Docklands Aviation Group Limited

Annual Report and financial statements

Registered number 5879149

31 December 2020

Contents

Strategic Report

Principal activities

The principal activity of the Company is that of a management company. Docklands Aviation Group Limited ("DAG") owns and develops the key assets of London City Airport upon which it receives rental income from other companies within the Group. The "Group" consists of Londonia Topco Limited, and its subsidiaries.

The Group is owned by a consortium of established long term infrastructure investors. The shareholders are OMERS (25%), Ontario Teachers' Pension Plan (25%), Wren House Infrastructure Management (25%) and AIMCo, on behalf of its clients (25%).

Significant contractual and other relationships

The key contractual relationships of DAG are between other Group companies, including the airport leases and intercompany loans.

Group Simplification

During 2020 DAG was part of the group's restructuring to ensure it is fit for purpose, efficient and that it supported its growth ambitions, governance and operational needs going forward. The Group simplification included the following entities:

- AMI Property Holdings Limited ("AMI") was established as an offshore property holding company however there is now no longer material benefits of AMI being tax resident offshore.
- North Woolwich Properties Limited ("NWP") and West Silvertown Properties Limited ("WSP") owned individual plots of land for which there is no benefit of them being held in separate companies.
- City Airport Development Company Limited ("CAD") was set up to manage a number of the development programme contracts, but there is no reason for these to sit in a separate company and the primary contract for the piling and decking is now complete.

Simplifying the group and reducing the number of corporate entities also:

- better aligns the Group's legal and operational structure.
- reduces the number of intercompany transactions and intercompany loans.
- reduces accounting and tax complexity.

On 17 December 2020 DAG acquired the assets and liabilities associated with AMI Property Holdings Limited, City Airport Development Company Limited, North Woolwich Properties Limited and West Silvertown Properties Limited. Note 20 provides further details of this.

City Airport Development Programme ('CADP')

In line with the broadér construction industry, the CADP workstreams was able to continue, after a short pause while new Covid Safe procedures and modifications could be put in place. However, in spring 2020 as part of the airport's financial protection measures, the Board made the difficult decision to pause the CADP development but agreed to complete those workstreams which were near to completion and would deliver capacity enhancing infrastructure for the future. This was primarily completing the parallel taxiway, additional aircraft stands, the new immigration facility, baggage handling facilities and completing the "deck" which will provide the foundation for the pier and terminal extensions which will be returned to when passenger numbers return. The total investment in CADP during 2020 was £89m of the total fixed asset additions of £96m in Note 9.

Future Developments

The outbreak of the COVID-19 global pandemic has had a significant impact on the whole aviation industry and has continued into 2021. The concerns around the recovery of passenger numbers have impacted the available funding and therefore the speed and levels of investment that will be made in the short to medium term. The directors took the decision to continue with the construction of activities which were nearing completion before pausing the programme. The project will be restarted when passenger numbers recover.

Strategic report *(continued)*

Principal risks and uncertainties

Safety risks

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

Security risks

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

Planning risks

Planning risks exist in relation to the ability of the airport to secure planning permissions to facilitate future growth. Changes to the planning legislation, national aviation policy and the impact of anti-aviation pressure groups could impact the airport's ability to deliver its growth aspirations. Specialist planning advisors, involvement with the industry level lobbying and an experienced team work together to pre-empt and address any issues arising.

The CADP planning consent is subject to comprehensive planning controls including 97 planning conditions and a Section 106 Planning Agreement covering topics such as environment; surface access; employment; education; design and construction. Full compliance has been achieved and confirmed by the London Borough of Newham.

Financial risks

Hedge effectiveness risk - the Company continues to hold financial derivatives on behalf of the Group and continues to apply hedge accounting. The interest exposure of the company is offset by the interest receivable by an intermediate holding company, Londonia Bidco Limited. The company entered into a number of interest rate swap contracts (hedged instruments) in relation to the £345m bank loan (hedged item) to receive interest at 3-month GBP LIBOR and pays interest at a fixed rate 5.5%. In 2016, Docklands Aviation Group Limited ("DAG") de-designated and re-designated their existing swaps in accounting hedges, under FRS 102 Section 12. The swaps were out of the money at the time of the re-designation, therefore a portion of the fair value movement of the swap is ineffective and is immediately recognised through interest payable.

Liquidity – the Company mitigates liquidity risk by maintaining a positive cash flow. The Company is dependent for its working capital on funds provided to it by the Group which has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available.

Other risks- The Company places its insurance with leading insurance companies. Obligatory insurances are placed as necessary at competitive rates. All other risks are assessed and identified and where appropriate, insurance cover is purchased, where available, to mitigate these risks. Insurances are reviewed and assessed annually.

Going concern

Notwithstanding the company net current liability position the Directors have prepared the statutory financial statements on a going concern basis. In assessing the going concern position, the Directors have considered:

- the potential impact of Covid-19 on the Company's cash flow and liquidity to 31 December 2022; and
- the corresponding impact on the covenants associated with the underlying financing arrangements.

The financing arrangements available to the Company are from its ultimate parent, which itself is funded by external lenders and shareholders.

Strategic report *(continued)*

The Company relies on the financial support of its ultimate parent, Londonia Topco Limited, to continue as a going concern and meet its liabilities as they fall due. The availability of this financial support in turn depends on the trading performance of the Londonia Topco Limited and the ability of Londonia Bidco Limited, another group company, to meet covenants on its external lending, which is subject to a material uncertainty because of the ongoing impact of Covid-19 on passenger numbers. As such, there is a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern. As such, there is a material uncertainty that may raise significant doubt about the Company ability to continue as a going concern.

The financial statements have been prepared on a going concern basis as Londonia Topco Limited, the ultimate parent company intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Londonia Topco Limited intends to support the Company for at least one year after the financial statements were approved.

Londonia Topco Limited's financial modelling assumes significantly reduced passenger numbers and corresponding revenue reductions, as a result of Covid-19 over the next 12 months, and beyond to December 2022, reflecting the decline in passenger numbers across the aviation industry as a whole due to the travel restrictions and border closures arising from the Covid-19 pandemic. These scenarios assume a range of recovery profiles representing 20% to 40% of 2019 levels by December 2021 and the Base Case assumes a recovery to 30% of 2019 levels.

Due to the uncertainty around when the restrictions will be lifted and air travel will recommence, the Company has modelled several further scenarios reflecting different start dates for the recovery curves through 2021 for this Base Case to assess the adequacy of headroom in liquidity and covenants should revenues or recovery be slower than modelled.

The Directors took steps to secure liquidity in early 2020 through drawing down £100m from available existing funding sources, leaving an additional £65m accessible. This pre-existing funding has a termination date in 2023. Further shareholder backed funds of £200m were secured, with a term of 3 years to support the Company's cash flow needs.

In addition, waivers on covenant compliance have been granted from the lender group to avoid events of default arising from the anticipated breach of the lock-up forward-looking tests and exceeding covenant default levels in any of the measurement dates in December 2019, June and December 2020 and June 2021.

The impact of the pandemic on the aviation industry has been much more severe than was anticipated in March 2020 when these arrangements were put in place, and despite the expectation that liquidity will be adequate to fund operations for 2021 and through 2022, it is likely that Londonia Bidco Limited, a company within the Londonia Topco Limited group will be in breach of the earnings-based leverage and interest cover covenants in December 2021, the first measurement date.

It is anticipated that a combination of further waivers, shareholder support, or additional funding will need to be secured, to avoid a covenant breach and the Directors are considering, with the shareholders, a number of options and combination of activities to mitigate the risks around the covenants.

The impact of Covid-19 continues to evolve and its impact on the Londonia Topco Limited's ability to meet the covenant tests and to take corrective action represents material uncertainty that may cast significant doubt on Londonia Topco Limited and the Company's ability to continue as a going concern and to continue realising their assets and discharging liabilities in the normal course of business. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

After consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

Wilma Allan

Wilma Allan, Director

Docklands Aviation Group Limited
City Aviation House
Royal Docks
London
E16 2PB

25 May 2021

Directors' report

The directors present their report with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year of £5.7m (2019: £7.8m loss) is arrived at after taking into account taxation of £15.0m (2019: £3.7m). No dividend was declared or paid in the year (2019: £nil). There are no plans for a future dividend.

Ownership

In December 2020, the company's shares were transferred from Clover Bidco Limited to its immediate parent company Londonia Bidco Limited. See note 20 for further details.

Londonia Bidco Limited is the immediate parent company for Docklands Aviation Group Limited.

Directors

The directors who held office during and since the year were as follows:

R Sinclair	Chief Executive Officer
W Allan	Chief Finance Officer

Directors' insurance and indemnities

The company has made qualifying third-party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of the report. The company also purchased and maintained throughout the year Directors and Officers liability insurance in respect of itself and its directors.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Future developments

Future developments are discussed in the Strategic Report on page 3. There are no other subsequent events requiring disclosure.

Going concern

Going concern is discussed in the Strategic Report on page 3

Independent Auditors

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

On behalf of the board

Wilma Allan, Director

25 May 2021

Docklands Aviation Group Limited
Royal Docks
City Aviation House
London
E16 2PB

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Docklands Aviation Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Docklands Aviation Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2020; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

The company relies on the financial support of its ultimate parent, Londonia Topco Limited, to continue as a going concern and meet its liabilities as they fall due. The availability of this financial support in turn depends on the trading performance of the Londonia Topco Limited and the ability of Londonia Bidco Limited, another group company, to meet covenants on its external lending, which is subject to a material uncertainty because of the ongoing impact of Covid-19 on passenger numbers.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to, applicable tax legislation in the relevant jurisdictions, general data protection regulation (GDPR), applicable health and safety legislation and aviation regulations including the Civil Aviation Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of EBITDA and financial statement line items through manual journal postings and potential management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Inquiries of management with consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of expenses to identify any relating to legal matters;
- Challenging assumptions and judgements made by management in respect of critical accounting estimates and assumptions, including capitalisation of tangible assets;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings;
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Stuart Macdougall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 May 2021

Profit and loss account

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	3	**18,249**	18,000
Administrative expenses		**(15,019)**	(29,581)
Operating profit/(loss)	4	**3,230**	(11,581)
Interest receivable and similar income	6	**32,555**	33,345
Interest payable and similar expenses	7	**(45,015)**	(33,282)
Loss before taxation		**(9,230)**	(11,518)
Tax credit on loss	8	**14,960**	3,724
Profit/(loss) for the financial year		**5,730**	(7,794)

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

The notes on pages 16 to 28 form part of the financial statements.

Statement of comprehensive income
for the year ended 31 December 2020

	Note	**2020**	2019
		£000	£000
Profit/ (Loss) for the financial year		**5,730**	(7,794)
Other comprehensive expense			
Changes in fair value of cash flow hedges	14	**(18,873)**	(8,741)
Deferred tax on other comprehensive expense		**7,771**	1,486
Total comprehensive income/(expense) for the year		**(5,372)**	(15,049)

The notes on pages 16 to 28 form part of the financial statements.

Balance Sheet
as at 31 December

Registered number 5879149

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	9	**1,092,053**	603,927
		1,092,053	603,927
Current assets			
Debtors: amounts falling due within one year	10	**46**	179
Debtors: amounts falling due after more than one year	11	**431,262**	622,317
Cash at bank and in hand		**1,167**	2,039
Total current assets		**432,475**	624,535
Creditors: amounts falling due within one year	12	**(560,133)**	(771,553)
Net current liabilities		**(127,658)**	(147,018)
Total assets less current liabilities		**964,395**	456,909
Creditors: amounts falling due after more than one year	13	**(752,786)**	(239,928)
Net assets		**211,609**	216,981
Capital and reserves			
Called up share capital	19	**340,523**	340,523
Capital reserve		**245,782**	245,782
Cashflow hedge		**(184,786)**	(173,684)
Profit and loss account		**(189,910)**	(195,640)
Total shareholders' funds		**211,609**	216,981

The notes on pages 16 to 28 form part of the financial statements.

These financial statements on pages 12 to 28 were approved by the board of directors on 25 May 2021 and were signed on its behalf by:

Wilma M. Allan

Wilma Allan, Director

Statement of changes in equity

	Share capital	Profit & loss account	Cashflow hedge	Capital Reserve	2020 Total
	£000	£000	£000	£000	£000
As 1 January 2020	340,523	(195,640)	(173,684)	245,782	**216,981**
Profit for the year	-	5,730	-	-	**5,730**
Cashflow hedge in the year	-	-	(18,873)	-	**(18,873)**
Deferred tax on cashflow hedge	-	-	7,771	-	**7,771**
At 31 December 2020	**340,523**	**(189,910)**	**(184,786)**	**245,782**	**211,609**

	Share capital	Profit & loss account	Cashflow hedge	Capital Reserve	2019 Total
	£000	£000	£000	£000	£000
As 1 January 2019	340,523	(187,846)	(166,429)	245,782	**232,030**
Loss for the year	-	(7,794)	-	-	**(7,794)**
Cashflow hedge in the year	-	-	(8,741)	-	**(8,741)**
Deferred tax on cashflow hedge	-	-	1,486	-	**1,486**
At 31 December 2019	**340,523**	**(195,640)**	**(173,684)**	**245,782**	**216,981**

The notes on pages 16 to 28 form part of the financial statements.

Notes

1 Basis of preparation of financial statements

The principal activity of the Company is of a management company.

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

Copies of the consolidated financial statements for the immediate and ultimate parent undertakings can be obtained from the company's registered address, 44 Esplanade, St. Helier, Jersey, JE4 9WG.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Statement of compliance

The financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and Companies Act 2006).

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss as the Company has investment property held at fair value.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Disclosure exemption in the accounting policies

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102.

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Going concern

Notwithstanding the company net current liability position the Directors have prepared the statutory financial statements on a going concern basis. In assessing the going concern position, the Directors have considered:

- the potential impact of Covid-19 on the Company's cash flow and liquidity to 31 December 2022; and
- the corresponding impact on the covenants associated with the underlying financing arrangements.

The financing arrangements available to the Company are from its ultimate parent, which itself is funded by external lenders and shareholders.

The Company relies on the financial support of its ultimate parent, Londonia Topco Limited, to continue as a going concern and meet its liabilities as they fall due. The availability of this financial support in turn depends on the trading performance of the Londonia Topco Limited and the ability of Londonia Bidco Limited, another group company, to meet covenants on its external lending, which is subject to a material uncertainty because of the ongoing impact of Covid-19 on passenger numbers. As such, there is a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern. As such, there is a material uncertainty that may raise significant doubt about the Company ability to continue as a going concern.

Notes *(continued)*

Basis of preparation of financial statements (continued)

The financial statements have been prepared on a going concern basis as Londonia Topco Limited, the ultimate parent company intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Londonia Topco Limited intends to support the Company for at least one year after the financial statements were approved.

Londonia Topco Limited's financial modelling assumes significantly reduced passenger numbers and corresponding revenue reductions, as a result of Covid-19 over the next 12 months, and beyond to December 2022, reflecting the decline in passenger numbers across the aviation industry as a whole due to the travel restrictions and border closures arising from the Covid-19 pandemic. These scenarios assume a range of recovery profiles representing 20% to 40% of 2019 levels by December 2021 and the Base Case assumes a recovery to 30% of 2019 levels.

Due to the uncertainty around when the restrictions will be lifted and air travel will recommence, the Company has modelled several further scenarios reflecting different start dates for the recovery curves through 2021 for this Base Case to assess the adequacy of headroom in liquidity and covenants should revenues or recovery be slower than modelled.

The Directors took steps to secure liquidity in early 2020 through drawing down £100m from available existing funding sources, leaving an additional £65m accessible. This pre-existing funding has a termination date in 2023. Further shareholder backed funds of £200m were secured, with a term of 3 years to support the Company's cash flow needs.

In addition, waivers on covenant compliance have been granted from the lender group to avoid events of default arising from the anticipated breach of the lock-up forward-looking tests and exceeding covenant default levels in any of the measurement dates in December 2019, June and December 2020 and June 2021.

The impact of the pandemic on the aviation industry has been much more severe than was anticipated in March 2020 when these arrangements were put in place, and despite the expectation that liquidity will be adequate to fund operations for 2021 and through 2022, it is likely that Londonia Bidco Limited, a company within the Londonia Topco Limited group will be in breach of the earnings-based leverage and interest cover covenants in December 2021, the first measurement date.

It is anticipated that a combination of further waivers, shareholder support, or additional funding will need to be secured, to avoid a covenant breach and the Directors are considering, with the shareholders, a number of options and combination of activities to mitigate the risks around the covenants.

The impact of Covid-19 continues to evolve and its impact on the Londonia Topco Limited's ability to meet the covenant tests and to take corrective action represents material uncertainty that may cast significant doubt on Londonia Topco Limited and the Company's ability to continue as a going concern and to continue realising their assets and discharging liabilities in the normal course of business. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

After consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

2 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Turnover

Turnover is calculated on the basis of the invoiced value of goods and services supplied during the trading year and excludes value added tax. Turnover consists of rental income from other group companies.

Notes *(continued)*

Accounting policies *(continued)*

Tangible fixed assets, depreciation and amortisation

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives are as follows:

Leasehold land	- 75 years
Buildings	- 10 to 60 years
Plant and machinery	- 3 to 15 years

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

Borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Finance and operating leases

Assets which are the subject of finance leases together with the corresponding lease obligations are capitalised. The assets are depreciated as described above and the finance charge element of each lease payment representing a constant interest rate on the reducing obligation is charged against profits. All other leases are accounted for as operating leases and the rental charges are charged against the profit and loss account on a straight-line basis over the life of the lease.

Financial instruments

The company has decided to early adopt amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Interest rate benchmark reform, which was issued in December 2019 and provides exemptions from certain hedge accounting qualification requirements in response to market-wide benchmark interest rate reform. In August 2020, the Phase 2 amendments were released to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).

The amendments permit an entity to assume no impact to existing hedge accounting relationships subject to the reform, thereby allowing a continuation of hedge accounting. The amendments apply to annual periods beginning on or after 1 January 2020.

Note 15 Financial instruments provides the required disclosures of the uncertainty arising from LIBOR reform for hedging relationships for which the company applied the reliefs.

Derivative and hedging - Interest rate swaps

The Company has entered into a number of interest rate swap contracts (hedged instruments) in relation to the £345m intercompany loan (hedged item) to receive interest at 3-month GBP LIBOR and pay interest at a fixed rate of 5.4579%. The swap contracts mature in December 2036 with a mandatory break at December 2023 on the same date as the intercompany loan. The purpose of these transactions is to manage the interest rate risk.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Notes *(continued)*

Accounting policies *(continued)*

Hedging arrangement - Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Taxation

Provision is made for consideration payable to or recoverable from other group undertakings for the surrender of losses under group relief provisions.

Deferred taxation

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Capital reserves

The capital reserve forms part of the company's distributable reserves.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting principles

Management is required to make judgements in relation to the capitalisation of costs in relation to assets in the course of construction. This relates to both when amounts may begin to be capitalised and where there may be doubt about the ultimate completion of the asset, for example as a consequence of regulatory requirements such as planning consents.

(b) Critical accounting estimates and assumptions

In the application of the Company's accounting policies, which are described in note above, the Directors are required to make certain judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Notes *(continued)*

Accounting policies *(continued)*

Capitalisation of tangible assets

Management are required to make judgements in relation to the capitalisation of costs in relation to assets in the course of construction. This relates to both when amounts may begin to be capitalised and where there may be doubt about the ultimate completion of the asset, for example as a consequence of regulatory requirements such as planning consents.

Useful economic lives of tangible assets

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

Recognition of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the timing differences can be utilised. The amount of the deferred tax asset considered realisable could be adjusted if estimates of future taxable income are reduced or decreased. The value of the deferred tax asset is re-assessed annually.

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. The valuation is sensitive to the forward estimate of LIBOR, which is the critical market input to the valuation.

Land and buildings

Following the group simplification and in accordance with FRS102, there is a requirement to disclose the cost of land separately to buildings. This apportionment was determined with reference to the purchase agreement in 2016.

Valuation of property

Investment properties which were reclassified as to property, plant and equipment on completion of the hive up of trade and assets (see note 20) were valued at open market value at £284.7 million. The valuation was prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account, *inter alia,* of planning constraints and reflecting the demand for airport related uses.

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

As at the valuation date, there is a shortage of market evidence for comparison purposes, to inform opinions of value on the majority of the Company's portfolio. The valuation of these assets was therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. The valuers consider this clause to be a disclosure in their reports rather than a disclaimer, meaning the material uncertainty clause is to serve as a precaution and does not invalidate their valuation. Inputs to the valuations including discount rate, exit yield and forecast revenue assumptions are based on latest known information. The increasing discount rate and exit yield considered reflect the current market sentiment under the COVID-19 pandemic, impacting negatively the fair value, rather than a different long-term perspective for these assets. The Directors are satisfied that these valuations are appropriate for inclusion in the financial statements.

Notes *(continued)*

3 Turnover

The directors consider that the business has only one segment. The Company's turnover is derived from operating lease rentals, solely in the United Kingdom.

	2020	2019
	£000	£000
Rental income	**18,249**	18,000

4 Operating profit/(loss)

	2020	2019
	£000	£000
Operating profit/(loss) is stated after charging/(crediting):		
Fees payable to the Company's auditors		
-for the audit of the Company's financial statements	**20**	5
Depreciation – owned assets	**11,330**	11,536
Amortisation of Government grants	**(4)**	(4)

5 Employees and directors

Employees

The company had no employees during 2020 (2019: £nil).

Directors

None of the directors received any emoluments from the Company during the year (2019: £nil). The directors were remunerated by Londonia Bidco Limited and provide services to a number of group companies, it is not practical to determine the element of their remuneration which relates to their qualifying services as directors of this company.

6 Interest receivable and similar income

	2020	2019
	£000	£000
Interest receivable from group undertakings	**32,555**	33,345

7 Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	**17,572**	16,051
Interest payable to group undertakings	**9,206**	10,457
Hedge ineffectiveness	**18,237**	6,774
	45,015	33,282

Notes *(continued)*

8 Tax Credit on loss

Total tax credit recognised in the profit and loss account

	2020	2019
	£000	£000
Current tax credit		
Current tax on income for the year	**(1,972)**	(2,025)
Adjustment in respect of prior periods	**(433)**	-
Current tax on income for the year	**(2,405)**	(2,025)
Deferred tax credit		
Origination and reversal of timing differences	**(16,418)**	(1,564)
Adjustment in respect of prior periods- deferred tax	**(141)**	-
Impact of change in UK tax rate	**4,004**	135
	(12,555)	**(1,699)**
Total Tax credit on loss	**(14,960)**	(3,724)

	2020	2019
	£000	£000
Reconciliation of effective tax rate		
Loss before taxation	**(9,230)**	(11,518)
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**(1,754)**	(2,188)
Effects of:		
Expenses not deductible	**10**	10
Transfer pricing adjustments	**(5,220)**	(1,724)
Non-deductible depreciation	**1,930**	1,731
Adjustment in respect of prior periods	**(574)**	-
Impact of change in UK tax rate	**4,004**	135
Deferred tax on investment property	**(13,356)**	(1,688)
Total tax credit included in profit or loss	**(14,960)**	(3,724)

In the Spring Budget 2021 the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset by £6.4m.

Notes *(continued)*

9 Tangible assets

	Assets under construction	Land	Buildings	Plant and Machinery	Total
	£'000	£000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2020	246,100	404,649	59,510	11,749	722,008
Additions in the year	96,388	-	5,370	-	101,758
Transfer following corporate simplification	100,008	284,960	-	-	384,968
Transfer	(205,347)	(206,041)	409,988	1,400	-
Transfer from group company	12,730	-	-	-	12,730
At 31 December 2020	249,879	483,568	474,868	13,149	1,221,464
Accumulated depreciation					
At 1 January 2020	-	69,186	37,146	11,749	118,081
Charge for year	-	5,196	6,084	50	11,330
Transfer	-	(74,382)	74,382	-	-
At 31 December 2020	-	-	117,612	11,799	129,411
Net book value					
At 31 December 2020	249,879	483,568	357,256	1,350	1,092,053

	Assets under construction	Long leasehold land	Buildings	Plant and Machinery	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2019	154,113	404,649	59,393	11,749	629,904
Additions in the year	91,987	-	117	-	92,104
At 31 December 2019	246,100	404,649	59,510	11,749	722,008
Accumulated depreciation					
At 1 January 2019	-	63,990	30,806	11,749	106,545
Charge for year	-	5,196	6,340	-	11,536
At 31 December 2019	-	69,186	37,146	11,749	118,081
Net book value					
At 31 December 2019	246,100	335,463	22,364	-	603,927

Additions from the entities includes the assets transferred from City Airport Development Company Limited (CAD) primarily the costs for the piling and decking CADP project and assets transferred from AMI Property Holdings Limited (AMI), North Woolwich Properties Limited (NWP) and West Silvertown Properties Limited (WSP) which was previously investment property measured at fair value (see note 20).

DAG had previously recognised a long leasehold land, following the corporate simplification and acquisition/transfer of the freehold land from AMI it is now in substance a freehold interest and an allocation was performed to determine the amount attributable to buildings of £131.6m and land of £483.6m.

Notes *(continued)*

10 Debtors: amount falling due within one year

	2020	2019
	£000	£000
Amounts owed by group undertakings	**-**	160
Prepayments and accrued income	**46**	19
	46	179

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

11 Debtors: amount falling due after one year

	2020	2019
	£000	£000
Deferred tax asset (see note 16)	**20,075**	1,401
Amounts owed by group undertakings	**411,187**	620,916
	431,262	622,317

The company has a loan facility with Londonia Bidco Limited with a principal of £345,000,000 included in amounts owed by group undertakings due after more than one year. This loan is due and receivable on 31 December 2023. Interest is charged at a rate of 5.4749% per annum.

12 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	**35**	-
Other creditors	**94**	37
Corporation tax	**747**	-
Amounts owed to group undertakings	**559,177**	753,517
Accruals and deferred income	**80**	17,999
	560,133	771,553

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

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Cashflow hedge – swap	**277,039**	239,928
Amounts owed to group undertakings	**475,747**	-
	752,786	239,928

The company has a loan facility with Londonia Bidco Limited, a fellow group undertaking. At the year end date, a principal of £459,814k and interest of £15,933k is included in amounts owed to group undertakings due after more than one year. This loan is due and payable on 31 December 2023. Interest is charged at a rate of LIBOR plus 1.45% per annum.

The amount due to Londonia Bidco Limited is charged interest at 5.475% per annum. This amounts to £66.2m (2019: £47.2m).

14 Loans and finance leases

The maturity profile of the Company's financial liabilities under loans and secured notes at 31 December are:

	2020	2019
	£000	£000
Not later than one year	**16**	16
Later than one year and not later than five years	**277,039**	239,928
Later than five years	**-**	-
	277,055	239,944

Derivative financial instruments – Interest rate swaps

The Company has entered into a number of interest rate swap contracts (hedged instruments) in relation to the £345m intercompany loan (hedged item) to receive interest at 3-month GBP LIBOR and pay interest at a fixed rate of 5.4579%. The swap contracts mature in December 2036 with a mandatory break at December 2023 on the same date as the intercompany loan. The purpose of these transactions is to manage the interest rate risk. The instrument is used to hedge the company's exposure to interest rate movements on the loan facility. The fair value of the hedged instruments at 31 December 2020 is £277.1m *(2019: £239.9m).*

Cash flows on both the loan and the interest rate swaps are paid quarterly. During 2020, a hedging loss of £37.1m (2019: £15.5m loss) was recognised in other comprehensive income for changes in the fair value of the interest rate swap and £18.2m (2019: £6.8m) was reclassified from the hedge reserve to profit and loss.

15 Financial instruments

Interest rate benchmarks such as the London Interbank Offered Rate (LIBOR) are being reformed, and it is anticipated that LIBOR will not be available after 2021. There is increasing uncertainty about the long-term viability of some interest rate benchmarks and this gives rise to issues affecting financial reporting in the period before the reform, particularly in relation to hedge accounting. Below are details of the hedging instruments and hedged items in scope of the FRS102 Interest Rate Benchmark Reform amendments, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

Hedge Type	Instrument Type	Maturing in	Nominal	Hedged Item
Cashflow hedge	Receive 3-month GBP LIBOR, pay GBP fixed interest rate swap	December 2023	£345m	Intercompany loan

Notes *(continued)*

16 Deferred Tax

	2020	2019
	£000	£000
The assets for deferred tax are as follows:		
Accelerated capital allowances	**(903)**	408
Provided deferred tax in respect of revaluation surpluses	**(32,812)**	(39,828)
Deferred tax in respect of cashflow hedge	**52,638**	40,787
Other timing differences	**1,152**	34
Total	**20,075**	1,401

	2020	2019
	£000	£000
At 1 January	**1,401**	(1,783)
Credited to income statement	**12,556**	1,698
Credited to other comprehensive income	**7,771**	1,486
Transfer on corporate simplification	**(1,653)**	-
Asset at 31 December	**20,075**	1,401

Any taxable losses incurred from the reversal of temporary differences, along with existing losses, are eligible to be offset against profits within other group entities as the Company pays for group relief. It is forecast that group will make sufficient profits in the future to offset taxable losses and therefore the deferred tax asset is considered to be recoverable.

Notes *(continued)*

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

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

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

- a world-class international gateway to London;
- additional capacity for the next generation of aircraft which are quieter and more fuel efficient and will open up new routes to business destinations not currently served from the airport;
- 1,600 new jobs (and a further 500 during construction); and
- economic benefit of up to £1.5bn per annum.

The CADP planning permission is subject to comprehensive planning controls including 97 planning conditions and legal obligations covering topics such as environment; surface access; employment; education; design and construction.

The legal obligations attached to the CADP permission are listed in the Section 106 Agreement (S106) that the airport entered into with the London Borough of Newham, the Greater London Authority and Transport for London. These obligations comprise a number of positive contributions, both monetary and non-monetary, that the airport will make in the local community and environment. The financial contributions that the airport is, or could be, required to make cover a wide range of areas such as funding of employment and education initiatives, transport infrastructure (including DLR rolling stock), environmental improvements and noise insulation/ development value compensation. The range of the financial obligations is between £16.6m - £26.2m. There are two categories of future monetary payments that are payable under the CADP S106 agreement:

- Specific payments – for which the amounts are known the precise timing of some payments is prescribed by the S106, whilst the timing of other payments is conditional upon the timing of projects and activities being undertaken by third parties to whom the contributions relate.

- Variable payments – For some of the obligations it is not possible to accurately estimate the potential cost or timing of the payment of these amounts as they are dependent on a variety of factors around the airport's own development and the future development of the local environment specifically in relation to development value compensation, noise insulation and other environmental improvements.

Details of the progress, funding and support provided by the airport to date is contained in the Annual Performance Report compiled under the agreement with LBN which can be found on the airport's website – http://www.londoncityairport.com/aboutandcorporate/page/ourenvironment .

18 Other financial commitments

	2020	2019
	£000	£000
Capital expenditure		
Commitments	487	70,782

Following an assessment of the Company's capital expenditure commitments, the commitments have been updated to reflect the obligation based on the contracts with third party providers.

The reduction in commitment is due to works relating to CADP being paused.

Notes *(continued)*

19 Called up share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
340,523,086 (2019: 340,523,086) ordinary shares of £1 each	**340,523,086**	340,523,086

20 Hive up of trade and assets

On 17 December 2020 the trade and assets of fellow subsidiaries of Londonia Bidco Limited - AMI Property Holdings Limited (AMI), City Airport Development Company Limited (CAD), North Woolwich Properties Limited (NWP) and West Silvertown Properties Limited (WSP) transferred their trading assets into the company. The transfer occurred at fair value, which was equivalent to book value in settlement of intercompany balances. The breakdown between the tangible asset purchased and the related assets/(liabilities) is shown below:

	CAD	NWP	WSP	AMI	Total
	£000	**£000**	**£000**	**£000**	**£000**
Tangible Assets	**100,008**	**16,090**	**21,970**	**246,900**	**384,968**
Other assets/(liabilities)	**-**	**(1,809)**	**(3,378)**	**4,337**	**(850)**
Net assets on hive up	**100,008**	**14,281**	**18,592**	**251,237**	**384,118**
Intercompany consideration	**(100,008)**	**(14,281)**	**(18,592)**	**(251,237)**	**(384,118)**

The assets transferred for CAD was primarily the associated costs for the piling and decking in relation to the CADP project and the assets transferred for NWP, WSP and AMI related to the transfer of land. DAG had previously recognised long leasehold land and buildings, and on purchase of the freehold land from AMI it now holds both the leasehold land and buildings and the freehold land. The total was apportioned between buildings and land has been split per note 9.

21 Ultimate and controlling parent undertakings

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