

# **GATWICK FUNDING LIMITED**

**Directors' Report and Financial Statements  
for the year ended 31 March 2015**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Andrew Gillespie-Smith  
Michael McGhee  
William Woodburn  
Jonathan Keighley  
Robert Berry  
John McCarthy

**SECRETARY**

Structured Finance Management Offshore Limited

**REGISTERED OFFICE**

47 Esplanade  
St Helier  
Jersey JE1 0BD

**INDEPENDENT AUDITOR**

KPMG LLP  
Chartered Accountants and Statutory Auditors  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

**BANKER**

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

**DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for Gatwick Funding Limited (“the Company” or “Issuer”) for the year ended 31 March 2015.

**PRINCIPAL ACTIVITIES**

The Company is a wholly-owned subsidiary of Gatwick Airport Limited. The principal activity of Gatwick Funding Limited is to act as the bond issuer for Gatwick Airport Limited. The Company is incorporated in Jersey, but is resident in the United Kingdom (“UK”) for taxation purposes.

The Company's primary purpose is to raise external funding for Gatwick Airport Limited. This is done through the issuance of external bonds and the use of external interest rate and index-linked derivatives, the terms of which are then replicated in a “back-to-back” relationship with Gatwick Airport Limited.

The Company is part of “the Ivy Holdco Group”. Other companies in the group include:

<b>Company</b>	<b>Principal activity</b>	<b>Bond Issuances</b>
Ivy Holdco Limited	Holding company	Security trustee
Gatwick Airport Limited	Airport owner and operator	Borrower
Ivy Bidco Limited	Investment property holding company	Borrower
Gatwick Airport Pension Trustees Limited	Dormant company	-
Gatwick Funding Limited	Financing company	Issuer

**REVIEW FOR THE YEAR**

The Company has a share capital of £2.00 comprising two ordinary shares at £1.00 per share. None of the Directors hold any interests in the share capital of the Company.

Gatwick Airport Limited acquired the Company, for consideration of £250 on 10 February 2011 as part of the refinancing of the Ivy Holdco Group.

**BOND ISSUANCES**

On 24 February 2011, Gatwick Funding Limited (as Issuer) entered into, *inter alia*, a Borrower Loan Agreement with both Gatwick Airport Limited (as Borrower and Issuer Cash Manager) and Deutsche Trustee Company Limited (as Borrower Security Trustee). Under the Borrower Loan Agreement, the proceeds of all bond issuances by the Company (together “the Bonds” or “the Class A Bonds”) are lent to Gatwick Airport Limited on terms that are “back-to-back” with those of the Bonds. Further refinancing agreements, including a Common Terms Agreement (“CTA”) and a Master Definitions Agreement, were also executed between 15 February 2011 and 2 March 2011 by the Ivy Holdco Group.

On 2 March 2011, the Company issued £600.0 million publicly listed fixed rate secured bonds comprising £300.0 million Class A 6.125 per cent. Bonds with scheduled and legal maturities of 2026 and 2028 respectively, and £300.0 million Class A 6.5 per cent. Bonds with scheduled and legal maturities of 2041 and 2043 respectively.

On 20 January 2012, the Company issued a further £600.0 million of publicly listed fixed rate secured bonds comprising £300.0 million Class A 5.25 per cent. Bonds with scheduled and legal maturities of 2024 and 2026 respectively, and £300.0 million Class A 5.75 per cent. Bonds with scheduled and legal maturities of 2037 and 2039 respectively.

On 27 March 2014, the Company issued a further £350.0 million of publicly listed fixed rate secured bonds comprising £350.0 million Class A 4.625 per cent. Bonds with scheduled and legal maturities of 2034 and 2036 respectively.

No bonds were issued during the year ended 31 March 2015.

Further information on the bond issuances is included in note 13 of the financial statements.

**DIRECTORS' REPORT (continued)**

**REVIEW FOR THE YEAR (continued)**

**FINANCIAL INSTRUMENTS**

On 2 March 2011, the Company also entered into both variable rate to index-linked and fixed rate to index-linked swaps (together "the Swaps"). The nominal value of these Swaps is £396.0 million. The Swaps were entered into to economically hedge debt instruments and inflation-linked revenue in the Ivy Holdco Group. The Company then entered into agreements with Gatwick Airport Limited, under the Borrower Loan Agreement, for swaps with terms that are "back-to-back" with those entered into by the Company.

On 27 March 2014, the Company restructured £97.0 million of variable rate to index-linked swaps converting them to fixed rate to index-linked swaps. At the same time the Company entered into two £40.0 million overlay swaps giving an effective position of £396.0 million nominal fixed to index-linked swaps. The Company then entered into agreements with Gatwick Airport Limited, under the Borrower Loan Agreement, for swaps with terms that are "back-to-back" with those entered into by the Company.

No such transactions in relation to the Swaps occurred during the year.

**Results and dividends**

For the year ended 31 March 2015 the Company made a profit after taxation of £2,370 (2014: £2,310). The results for the year are set out in the profit and loss account.

**Going Concern**

The Company has entered into "back-to-back" agreements with Gatwick Airport Limited, under the Borrower Loan Agreement, for all its external liabilities including the Bonds and the Swaps. This ensures the Company has a neutral balance sheet position for these liabilities.

The Company has no significant scheduled debt maturities in the 12 months from the date of signing these financial statements. The first scheduled debt maturities are in 2024.

All the Ivy Holdco Group's financial covenants (refer to note 13 of the financial statements), which are defined in relation to the financial performance, position and cash flows of The Borrower, have been met for the year ended 31 March 2015 and are forecast to be met for the years ending 31 March 2016, 2017 and 2018.

Based on the "back-to-back" nature of the Company's assets and liabilities under the terms of the Borrower Loan Agreement, the overall Ivy Holdco Group's liquidity position and financial covenants, and the scheduled debt maturities for the Class A bonds, the Directors have a reasonable expectation that the Company will have adequate resources to continue as a going concern and accordingly the financial statements have been prepared on that basis.

**FUTURE DEVELOPMENTS**

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

**KEY PERFORMANCE INDICATORS**

Given the nature of the Company, the Directors are of the opinion that analysis using key performance indicators ("KPIs") is not necessary for an understanding of the development, performance or position of the Company.

**DIRECTORS' REPORT (continued)****RISK MANAGEMENT**

The Company actively manages all identified corporate risks. Details of the risk management policies of Gatwick Airport Limited, the Company's parent, are detailed in the financial statements of Gatwick Airport Limited for the year ended 31 March 2015.

The principal corporate risks of the Company are treasury related financial risks.

**Financial risk management**

The Company's principal financial instruments comprise external borrowings and derivatives, which are then distributed to Gatwick Airport Limited under terms and conditions which mirror those of the external instruments, leaving no net cash flow or market value exposure to the Company.

The Company's financial risk management objectives are aligned with the Ivy Holdco Group. The Ivy Holdco Group is the level at which financial risks for the Company are managed. The treasury policies of the Ivy Holdco Group are set out below.

The Board of Directors approves prudent treasury policies for the Ivy Holdco Group and delegates certain responsibilities to senior management who directly control day-to-day treasury operations. The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury related financial risks inherent in the Ivy Holdco Group's business operations and funding. To achieve this, the Ivy Holdco Group enters into interest rate and index-linked swaps to protect against interest rate and inflation risks.

The primary treasury related financial risks faced by the Ivy Holdco Group are:

**(a) Cash Flow Interest Rate Risk**

The Ivy Holdco Group maintains a mix of fixed and floating rate debt. As at 31 March 2015, fixed rate debt after hedging with derivatives represented 91.7% (2014: 102.1%) of the Ivy Holdco Group's total external nominal debt.

The Ivy Holdco Group mitigates the risk of mismatch between the Airport's asset base and aeronautical income, which are directly linked to changes in the retail price index, and nominal debt and interest payments, by the use of inflation linked derivatives. As at 31 March 2015, the nominal amount of index-linked derivatives equated to 23.4% (2014: 25.5%) of the Ivy Holdco Group's external debt.

**(b) Funding and Liquidity Risk**

The Ivy Holdco Group has established a multicurrency programme for the issuance of bond debt in addition to bank debt and a liquidity facility. To ensure continuity of funding and flexibility, debt maturities are spread over a range of dates, thereby ensuring that the Ivy Holdco Group is not exposed to excessive refinancing risk in any one year.

The Ivy Holdco Group has positive cash flows before capital expenditure. The Ivy Holdco Group had cash flows from operations of £290.0 million for the year ended 31 March 2015 (2014: £274.2 million). As at 31 March 2015, cash at bank was £3.3 million (2014: £13.4 million), undrawn headroom under bank revolving facilities was £160.0 million (2014: £300.0 million) and undrawn headroom under the liquidity facility was £100.0 million (2014: £100.0 million).

Covenants under the financing arrangements are monitored and forecast on an ongoing basis with formal testing reported to the Board of Directors, Audit Committee and Executive Management Board, along with all investors. The Ivy Holdco Group continues to comply with all borrowing obligations and financial covenants, and forecasts to do so for at least the next three years from the balance sheet date.

**DIRECTORS' REPORT (continued)**

**Financial risk management ( continued)**

**(c) Credit Risk**

The Ivy Holdco Group's exposure to credit-related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument.

**CORPORATE GOVERNANCE**

The Directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and 7.2 corporate governance statements (save for DTR 7.2.5 requiring a description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the Directors. The Directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

**EMPLOYEES**

The Company has no employees (2014: nil). All employees of the Ivy Holdco Group are employed by Gatwick Airport Limited. Details of the employee policies of Gatwick Airport Limited are included in the financial statements of Gatwick Airport Limited for the year ended 31 March 2015.

**DIVIDENDS**

No dividends were declared or paid during the year (2014: nil).

**BOARD OF DIRECTORS**

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

Andrew Gillespie-Smith  
Michael McGhee  
William Woodburn  
Jonathan Keighley  
Robert Berry  
John McCarthy

**DIRECTORS' REPORT (continued)**

**DIRECTORS' INDEMNITY**

The Company's Articles of Association provide that, subject to the provisions of the section Companies (Jersey) Law 1991, but without prejudice to any indemnity to which the person concerned might otherwise be entitled, every Director of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

**INDEPENDENT AUDITORS**

During the year ended 31 March 2015 PricewaterhouseCoopers LLP resigned as Auditors. KPMG LLP was subsequently appointed.

Pursuant to the provisions of section 113(5) of the Companies (Jersey) Law 1991, KPMG LLP will automatically be re-appointed as Auditors of the Company.

By order of the Board



**Andrew Gillespie-Smith**  
**Director**  
22 June 2015



**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice. 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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



**Andrew Gillespie-Smith**  
**Director**  
22 June 2015

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATWICK FUNDING LIMITED**

We have audited the financial statements of Gatwick Funding Limited for the year ended 31 March 2015 set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Ian Griffiths (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex, RH11 9PT  
22 June 2015

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2015**

	Note	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Interest receivable and similar income	5	97.4	78.8
Interest payable and similar charges	6	(97.4)	(78.8)
Fair value gain on derivative financial instruments	7	2.9	26.0
Fair value loss on derivative financial instruments with other group undertakings	8	(2.9)	(26.0)
<b>Operating profit and profit on ordinary activities before taxation</b>	4	-	-
Tax on profit on ordinary activities	9	-	-
<b>Profit for the financial year</b>	17	-	-

The notes on pages 12 to 25 form an integral part of these financial statements.

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

There are no recognised gains or losses for the current year and prior year other than stated in the profit and loss account and accordingly no statement of total recognised gains and losses is presented.

The Company has not presented a note of historical cost profits and losses because the effects of fair value accounting for derivative financial instruments are not required to be included in the reconciliation of the reported profit on ordinary activities before taxation and the historical cost equivalents.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**For the year ended 31 March 2015**

	Note	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Profit for the financial year	17	-	-
Net addition to shareholders' funds		-	-
Opening shareholders' funds		-	-
<b>Closing shareholders' funds</b>		<b>-</b>	<b>-</b>

The notes on pages 12 to 25 form an integral part of these financial statements.

**BALANCE SHEET**  
As at 31 March 2015

	Note	31 March 2015 £m	31 March 2014 £m
<b>CURRENT ASSETS</b>			
Debtors: due within one year	10	11.7	11.6
: due after more than one year	10	1,733.9	1,780.7
<b>TOTAL ASSETS</b>		<b>1,745.6</b>	1,792.3
<b>CREDITORS:</b> amounts falling due within one year	11	(11.7)	(11.6)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,733.9</b>	1,780.7
<b>CREDITORS:</b> amounts falling due after more than one year	12	(1,733.9)	(1,780.7)
<b>NET ASSETS</b>		-	-
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Profit and loss reserve	17	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>		-	-

The notes on pages 12 to 25 form an integral part of these financial statements.

The Company has called up share capital of £2.00 representing 2 ordinary shares at £1.00 per share.

These financial statements were approved by the Board of Directors and authorised for issue on 22 June 2015. They were signed on its behalf by:



John McCarthy  
Director



Andrew Gillespie-Smith  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2015****1. BASIS OF PREPARATION**

These financial statements are the financial statements of Gatwick Funding Limited (“the Company”) for the year ended 31 March 2015. The comparative year is the year ended 31 March 2014. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments in accordance with the Companies (Jersey) Law 1991 and United Kingdom Accounting Standards.

The Company is a wholly-owned subsidiary of Gatwick Airport Limited and forms part of the Ivy Holdco Group as defined in the Directors report.

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

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

- the forecast turnover and operating cash flows from the underlying operations;
- the Ivy Holdco Group’s funding structure and the facilities that are available to the Ivy Holdco Group (refer to note 13); and
- the overall Ivy Holdco Group’s liquidity position, including the projected upstream of cash, remaining committed and uncommitted facilities available to it, its scheduled debt maturities, its forecast financial ratios and ability to access the debt markets.

On 24 February 2011, Gatwick Funding Limited (as Issuer) entered into, *inter alia*, a Borrower Loan Agreement with both Gatwick Airport Limited (as Borrower and Issuer Cash Manager) and Deutsche Trustee Company Limited (as Borrower Security Trustee). Under the Borrower Loan Agreement, the proceeds of all bond issuances by the Company (together “the Bonds” or “the Class A Bonds”) are lent to the Gatwick Airport Limited on terms that are “back-to-back” with those of the Bonds. The Borrower Loan Agreement covers all the Company’s external liabilities and ensures the Company has a neutral balance sheet position.

The Company has no significant debt maturities in the 12 months from the date of signing these financial statements. The first scheduled debt maturities are in 2024.

All the Ivy Holdco Group’s financial covenants (refer to note 13), which are defined in relation to the financial performance, position and cash flows of The Borrower, have been met for the year ended 31 March 2015 and are forecast to be met for the years ending 31 March 2016, 2017 and 2018.

As a result of the review, having made appropriate enquiries of management and allowing for headroom to accommodate a reasonable downside scenario, the Directors have a reasonable expectation that sufficient funds will be available to meet the Company’s funding requirements, as part of the Ivy Holdco Group, over a period of at least 12 months from the date of the approval of the financial statements. Accordingly the Directors have a reasonable expectation that the Company will continue as a going concern, and the financial statements have been prepared on that basis.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Interest receivable, interest payable and similar income and charges**

Interest income and interest expenditure are recognised on an accruals basis using the effective interest rate method.

**(b) Debtors**

Debtors are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

**(c) Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

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

In accordance with FRS 19 '*Deferred Tax*', deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of investment properties where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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

Whilst the Company is incorporated outside the UK, it is a UK resident company for tax purposes. The Company also qualifies as a "securitisation company" within the scope of the Taxation of Securitisation Companies Regulations 2006 under UK tax law. As a result, the Company will be subject to UK corporation tax on a small margin of £3,000 per annum rather than on the profit or loss shown in the profit and loss account.

**(d) Creditors**

Creditors are non-interest bearing and are initially stated at their fair value and subsequently measured at amortised cost using the effective interest method.

**(e) Provisions**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Share capital**

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

**(g) Dividend distribution**

A dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the shareholders' right to receive payment of the dividend is established by approval of the dividend. Interim dividends are recognised when paid.

**(h) Cash**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

**(i) Debt and financial liabilities**

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

**(j) Debt issue costs and arrangement fees**

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at an effective interest rate on the carrying amount.

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

Facility and arrangement fees resulting from the negotiation of finance that do not qualify as issue costs are written off to the profit and loss account as incurred. Debt issue costs on refinanced instruments are written off.

**(k) Derivative financial instruments**

The derivative financial instruments utilised by the Company are interest rate and index-linked swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives not in a hedge relationship are recorded in the profit and loss account. The derivatives held by the Company are not currently designated as being in a hedge relationship.

Derivatives are classified in the balance sheet based on their remaining maturity in accordance with Financial Reporting Standard ("FRS") 26 '*Financial Instruments: Recognition and Measurement*'.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Classification of financial instruments issued by the Company**

In accordance with Financial Reporting Standard (“FRS”) 25 *‘Financial Instruments: Presentation’*, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder’s funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company’s own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company’s own shares, the amounts presented in these financial statements for stated capital and share premium reserve include amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders’ funds, are dealt with as appropriations in the reconciliation of movements in shareholders’ funds.

**(m) Cash flow statement and related party disclosures**

The Company’s ultimate parent entity in the UK is Ivy Midco Limited, a company registered in England and Wales. The results of the Company are included in the audited consolidated financial statements of Ivy Midco Limited for the year ended 31 March 2015. The results of the Company will be included in the audited consolidated financial statements of Ivy Luxco I S.à.r.l. for the year ended 31 March 2015 (the largest group to consolidate these financial statements for the year). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 *‘Cash Flow Statements’ (revised 1996)’*.

The Company is exempt under the terms of FRS 8 *‘Related Party Disclosures’* from disclosing related party transactions with entities that are wholly-owned subsidiaries of the Ivy Midco Limited Group.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

**Fair value of derivative financial instruments**

The fair value of derivative financial instruments is determined by using valuation techniques. These techniques require judgement and make assumptions that are mainly based on market conditions existing at each reporting date. The valuation technique used is a discounted cash flow methodology.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**4. OPERATING COSTS**

**Operating costs**

All operating costs incurred by the Company are recovered by way of an ongoing facility fee from Gatwick Airport Limited (as Borrower) under the Borrower Loan Agreement.

Operating costs include audit fees of £5,000 (2014: £4,823).

**Employee information**

The Company has no employees (2014: nil). All employees of the Ivy Holdco Group are employed by Gatwick Airport Limited, the Company's parent. Gatwick Airport Limited incurs all staff costs for the Ivy Holdco Group.

**Directors' remuneration**

During the year a fee of £6,133 (2014: £5,206) was paid to Structured Finance Management Limited, a related party, for the provision of corporate administration services, including the provision of director services by Jonathan Keighley and Robert Berry.

No other Directors of the Company were remunerated during the year or the prior year for services to the Company. The emoluments of Directors who were also directors of Gatwick Airport Limited that were remunerated are disclosed in the financial statements of Gatwick Airport Limited.

The aggregate of Company contributions paid in respect of money purchase schemes during the year was nil (2014: nil).

No directors are members of the Gatwick Airport Limited defined benefit pension scheme (2014: nil).

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>Year ended 31 March 2015 £m</b>	Year ended 31 March 2014 £m
Interest receivable from other group undertakings <sup>1</sup>	<b>88.2</b>	72.1
Net interest receivable on derivative financial instruments	<b>9.2</b>	6.7
	<b>97.4</b>	78.8

1 "Interest receivable from other group undertakings" relates to interest charged on the loan receivable from Gatwick Airport Limited under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Class A Bonds.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Year ended 31 March 2015 £m</b>	Year ended 31 March 2014 £m
Interest payable on external borrowings – Class A Bonds	<b>88.2</b>	72.1
Net interest payable on derivative financial instruments with other group undertakings <sup>1</sup>	<b>9.2</b>	6.7
	<b>97.4</b>	78.8

1 This amount relates to interest payable on derivative financial instruments with Gatwick Airport Limited under the Borrower Loan Agreement, the terms of which are “back-to-back” with those of the derivative financial instruments the Company has entered on 2 March 2011 and 27 March 2014 to economically hedge debt instruments and inflation-linked revenue in the Ivy Holdco Group.

**7. FAIR VALUE GAIN ON DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>Year ended 31 March 2015 £m</b>	Year ended 31 March 2014 £m
Fair value (loss)/gain on variable rate to index-linked derivative financial instruments <sup>1</sup>	<b>(7.7)</b>	17.2
Fair value gain on fixed rate to index-linked derivative financial instruments <sup>1</sup>	<b>10.6</b>	8.8
	<b>2.9</b>	26.0

1 These amounts relate to the £396.0 million of derivative financial instruments (together (“the Swaps”)) that the Company entered into on 2 March 2011 and 27 March 2014 to economically hedge debt instruments and inflation-linked revenue in the Ivy Holdco Group. The Company has entered into agreements with Gatwick Airport Limited, under the Borrower Loan Agreement, for swaps with terms that are “back-to-back” with those entered into by the Company (refer to note 8).

**8. FAIR VALUE LOSS ON DERIVATIVE FINANCIAL INSTRUMENTS WITH OTHER GROUP UNDERTAKINGS**

	<b>Year ended 31 March 2015 £m</b>	Year ended 31 March 2014 £m
Fair value gain/(loss) on variable rate to index-linked derivative financial instruments with other group undertakings <sup>1</sup>	<b>7.7</b>	(17.2)
Fair value loss on fixed rate to index-linked derivative financial instruments with other group undertakings <sup>1</sup>	<b>(10.6)</b>	(8.8)
	<b>(2.9)</b>	(26.0)

1 These amounts relate to the £396.0 million of derivative financial instruments that the Company entered into on 2 March 2011 and 27 March 2014 with Gatwick Airport Limited, under the Borrower Loan Agreement, with terms that are “back-to-back” with those entered into by the Company (refer to note 7).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>Year ended 31 March 2015 £m</b>	Year ended 31 March 2014 £m
<b>Current tax</b>		
UK corporation tax on profit for the year	-	-
<b>Tax charge on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

**Reconciliation of tax charge**

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 21% (2014: 23%). The actual tax charge for the current year differs from the standard rate for the reasons set out in the following reconciliation:

	<b>Year ended 31 March 2015 £m</b>	Year ended 31 March 2014 £m
Profit on ordinary activities before tax	-	-
Tax on profit on ordinary activities at 21% (2014: 23%)	-	-
Effect of:		
Permanent differences	-	-
<b>Current tax for the year</b>	<b>-</b>	<b>-</b>

As the Company is subject to corporation tax within the Taxation of Securitisation Companies Regulations 2006, the Company is subject to UK corporation tax on a small margin rather than on the profit shown in the profit and loss account.

For the year ended 31 March 2015, the profit subject to corporation tax were £3,000 (2014: £3,000) with an associated tax liability of £630 (2014: £690).

No deferred tax arose during the year to 31 March 2015 or the year ended 31 March 2014.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**10. DEBTORS**

	<b>31 March 2015 £m</b>	31 March 2014 £m
<b>Due within one year:</b>		
Accrued interest receivable from other group undertakings <sup>1</sup>	10.3	10.3
Accrued interest receivable	1.4	1.3
	<b>11.7</b>	<b>11.6</b>
<b>Due after more than one year:</b>		
Derivative financial assets (Note 14)	209.5	257.3
Amounts owed by group undertakings – interest bearing <sup>2</sup>	1,524.4	1,523.4
<b>Total debtors</b>	<b>1,745.6</b>	<b>1,792.3</b>

1 "Accrued interest receivable from other group undertakings" relates to interest receivable on the interest rate and index-linked derivatives with Gatwick Airport Limited and interest accrued on the balance of the loan receivable from Gatwick Airport Limited under the Borrower Loan Agreement. The advances under the Borrower Loan Agreement are secured and issued on the same terms as the Class A Bonds issued by the Company.

2 "Amounts owed by group undertakings – interest bearing" relates to the loan receivable from Gatwick Airport Limited under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Class A Bonds. The fair value of "amounts owed by group undertakings – interest bearing" at 31 March 2015 is equal to the fair value of the Class A Bonds as disclosed in note 13.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 March 2015 £m</b>	31 March 2014 £m
Accrued interest payable	10.3	10.3
Accrued interest payable to other group undertakings <sup>1</sup>	1.4	1.3
	<b>11.7</b>	<b>11.6</b>

1 "Accrued interest payable to other group undertakings" relates to interest payable on the interest rate and index-linked derivative financial instruments with Gatwick Airport Limited.

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>31 March 2015 £m</b>	31 March 2014 £m
Borrowings (Note 13)	1,524.4	1,523.4
Derivative financial liabilities (Note 14)	209.5	257.3
	<b>1,733.9</b>	<b>1,780.7</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**13. BORROWINGS**

	<b>31 March 2015 £m</b>	31 March 2014 £m
<b>Non-Current borrowings</b>		
<b>Secured</b>		
Class A Bonds:		
5.250% £300 million due 2024/26	<b>297.1</b>	296.8
6.125% £300 million due 2026/28	<b>295.7</b>	295.3
4.625% £350 million due 2034/36	<b>342.9</b>	342.9
5.750% £300 million due 2037/39	<b>291.8</b>	291.6
6.500% £300 million due 2041/43	<b>296.9</b>	296.8
<b>Total borrowings (excluding interest payable)</b>	<b>1,524.4</b>	1,523.4

All the above borrowings are secured and carried at amortised cost based on their designation as "other financial liabilities at amortised cost".

The maturity dates of the Class A Bonds listed above reflect their scheduled redemption and legal maturity dates respectively. The Bonds are not callable in nature and are expected to be repaid on their scheduled redemption date. However, to meet rating agency requirements the Bonds have a legal maturity that is two years later.

The Company is the Issuer under the Ivy Holdco Limited Group Common Terms Agreement dated 15 February 2011 ("CTA"). The CTA together with a Master Definitions Agreement covers, *inter alia*, the Borrower Loan Agreement, which was entered into on 24 February 2011.

On 2 March 2011, the Company issued £600.0 million publicly listed fixed rate secured bonds comprising £300.0 million Class A 6.125 per cent. Bonds with scheduled and legal maturities of 2026 and 2028 respectively, and £300.0 million Class A 6.5 per cent. Bonds with scheduled and legal maturities of 2041 and 2043 respectively.

On 20 January 2012, the Company issued a further £600.0 million of publicly listed fixed rate secured bonds comprising £300.0 million Class A 5.25 per cent. Bonds with scheduled and legal maturities of 2024 and 2026 respectively, and £300.0 million Class A 5.75 per cent. Bonds with scheduled and legal maturities of 2037 and 2039 respectively.

On 27 March 2014, the Company issued a further £350.0 million of publicly listed fixed rate secured bonds comprising £350.0 million Class A 4.625 per cent. Bonds with scheduled and legal maturities of 2034 and 2036 respectively.

All proceeds from the issue of the Bonds were lent to Gatwick Airport Limited under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Class A Bonds.

As at 31 March 2015, the £1,524.4 million (2014: £1,523.4 million) comprises the net amount raised from the issue of Class A Bonds, and is stated less other directly attributable fees and accrued amortisation.

At 31 March 2015, the average interest rate payable on borrowings was 5.37% (2014: 6.06%) p.a.

	<b>31 March 2015 Book value £m</b>	<b>31 March 2015 Fair value £m</b>
<b>Fair value of borrowings</b>		
Class A Bonds	<b>1,524.4</b>	<b>1,947.3</b>
	<b>1,524.4</b>	<b>1,947.3</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**13. BORROWINGS (continued)**

**Financial covenants**

Under the CTA, the Ivy Holdco Group is required to comply with certain financial and information covenants, which are defined in relation to the financial performance, position and cash flows of Gatwick Airport Limited. All financial covenants have been tested and complied with as at 31 March 2015.

The following table summarises Gatwick Airport Limited's financial covenants compliance as at 31 March 2015 under the CTA, and lists the trigger and default levels:

<b>Covenant</b>	<b>Unaudited 31 March 2015</b>	<b>Trigger</b>	<b>Default</b>
Minimum interest cover ratio ("Senior ICR")	<b>3.11</b>	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR" )	<b>0.59</b>	> 0.70	> 0.85

**14. DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>Notional £m</b>	<b>Assets £m</b>	<b>Liabilities £m</b>	<b>Total £m</b>
<b>31 March 2015</b>				
<b>Derivative financial assets</b>				
Variable rate to index-linked swaps with other group undertakings	-	-	-	-
Fixed rate to index-linked swaps with other group undertakings	396.0	209.5	-	209.5
	<b>396.0</b>	<b>209.5</b>	<b>-</b>	<b>209.5</b>
<b>Derivative financial liabilities</b>				
Variable rate to index-linked swaps	-	-	-	-
Fixed rate to index-linked swaps	(396.0)	-	(209.5)	(209.5)
	<b>(396.0)</b>	<b>-</b>	<b>(209.5)</b>	<b>(209.5)</b>
<b>31 March 2014</b>				
<b>Derivative financial assets</b>				
Variable rate to index-linked swaps with other group undertakings	-	-	-	-
Fixed rate to index-linked swaps with other group undertakings	396.0	257.3	-	257.3
	<b>396.0</b>	<b>257.3</b>	<b>-</b>	<b>257.3</b>
<b>Derivative financial liabilities</b>				
Variable rate to index-linked swaps	-	-	-	-
Fixed rate to index-linked swaps	(396.0)	-	(257.3)	(257.3)
	<b>(396.0)</b>	<b>-</b>	<b>(257.3)</b>	<b>(257.3)</b>

The Company did not apply hedge accounting in relation to any of its derivative financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**14. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

***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 in the Ivy Holdco Group. A “back-to-back” agreement replicating the terms of these swaps has been entered into with Gatwick Airport Limited.

***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 in the Ivy Holdco Group. A “back-to-back” agreement replicating the terms of these swaps has been entered into with Gatwick Airport Limited.

On 27 March 2014, the Company restructured £97.0 million of its “variable rate to index linked swaps” by converting the floating leg to a fixed leg, thus converting the swaps into “fixed rate to index-linked swaps”. The Company also entered into a £40.0 million overlay “index-linked to variable rate swap” thus offsetting the remaining £40.0 million “variable rate to index-linked swaps”. The Company also enter a £40.0 million overlay “fixed rate to index-linked swap” giving an effective position of £396.0 million “fixed rate to index-linked” swaps and 23.4% (2014: 25.5%) of the Company’s external debt index-linked.

**15. FINANCIAL INSTRUMENTS**

The Company is exposed to market risk, credit risk and liquidity risk from its use of financial instruments.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as interest rates and inflation indices (such as RPI) will affect the Company’s income and expenditure or the value of its holdings of financial instruments. The Company holds a mixture of fixed and floating index-linked external debt and derivative financial instruments, the terms of which are mirrored by “back-to-back” agreements with Gatwick Airport Limited. As a result of the “back-to-back” agreements, the Company has no residual exposure to market risk.

Any changes in market interest rates and/or inflation indices would have no net impact on the Company’s profit or loss.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet their contractual obligations. Credit risk arises principally from cash at bank and in hand, accrued interest receivable, accrued interest receivable from other group undertakings, derivative financial assets and amounts owed by other group undertakings – interest bearing.

The Company’s maximum exposure to credit risk is equal to “Total Current Assets” on the Company’s balance sheet. The Company is only permitted to advance funds to, and enter into offsetting derivative contracts with, Gatwick Airport Limited under the terms of the Borrower Loan Agreement. Therefore, the Company’s credit risk exposure is limited to that of its parent company.

The Company’s policy is to have minimal cash at bank and in hand at any one time.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has no net cash flow exposure as the contractual cash flows associated with the Company’s external borrowings and derivative financial instruments are mirrored by the contractual cash flows from the “back-to-back” agreements with Gatwick Airport Limited.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**15. FINANCIAL INSTRUMENTS (continued)**

The tables below analyse the gross undiscounted contractual cash outflows/(inflows) on the Company's financial liabilities and net settled derivative financial instruments as at 31 March 2015 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>31 March 2015</b>				
Class A Bonds – Principal payments	-	-	-	1,550.0
Class A Bonds – Interest payments	87.1	87.1	261.2	1,102.6
Derivative financial instruments	17.8	(8.3)	16.4	147.2
	<b>104.9</b>	<b>78.8</b>	<b>277.6</b>	<b>2,799.8</b>
<b>31 March 2014</b>				
Class A Bonds – Principal payments	-	-	-	1,550.0
Class A Bonds – Interest payments	87.1	87.1	261.2	1,189.7
Derivative financial instruments	36.2	20.9	(24.0)	179.5
	<b>123.3</b>	<b>108.0</b>	<b>237.2</b>	<b>2,919.2</b>

**Financial instruments by category**

The Company's financial instruments as classified in the financial statements as at 31 March 2015 can be analysed under the following categories:

	Loans and receivables £m	Assets at fair value through profit and loss £m	Total £m
<b>31 March 2015</b>			
Accrued interest receivable	1.4	-	1.4
Accrued interest receivable from other group undertakings	10.3	-	10.3
Amounts owed by other group undertakings – interest bearing	1,524.4	-	1,524.4
Derivative financial assets	-	209.5	209.5
<b>Total financial assets</b>	<b>1,536.1</b>	<b>209.5</b>	<b>1,745.6</b>
<b>31 March 2014</b>			
Accrued interest receivable	1.3	-	1.3
Accrued interest receivable from other group undertakings	10.3	-	10.3
Amounts owed by other group undertakings – interest bearing	1,523.4	-	1,523.4
Derivative financial assets	-	257.3	257.3
<b>Total financial assets</b>	<b>1,535.0</b>	<b>257.3</b>	<b>1,792.3</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**15. FINANCIAL INSTRUMENTS (continued)**

	Liabilities at fair value through profit and loss £m	Other financial liabilities at amortised cost £m	Total £m
<b>31 March 2015</b>			
Borrowings	-	(1,524.4)	(1,524.4)
Accrued interest payable	-	(10.3)	(10.3)
Accrued interest payable to other group undertakings	-	(1.4)	(1.4)
Derivative financial liabilities	(209.5)	-	(209.5)
<b>Total financial liabilities</b>	<b>(209.5)</b>	<b>(1,536.1)</b>	<b>(1,745.6)</b>
<b>31 March 2014</b>			
Borrowings	-	(1,523.4)	(1,523.4)
Accrued interest payable	-	(10.3)	(10.3)
Accrued interest payable to other group undertakings	-	(1.3)	(1.3)
Derivative financial liabilities	(257.3)	-	(257.3)
<b>Total financial liabilities</b>	<b>(257.3)</b>	<b>(1,535.0)</b>	<b>(1,792.3)</b>

**Fair value hierarchy**

Financial instruments that are measured in the balance sheet at fair value are classified by the following 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); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Company's derivative financial instruments is determined using the present value of the estimated future cash flows based on observable yield curves. As at 31 March 2015, all of the resulting fair value estimates in the Company are included in Level 2 (2014: Level 2).

**16. CALLED UP SHARE CAPITAL**

	31 March 2015 £	31 March 2014 £
<b>Authorised</b>		
Unlimited number of shares with no par value of one class, designated as ordinary shares	-	-
<b>Called up, allotted and fully paid</b>		
2 ordinary shares at £1.00 each	2	2

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2015**

**17. PROFIT AND LOSS RESERVE**

	<b>31 March 2015 £m</b>	31 March 2014 £m
Opening reserve	-	-
Profit for the year <sup>1</sup>	-	-
<b>Closing reserve</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Company recorded a profit for the year ended 31 March 2015 of £2,370 (2014: £2,310).

**18. CLAIMS AND CONTINGENT LIABILITIES**

As part of the financing agreements outlined in note 13, the Company (as part of the Ivy Holdco Group), has granted security over their assets and share capital to the Ivy Holdco Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above, the Company has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 31 March 2015.

**19. SUBSEQUENT EVENTS**

There have been no material events or circumstances that have occurred after the balance sheet date, but prior to the signing of the financial statements, that require disclosure or adjustment to balances and transactions that existed at the balance sheet date.

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

The Company's ultimate parent is Ivy Guernsey Holdings, L.P., a limited partnership registered in Guernsey.

The Company's parent is Gatwick Airport Limited, a company incorporated in England and Wales. The consortium that ultimately own and control the Company is Global Infrastructure Partners (41.95%), the Abu Dhabi Investment Authority (15.90%), the California Public Employees' Retirement System (12.78%), National Pension Service of Korea (12.14%), and Future Fund Board of Guardians (17.23%). The results of the Company are included in the audited consolidated financial statements of Ivy Luxco I S.à.r.l. for the year ended 31 March 2015 and of Ivy Holdco Limited for the year ended 31 March 2015 (the largest and smallest groups to consolidate these financial statements respectively).

Copies of the financial statements of Ivy Holdco Limited and Ivy Luxco I S.à.r.l. may be obtained by writing to the Company Secretary of Gatwick Airport Limited at 5th Floor Destinations Place, Gatwick Airport, Gatwick, West Sussex, RH6 0NP.