, Plant and Equipment*; and
 - iii. Paragraph 118(e) of IAS 38 *Intangible Assets*,
- b) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40S, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*,
- c) the requirements of IAS 7 *Statement of Cash Flows*,
- d) the requirements of 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*,
- e) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a Group provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- f) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*,
- g) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- h) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*, and
- i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.

Going concern

The Company has received confirmation from its parent company, BA, that it will provide financial support to the Company should it be required for a period of 12 months from the date of approval of these financial statements. Having made an assessment of the ability of BA to provide such support if required, the Directors have a reasonable expectation that the Company has sufficient liquidity for the foreseeable future and accordingly the Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2020.

In addition, the retention of Gatwick Cabin Crew following the BA S188 Redundancy Notice, combined with additional responsibilities transferred to GGS from BA, gives the Directors confidence that BA will retain an operation from Gatwick that will support a viable GGS business and supported by a revised profitable contract.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

Significant accounting policies (continued)

Going Concern (continued)

However, the Company's financial position is significantly affected by the level of operating activity of BA. The Directors note the publication of BA's condensed consolidated interim financial statements for the six-month period ended 30 June 2021, in which a material uncertainty in relation to going concern was disclosed.

As disclosed in those consolidated financial statements, given the economic uncertainty of the COVID-19 pandemic, BA modelled the impact of mitigating actions to offset further deteriorations in demand and capacity, including reductions in operating expenditure and capital expenditure. BA expects to be able to continue to secure financing for future aircraft deliveries and in addition has further potential mitigating actions, including asset disposals, it would pursue in the event of adverse liquidity experience.

Furthermore, to add resilience to the liquidity position of BA, including for the period beyond the next 12 months, the Directors of BA are actively pursuing a range of financing options, including securing additional long term financing facilities. The Directors of BA have a reasonable expectation that BA has sufficient liquidity to continue in operational existence for the foreseeable future and hence adopted the going concern basis in preparing the consolidated financial statements.

However, due to the uncertainty created by COVID-19, there are a number of significant factors that are outside of the control of BA, including: the status and impact of the pandemic worldwide; the emergence of new variants of the virus and potential resurgence of existing strains of the virus; the availability of vaccines worldwide, together with the speed at which they are deployed; the efficacy of those vaccines; and the restrictions imposed by national governments in respect of the freedom of movement and travel. BA, therefore, is not able to provide certainty that there could not be a more severe downside scenario than those it has considered, including the sensitivities in relation to the timing of recovery from the COVID-19 pandemic, capacity operated, impact on yield, cost mitigations achieved and the availability of aircraft financing to offset capital expenditure. In the event that a more severe scenario were to occur, the Group will need to secure additional funding. As set out above, sources of additional funding are expected to include securing additional long term financial facilities.

However, BA's ability to obtain this additional funding in the event of a more severe downside scenario represents a material uncertainty that could cast significant doubt upon BA's ability to continue as a going concern.

As a consequence of the above information and having made appropriate enquiries of the Directors of BA on its current financial position, the Directors of the Company consider this also represents a material uncertainty over the level of Company's operating activities and BA's ability to provide financial support to the Company and this could cast significant doubt upon the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Taxation

Tax on the profit or loss for the year comprises of current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

Significant accounting policies (continued)

Leases

The Group leases various properties and equipment. The lease terms of these assets are consistent with the determined useful economic life of similar assets within tangible assets.

At inception of a contract, an assessment is made as to whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right of use (ROU) asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

Right of use (ROU) assets

At the lease commencement date a ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs to return the asset to its original condition.

The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If ownership of the ROU asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are initially measured at their present value, which includes the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option; and payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the borrowing rate is used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less that do not contain a purchase option.

Financial instruments

The Company has no financial assets or liabilities measured at fair value through profit and loss.

Trade and other receivables

Trade receivables are stated at cost less allowances made for doubtful receivables, which approximates fair value given the short-dated nature of these assets. A provision for impairment of receivables (allowance for doubtful receivables) is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

Significant accounting policies (continued)

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue

Revenue is recognised when the ground service is provided.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account on a systematic basis over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss are presented under the heading 'Other income'.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

3. Critical accounting estimates and judgements

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if these are also affected.

Critical judgements in applying the entity's accounting policies

There are no critical judgements in applying the Company's accounting policies.

4. Audit exemption

The Company is not required to have their annual accounts audited, in accordance with section 479a of the Companies Act 2006 relating to subsidiary companies. The Company has decided to take advantage of this exemption. Therefore, no amounts have been paid for the audit of statutory accounts during the year (2019: £nil).

5. Directors emoluments

£000's	2020	2019
Wages and salary	94	98
Pension contributions	14	14
	108	112

One Director (2019: One) received remuneration from the Company during the year ended 31 December 2020 and qualified for, and accrued benefits under, a defined contribution pension scheme provided by the Company. The Director was the highest paid Director providing qualifying services to the Company during the year.

All other Directors of the Company were employed and remunerated during the period by either IAG or BA in respect of their services to the IAG Group as a whole. The qualifying services provided to the Company by these Directors were incidental compared to their main roles, therefore their remuneration amount relating to the Company was £nil (2019: £nil).

During the year, one Director (2019: one) participated in a defined contribution pension scheme provided by BA. Further details of the scheme is included in the financial statements of BA, which can be found on the website www.iagshares.com. One Director (2019: one) opted to receive cash in lieu of a pension from IAG.

At 31 December 2020, none of the Directors held any direct interest in any shares of the Company. However, in accordance with Schedule 5 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, during the year, two Directors (2019: three) participated in IAG's Long Term Incentive Schemes (2019: three) and awards vested for two Directors (2019: three) in the form of IAG shares.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

5. Directors emoluments (continued)

No other transactions (other than the ones already disclosed above) or loans were outstanding with the Directors of the Company at the end of the period (2019: nil), which need to be disclosed in accordance with the requirements of section 412 and 413 of the Companies Act 2006.

Compensation for loss of office is paid in accordance with the Executive Director's service and the contract is terminable on 12 months' notice.

6. Turnover

Turnover for the year has arisen wholly in the United Kingdom and all relates to aircraft cleaning and ground handling services at London Gatwick airport.

£000's	2020	2019
	12,474	21,176

7. Operating profit

Operating profit is stated after charging/(crediting):

£000's	2020	2019
Depreciation of right of use assets	133	291
Other Income	(4,511)	-

The Coronavirus Job Retention Scheme ('CJRS') - recognised as Other income

The CJRS was implemented by the government of the United Kingdom. From 1 March 2020 to 31 August 2020, those employees designated as being 'furloughed workers' were eligible to have 80 per cent of their wage costs paid up to a maximum of £2,500 per month.

From 1 September 2020 to 30 September 2020, the level of eligibility reduced to 70 per cent of wage costs up to a maximum of £2,197.50 per month. From 1 October 2020 to 31 October 2020, the level of eligibility reduced to 60 per cent of wage costs and up to a maximum of £1,875 per month. Following the introduction of further lockdown restrictions in the United Kingdom in November 2020, the CJRS was extended from 1 November 2020 to 31 December 2020 with the level of eligibility increased to 80 per cent of wage costs and a maximum of £2,500 per month.

Such costs are paid by the government to the Company in arrears. The government of the United Kingdom also paid associated social security cost until 31 July 2020. Since 1 August 2020, the Company was obliged to continue to pay the associated social security costs and employer pension contributions.

The Company received £4,511,321 from the CJRS in the year ended 31 December 2020. This amount is recorded in other income in the income statement.

The Company intends to continue to make use of the CJRS whilst it is available.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

8. Employee costs and numbers

The average number of employees during the period was as follows:

Number	2020	2019
Total	449	543

£000's	2020	2019
Wages and salaries	10,492	14,223
Social security costs	585	1,263
Costs related to pension scheme benefits	189	313
Severance	-	7
Other employee costs	220	967
Total staff costs	11,486	16,773

9. Tax

a) Tax on profit on ordinary activities

Tax charge/(credit) in the Statement of Comprehensive Income

£000's	2020	2019
Current tax		
Movement in respect of current year	96	-
Movement in respect of prior years	-	(111)
Total tax on profit	96	(111)
Total Tax Charge/(Credit)	96	(111)

b) Reconciliation of the total tax charge in the income statement

The total tax charge (2019: credit) is calculated at the standard rate of UK corporation tax. The tax charge (2019: credit) is equal to (2019: lower) the expected tax charge at the UK rate. The Company's effective tax rate is 19.00% (2019: -17.21%):

£000's	2020	2019
Profit before taxation	507	645
Tax calculated at the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	96	123
Adjustments in respect of prior years	-	(111)
Group relief surrendered/(claimed)	-	(123)
Total tax charge in the income statement	96	(111)

Gatwick Ground Services Limited

Notes to the financial statements (continued)

d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This reduction from 19% to 17% was reversed in Finance Act 2020 and in Finance Act 2021, the tax rate was increased to 25%, effective 1 April 2023. This will increase the Company's future UK current tax charge accordingly.

10. Dividends

No dividends were declared during the year ended 31 December 2020 (2019: £nil)

Gatwick Ground Services Limited

Notes to the financial statements (continued)

11. Leases

The Company has a lease contract for equipment used in the operation. The amounts recognised in the financial statements in relation to the lease are as follows:

(i) Amounts recognised in the statement of financial position

£000's	2020	2019
Cost		
Balance at 1 January	559	-
IFRS16 Transition	-	572
Additions in the period	-	-
Disposals in the period	(135)	(13)
Balance at 31 December	424	559
Depreciation		
Balance at 1 January	291	-
Charge for the period	133	291
Balance at 31 December	424	291
Net Book Value		
At 1 January	268	-
At 31 December	-	268

£000's	2020	2019
Lease liability		
Lease liabilities at 1 January	316	559
Disposals in the period	(135)	-
Repayments	(173)	(262)
Interest expense	(8)	19
Lease liabilities at 31 December	-	316

(ii) Amounts recognised in the income statement

	2020	2019
Depreciation	133	291

(iii) Operating lease commitments

From 1 January 2019, the Company has recognised ROU assets and lease liabilities for the leases it has entered into (except for short-term and low-value lease) and accordingly, no longer presents operating lease commitments. Having applied the modified retrospective approach to the implementation of IFRS 16, the Company has continued to present the comparative financial information for the aggregate payments, for which there were commitments under operating leases as follows as at 31 December 2019: In November 2020, the lease contract expired and is under negotiation.

Gatwick Ground Services Limited

Notes to the financial statements (continued)

12. Trade and other receivables

£000's	2020	2019
Amount owed by group undertakings	3,070	2,058

13. Payables: amounts falling due within one year

£000's	2020	2019
IFRS16 right of use Lease liability (note 11)	-	316
Accruals	1,046	397
	1,046	713

14. Share capital

£000's	No	2019	2018
Allotted, called up and fully paid			
Ordinary shares of £1.00 each	1	-	-

15. Related party transactions

As the Company is a wholly owned subsidiary of BA, the Company has taken advantage of the exemption in FRS 101 not to disclose related party transactions with fellow wholly owned group undertakings.

16. Ultimate parent undertaking

The Company's immediate parent undertaking as at 31 December 2020 was BA, a company registered in England and Wales. As at 31 December 2020, the ultimate parent undertaking of the Company was IAG, which is incorporated in Spain. Of the Group of which the Company is a member, IAG is the largest undertaking preparing group financial statements and BA is the smallest undertaking preparing group financial statements.

Copies of the consolidated financial statements of IAG and BA can be found on the website www.iagshares.com.