

# **IVY HOLDCO LIMITED**

**Report and Unaudited Condensed Interim Consolidated  
Financial Statements for the six months ended 30 September  
2019**

**REPORT AND UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

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## BUSINESS REVIEW

The Directors present their report and unaudited condensed interim consolidated financial statements for Ivy Holdco Limited (“the Company”) and its subsidiaries for the six months ended 30 September 2019.

## GROUP STRUCTURE

As at 30 September 2019, Ivy Holdco Limited has four wholly-owned subsidiaries: Gatwick Airport Limited (“GAL”), Ivy Bidco Limited, Gatwick Airport Pension Trustees Limited and Gatwick Funding Limited, collectively known as “the Group”.

The Company’s subsidiary, Gatwick Airport Limited, accounts for the significant majority of the Group’s operations, Ivy Bidco Limited is an investment property holding company and Gatwick Funding Limited has financing transactions which are replicated in a “back-to-back” agreement with Gatwick Airport Limited (its parent) and Ivy Holdco Limited. Collectively, the Group’s operations are considered to represent those of Gatwick Airport (“Gatwick”, the “Airport”).

## UK AVIATION STRATEGY

With continued demand for air travel, securing consent for new infrastructure is key to ensure Gatwick can meet such demand. Gatwick’s active participation in both Government and local policy consultations and extensive engagement with local authorities and community groups is a key enabler to ensure Gatwick receives the support it requires to continue to meet its ambition to grow. This ambition is further supported by a Section 106 agreement with Crawley Borough Council and West Sussex County Council which was renewed in April 2019.

The Aviation Policy Framework (2013) sets out the Government’s policy to allow the aviation sector to continue to make a significant contribution to economic growth across the country, as well as setting out policy on important issues such as noise and climate change. It emphasises the need for airport operators to invest in delivering new capacity and improved resilience as well as maximising the use of existing capacity.

In December 2018, the Government published for consultation policy proposals for a new Aviation Strategy entitled “Aviation 2050 – The future of UK aviation” (Cm9714). The policy measures are designed to develop a long-term Aviation Strategy to 2050 and beyond which aim to achieve a safe, secure and sustainable aviation sector that meets the needs of consumers and of a global, outward-looking Britain. The objectives of the strategy are to:

- Build a global and connected Britain;
- Help the aviation industry work for its customers;
- Ensure a safe and secure way to travel;
- Encourage competitive markets;
- Support growth whilst tackling environmental impacts; and
- Develop innovation, technology and skills.

This consultation closed in June 2019 and the Department for Transport (DfT) are currently analysing responses. A final Aviation Strategy is due to be published in early 2020. Gatwick supports the development of a new Aviation Strategy and its recognition that the aviation industry is important to the whole of the UK as it creates jobs, facilitates trade and promotes economic growth, supports inbound and outbound tourism, and connects the UK with the rest of the world.

Since Gatwick’s July 2012 master plan there have been significant changes within both the industry and at the Airport. The Government decided to support a third runway at Heathrow, and announced policy supporting all other airports to make best use of existing runways (‘Beyond the Horizon – The future of UK aviation. Making best use of existing runways’ June 2018). The Government considers that any proposals to make best use of existing infrastructure should be judged taking account of all relevant considerations, particularly economic and environmental impacts and proposed mitigations.

**BUSINESS REVIEW (continued)**

**UK AVIATION STRATEGY (continued)**

It is best practice to review the long-term development and planning strategy every five years. In October 2018 Gatwick published and consulted on its draft master plan. The new draft master plan had two main sections, covering (1) the next five years, and (2) Growth scenarios looking 5-15 years ahead. The latter section described three scenarios:

- One where it remains a single runway operation using the existing main runway
- One where the existing standby runway is routinely used together with the main runway
- One where we continue to safeguard for an additional runway to the south

Since the draft master plan was published, events over the last year have reinforced the need for greater resilience and additional capacity through sustainable airport growth. Therefore, in July 2019 the Airport published the final form of the master plan and produced a report on consultation. The Airport was encouraged by the levels of feedback with over 5,000 responses to the consultation received. Many of these responses highlighted strong support for Gatwick’s future growth ambitions with two-thirds (66%) of respondents supporting growth by making best use of Gatwick’s existing runways, through bringing the existing standby runway into routine use for the first time alongside our main runway. There was also clear support (59%) for the continued safeguarding of land for an additional runway should it be required in the future.

Importantly, the master plan sets out how Gatwick could develop to meet demand in the most sustainable way over the next 15 years. Indeed, the overall vision for Gatwick is to be the airport of the future, and a model for sustainable growth. Taking into account the consultation feedback, Gatwick announced it will:

- continue to make best use of its main runway through the use of technology;
- prepare a planning application to bring the standby runway into routine use; and
- continue to seek that national and local planning policy safeguards land for an additional runway in the future.

We have now started to undertake further detailed design and development work and undertake environmental and other studies to prepare the planning application to bring the standby runway into routine use. The planning process will be through a Development Consent Order (DCO) – a statutory planning process that will include a further stage of public consultation in 2020. This will allow all stakeholders including local authorities, communities, businesses and partners the opportunity to provide more feedback as the scheme evolves. If permission were granted, the runway could be brought into routine use by the mid-2020’s.

**BUSINESS REVIEW (continued)****REGULATORY ENVIRONMENT**

On 1 April 2014, a new regulatory framework, based on Commitments backed by a licence and supplemented by a monitoring regime, came into operation at Gatwick. The Commitments are a set of legally enforceable undertakings, made by Gatwick to airlines, covering price, service, transparency, financial resilience, operational resilience and dispute resolution. The Commitments also enable Gatwick to enter into a series of bilateral contracts incorporating, for example, price, service and duration, agreed on a contractual basis between Gatwick and individual airlines.

The CAA published its Decision and Notice granting a licence to Gatwick in February 2014. The CAA's Decision incorporates the Commitments proposed by the Airport within a licence. It is therefore a requirement of the licence that Gatwick complies with its obligations in the Commitments. This includes that Gatwick complies with its commitment to incorporate a maximum average revenue yield over the next seven years, based on published prices at RPI+1.0% per year, and average prices (taking into account bilateral contracts) at RPI+0.0% per year (i.e. the "blended price"). It also includes that Gatwick complies with its Commitment to undertake capital investment expenditure of at least £100.0 million per annum over the next seven years of the Commitment period. Obligations on third parties, contained in the Commitments, do not form part of the licence.

In the Decision, the CAA set out, amongst other things, its view of the "fair price" for the period from 1 April 2014 of RPI-1.6% per year. The CAA also considered that Gatwick should undertake capital investment expenditure of at least £160.0 million per annum on average (in 2011/12 price base). The CAA stated that it intends to monitor Gatwick's pricing and other behaviours (such as capital investment expenditure), on an annual basis to assess the extent to which the out-turn average prices (taking into account bilateral contracts) are consistent with its assessment of the "fair price" at RPI-1.6% and capital investment expenditure is at least £160.0 million per annum on average. If, as part of the CAA's monitoring of the Commitments, the CAA considers that the introduction of further licence conditions, or modifications to existing licence conditions, is in the passenger interest, then the CAA can propose such modifications at that time. This could be for example, to introduce a requirement for Gatwick to set its charges consistent with the CAA's view of its "fair price" or its view of minimum capital investment expenditure. Such licence modifications could be appealed by the Airport or airlines, to the Competition and Markets Authority.

The CAA's Decision also included a financial resilience condition. This requires Gatwick to produce a Certificate of Adequacy of resources and submit this to the CAA on an annual basis. This condition also restricts the business of Gatwick to the businesses undertaken on 1 April 2014, including the owning and operation of the Airport. Any other business will require the written consent of the CAA. Finally, the financial resilience condition requires undertakings from the ultimate holding company to not take action that would likely cause a breach of the licence and provide information requested by the CAA to enable Gatwick to comply with the licence.

Requirements as to operational resilience are included within Gatwick's Commitments and as such are not subject to a separate licence condition. However, based on a review of operational resilience, the CAA has provided guidance to Gatwick, and Gatwick indicated in the Commitments that it would have regard to such guidance. The CAA has also stated that as part of the monitoring regime, Gatwick should produce a shadow regulatory asset base ("RAB") calculation. The purpose of this requirement is in case the CAA considers that the passenger interest would be better served in the future by tighter regulation being introduced. As with pricing, shadow RAB and capital investment expenditure above, the CAA can propose to introduce such licence conditions to the extent it considers such modification is in the passenger interest. Similarly, such a licence modification could be appealed by the Airport or airlines, to the Competition and Markets Authority.

The CAA undertook a "short and focused review" of the Commitments in the second half of 2016 to assess whether they are operating in the passenger interest. The review was concluded in December 2016. The review did not recommend any changes to the Commitments.

The Commitments expire on 31 March 2021. Gatwick has undertaken to notify the CAA and all operators at the Airport at least two years prior to the end of the term of its intentions with regard to the continuation of Commitments. In June 2018 the CAA published CAP 1684: "Future economic regulation of Gatwick Airport Limited: initial consultation." This document consults on a possible CAA process to determine the regulatory arrangements for the period beyond the end of the current Commitments in 2021. The document is broadly supportive of Gatwick's favoured process of approaching the airlines directly with a commercial proposal, recognising this mechanism was embedded in the original Commitments.

**BUSINESS REVIEW (continued)****REGULATORY ENVIRONMENT (continued)**

During the autumn of 2018 and spring of 2019 Gatwick, together with its airline community and with input from the passenger advisory group undertook passenger research and reviewed the service standards at Gatwick Airport. In addition to this, in December 2018, Gatwick presented to the airlines its proposal to amend the Commitments and extend them to 31 March 2025. Following dialogue with the airline representatives in October 2019 Gatwick issued refined proposals to extend the Commitments for consultation with the airlines and the passenger advisory group. Following the consultation period Gatwick expects to write to airlines and the CAA in December 2019 to set out its decision on updated and extended Commitments.

Gatwick anticipates that the CAA, as its economic regulator, will assess the outcome of this consultation and make its own statement on how it intends to review and update Gatwick's economic licence.

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

**BREXIT**

Gatwick continues to adapt its preparation plans in light of Brexit developments, and is monitoring the effects of Brexit on the UK economy. Over the last six months, the forward outlook of UK GDP has further declined, with expectations for 2019 and 2020 now around 1.3% and 1% respectively (year-on-year growth). The combination of this economic climate and the uncertainty around the Brexit transition has resulted in some softening in UK outbound passenger demand. Gatwick however remains well-insulated. In the short-term, sterling currency depreciation against the Euro means that London continues to attract more inbound European travel due to its relative affordability compared to almost 3 years ago. In the medium and long term, passenger demand in the London system remains strong. London is the biggest Origin and Destination aviation market in the world and Europe's most visited city. Gatwick's position in the South East in a densely populated catchment area with excellent surface access to London mean it will continue to attract a significant share of this traffic.

In terms of Brexit transition, there continues to remain three possible outcomes: The UK leaves the EU under a withdrawal agreement, the UK exits under a 'no-deal', or the UK revokes Article 50. If the UK and EU ratify a withdrawal agreement before 31st January 2020, then from an aviation perspective this provides for a stand-still transition period whereby practically nothing changes - the UK will continue to participate in EASA, remains a member of the Single Aviation Market, remains part of the EU's one-stop security arrangements and remains part of the EU's Air Service Agreements with third countries, such as the US and Canada. This agreement also provides for a mechanism to extend the transition period post expiration on 31st December 2020, if required. A comprehensive Air Transport Agreement will need to be negotiated post transition, along with agreements with these third countries. Most of these bilateral arrangements have already been agreed, and the DfT are confident the remaining agreements will be agreed in advance of the UK leaving the EU.

If a Parliamentary consensus cannot be reached for a Brexit deal, then the EU has formally enacted no-deal contingencies for air connectivity & safety. For the period up to October 2020, this broadly ensures airlines will be allowed to keep flying between the UK and the EU without any restrictions on capacity and under the same security and safety protocols. The UK has reciprocated these arrangements.

**BUSINESS REVIEW (continued)****PASSENGER TRAFFIC TRENDS**

	<b>Six months ended 30 September 2019</b>	Six months ended 30 September 2018
Passengers	<b>26,598,290</b>	26,542,350
Air transport movements ("ATMs")	<b>156,500</b>	156,835
Passengers per ATM	<b>170.0</b>	169.2
Seats per ATM	<b>192.0</b>	189.8
Average load factor (%)	<b>88.5%</b>	89.2%
<i>Commercial passenger services only</i>		

In the six months ended 30 September 2019, 26.6 million passengers travelled through the Airport, an increase of 0.1 million or 0.2% compared to the same period in the prior year. ATMs were lower than prior period, but there was an increase in seats per movement as airlines better utilised the existing infrastructure by upgaging their aircraft. Load factor has decreased by 0.7 percentage points, partly due to the larger aircraft and partly due to the general softening of demand in the market, particularly within Europe.

In addition to a softening of consumer demand, the aviation sector has seen several other challenges. These include airspace congestion with en-route delays, adverse weather conditions, grounding of the Boeing 737 MAX aircraft, continued engine issues for Boeing 787 aircraft, and delivery delays for Airbus 320 and 321 neo aircraft. On 23 September Thomas Cook also went into liquidation which had a negative impact of 50,000 passengers and 254 ATMs for Gatwick in the period to 30 September.

The growth seen has been split between short-haul and long-haul markets, with 0.8% growth of short-haul and 2.3% growth in long-haul. The South American sector contributed 0.1 million of the growth, with Norwegian's new service to Rio de Janeiro and increased frequency to Buenos Aires.

In the short-haul market Eastern Europe saw the largest growth of 0.2 million as Wizz Air added daily services to Budapest, Gdansk and Cluj. This together with the growth in Southern Europe passengers by 0.2 million more than offset the reduction in traffic from Western Europe by 0.2 million.

Traffic on domestic routes has reduced by 10.3%, as easyJet discontinued their service to Aberdeen and Flybe their Newquay service.

**BUSINESS REVIEW (continued)**

**CAPITAL INVESTMENT PROGRAMME**

The key strategic objective for Gatwick is to compete to grow and become London’s airport of choice. A key enabler in delivering this objective is continued focus on transforming the passenger and airline experience of using the Airport through both investment in modern infrastructure and improving service standards. This will ensure that airlines can operate efficiently and customers enjoy a superior airport experience relative to competitors, encouraging greater utilisation of Gatwick and supporting its long-term growth ambitions. The key investment drivers for the Airport are as follows:

- Capacity
- Cost Efficiencies
- EH&S, Security and Compliance
- Service Quality
- Commercial Revenue
- Asset Stewardship and Resilience

	<b>Six months ended 30 September 2019 £m</b>	Six months ended 30 September 2018 £m
Capital expenditure	<b>124.2</b>	114.6

From April 2014, and following completion of Gatwick’s £1.2 billion Q5 Capital Investment Programme, regulatory oversight of Gatwick has evolved in response to the seven year Commitments framework, under which the Airport has made price, service quality, capital investment and consultation undertakings to its customers. Rather than being constrained by a fixed capital investment programme, the new framework allows flexibility, innovation and pace in making investments at the Airport to improve services for our passengers and airline customers. The framework includes a commitment to undertake capital investment expenditure of at least £100.0 million per annum over the next seven years.

The Group continues to invest in its Capital Investment Programme, spending £124.2 million in the six months ended 30 September 2019 (2018: £114.6 million). In July 2019, Gatwick published its 2019 Capital Investment Programme (“CIP”) for consultation with passengers and airlines, outlining plans to invest £1.1 billion over the next five years. Capital investment is forecast to be approximately £1.7 billion over the seven year Commitments period (starting April 2014) thereby continuing a similar rate of investment and improvement since the Airport changed ownership in December 2009, and in excess of the minimum level required under the Commitments framework.

Gatwick controls and delivers its Capital Investment Programme through seven individual programmes covering the key elements of the Airport. This approach allows Gatwick to deliver against its key investment drivers whilst maintaining its operations. Key capital investment projects and programmes completed and in construction during the six months ended 30 September 2019 can be summarised as follows:

- **Pier 6 Programme:** Design and construction works continued during the period on a significant programme of works to extend Pier 6 in order to improve pier service levels. Progress continued to be made on enabling works including taxiway alignment and stand reconfiguration; the main extension construction is due to commence at the end of 2019. The scheme, once complete will include an additional 8 A321 compatible gates in order to meet the continued growth and up gauging of the airline fleets.
- **Terminals Programme:** Investment continued during the year on the airports terminals with a view to improving resilience, efficiency and passenger service. Work continued on a new automated boarding gate process, designed to utilise biometrics to make the future boarding process more efficient with a number of new e-gates now operational on Pier 1 and for NT domestic passengers. Work completed in the South Terminal on a new facility for Common Travel Area (“CTA”) and domestic passengers which has created a segregated walking route from Pier 1 for these arriving passengers as well as a new baggage reclaim facility.



**BUSINESS REVIEW (continued)****CAPITAL INVESTMENT PROGRAMME (continued)**

- **Baggage Programme:** In August 2019 Gatwick successfully achieved full airport compliance with the DfT's regulations regarding enhanced screening of all passenger hold baggage ahead of the DfT deadline. Work impacted a number of areas within the Airport across both terminals including upgrading the screening machines to the latest security standards along with associated reconfiguration of the baggage system. The final projects within the programme are now nearing completion.
- **Commercial Programme:** A number of projects were completed during the period which have improved the retail and catering offerings at the Airport. In North Terminal work continued on a large extension to the mezzanine level in the international departure lounge which will accommodate new food and beverage offerings in addition to providing seating space for passengers. Barburrito, The Bookshop by WHSmith and Ray-Ban all had new stores opened in the period.
- **Asset Stewardship:** Investment to maintain the existing asset base of the Airport has been ongoing during the period. These works can be categorised into: Airfield, Facilities, Commercial, IT, Compliance and EHS and are considered critical to enhance the facilities and service offering throughout the Airport. Gatwick's 2019 CIP is forecasting to spend over £400.0 million in this area over the next five years to 2024.
- **Airfield Programme:** There continues to be significant investment in airfield asset stewardship and resilience in terms of taxiway rehabilitation and reconfiguration. Progress was made on the design phase of two projects in particular; to replace the entire airfield data network and to introduce a new rapid exit taxiway aimed at improving the resilience of the operation of the runway and on-time performance.
- **Resilience:** A programme of works to improve Gatwick's resilience has been ongoing, including projects to reduce risk associated with power, flooding, weather disruption events, terminal equipment failures, IT upgrades and security. This programme aims to ensure operational resilience remains a key component of our operational and capital investment plans going forward. Gatwick's 2019 CIP is forecasting to spend £62.6 million in this area over the next five years to 2024.

Looking ahead, significant further investment is planned to expand current facilities where required, to achieve greater operational efficiency and improve the passenger experience for all segments of the passenger journey. Further details of which can be found in the Capital Investment Plan published annually by Gatwick.

**BUSINESS REVIEW (continued)**

**FINANCIAL REVIEW**

**Revenue**

	<b>Six months ended 30 September 2019 £m</b>	Six months ended 30 September 2018 £m
Aeronautical income	<b>318.1</b>	298.0
Retail income	<b>112.1</b>	107.9
Car parking income	<b>53.2</b>	53.8
Property rental income	<b>16.4</b>	15.3
Operational facilities and utilities income	<b>18.9</b>	18.0
Other income	<b>22.6</b>	19.5
<b>Total revenue</b>	<b>541.3</b>	512.5

The increase in revenue for the six months ended 30 September 2019 of 5.6% was the result of period-on-period growth in passengers coupled with increased retail income per passenger and increased aeronautical yield, as discussed below.

**Aeronautical income**

Aeronautical income is driven by traffic volume, the level of airport charges and the terms of bilateral contracts with airlines. In the six months ended 30 September 2019, aeronautical income increased by 6.7% or £20.1 million to £318.1 million.

The CAA granted a licence under section 15(5) of the Civil Aviation Act 2012 which came into effect on 1 April 2014. The current regulatory approach for Gatwick is based on the Airport's Commitments to airlines (including bilateral contracts negotiated with individual airlines), underpinned by a licence issued by the CAA and supplemented by a monitoring regime.

The Airport's Commitments limit the increase in airport charges per passenger, measured over the seven year Commitments period (1 April 2014 – 31 March 2021), to an average of RPI+1.0% per annum under the published airport tariff (excluding the terms of bilateral contracts) and an average of RPI+0.0% per annum (including the terms of bilateral contracts). The increase in airport charges in any given year of the seven year Commitments period may be higher or lower than the average price limits over the seven year period. The Commitments framework also allows for an increase in airport charges for certain permitted security costs, including the costs associated with the installation of new hold baggage screening equipment required to meet the requirements of the Department for Transport, the European Commission or other aviation security regulator.

Following a period of consultation with the airline community, the planned gross yield (i.e. the planned aeronautical revenue per passenger excluding the terms of bilateral contracts) increased by 6.6% for the year commencing 1 April 2019; this increase comprised RPI at 3.5% plus 2.5% and a permitted security cost adjustment associated with a hold baggage screening project (plus 0.6%).

Including the impact of bilateral pricing agreements, the aeronautical yield for the six months ended 30 September 2019 was £11.96 (2018: £11.23) but as in prior years, the yield will be lower in the second half of the year as a result of the structure of charges and the terms of airline contracts; during the winter season (November – March) demand charges do not apply to the majority of aircraft movements, aircraft parking charges are lower and airline discounts are typically higher.

**BUSINESS REVIEW (continued)**

**FINANCIAL REVIEW (continued)**

**Retail income**

Net retail income per passenger is calculated as follows:

	<b>Six months ended 30 September 2019 £m</b>	Six months ended 30 September 2018 £m
Duty and tax-free	<b>33.3</b>	32.8
Specialist shops	<b>25.8</b>	25.1
Catering	<b>26.3</b>	23.7
Bureau de change	<b>15.5</b>	15.4
Other retail	<b>11.2</b>	10.9
	<b>112.1</b>	107.9
Less: retail expenditure	<b>(2.2)</b>	(1.8)
<b>Net retail income</b>	<b>109.9</b>	106.1
Passengers (m)	<b>26.6</b>	26.5
<b>Net retail income per passenger</b>	<b>£4.13</b>	£4.00

In the six months ended 30 September 2019, net retail income increased by 3.6% period-on-period to £109.9m with an increase in income per passenger of 3.3% to £4.13.

Duty and tax-free income performance has grown 1.5% period-on-period with income per passenger having increased 1.1%. This has been delivered through various initiatives including the Summer Festival (which is now in its second year), focus on improving the offer for passengers travelling on low cost carriers, the refurbishment of both terminals' arrivals stores as well as new contract terms.

Catering has continued its strong income performance which has seen growth of 11.0% which exceeded passenger growth and increased income per passenger by 10.6%. This has been driven by the increased space in the South Terminal through the additions of Itsu and Joe and the Juice. Trading performance was strong in the North Terminal airside units whilst development work to construct a new mezzanine level has been undertaken and several units were refurbished. Sonoma, a new full service restaurant based on the relaxed, fun and vibrant dining style of California opened earlier this year. Other new units will open during the second half of this financial year. New contract terms for several units have also driven income growth.

Specialist shops income has grown by 2.8% which has exceeded passenger growth and increased income per passenger by 2.4%. The North Terminal has seen the introduction of two new brands to the airport in Watches of Switzerland and Oliver Bonas. Several new units have opened in the North Terminal as the development works progress. These include a new Ray-Ban store and a WHSmith bookshop.

Bureau de change income has remained stable during the first half of the year.

The Airport's customer survey shows customer satisfaction remains high in the South Terminal with more than 85% of Gatwick's passengers rating both retail and food and beverage outlets as either 'Good' or 'Excellent'. However ongoing transformation project works in the North Terminal departure lounge has had an expected knock-on effect on passenger perceptions with this metric decreasing over the period.

Retail expenditure increased by £0.4 million as a result of growth in Gatwick Connects, E-commerce and advertising revenue.

**BUSINESS REVIEW (continued)**

**FINANCIAL REVIEW (continued)**

**Car parking income**

Net car parking income per passenger is calculated as follows:

	<b>Six months ended 30 September 2019 £m</b>	Six months ended 30 September 2018 £m
Car parking income	<b>53.2</b>	53.8
Less: car parking expenditure	<b>(11.0)</b>	(10.9)
Net car parking income	<b>42.2</b>	42.9
Passengers (m)	<b>26.6</b>	26.5
Net car parking income per passenger	<b>£1.59</b>	£1.62

Net car parking income decreased by 1.6% period-on-period and income per passenger decreased by 1.9%.

For the six months ended 30 September 2019, Gatwick market research data showed a decline in number of passengers starting and finishing their journeys at Gatwick of 2.6% compared to the same period last year, impacting both pre-book and roll-up revenue. Against this overall lower market demand, pre-book revenue remained flat period on period but sales to our dedicated website were up 4.2%. Overall pre-book volumes were down 3.1% and yields were up 3.2% driven by targeted customer segmentation pricing initiatives. Roll-up and other car park revenue were down 7.7%.

Car park expenditure increased by £0.1 million or 0.9%. Operating costs remained flat over the period, but sales costs increased due to higher online marketing costs.

**Other income categories**

For the six months ended 30 September 2019, income from other categories increased by £5.1 million to £57.9 million compared to £52.8 million for the six months ended 30 September 2018. Airports are responsible for providing the hold baggage screening service which has resulted in additional operating costs. however, this cost is recharged to the Airline community.

**BUSINESS REVIEW (continued)**

**FINANCIAL REVIEW (continued)**

**Operating costs**

	<b>Six months ended 30 September 2019 £m</b>	Six months ended 30 September 2018 £m
Staff costs	<b>99.2</b>	102.1
Retail expenditure	<b>2.2</b>	1.8
Car parking expenditure	<b>11.0</b>	10.9
Depreciation and amortisation	<b>89.5</b>	84.9
Maintenance and IT expenditure	<b>24.2</b>	21.5
Rent and rates	<b>13.3</b>	16.4
Utility costs	<b>11.5</b>	11.3
General expenses	<b>33.2</b>	23.5
<b>Total operating costs (pre-exceptional items)</b>	<b>284.1</b>	272.4

In the six months ended 30 September 2019 operating costs pre-exceptional items increased by 4.3% period-on-period compared to passenger growth of 0.2%.

For this period, staff costs, the largest operating cost, decreased by £2.9 million or 2.8%. The average number of full time equivalent (“FTE”) employees decreased from 3,062 for the six months to September 2018 to 3,051 for the same period in 2019. The majority of the decrease is driven by fewer FTEs in construction, IT and operations which stems from a different capital investment profile and more efficient resourcing. In addition to the reduction in FTEs, the average cost per FTE also reduced due to new starter rates, staff mix and discretionary payments.

Retail expenditure increased by £0.4 million as a result of growth in Gatwick Connects, E-commerce and advertising revenue.

Car park expenditure increased by £0.1 million or 0.9%. Operating costs remained flat over the period, but sales costs increased due to higher online marketing costs.

Depreciation and amortisation increased £4.6 million or 5.4% due to continued capital investment in the Airport and a number of large capital projects completing during the period like replacement of the EDS Standard 3 baggage screening machines.

Maintenance and IT expenditure increased £2.7 million or 12.6% as a result of increased spend largely driven by a different schedule of maintenance related activities, specific new costs in relation to EDS Standard 3 baggage screening machines, along with increased IT software, licence and maintenance costs.

Rent and rates decreased by £3.1 million or 18.9% for the six months ended 30 September 2019 due to a change in valuation methodology, resulting in a new baseline cost for current period and a one-off revision of costs for prior periods.

Utility costs increased by £0.2 million due to higher wholesale prices and consumption.

General expenses increased by £9.7 million. Following a UK Government directive, since 1 April 2019, airports are responsible for providing the hold baggage screening service which has resulted in additional operating costs. However, this cost is recharged to the Airline community resulting in a corresponding increase in other income of £2.2 million. Staff costs associated with the capital expenditure programme decreased by £2.1 million as a result of a different capital works programme. The remaining growth is due to royalties and service fees, plus contractual increases across a range of activities and services.

**BUSINESS REVIEW (continued)**

**FINANCIAL REVIEW (continued)**

**EBITDA**

Reconciliation of earnings before interest, tax, depreciation and amortisation (“EBITDA”) to operating profit:

	<b>Six months ended 30 September 2019 £m</b>	Six months ended 30 September 2018 £m
Operating profit	<b>246.2</b>	<b>240.1</b>
Add back: exceptional items	<b>14.9</b>	-
Add back: depreciation and amortisation	<b>89.5</b>	<b>84.9</b>
<b>EBITDA (pre-exceptional items)</b>	<b>350.6</b>	<b>325.0</b>

EBITDA increased by £25.6 million or 7.9% in the six months ended 30 September 2019.

**Principal risks and uncertainties**

The principal risks, as identified by the Board of Directors, have not changed since 31 March 2019. They are explained in more detail in the Group’s annual report and consolidated financial statements for the year ended 31 March 2019 and relate to the following key areas:

- Health and safety and security
- CAA regulation
- Competition rules
- UK Aviation Strategy
- Noise management
- Capital projects
- Changes in demand
- Industrial relations
- Financial risk

The principal risks for the Group are also explained in more detail in the Gatwick Funding Limited prospectus published on 26 June 2019.

**Financing activities**

During the six months ended 30 September 2019, the Group issued £300.0 million of fixed rate bonds (issue date 5 July 2019). In June 2019 the Group exercised an extension option on the existing Authorised Credit Facility (“ACF”). The ACF Agreement has a Revolving Credit Facility of £300.0 million with an initial tenor of five years (with two, one year extension options); the one year extension gives a revised termination date of 21 June 2024 (with one further extension option to 21 June 2025). Further information is included in note 19 of the financial statements.

**Going concern**

All the Group’s financial covenants have been met and are forecast to be met for the foreseeable future.

Based on the availability of undrawn committed borrowing facilities, and as further detailed in note 1 of the condensed interim consolidated financial statements, the Directors have a reasonable expectation that the Group will continue as a going concern and accordingly these condensed interim consolidated financial statements have been prepared on that basis.

**BUSINESS REVIEW (continued)**

**FINANCIAL REVIEW (continued)**

**Dividends**

The Directors have not declared a dividend during the period to 30 September 2019. During the period ended 30 September 2018 the Directors declared and paid dividend of 58.96p per share amounting to £150.0 million.

**REPORT OF THE DIRECTORS**

**BASIS OF PREPARATION**

The attached unaudited condensed interim consolidated financial statements of Ivy Holdco Limited, comprising the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Cash Flow Statement and other explanatory notes have been prepared in accordance with the requirements of the Ivy Holdco Limited Common Terms Agreement and are considered to fairly represent the financial condition and operations of Ivy Holdco Limited and its subsidiaries as at 30 September 2019 and for the six months then ended.

We confirm that, to the best of our knowledge:

- these condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as adopted by the EU; and
- the accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2019 which are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU except for the changes referred to in note 2.

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 March 2019 within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year is available on the Airport's website and will be filed with the Registrar of Companies. The auditor's report on the 31 March 2019 financial statements is unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

**OWNERSHIP**

On 13 May 2019, Ivy Guernsey Holding L.P completed the sale of 50.01% of Ivy Topco Limited (intermediate parent of Ivy Holdco Limited) to CRUISER Bidco Limited, a UK incorporated company. CRUISER Bidco Limited is ultimately owned by VINCI SA, a company incorporated in France.

The remaining 49.99% interest in GAL will remain ultimately managed by GIP.

**REPORT OF THE DIRECTORS (continued)**

**SIGNIFICANT BOARD CHANGES**

John McCarthy, the ADIA representative, resigned as a non-executive director of Gatwick Airport Limited on 30 April 2019. Karim Mourad was appointed as a replacement non-executive director.

Following the completion of the sale of 50.01% interest in Gatwick on 13 May 2019 the following changes were made to the Board of Directors of Gatwick Airport Limited on the same day:

Appointments:

Nicolas Notebaert  
Benoît Trochu  
Rémi Maumon de Longevialle  
Pierre-Hugues Schmit  
Olivier Mathieu

Resignations:

James van Hoften  
Andrew Jurenko  
Justin Ginnivan

Benoît Trochu resigned from the Board of Directors on 24 September 2019 and was replaced by Eric Marc Jacques Delobel on the same date.

On behalf of the Board



**Michael McGhee**  
**Director**

20 November 2019



**CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 30 September 2019**

	Note	Unaudited six months ended 30 September 2019	Unaudited six months ended 30 September 2018	Audited year ended 31 March 2019
		£m	£m	£m
Revenue	4	541.3	512.5	810.8
Other operating revenue	5	3.9	-	-
Operating costs	6	(299.0)	(272.4)	(539.4)
<b>Operating profit</b>		<b>246.2</b>	240.1	271.4
<i>Analysed as:</i>				
Operating profit before exceptional items		261.1	240.1	271.4
Operating costs - exceptional	7	(14.9)	-	-
Investment property revaluation	13	12.0	-	126.6
Loss on disposal of fixed assets	8	(1.2)	(4.0)	(5.2)
<b>Financing</b>				
Fair value loss on derivative financial instruments		(33.2)	(13.9)	(20.5)
Finance income	9	14.0	10.4	20.8
Finance costs	10	(69.9)	(67.5)	(133.2)
<b>Profit before tax</b>		<b>167.9</b>	165.1	259.9
Income tax charge	11	(30.9)	(26.5)	(51.8)
<b>Profit for the period</b>		<b>137.0</b>	138.6	208.1

The notes on pages 19 to 35 form an integral part of these unaudited condensed interim consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 September 2019

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited six months ended 30 September 2018 £m	Audited year ended 31 March 2019 £m
Profit for the period	<b>137.0</b>	138.6	208.1
<b>Other comprehensive income</b>			
Items that will not be reclassified to the consolidated income statement			
Actuarial (loss)/gain on retirement benefit obligations	<b>(18.7)</b>	16.8	(13.6)
Tax credit/(charge)	<b>3.0</b>	(2.9)	2.3
<b>Other comprehensive (loss)/income for the period</b>	<b>(15.7)</b>	13.9	(11.3)
<b>Total comprehensive income for the period</b>	<b>121.3</b>	152.5	196.8

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2019

	<b>Share capital £m</b>	<b>Merger reserve £m</b>	<b>Retained earnings £m</b>	<b>Total £m</b>
Balance at 31 March 2019 (audited)	254.4	(260.8)	244.7	238.3
Profit for the period	-	-	137.0	137.0
Other comprehensive income	-	-	(15.7)	(15.7)
<b>Balance at 30 September 2019 (unaudited)</b>	<b>254.4</b>	<b>(260.8)</b>	<b>366.0</b>	<b>359.6</b>
Balance at 31 March 2018 (audited)	254.4	(260.8)	197.4	191.0
Profit for the period	-	-	138.6	138.6
Other comprehensive income	-	-	13.9	13.9
Share based payments	-	-	0.3	0.3
Dividends	-	-	(150.0)	(150.0)
<b>Balance at 30 September 2018 (unaudited)</b>	<b>254.4</b>	<b>(260.8)</b>	<b>200.2</b>	<b>193.8</b>

The notes on pages 19 to 35 form an integral part of these unaudited condensed interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2019

	Note	Unaudited 30 September 2019 £m	Unaudited 30 September 2018 £m	Audited 31 March 2019 £m
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	2,398.4	2,315.3	2,347.3
Investment properties	13	1,162.1	1,012.9	1,148.3
Intangible assets	14	24.5	12.0	24.8
Lease receivables	16	16.9	16.9	16.9
Other non-current assets	17	300.1	0.1	0.1
		<b>3,902.0</b>	<b>3,357.2</b>	<b>3,537.4</b>
<b>Current assets</b>				
Inventories		5.9	4.9	6.0
Trade and other receivables		80.5	81.0	43.4
Cash and cash equivalents		15.0	33.0	2.6
		<b>101.4</b>	<b>118.9</b>	<b>52.0</b>
<b>Total assets</b>		<b>4,003.4</b>	<b>3,476.1</b>	<b>3,589.4</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	19	(2,753.9)	(2,534.4)	(2,580.4)
Derivative financial instruments	15	(261.8)	(222.0)	(228.6)
Lease liabilities	18	(63.4)	(46.9)	(50.3)
Deferred tax		(307.9)	(276.9)	(300.3)
Retirement benefit obligations	20	(48.5)	(13.9)	(37.6)
		<b>(3,435.5)</b>	<b>(3,094.1)</b>	<b>(3,197.2)</b>
<b>Current liabilities</b>				
Lease liabilities	18	(2.1)	(0.8)	(1.0)
Trade and other payables	21	(189.2)	(169.6)	(133.9)
Current tax liabilities		(4.2)	(6.0)	(4.1)
Deferred income		(12.8)	(11.8)	(14.9)
		<b>(208.3)</b>	<b>(188.2)</b>	<b>(153.9)</b>
<b>Total liabilities</b>		<b>(3,643.8)</b>	<b>(3,282.3)</b>	<b>(3,351.1)</b>
<b>Net assets</b>		<b>359.6</b>	<b>193.8</b>	<b>238.3</b>
<b>Equity</b>				
Share capital		254.4	254.4	254.4
Retained earnings		366.0	200.2	244.7
Merger reserve		(260.8)	(260.8)	(260.8)
<b>Total equity</b>		<b>359.6</b>	<b>193.8</b>	<b>238.3</b>

The notes on pages 19 to 35 form an integral part of these unaudited condensed interim consolidated financial statements.

These condensed interim consolidated financial statements of Ivy Holdco Limited (Company registration number: 07497036) were approved by the Board of Directors on 20 November 2019 and were signed on its behalf by:



**Michael McGhee**  
Director



**Rémi Maumon de Longevialle**  
Director

**CONSOLIDATED CASH FLOW STATEMENT**  
For the six months ended 30 September 2019

	Unaudited six months ended 30 September 2019 £m	Unaudited six months ended 30 September 2018 £m	Audited year ended 31 March 2019 £m
<b>Cash flows from operating activities</b>			
Profit before tax	167.9	165.1	259.9
<i>Adjustments for:</i>			
Investment property revaluation	(12.0)	-	(126.6)
Loss on disposal of fixed assets	1.2	4.0	5.2
Fair value loss/(gain) on financial instruments	33.2	13.9	20.5
Finance income	(14.0)	(10.4)	(20.8)
Finance costs	69.9	67.5	133.2
Depreciation and amortisation	89.5	84.9	170.0
Increase in inventories, trade and other receivables	(24.9)	(28.8)	(0.9)
Increase/(decrease) in trade and other payables	6.1	(18.9)	(4.3)
Defined benefit pension contributions	(8.0)	(7.6)	(15.0)
Other non-cash movements	-	-	0.1
<b>Cash generated from operations</b>	<b>308.9</b>	269.7	421.3
Corporation tax paid	(16.1)	(5.9)	(12.3)
<b>Net cash from operating activities</b>	<b>292.8</b>	263.8	409.0
<b>Cash flows from investing activities</b>			
Interest received	0.7	0.2	0.8
Sale of tangible fixed assets	0.1	1.1	1.1
Purchase of fixed assets	(129.2)	(129.4)	(256.5)
<b>Net cash from investing activities</b>	<b>(128.4)</b>	(128.1)	(254.6)
<b>Cash flows from financing activities</b>			
Interest paid	(23.1)	(23.0)	(116.9)
Payment of lease liabilities <sup>(a)</sup>	(1.2)	-	-
Increase in long term external borrowings	292.3	-	-
(Decrease)/increase in revolving credit facility	(120.0)	52.8	97.6
Increase in related party receivables	(300.0)	-	-
Equity dividends paid	-	(150.0)	(150.0)
<b>Net cash from financing activities</b>	<b>(152.0)</b>	(120.2)	(169.3)
Net increase/(decrease) in cash and cash equivalents	12.4	15.5	(14.9)
Cash and cash equivalents at the beginning of the period	2.6	17.5	17.5
<b>Cash and cash equivalents at the end of the period</b>	<b>15.0</b>	33.0	2.6

(a) The Group has adopted IFRS 16 using the modified retrospective approach in accordance with IFRS 16:C5(b) with a date of initial application of 1 April 2019. The Group has not restated the comparative information.

The notes on pages 19 to 35 form an integral part of these unaudited condensed interim consolidated financial statements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the six months ended 30 September 2019****1. BASIS OF PREPARATION**

Ivy Holdco Limited (“the Company”) is a private company, limited by shares, and is registered and incorporated in England, United Kingdom.

These financial statements are the condensed interim consolidated financial statements of Ivy Holdco Limited and its subsidiaries (“the Group”) for the six months ended 30 September 2019. The comparative periods are the six months ended 30 September 2018 and the year ended 31 March 2019. They are presented in sterling and rounded to the nearest £0.1 million. These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as adopted by the EU and prepared under the historical cost convention, except for investment properties, available-for-sale assets, derivative financial instruments and financial liabilities that qualify as hedged items under a fair value hedge accounting system. These exceptions to the historic cost convention have been measured at fair value in accordance with IFRS as adopted by the EU and as permitted by the Fair Value Directive as implemented in the Companies Act 2006.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2019 which are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU except for the changes referred to in note 2.

**Going Concern**

The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Consequently the Directors have reviewed the cash flow projections of the Group taking into account:

- the forecast passenger numbers, revenue and operating cash flows from the underlying operations;
- the forecast level of capital expenditure;
- the Group’s funding structure and the facilities that are available to the Group; and
- the Group’s financial covenants.

All of the Group’s financial covenants have been met and are forecast to be met for the years ending 31 March 2020, 2021 and 2022.

As a result of the review, having made appropriate enquiries of management and allowing for headroom to accommodate a reasonable downside scenario (including a fall in passenger numbers), the Directors have a reasonable expectation that sufficient funds are available to meet the Group’s funding requirement over a period of at least 12 months from the date of the condensed interim consolidated financial statements. Accordingly the Directors have a reasonable expectation that the Group will continue as a going concern, and the financial statements have been prepared on that basis.

The financial statements were approved by the Directors on 20 November 2019.

**2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**

During the period, the Group adopted IFRS 16 Leases, of which the impact has been detailed below:

IFRS 16 introduces a single lease accounting model for lessees, bringing leases on balance sheet. A lessee recognises a right-of-use asset representing its right to use the underlying asset, and a lease liability representing its obligation to make lease payments. Lessor accounting remains unchanged from IAS 17 which makes the classification between operating and finance leases. There is no impact for leases in which the Group is the lessor.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)**

For leases in which the Group is a lessee, the Group recognised £14.4 million right-of-use assets and a corresponding lease liability on a number of property, vehicle and maintenance contracts for which the Group deems to be a lease.

The Group has adopted IFRS 16 using the modified retrospective approach in accordance with IFRS 16:C5(b) with a date of initial application of 1 April 2019. The Group has not restated the comparative information.

**3. GENERAL INFORMATION**

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 March 2019 within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year will be filed with the Registrar of Companies. The auditor's report on the 31 March 2019 financial statements is unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

**4. REVENUE**

The Directors consider the business has only one segment (defined as the Airport due to the nature of its regulatory environment, type of operation, geographic location, and internal management reporting framework).

**Disaggregation of revenue**

All of the Group's revenue arises in the United Kingdom and is from continuing operations. Additional details of the revenue generated by each of the Group's key activities are given below.

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited six months ended 30 September 2018 £m	Audited Year ended 31 March 2019 £m
Airport and other traffic charges	<b>318.1</b>	298.0	427.8
Retail	<b>112.1</b>	107.9	191.3
- Duty and tax-free	<b>33.3</b>	32.8	59.1
- Specialist shops	<b>25.8</b>	25.1	44.1
- Catering	<b>26.3</b>	23.7	41.8
- Bureau de change	<b>15.5</b>	15.4	26.6
- Other retail	<b>11.2</b>	10.9	19.7
Car parking	<b>53.2</b>	53.8	88.3
Property income	<b>16.4</b>	15.3	31.9
Operational facilities and utilities income	<b>18.9</b>	18.0	32.5
Other	<b>22.6</b>	19.5	39.0
	<b>541.3</b>	512.5	810.8

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**5. OTHER OPERATING INCOME**

During the six months ended 30 September 2019 the Group received other income in the form of insurance proceeds.

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited six months ended 30 September 2018 £m	Audited Year ended 31 March 2019 £m
Other income	<b>3.9</b>	-	-

**6. OPERATING COSTS**

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited six months ended 30 September 2018 £m	Audited year ended 31 March 2019 £m
Wages and salaries	<b>82.8</b>	85.8	170.1
Social security costs	<b>8.2</b>	8.0	16.2
Pension costs	<b>5.2</b>	4.9	10.4
Share-based payments	<b>(0.1)</b>	0.3	0.5
Other staff related costs	<b>3.1</b>	3.1	6.4
<b>Staff costs</b>	<b>99.2</b>	102.1	203.6
Retail expenditure	<b>2.2</b>	1.8	3.4
Car parking expenditure	<b>11.0</b>	10.9	19.1
Depreciation and amortisation	<b>89.5</b>	84.9	170.0
Maintenance and IT expenditure	<b>24.2</b>	21.5	45.2
Rent and rates	<b>13.3</b>	16.4	32.8
Utility costs	<b>11.5</b>	11.3	23.1
Police costs	<b>6.8</b>	6.9	14.2
General expenses	<b>19.6</b>	10.2	15.5
Aerodrome navigation service costs	<b>6.8</b>	6.4	12.5
Operating costs – exceptional (refer to note 7)	<b>14.9</b>	-	-
	<b>299.0</b>	272.4	539.4

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**7. OPERATING COSTS - EXCEPTIONAL**

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited Six months ended 30 September 2018 £m	Audited Year ended 31 March 2019 £m
Transaction costs <sup>(a)</sup>	14.2	-	-
Reorganisation costs <sup>(b)</sup>	0.7	-	-
	<b>14.9</b>	-	-

(a) Incentive and reorganisation costs incurred during the period in relation to the sale of Gatwick to VINCI SA.

(b) Reorganisation costs relate to the Operational Change Programme designed to deliver an enhanced passenger journey and create new leadership roles.

**8. LOSS ON DISPOSAL OF FIXED ASSETS**

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

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited six months ended 30 September 2018 £m	Audited year ended 31 March 2019 £m
Loss on disposal of fixed assets	1.2	4.0	5.2

**9. FINANCE INCOME**

	<b>Unaudited six months ended 30 September 2019 £m</b>	Unaudited six months ended 30 September 2018 £m	Audited year ended 31 March 2019 £m
Interest receivable from other group undertakings <sup>(a)</sup>	3.6	-	-
Interest receivable on money markets and bank deposits	0.1	0.1	0.1
Interest receivable on derivative financial instruments <sup>(b)</sup>	9.9	9.9	19.8
Lease income	0.4	0.4	0.9
	<b>14.0</b>	10.4	20.8

(a) These amount relate to interest receivable on a £300 million intercompany loan with Ivy Super Holdco Limited.

(b) These amounts relate to interest receivable on £396.0 million interest to index-linked derivatives. Refer to note 15 for detail on the nominal value of the Group's swaps.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**10. FINANCE COSTS**

	<b>Unaudited six months ended 30 September 2019 £m</b>	<b>Unaudited six months ended 30 September 2018 £m</b>	<b>Audited year ended 31 March 2019 £m</b>
Interest on fixed rate bonds	<b>60.0</b>	58.0	115.6
Interest on bank borrowings <sup>(a)</sup>	<b>0.7</b>	0.4	0.9
Interest payable on derivative financial instruments <sup>(b)</sup>	<b>6.0</b>	5.8	11.8
Amortisation of debt costs	<b>1.3</b>	1.6	2.8
Non-utilisation fees on bank facilities	<b>0.8</b>	0.8	1.4
Lease expense	<b>5.4</b>	4.9	9.6
Net charge on pension scheme	<b>0.5</b>	0.5	0.8
Capitalised borrowings costs <sup>(c)</sup>	<b>(4.8)</b>	(4.5)	(9.7)
	<b>69.9</b>	67.5	133.2

(a) These amounts relate to interest payable on loans drawn under the £300.0 million Revolving Credit Facility.

(b) These amounts relate to interest payable on £396.0 million interest to index-linked derivatives. Refer to note 15 for more detail on the nominal value of the Group's swaps.

(c) Borrowing costs have been capitalised using a rate of 4.31% (30 September 2018: 4.81%, 31 March 2019: 4.96%), which is the weighted average of rates applicable to the Group's overall borrowings outstanding during the year. The capitalised interest amount is calculated by applying the capitalisation rate to the average monthly balance of assets in the course of construction, after deducting the value of construction work undertaken but not paid for, and included in the value of such assets.

**11. TAX CHARGE**

The tax charge for the six months ended 30 September 2019 is based on an effective tax rate of 18.4% (30 September 2018: 16.1%, 31 March 2019: 19.9%). This is driven by the estimated effective tax rate for the full year and movement in the Group's deferred tax liabilities.

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**12. PROPERTY, PLANT AND EQUIPMENT**

<b>Cost</b>	Terminal complexes £m	Airfield assets £m	Group occupied properties £m	Plant, equipment & other assets £m	Assets in the course of construction £m	Total £m
1 April 2019 (audited)	1,522.3	542.2	139.5	597.0	241.5	3,042.5
Transition to IFRS 16 <sup>(a)</sup>			13.6	0.8	-	14.4
Additions at cost	-	-	-	-	124.2	124.2
Interest capitalised	-	-	-	-	4.8	4.8
Transfers to completed assets (including to investment properties and intangible assets)	42.8	19.1	4.5	41.5	(114.5)	(6.6)
Disposals	(1.3)	(0.8)	-	(10.0)	-	(12.1)
<b>30 September 2019 (unaudited)</b>	<b>1,563.8</b>	<b>560.5</b>	<b>157.6</b>	<b>629.3</b>	<b>256.0</b>	<b>3,167.2</b>
<b>Depreciation</b>						
1 April 2019 (audited)	(353.3)	(146.8)	(22.4)	(172.7)	-	(695.2)
Charge for the period	(39.7)	(16.0)	(3.3)	(25.4)	-	(84.4)
Disposals	0.5	0.4	-	9.9	-	10.8
<b>30 September 2019 (unaudited)</b>	<b>(392.5)</b>	<b>(162.4)</b>	<b>(25.7)</b>	<b>(188.2)</b>	<b>-</b>	<b>(768.8)</b>
<b>Net book value</b>						
<b>30 September 2019 (unaudited)</b>	<b>1,171.3</b>	<b>398.1</b>	<b>131.9</b>	<b>441.1</b>	<b>256.0</b>	<b>2,398.4</b>
30 September 2018 (unaudited)	1,177.9	408.5	115.7	398.6	214.6	2,315.3
31 March 2019 (audited)	1,169.0	395.4	117.1	424.3	241.5	2,347.3

(a) The Group has adopted IFRS 16 using the modified retrospective approach in accordance with IFRS 16:C5(b) with a date of initial application of 1 April 2019. The Group has not restated the comparative information.

**Security**

As part of the financing agreements outlined in note 19, the Group have granted security over their assets and share capital to the Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**13. INVESTMENT PROPERTIES**

<b>Valuation</b>	Investment properties £m
1 April 2019 (audited)	1,148.3
Transfers to completed assets (from assets in the course of construction)	1.8
Revaluation gain	12.0
<b>30 September 2019 (unaudited)</b>	<b>1,162.1</b>
<b>Net book value</b>	
<b>30 September 2019 (unaudited)</b>	<b>1,162.1</b>
30 September 2018 (unaudited)	1,012.9
31 March 2019 (audited)	1,148.3

**14. INTANGIBLE ASSETS**

<b>Cost</b>	Intangible assets £m
1 April 2019 (audited)	69.4
Transfers to completed assets (from assets in the course of construction)	4.8
Disposals	(1.9)
<b>30 September 2019 (unaudited)</b>	<b>72.3</b>
<b>Amortisation</b>	
1 April 2019 (audited)	(44.6)
Charge for the period	(5.1)
Disposals	1.9
<b>30 September 2019 (unaudited)</b>	<b>(47.8)</b>
<b>Net book value</b>	
<b>30 September 2019 (unaudited)</b>	<b>24.5</b>
30 September 2018 (unaudited)	12.0
31 March 2019 (audited)	24.8

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**15. DERIVATIVE FINANCIAL LIABILITIES**

	Unaudited 30 September 2019		Unaudited 30 September 2018		Audited 31 March 2019	
	Notional £m	Fair value £m	Notional £m	Fair value £m	Notional £m	Fair value £m
Variable rate to index-linked swaps	40.0	38.2	40.0	30.1	40.0	33.3
Fixed rate to index-linked swaps	356.0	223.6	356.0	191.9	356.0	195.3
	<b>396.0</b>	<b>261.8</b>	<b>396.0</b>	<b>222.0</b>	<b>396.0</b>	<b>228.6</b>

**Variable rate to index-linked swaps**

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

**Fixed rate to index-linked swaps**

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

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

**16. FINANCIAL INSTRUMENTS**

**Financial risk management objectives and policies**

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

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

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

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**16. FINANCIAL INSTRUMENTS (continued)**

**Financial instruments by category**

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

Amortised cost

	<b>Unaudited 30 September 2019 £m</b>	Unaudited 30 September 2018 £m	Audited 31 March 2019 £m
Lease receivables	16.9	16.9	16.9
Trade receivables	47.0	44.9	28.8
Other receivables	0.1	1.1	3.5
Cash and cash equivalents	15.0	33.0	2.6
<b>Total financial assets</b>	<b>79.0</b>	<b>95.9</b>	<b>51.8</b>

	<b>Unaudited 30 September 2019</b>		Unaudited 30 September 2018		Audited 31 March 2019	
	<b>Other financial liabilities at amortised cost £m</b>	<b>Liabilities at fair value through income statement £m</b>	Other financial liabilities at amortised cost £m	Liabilities at fair value through income statement £m	Other financial liabilities at amortised cost £m	Liabilities at fair value through income statement £m
Borrowings	2,753.9	-	2,534.4	-	2,580.4	-
Derivative financial liabilities	-	261.8	-	222.0	-	228.6
Lease liabilities	65.5	-	47.7	-	51.3	-
Trade payables	11.7	-	11.8	-	12.7	-
Other payables	6.9	-	5.1	-	4.4	-
Capital payables	52.9	-	47.0	-	58.9	-
<b>Total financial liabilities</b>	<b>2,890.9</b>	<b>261.8</b>	<b>2,646.0</b>	<b>222.0</b>	<b>2,707.7</b>	<b>228.6</b>

At 30 September 2019, the Group has not designated any financial liabilities at fair value through the Income Statement, other than its derivative financial liabilities which do not qualify for hedge accounting.

For the six months ended 30 September 2019, the Group recognised a £33.2 million loss (30 September 2018: £13.9m loss, 31 March 2019: £20.5m loss) on financial derivatives through the Income Statement.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**16. FINANCIAL INSTRUMENTS (continued)**

The tables below analyse the gross undiscounted contractual cash outflows/(inflows) on the Group's financial liabilities and net settled derivative financial instruments as at 30 September 2019 to the contract maturity date.

	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
<b>30 September 2019 (unaudited)</b>				
<b>Class A Bonds – Principal payments</b>	-	-	300.0	2,500.0
<b>Class A Bonds – Interest payments</b>	124.3	124.3	372.8	1,549.2
<b>Derivative financial instruments</b>	29.1	24.1	(18.8)	217.1
	<b>153.4</b>	<b>148.4</b>	<b>654.0</b>	<b>4,266.3</b>
<b>30 September 2018 (unaudited)</b>				
Class A Bonds – Principal payments	-	-	-	2,500.0
Class A Bonds – Interest payments	115.6	115.6	346.9	1,449.2
Derivative financial instruments	(7.8)	30.8	12.6	214.3
	<b>107.8</b>	<b>146.4</b>	<b>359.5</b>	<b>4,163.5</b>
<b>31 March 2019 (audited)</b>				
Class A Bonds – Principal payments	-	-	300.0	2,200.0
Class A Bonds – Interest payments	115.6	115.6	346.9	1,344.5
Derivative financial instruments	30.2	24.5	(19.0)	205.9
	<b>145.8</b>	<b>140.1</b>	<b>627.9</b>	<b>3,750.4</b>

**Fair value estimation**

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Trade receivables
- Trade payables
- Cash and cash equivalents

	30 September 2019 Book value £m	30 September 2019 Fair value £m
<b>Fair value of borrowings</b>		
Class A Bonds	<b>2,800.0</b>	<b>3,259.1</b>

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

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

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

The fair value of the Group's derivative financial instruments is determined using the present value of the estimated future cash flows based on observable yield curves. As at 30 September 2019, all of the resulting fair value estimates in the Group are included at Level 2 except for Bonds which are valued at Level 1, consistent with previous years (30 September 2018: Level 2 except for Bonds which are valued at Level 1, 31 March 2019: Level 2 except for Bonds which are valued at Level 1).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**17. OTHER NON-CURRENT ASSETS**

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

	<b>Unaudited 30 September 2019 £m</b>	Unaudited 30 September 2018 £m	Audited 31 March 2019 £m
Other non-current assets	<b>300.1</b>	0.1	0.1

**18. LEASES**

**As a lessee**

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

	<b>30 September 2019 £m</b>
Property, plant and equipment owned	<b>2,220.9</b>
Right-of-use assets	<b>177.5</b>
	<b>2,398.4</b>

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**18. LEASES (continued)**

**Right-of-use assets**

**Cost**

	<b>Group occupied property £m</b>	<b>Plant and equipment £m</b>	<b>Total £m</b>
31 March 2019 (Audited)	2.3	176.9	179.2
Transition to IFRS 16	13.6	0.8	14.4
1 April 2019 (Unaudited)	15.9	177.7	193.6
Additions in the period	-	1.0	1.0
<b>30 September 2019 (Unaudited)</b>	<b>15.9</b>	<b>178.7</b>	<b>194.6</b>

**Accumulated depreciation**

1 April 2019 (Audited)	(0.5)	(14.3)	(14.8)
Charge in the period	(0.5)	(1.8)	(2.3)
<b>30 September 2019 (Unaudited)</b>	<b>(1.0)</b>	<b>(16.1)</b>	<b>(17.1)</b>

**Net book value**

<b>30 September 2019 (Unaudited)</b>	<b>14.9</b>	<b>162.6</b>	<b>177.5</b>
1 April 2019 (Unaudited)	15.4	163.4	178.8
30 September 2018 (Unaudited)	1.8	170.8	172.6
31 March 2019 (Audited)	1.8	162.6	164.4



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**18. LEASES (continued)**

**Lease Liabilities**

The recognised lease liability is as follows:

	1 April 2019
	£m
Operating lease commitments disclosed at 31 March 2019	9.4
Discounted using the lessee's incremental borrowing rate at the date of initial application <sup>(a)</sup>	14.4
Add: finance lease liabilities recognised as at 31 March 2019	51.3
(Less): low value leases recognised on straight-line basis as expense <sup>(b)</sup>	-
<b>Lease liability as at 1 April 2019</b>	<b>65.7</b>

(a) Amounts recognised on transition to IFRS 16 include extension options on a number of contracts.

(b) Low value leases recognised on a straight-line basis as expense amount to £23,035.

The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5.19%.

**Lease liabilities included in the statement of financial position**

	<b>Unaudited 30 September 2019 £m</b>	<b>Unaudited 30 September 2018 £m</b>	<b>Audited 31 March 2019 £m</b>
Current	2.1	0.8	1.0
Non-current	63.4	46.9	50.3
<b>Total lease liabilities</b>	<b>65.5</b>	<b>47.7</b>	<b>51.3</b>

**Amounts recognised in the Income statement**

	<b>Period ended 30 September 2019 £m</b>
Interest on lease liabilities	5.4
Depreciation expense on right-of-use assets	2.3
Expenses relating to short-term leases <sup>(a)</sup>	-
Expenses relating to leases of low-value items <sup>(b)</sup>	-

(a) Short-term leases amount to £35,800 for the six months to 30 September 2019.

(b) Low value assets amount to £1,750 for the six months to 30 September 2019.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**19. BORROWINGS**

	<b>Unaudited 30 September 2019 £m</b>	Unaudited 30 September 2018 £m	Audited 31 March 2019 £m
Fixed rate borrowings	<b>2,753.9</b>	2,461.6	2,462.5
Authorised Credit Facility–Revolving Facility <sup>(a)</sup>	-	72.8	117.9
	<b>2,753.9</b>	2,534.4	2,580.4

**Maturity Profile:**

Repayable between 1 and 2 years	-	-	-
Repayable between 2 and 5 years	<b>298.5</b>	72.8	416.2
Repayable in more than 5 years	<b>2455.4</b>	2,461.6	2,164.2
	<b>2,753.9</b>	2,534.4	2,580.4

(a) Amount includes capitalised upfront costs in relation to the bank facilities entered into during the period. These costs will be amortised over the term of the facility.

All the above borrowings are secured and carried at amortised cost.

**Ivy Holdco Group Facilities**

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

In June 2019 the Group exercised an extension option on the existing Authorised Credit Facility (“ACF”). The ACF Agreement has a Revolving Credit Facility of £300.0 million with an initial tenor of five years (with two, one year extension options), the one year extension gives a revised termination date of 21 June 2024 (with a further extension option to 21 June 2025). There were no drawings outstanding on the Revolving Credit Facility at 30 September 2019 (30 September 2018: £75.0 million, 31 March 2019: £120.0 million).

The Group’s subsidiary Gatwick Funding Limited has issued £2,800.0 million of publicly listed fixed rate secured Bonds comprising:

	Scheduled maturity	Legal maturity	<b>As at 30 September 2019 £m</b>	As at 30 September 2018 £m	As at 31 March 2019 £m
Class A 5.25 per cent. Bonds	2024	2026	<b>300.0</b>	300.0	300.0
Class A 6.125 per cent. Bonds	2026	2028	<b>300.0</b>	300.0	300.0
Class A 4.625 per cent. Bonds	2034	2036	<b>350.0</b>	350.0	350.0
Class A 5.75 per cent. Bonds	2037	2039	<b>300.0</b>	300.0	300.0
Class A 3.125 per cent. Bonds	2039	2041	<b>350.0</b>	350.0	350.0
Class A 6.5 per cent. Bonds	2041	2043	<b>300.0</b>	300.0	300.0
Class A 2.625 per cent. Bonds	2046	2048	<b>300.0</b>	300.0	300.0
Class A 3.25 per cent. Bonds	2048	2050	<b>300.0</b>	300.0	300.0
Class A 2.875 per cent. Bonds	2049	2051	<b>300.0</b>	-	-
			<b>2,800.0</b>	2,500.0	2,500.0

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**19. BORROWINGS (continued)**

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

At 30 September 2019, the average interest rate payable on borrowings was 4.54% (30 September 2018: 4.89%, 31 March 2019: 4.71%).

At 30 September 2019, the Group had £300.0 million (30 September 2018: £225.0 million, 31 March 2019: £180.0 million) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

**Financial covenants**

Under the CTA, the Group is required to comply with certain financial and information covenants. All financial covenants have been tested and complied with as at 30 September 2019 (30 September 2018: all covenants tested and complied with, 31 March 2019: all covenants tested and complied with).

The following table summarises the Group’s financial covenants compliance as at 30 September 2019 under the CTA, and lists the trigger and default levels:

<b>Covenant</b>	<b>Unaudited 30 September 2019</b>	<b>Audited 31 March 2019</b>	<b>Trigger</b>	<b>Default</b>
Minimum interest cover ratio (“Senior ICR”)	<b>3.25</b>	<b>2.93</b>	<1.50	<1.10
Maximum net indebtedness to the total regulatory asset base (“Senior RAR” )	<b>0.58</b>	<b>0.59</b>	>0.70	>0.85

**20. RETIREMENT BENEFIT OBLIGATIONS**

For some employees, the Group operates a funded pension plan providing benefits based on final pensionable pay. Assets of the plan are held in a separate trustee administered fund.

Plan assets and liabilities at 30 September 2019 have been recognised at their fair value based on an interim valuation prepared by an independent qualified actuary in accordance with IAS 19.

The amount included in the Statement of Financial Position arising from the Group’s obligation in respect of its defined benefit plan is as follows:

	<b>Unaudited 30 September 2019 £m</b>	Unaudited 30 September 2018 £m	Audited 31 March 2019 £m
Present value of plan liabilities	<b>(554.8)</b>	(448.1)	(495.9)
Fair value of plan assets	<b>506.3</b>	434.2	458.3
Deficit	<b>(48.5)</b>	(13.9)	(37.6)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**21. TRADE AND OTHER PAYABLES**

	<b>Unaudited 30 September 2019 £m</b>	Unaudited 30 September 2018 £m	Audited 31 March 2019 £m
Trade payables	11.7	11.8	12.7
Accruals	36.9	21.2	29.8
Capital payables	52.9	47.0	58.9
Corporation tax payable	11.1	16.7	7.0
Accrued financing charges	-	0.1	-
Accrued interest payable	69.7	67.7	21.1
Other payables	6.9	5.1	4.4
	<b>189.2</b>	169.6	133.9

**22. RELATED PARTY TRANSACTIONS**

During the period the Group entered into transactions with related parties as follow:

	Amount receivable/(payable) to related party			Amounts owed from/(due) to related party		
	<b>Unaudited period ended 30 September 2019 £m</b>	Unaudited period ended 30 September 2018 £m	Audited year ended 31 March 2019 £m	<b>Unaudited as at 30 September 2019 £m</b>	Unaudited as at 30 September 2018 £m	Audited as at 31 March 2019 £m
VINCI Airports SAS	(3.0)	-	-	(3.0)	-	-
Global Infrastructure Partners	(2.1)	(0.2)	(0.3)	(2.1)	-	(0.1)
Ivy Midco Limited	-	-	-	0.7	0.6	0.7
Ivy Super Holdco Limited	3.6	-	-	303.6	-	-
	<b>(1.5)</b>	(0.2)	(0.3)	<b>299.2</b>	0.6	0.6

**23. CLAIMS AND CONTINGENT LIABILITIES**

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

Other than the above, the Group has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 30 September 2019.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the six months ended 30 September 2019**

**24. TRANSITION TO NEW ACCOUNTING STANDARDS**

During the period the Group adopted IFRS 16 Leases.

The Group adopted IFRS 16 using the modified retrospective approach in accordance with IFRS 16:C5(b) with a date of initial application of 1 April 2019. The Group has not restated the comparative information.