Edinburgh Airport Limited
Annual report and financial statements
for the year ended 31 December 2020

Company registration number: SC096623

Edinburgh Airport Limited

Contents

Edinburgh Airport Limited

Officers and professional advisers

Directors
Gordon Dewar
Sir John Elvidge
Andreea Luana Badiu
Scott Telesz
Michael McGhee
David Thomson
Linda Urquhart

Secretary
Stephen Swan

Registered office
Edinburgh Airport
Edinburgh
EH12 9DN

Independent auditor
Deloitte LLP
Edinburgh
EH1 2DB

Banker
The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006. The group has complied with the guidelines for disclosure and transparency in private equity revised July 2014 (commonly referred to as 'The Walker Guidelines').

Edinburgh Airport started life as the Royal Naval Air Service Aerodrome "Turnhouse" in March 1916. It was a key military base during World War I. After its use during World Wars I and II, it launched its first commercial services in 1947. Responsibility for Edinburgh Airport transferred from the Ministry of Defence to the Ministry of Aviation in 1960. In 1966, Edinburgh Airport was transferred to the British Airports Authority (BAA) who operated the Airport until it was privatised in July 1987, becoming BAA Edinburgh. BAA continued to operate the Airport until May 2012, after which it was sold to Global Infrastructure Partners.

1. General strategy

Edinburgh Airport was Scotland's busiest airport in 2019 with 14.7 million passengers passing through its terminal. The Airport makes a significant contribution to the growth of the city of Edinburgh and Scotland. Over recent years Edinburgh Airport's management team have successfully delivered sustained growth and consistently outperformed business plans. Edinburgh Airport's goal is to provide a world class operation by delivering sustainable growth through choice, whilst balancing the needs of its stakeholders and managing risks responsibly.

The COVID-19 global pandemic declared by the World Health Organisation in March 2020 has caused disruption on an unprecedented scale for Edinburgh Airport and the wider aviation industry. The short to medium term impact of the COVID-19 pandemic remains difficult to assess, but what is clear is the recovery will take time.

The COVID-19 pandemic is the largest single challenge ever faced by the aviation industry and therefore, the recovery from the pandemic is the Airport's core short to medium term objective. The scale of the pandemic has demanded that priorities are refocused in the short-term to ensure there is an effective response to the immediate challenges faced. The goal is to manage costs and capital expenditure tightly, preserve cash and ensure liquidity and drive the Airport back to previous levels of traffic and financial performance as quickly as possible. As and when the recovery becomes sustained, focus will return to the long-term strategic agenda.

Edinburgh Airport's initial responses to the pandemic were designed to maintain air connectivity for repatriation and medical flights as well as cargo operations. Infrastructure was made available to support NHS COVID-19 testing.

In addition, the directors have responded by taking decisive steps to reduce operating costs and capital expenditure to align with the significantly reduced passenger levels whilst ensuring health measures and controls provide a safe environment for all users of the Airport. The Airport's infrastructure has been scaled back and staffing levels have been reduced to align with demand, whilst remaining open for business throughout the pandemic.

There has been ongoing engagement with the Airport's business partners to align support requirements and this will continue during the period of recovery.

The directors' expectation is international markets will reopen with the resultant gradual recovery of passenger levels commencing during 2021. Passenger demand will be dependent upon local restrictions and routes where Government air bridges are in place. The COVID-19 pandemic presents the Airport with new short term risks, including uncertainty over the timing and pace of recovery in passenger demand and ensuring operating costs are aligned with passenger demand. These risks are being addressed to ensure the potential impacts are understood and mitigated where possible.

2. Review of 2020 and outlook

COVID-19 pandemic
The COVID-19 global pandemic has caused major scale disruption for Edinburgh Airport and the wider aviation industry in 2020, with passenger numbers reducing to minimal levels as national and regional restrictions on non-essential travel, combined with ongoing quarantine requirements, suppress demand for air travel. Aviation is amongst the industries hardest hit by the COVID-19 pandemic, being one of the first to feel its effects.

Passenger numbers for the year ended 31 December 2020 were down 76% to 3.5 million (2019 – 14.7 million). In the same period revenue fell by 69% to £68.1 million (2019 - £221.0 million). During the initial lockdown period, April 2020 to June 2020, passenger numbers were down 99% on the same period in 2019.

The COVID-19 pandemic has therefore had a material impact on the financial performance of the Airport in 2020. The group has responded by taking decisive steps and has implemented a series of robust measures to preserve cash, reduce costs and access additional liquidity with adequate headroom.

Strategic report (continued)

2. Review of 2020 and outlook (continued)

Cost management
Given the severity of the impact of the COVID-19 pandemic on Edinburgh Airport it was vital that a robust cost reduction programme was implemented swiftly. Support has been provided from the Scottish Government in the form of relief from business rates and the Airport has utilised the UK Government's Coronavirus Job Retention Scheme during 2020. There has been a significant reduction in capital expenditure on infrastructure designed to support growth, costs have been reduced in line with passenger numbers and all discretionary spend has been curtailed.

Given the significant reduction in passenger numbers, further cost reduction in the form of redundancies have unfortunately proven necessary. A consultation with staff and unions commenced in March 2020 and around one third of the Group's staff were made redundant during 2020.

Liquidity
The Airport secured a further £75m 18-month term loan in April 2020 from its banks and secured agreement to waive a number of financial and non-financial covenants that were potentially impacted by the COVID-19 pandemic with its lender group. Further detail on the group's future liquidity requirements is given in the *Developments since beginning of 2021 and future outlook* section.

Flysafe campaign
Edinburgh Airport has invested in measures to ensure its terminal and campus are safe for passengers, business partners and staff alike. Passenger confidence in aviation in a COVID-19 environment is crucial to recovery. As Government restrictions and border controls are relaxed it is expected airlines will re-introduce flying programmes. Edinburgh Airport has implemented a number of health and control measures to provide a safe environment for passengers, airlines, staff and campus colleagues as airlines start up their operations again.

"Flysafe" is the brand given to the Airport's initiative which combines operational changes, such as new walking routes, hand sanitising stations, availability of face coverings & PPE, temperature screening and social distancing, all supported by extensive passenger communications. The campaign has been deemed effective and met with the approval of Government, stakeholders, staff and passengers alike. In January 2021, Edinburgh Airport became the first UK airport to achieve a 4-star Skytrax COVID-19 safety rating.

It is anticipated "Flysafe" will remain in place during 2021, and potentially beyond, whilst the wider pandemic restrictions are in place and gradually relaxed.

Community commitment
Edinburgh Airport continues its commitment to be an Airport that plays it part in its community by:
- Hosting an NHS Testing Station in its long stay car park to help front line medical teams' response to the pandemic;
- Remaining open during the pandemic to support essential services including cargo, mail, medical and repatriation flights;
- Opening the first public COVID-19 screening centre at an airport in Scotland in November 2020. The centre allows the public to receive fast and accurate PCR swab tests;
- Donation of 50,000 of face coverings to local community and charity groups to allow these groups to continue to provide their vital support and services safely during the pandemic; and
- Donating £50,000 of its community payments to charities assisting those most affected by the virus.

In addition, many furloughed staff volunteered and fundraised in their local communities across Central Scotland during the pandemic.

Key financial metrics
These are provided in Section 4 of the Strategic report.

Review of the year
Turnover for the year ended 31 December 2020 was £68.1 million (2019: £221.0 million). Loss for the financial year was £96.5 million (2019: £71.3 million profit). Shareholders' funds at the year-end totalled £44.5 million (2019: £150.9 million) of which a surplus of £1.7 million (2019: £51.1 million) related to the profit and loss account. See Statement of changes in equity on pages 28 and 29.

2. Review of 2020 and outlook (continued)

Review of the year (continued)
The Group secured a further £75m 18-month term loan in April 2020, increasing overall third party funding facilities from £980.3 million to £1,055.3 million. The funding consists of a combination of bank debt and longer term institutional loans. In addition, the group has a further £50.0 million capital expenditure facility, £10.0 million revolving credit facility and £4.0 million overdraft facility. In response to the impact of the COVID-19 pandemic, the capital expenditure and revolving credit facilities were drawn down. At 31 December 2020, £50.0 million (2019: £nil) was drawn down on the capital expenditure facility, £8.0 million (2019: £nil) was drawn on the revolving credit facility and £nil (2019: £nil) was drawn down on the bank overdraft facility.

As at 31 December 2020, drawn fixed rate debt after hedging with derivatives represented 79% (2019: 85%) of the group's total external nominal debt. The group is funded through a mix of term loans, revolving bank debt facilities and long term institutional debt totalling £1,113.3 million (2019: £1,038.3 million) of which £1,113.3 million (2019: £980.3 million) was drawn at the year end. The group has positive cash flows with net cash flows from operating activities of £10.9 million (2019: £131.2 million). As at 31 December 2020, the group's cash and cash equivalents totalled £80.9 million (2019: £7.5 million) and available headroom under undrawn committed bank facilities was £1.9 million (2019: £58.0 million). Although there can be no certainty that financing markets will remain open at all times, debt maturities are spread over a range of dates, thereby ensuring the group is not exposed to excessive refinancing risk in any one year.

Developments since beginning of 2021 and future outlook
The impacts of the COVID-19 pandemic on the general economy and the aviation industry specifically continue into 2021. The reintroduction of lockdown restrictions whereby only essential travel is permitted, the closure of all air corridors in January 2021 and hotel quarantining mean the Airport continues to experience severely reduced passenger volumes and the expectation is this will continue for a number of months to come. The Airport remains open despite low levels of activity.

The Airport continues to utilise the UK Government's Coronavirus Job Retention Scheme in 2021.

Projecting passenger numbers and revenue in 2021 is inherently uncertain as the timing and pace of recovery remains difficult to ascertain. The Airport's commercial strategy is premised on using temporary price discounts linked to traffic volume to incentivise airlines and concessionaires to recover. 2021 commercial yields are adverse to pre-crisis levels but are expected to improve after the recovery period commences.

In January 2021, Edinburgh Airport became the first UK airport to achieve a 4-star Skytrax COVID-19 safety rating. The Skytrax COVID-19 Airport Safety Rating is the world's only assessment and certification of airport health and safety measures during the COVID-19 pandemic that is based on professional and scientific investigation of the actual standards being provided at the airport.

The focus for 2021 will be on controllable activity, namely operating costs and capital investment. The cash preservation and cost control measures implemented in 2020 remain in place. 2021 will see the lowest level of annual investment by the Airport in twenty years and the focus for investment will continue to be on critical asset replacement spend, meeting health & safety and regulatory requirements and concluding projects already in flight at the onset of the COVID-19 crisis.

The approval of several COVID-19 vaccinations and the UK and Scottish Government's vaccination programmes provide optimism for relaxation of restrictions during 2021 and the commencement of the recovery phase. Edinburgh Airport believes that a fast and efficient vaccination programme is a key factor of Scotland's recovery. As an organisation that is built on creating and managing efficient process for large numbers of people every day the Airport has offered its assistance to the Scottish Government and stands ready to assist if required.

Edinburgh Airport, with Scotland's other airports, has been engaging with the Scottish Government for a number of months on how best to create an effective airport testing regime. Edinburgh Airport believe this is vital for the safe reopening of Scotland's connectivity and should be introduced as a matter of urgency. However, it is up to Governments to decide on the best and most appropriate public health measures in dealing with this virus. Edinburgh Airport's only ask is that any measures are accompanied with clarity around the detail of their implementation, a clear roadmap of what conditions are necessary for a relaxation of the measures and a support package that supports the industry as it is effectively closed for a period.

As at 28 February 2021 the group had £74.7m of cash in the bank and £1.9m of unutilised committed facilities.

Strategic report (continued)

2. Review of 2020 and outlook (continued)

Developments since beginning of 2021 and future outlook (continued)
The directors continue to carefully monitor and manage the challenging level of uncertainties associated with the pandemic regarding timing and severity of impact. The directors continue to undertake detailed scenario planning exercises to consider the ongoing impacts of the COVID-19 pandemic on operations, profitability and cash flow. The scenario modelling assumes reduced passenger numbers and revenue as a result of COVID-19, reflecting the current period of significantly reduced activity and a subsequent recovery period. These scenarios incorporate the robust suite of cash preservation and cost reduction measures which have already been implemented in response to the pandemic. The scenario planning exercise undertaken assumes a cautious approach to the airport's recovery from the COVID-19 pandemic. It has been assumed the recovery will be gradual as the Governments around the world, including the UK, phase the removal of the enforced 'lockdown' measures and reinstatement of travel corridors.

In each scenario modelled the Directors consider the group is expected to maintain sufficient liquidity with existing committed borrowing facilities for 12 months from the approval date of these financial statements, however, management highlight two areas of material uncertainty:

1. The £75m 18-month term loan, secured from the group's banks in April 2020, matures in October 2021 and the £100m original facility is due to mature in May 2022. Discussions to extend both these facilities has commenced with the group's banks and the Directors are confident the facilities will be extended, however, at the point these financial statements were approved the extensions had not yet been agreed. In the unlikely event the maturity is not extended the group would need to source additional external funding.

2. It is projected the group will breach its banking covenants at both the June 2021 and December 2021 assessment points. Whilst discussions are ongoing with lenders, waivers have not yet been secured for these assessment points at the point the group financial statements were approved.

The outlook for 2021 remains uncertain and dependant on the timing and pace of the recovery phase, however the directors believe the group is well placed to identify and manage its business risks effectively, despite the inherent uncertainties faced. The UK's vaccination role out programme is currently moving ahead at pace and data studies are confirming the efficacy of the vaccines being deployed which provides optimism for relaxation of restrictions. The directors remain confident in a full recovery in air travel, albeit the exact timing of which remains unclear. The directors continue therefore to adopt the going concern basis in preparing the financial statements, however the matters discussed above result in the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and therefore the group may be unable to discharge its liabilities in the normal course of business.

Exceptional items

Exceptional items recognised in the Statement of comprehensive income relate to:
- restructuring and reorganisation costs as a result of the COVID-19 pandemic;
- de-recognition of assets under the course of construction and write down of PPE stock as a result of the impact of the COVID-19 pandemic;
- refinancing costs; and
- consultation costs in relation to potential changes to flight paths above Edinburgh.

Strategic report (continued)

3. Energy and carbon reporting

Edinburgh Airport is committed to reducing its negative impacts on the environment and maximising positive opportunities through the maintenance of the Airport's Environmental Management System, which is accredited to ISO 14001.

Calculating the carbon footprint of the Airport allows the directors to understand the contributions of activities taking place at the Airport, monitor changes and evaluate the success of previous implementations, as well as helping the directors to identify opportunities to reduce Edinburgh Airport's carbon emissions.

The group reports on all sources of GHG emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended. The table below shows the total gross GHG emissions in tonnes of CO2:

GHG emissions and energy usage data for period 1 January 2020 to 31 December 2020	**UK and offshore 2020**
Emissions from combustion of gas (Scope 1 – tonnes of CO2e)	**3,564.1**
Emissions from combustion of fuel in group-owned operational vehicles (Scope 1 – tonnes of CO2e)	**208.0**
Emissions from combustion of fuel for airport fire training purposes (Scope 1 – tonnes of CO2e)	**0.5**
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO2e)	**-**
Total gross tonnes of CO2e (Scope 1 and 2) based on above	**3,772.6**
Energy consumption used to calculate emissions (kwh)	**19,274,441.8**
Carbon intensity ratio:	
Tonnes of CO2e per £m revenue	**55.4**

Edinburgh Airport has reported its emissions in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Our reporting therefore includes Scope 1 and Scope 2 emissions from our operations, being, respectively, direct on-site emissions and emissions from our use of electricity imported from the grid or from a third-party supplier of energy in the form of heat or electricity.

Edinburgh Airport's scope 1 emissions have seen an overall increase of 41% in 2020, as compared to 2019. This is largely due to an increase in natural gas consumption and the inclusion of de-icer usage in the 2020 emissions calculation.

Edinburgh Airport's scope 2 emissions have remained at nil under market-based reporting due to the procurement of 100% renewable electricity from 2019 onwards.

Edinburgh Airport is on track to achieve Net Zero GHG emissions ahead of the 2050 deadline publicly committed to. In 2020 the Airport developed a "Net Zero Roadmap" to determine the path to meeting this target. The results of the carbon emissions modelling indicate that if all of the identified carbon reduction measures are implemented by the Airport, either through direct action or by influencing third parties, the Airport would reduce its 2045 carbon footprint by 45% compared to implementing none of the measures. Over the 25 year period that has been modelled, the total reduction in carbon emissions is around 850,000 tonnes of CO2e. This equates to around 700% of 2019's total carbon emissions. Where offsetting is required for residual emissions, projects will be chosen that provide additional sustainability benefits such as education or healthcare for local communities or habitat creation or enhancement.

4. S.172 Statement

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

(a) The likely consequences of any decision in the long term

The group has a 2040 Masterplan in place, which sets out a long-term, strategic view of the future of Edinburgh Airport. In addition, the group maintains a rolling 5-year plan, ensuring the directors are always planning in the longer term. The 5-year plan was not updated during 2020 due to the impact of the COVID-19 pandemic on the business, however it is anticipated the 5-year plan will be updated once the recovery phase is underway. Long-term capital projects are planned and viewed collectively at least annually by directors. This approach encourages longer-term operational decision making to support the capital plans.

(b) The interests of the group's employees

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, weekly team briefing documents and the group magazine. The COVID-19 pandemic has brought increased uncertainty for employees and the directors are acutely aware of the need to keep employees informed during this time. The directors have introduced regular virtual 'town-halls' to keep employees up to date at a time when many are not physically working on site.

As a result of the COVID-19 pandemic the annual employee engagement survey was not completed in 2020. In previous years employees were consulted on a wide range of matters affecting their current and future interests via staff surveys. These staff surveys were completed on a regular basis and the results were reviewed at board level. Action points were identified from these reviews and policies were introduced or changed directly as a result. It is expected these staff surveys will be undertaken again as the recovery from COVID commences.

The group has appropriate policies for the management and fair treatment of employees in line with Advisory, Conciliation and Arbitration Service ('ACAS') guidelines and has collective bargaining agreements in place with three Trade Unions.

The group places a strong emphasis on employee wellbeing and has policies and practices in place to ensure this, including extensive Occupational Health support, free physiotherapy, mental health support and podiatry, generous pension contributions, financial education and benefits for ill health and death in service. Edinburgh Airport has achieved Disability Confident status, and works in partnership with the Department for Work and Pensions to support employment on campus for the long term unemployed.

Edinburgh Airport is also a Living Wage employer and encourages campus partners to commit to this standard.

Edinburgh Airport strives to support young people through working with schools and further education providers delivering apprenticeships, work placements, internships and career events. Unfortunately, much of this activity has been temporarily paused in 2020 due to the COVID-19 pandemic.

(c) The need to foster the group's business relationships with suppliers, customers and others

Customers
The group ensures business relationships are constantly developed with customers through setting up and maintaining several, active communications channels. These include:

- Station Managers operating for airlines on site who deal with everyday operations issues and queries;
- The Aero team maintain regular, ongoing communication with airlines;
- Members of the Executive and Leadership team who are allocated as Account Managers for airline customers;
- Retail team meets quarterly with concessionaire customers to jointly review performance and planning, as well as maintaining ongoing, regular communications.

The group is also constantly engaged with customers striving to improve performance to the mutual benefit of airlines, retailers, passengers and Edinburgh Airport.

Suppliers
The directors ensure the group applies a consistent treatment of suppliers by operating a standard on-boarding process with suppliers to agree terms of business, including standard payment terms. This policy helps to ensure that all business dealings with suppliers are consistent and fair.

To assist the smallest suppliers, the group does offer an exemption from these standard terms to suppliers which qualify as micro businesses under the Companies Act 2006. This exemption means that these micro suppliers are paid in shorter payment terms to assist with cash flow.

Strategic report (continued)

4. S.172 Statement (continued)

(c) The need to foster the group's business relationships with suppliers, customers and others (continued)

Others
As noted below regarding the need for a reputation for high standards of business conduct, the group engages with a wide range of stakeholders on a daily basis. To ensure the successful running of the airport business, the directors are fully aware of the need to foster all of the varied relationships within the Airport, be that with passengers, government agencies or non-governmental organisations. These relationships are fostered with open, transparent communication channels as the group continues to work with its many stakeholders to improve the performance of the Airport for the benefit of all stakeholders.

The directors have engaged with the Airport's business partners to align support requirements during the COVID-19 pandemic and will continue to do so during the period of recovery.

(d) The impact of the group's operations on the community and the environment

The group understands the impact it has on its local communities and works to reduce and mitigate the impact of its operations. The group is committed to being a good neighbour to the communities around the Airport and regularly works with local organisations and charities to help support community projects and fundraising.

In 2020, the Airport set up an independent panel to review its community noise engagement to ensure the Airport performs as effectively as possible in this regard. The group operates a Noise and Track System, including a publicly available Noise Lab website and a flight tracking tool. The system allows members of the public to track the flight paths of aircraft arriving and departing Edinburgh Airport as well as view the level of noise at the nearest fixed noise monitoring site. Additionally, the public are able to view noise-related information and historic data via the Noise Lab website.

A Corporate and Social Responsibility Report is published each year on the Airport's website.

In 2018, following consultation with the public and key stakeholders, the group updated its Noise Action Plan (NAP) to cover 2018 to 2023. The group is therefore able to better understand, manage and minimise aircraft related noise and work towards achieving its yearly aims and objectives.The group continues to work closely with the Edinburgh Airport Noise Advisory Board, an independent forum of community representatives, meeting on a monthly basis to help ensure communities are involved, engaged and informed about noise matters through open dialogue and clear data.

The group is committed to understanding its impact on air quality. The group carried out an Air Quality Survey covering a 6 month period in 2018 investigating air quality at 24 locations across campus. This survey is carried out every three years and will be conducted again in 2021.

The group is committed to encouraging use of public transport for staff and customers. This includes introducing new bus routes connecting more areas directly to Edinburgh Airport. Edinburgh Airport is a Cycle Friendly Employer and promotes active travel to staff and visitors, with bike shelters available for staff and passengers to use and cycle maps and routes available on the website.

The group is committed to diverting waste from landfill, improving recycling rates and reducing the total volume of waste produced. In 2019, the group diverted 100% of waste from landfill and segregated 56% of the group's waste onsite.

The group produces an annual carbon footprint report which measures the group's total greenhouse gas emissions. As a result of this reporting, the group has completed a number of energy saving initiatives, including LED lighting rollouts across terminal, car parks and road ways and use of an Energy Management System to monitor areas of inefficient energy use.

(e) The desirability of the group maintaining a reputation for high standards of business conduct

The group engages with a wide range of stakeholders on a daily basis. Edinburgh Airport is a major infrastructure asset in Scotland and the wider UK and, as such, the directors have a full awareness of the importance of the business reputation of the Airport. The group engages proactively, transparently and on an ongoing basis with government, regulators and non-governmental organisations, working collaboratively on wider issues such as information sharing, environmental protection, water quality, social and economic development. Additionally it is important to the directors that Edinburgh Airport works proactively with media outlets to ensure that the media and public perception of Edinburgh Airport's practices is as close to reality as possible. This includes issuing responses to media requests and issuing proactive media releases.

Strategic report (continued)

4. S.172 Statement (continued)

(f) The need to act fairly between members of the group

The group's board is structured to ensure that all members of the group have fair representation on the board. The group's immediate parent member, Green Bidco Limited has two common directors on the Edinburgh Airport Limited board. All ultimate parent members also have representative directors on the Edinburgh Airport Limited board. All board members are invited to all board meetings and provided with regular updates regarding the group.

5. Key performance indicators (KPIs)

The group measures a number of KPIs to ensure the group achieves sustainable growth over the long term and provide great service to passengers.

Metric	Definition	2020	2019	Movement (% or percentage points, 'pp')
Turnover	Total revenue of the Airport	**£68.1m**	**£221.0m**	Down 69.2%
IPP	Income per passenger	**£19.58**	**£15.01**	Up 30.4%
Operating (loss)/profit[1]	Per Statement of comprehensive income	**(£20.0m)**	**£106.4m**	Down 118.8%
Operating cost per passenger[2]	Unit cost of operating the Airport	**£15.97**	**£5.48**	Up 191.4%
Capital investment	Investment in assets to improve efficiency and support growth	**£25.6m**	**£59.4m**	Down 56.9%
Cash flow	Net cash flows generated from our operating activities[3]	**£10.9m**	**£131.2m**	Down 91.7%
Passengers	Total number of passengers using the Airport	**3.48m**	**14.75m**	Down 76.4%
Destinations	Number of destinations flown from Edinburgh Airport	**164**	**158**	Up 3.8%
Punctuality	On time departure (OTP) [4]	**88.0%**	**77.0%**	Up 11.0pp
Security performance	% of passengers waiting < 10 minutes [5]	**97.6%**	**94.4%**	Up 3.2pp
Passengers with reduced mobility (PRM)	Notified arrival passengers - waiting < 5 minutes Notified departing passengers - waiting < 10 minutes [6]	**80%** **100%**	**93%** **100%**	Down 13.0pp No change
Customer satisfaction	Average Airport Service Quality (ASQ) scores [7]	**4.11**	**4.17**	Down 1.4%
Health and safety	Number of RIDDOR's [8]	**0**	**3**	Down 100%
Complaints	Number of complaints per 10,000 passengers [9]	**2.58**	**2.23**	Up 15.7%
Employee engagement	Airport employee survey [10]	**Not completed**	**71%**	N/A

[1] Operating (loss)/profit is stated after operating costs and depreciation but before interest and any gains or losses on investment property.
[2] Operating cost per passenger is calculated before exceptional costs, depreciation and amortisation.
[3] Net cash flows generated from operating activities is before capital expenditure, financing activities and interest.
[4] OTP is within 15 minutes of scheduled push back time.
[5] Security performance tracked from January to December. Percentage of passengers queuing at security for less than 10 minutes pre-screening.
[6] The European Civil Aviation Conference (ECAC) has outlined standards for waiting times for passengers with reduced mobility (PRM) at airports within Europe. Where notification has been provided in advance of travel, the standard is that 80% of passengers receive assistance within 10 mins in respect of departures and 5 minutes for those arriving on inbound flights.
[7] Airport Service Quality ('ASQ') is the global industry benchmark for measuring passenger satisfaction - measured out of 5, with 5 being the highest level of satisfaction. Measured monthly via passenger surveys. Only completed in Q1 2020 due to COVID-19 pandemic.
[8] The Reporting of Injuries, Disease and Dangerous Occurrence Regulations (RIDDOR) stipulate certain serious workplace accidents, occupational diseases and specified dangerous occurrences must be reported to the Health & Safety Executive.
[9] Data provided reflects the volume of formal passenger complaints raised through the Edinburgh Airport website by passengers themselves. Every form submitted by individual passengers is recorded as a complaint for KPI purposes.
[10] This is the Airport's own employee survey based on Investor in People guidance and Health and Safety Executive standards. This is an average score across all departments and reflects the percentage of positive responses to each question. Response rate amongst employee in 2019 was 61%. Not completed in 2020 due to COVID-19 pandemic. For more detail on employee engagement please see S.172 Statement.

6. Principal risks and uncertainties

Risk management
Risk management is fully embedded in the group's operations, across all levels, and is supported by an Enterprise Risk Management (ERM) Framework which aims to ensure risks are identified, quantified, mitigated and escalated consistently across the business.

Risk identification
The group operates both a strategic and bottom up approach in identifying its risks. Operational risk registers are maintained by all Airport departments, both operational and support. A quarterly session is held with senior management as part of the Airport's "Managing Responsibly Group" to review operational risks including consideration of whether any should be escalated to the corporate register.

The Executive Committee holds bi-annual risk workshops to identify new and emerging risks and consider the profiling and control mechanisms within the corporate risk register. As a result of the pandemic only one Executive Committee workshop took place in 2020, this workshop focussed on reviewing how existing business risks were affected by the COVID-19 pandemic and identifying the new business risks which arose as a result of the COVID-19 pandemic and ensuring the controls to mitigate these risks were operating effectively.

Risk profiling and mitigation
A formal classification and scoring methodology is in place to ensure a common risk language. All risks are assessed based on impact and likelihood on both an inherent and residual level, using a consistent scoring tool which clearly defines each level of likelihood and impact in the context of Edinburgh Airport operations.

Risk mitigation is a critical area of focus within the ERM and depending on the nature of the risk, Edinburgh Airport typically adopts a combination of the following mitigation techniques:

1) *Prevention* – where risks are preventable focus is placed on deployment of controls designed to prevent the risk from crystallising. Such control measures include implementation of formal protocols, checks and balances, training, secondary review measures and ongoing monitoring arrangements.
2) *Response* – where risks are dictated largely by external factors out with the control of Edinburgh Airport, focus is placed on the response in place should the risk be realised. This includes preparation and testing of contingency plans, multi-agency response planning and financial hedging.
3) *Insurance* – insurance is used in conjunction with the above measures as a financial protection for significant or catastrophic risks. Edinburgh Airport has a comprehensive programme of insurance in place which has been mapped against its risk profile. Insurance cover includes, property damage, business interruption, war and terrorism, cyber security, construction programme and aviation liability.

Risk governance
Oversight of the ERM framework has been delegated to the Audit and Risk sub-committee of the Board, which provides quarterly updates to the Board on its activities and matters emerging. The Audit Committee receive formal bi-annual updates on both corporate and operational risks and its quarterly agenda is focussed on key areas of risk for the business and how management is responding to these. In 2020 the frequency of updates has been reduced as a result of the pandemic.

At both a corporate and operational level there is clear accountability for ownership of risks and mitigating actions. At an organisation-wide level the Head of HSE and Risk is responsible for the effective operation of the ERM framework, ensuring all aspects are fully embedded in day to day operations.

Strategic report (continued)

Management has assessed the principal risks and uncertainties as follows:

Risk description	Assessment and mitigation
COVID-19 pandemic The aviation industry is currently experiencing an unprecedented reduction in passengers as a result of the global restrictions in place to reduce the spread of the COVID-19 virus. There is uncertainty over the time period for which these restrictions will remain in place and the severity of the impact the pandemic will have. The wider macro-economic impact of the pandemic may also lead to a reduction in passengers for the Airport. These factors will adversely impact the profitability and cash generation of Edinburgh Airport.	The impacts of the COVID-19 pandemic on Edinburgh Airport and the wider aviation industry continue into 2021. The reintroduction of lockdown restrictions whereby only essential travel is permitted, the closure of all air corridors in January 2021 and hotel quarantining mean the Airport continues to experience severely reduced passenger volumes and the expectation is this will continue for a number of months to come. The Airport remains open despite low levels of activity. The directors continue to undertake detailed scenario planning exercises to consider the ongoing impacts of the COVID-19 pandemic on operations, profitability and cash flow. The scenario modelling assumes reduced passenger numbers and revenue as a result of COVID-19, reflecting the current period of significantly reduced activity and a subsequent recovery period. These scenarios incorporate the robust suite of cash preservation and cost reduction measures which have already been implemented in response to the pandemic. The uncertainty and future impact of the COVID-19 pandemic has been considered as part of the group's adoption of the going concern basis. Further details can be obtained on going concern in the group's accounting policies on pages 30 - 37.
Safety and security Ensuring the safety and security of our people, passengers and infrastructure is central to the strategy and operations of Edinburgh Airport.	Health and safety is a core value of the business and the group has invested in developing a behaviour driven, proactive safety culture, championed at a leadership level. This is underpinned by a safety management system, externally verified and accredited to OHSAS18001:2007 built around risk assessment, inspection, asset stewardship, governance and assurance. The group mitigates security risks by adopting and enforcing rigorous policies and procedures supported by professional training and investment in leading-edge security technology. The group works closely with government agencies, including the police, the Civil Aviation Authority (CAA) and the UK Border Agency building a framework to establish co-ordinated accountabilities for airport security and integrated ownership of risk.
IT security and resilience IT infrastructure resilience and data security are critical to the effective operation of Edinburgh Airport. The risk of an IT failure or a breach of data security could cause significant disruption to operations and lead to both financial and reputational loss.	In parallel with the ongoing investment programme to improve the IT infrastructure and services, Edinburgh Airport and its partners deploy predictive and real time monitoring of IT infrastructure and systems. Any discovery through monitoring would lead to intervention or enacting contingency plans which are designed to enable the early recovery of service in the event of an IT failure. A strong programme of activity is in place to maintain a secure IT environment including vulnerability assessments and detection and incident recovery processes.

Strategic report (continued)

Risk description	Assessment and mitigation
Operational resilience There are numerous risk factors that could cause disruption to the short and medium-term operations of Edinburgh Airport including adverse weather, terrorism, wars, environmental factors or natural disasters. Operational resilience is an ongoing area of focus for the team as Edinburgh Airport continues to refine and test the contingency and continuity plans to respond to adverse events.	Edinburgh Airport has in place a robust and extensively tested crisis management framework, which extends to on-campus partners and agencies. Edinburgh Airport regularly reviews and tests its contingency plans, including an end-to-end test of the Airport Major Incident Response based on highest risk scenarios in November 2018. Such exercises and reviews provide assurance over the capability of our framework, protocols and people. Edinburgh Airport seeks opportunities to continually improve its crisis management framework. Edinburgh Airport's crisis management framework has been in active operation for most of 2020 in response to the COVID-19 pandemic. Along with longer term contingency and continuity arrangements, Edinburgh Airport also has in place a programme of insurance to transfer the financial risk of adverse events including fire, war, terrorism, ash cloud and other business interruption risks.
Regulatory compliance The group's business and operations are subject to various regulatory requirements. Edinburgh Airport is primarily regulated by the UK Department for Transport (DfT) through the UK's aviation regulator, the CAA. This primary regulation is concerned with air safety, airspace regulation, consumer protection and the environment. Other key areas of regulatory focus for the group include compliance with competition rules and environmental regulation.	The group takes a proactive approach to ensuring regulatory requirements are met, if not exceeded. Edinburgh Airport deploys formal project-based protocols to prepare for implementation of new regulatory requirements, as evidenced in 2018 by the rigorous approach to implementation of GDPR and our Network and Information Systems Directive ("NISD") preparation. The group's Legal Director maintains a regulatory compliance register which captures key areas of legislation and the arrangements in place to ensure compliance. Dedicated internal assurance functions are in place for regulated elements of our operation. These include security compliance, airside compliance, fire service and data protection compliance.
Corporate responsibility and environment The group is committed to ensuring that its operations comply with applicable environmental legislative obligations and group standards. The group recognises that environmental risk has the potential to impact negatively upon both the local environment, the Group's reputation and to jeopardise its ability to operate and to grow.	The group manages environmental risk locally by specified staff responsible for managing noise, waste, air and water quality, and carbon emissions, overseen by the Head of Health, Safety, Environment (HSE) and Risk. Edinburgh Airport is accredited to ISO14001. The Environmental Management System facilitates the monitoring, measurement and reduction of negative environmental impacts. Environmental aspects and impacts are identified at a departmental level, with environmental risks identified through the departmental and business wide risk registers with policies and measures put in place to mitigate the risks. Environmental performance against set targets is measured on a regular basis and reported on internally on a monthly basis as well as on an annual basis through the Corporate Responsibility Report, which is externally verified.

Strategic report (continued)

Risk description	Assessment and mitigation
Brexit The UK and the EU reached agreement on future relations in December 2020. The wider macro-economic impact of the Brexit agreement cannot yet be fully assessed and could lead to decreased consumer confidence and reduction in passengers for Edinburgh Airport, adversely impacting profitability. It is currently difficult to determine the effects of the UK Government's decision to abolish tax free shopping in UK airports, however, this decision is likely to have a detrimental impact on Edinburgh Airport's profitability.	The impact of an adverse macro-economic change on Edinburgh Airport's profitability has largely been tested by the COVID-19 pandemic. The responses previously identified by Edinburgh Airport to a downturn in the UK economy from Brexit have now been successfully implemented as a response to the impact of the pandemic. The directors will closely monitor the impacts of the Brexit deal on financial performance as part of the robust processes already in place. The directors have undertaken detailed scenario planning exercises to consider the ongoing potential impacts of the COVID-19 pandemic on Edinburgh Airport's operations, profitability and cash flow. The Brexit agreement has the potential to make one of the currently modelled 'downside' scenarios more likely, if there is a further adverse impact on the UK economy as a result. The implications of the abolition of tax free shopping in UK Airports will not be fully known for some time given the ongoing COVID-19 pandemic. The impact will be closely monitored, however, it is expected the impact will have an adverse effect on the Airport's profitability.
Treasury risks The Board approves prudent treasury policies 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 group's business operations and funding.	Primary treasury risks facing the group are as follows: *a) Interest rate risk* To protect against an increase in interest rates the group maintains a mix of fixed and floating rate debt and, where necessary, uses derivative financial instruments such as interest rate swaps to generate the desired interest rate risk profile. The group's prudent interest rate risk management policy is consistent with the hedging requirements laid out in its debt financing agreements *b) Foreign exchange currency risk* The group is not materially exposed to foreign exchange currency risk as all material transactions and financial instruments are in pounds sterling. The group would consider the use of foreign exchange derivative financial instruments to hedge material capital or operating expenditure in foreign currencies once those transactions are considered highly likely to occur. *c) Funding and liquidity* The principal sources of the group's liquidity risk are the ability to refinance debt facilities as they fall due, ensuring cash and cash equivalents are accessible as and when required and ensuring borrowing facilities are sufficient for the future needs of the group. *d) Credit risk* The group performs credit worthiness checks on all potential new customers before any credit facilities are provided. The group also has procedures in place to monitor the on-going credit worthiness of key customers. The group rigorously enforces its payment policies to ensure that all its customers keep to the stated payment terms with follow up actions taken immediately if there is any divergence.

This report was approved by the Board of directors on 29 March 2021 and signed on its behalf by:

Gordon Dewar
Director
Company registration number: SC096623

Directors' report

The Directors present their annual report and the audited financial statements for the group for the year ended 31 December 2020. 2020 is the first year consolidated financial statements have been presented for Edinburgh Airport Limited and its subsidiary undertaking, Edinburgh Airport Services Limited, which was incorporated on 13th November 2019.

Principal activities and future developments
The group owns and is the operator of Edinburgh Airport. Details of strategic objectives, future developments, key performance metrics, risk management policies can be found in the Strategic report and form part of this report by cross reference.

Ownership
The group is a wholly-owned subsidiary of Green Bidco Limited, a United Kingdom ("UK") incorporated group, and is ultimately owned by a consortium through a number of UK and overseas holding companies and limited liability partnerships. The consortium that ultimately owns the group currently comprises the following parties:

- Global Infrastructure Partners, LP 80.90%
- Future Fund Board of Guardians 9.55%
- Q Super ("QSuper Fund") 9.55%.

Global Infrastructure Partners ("GIP") is an independent infrastructure fund manager that invests in the equity and credit of infrastructure assets and businesses. GIP targets investments in OECD and select emerging market countries in single assets and portfolios of assets and companies in the energy, transport and water/waste sectors. GIP's teams are located in 10 offices globally: London, New York, Stamford (Connecticut), Sydney, Melbourne, Brisbane, Mumbai, Delhi, Singapore and Hong Kong. For more information, visit www.global-infra.com.

Future Fund Board of Guardians ("Future Fund") is Australia's sovereign wealth fund, responsible for investing for the benefit of future generations of Australians. The Future Fund was established by the Future Fund Act 2006 and aims to generate high, risk adjusted returns over the long term.

The QSuper Fund is the largest superannuation fund in Queensland and amongst the largest in Australia. The QSuper Board is established under the Superannuation (State Public Sector) Act 1990, under which the Superannuation (State Public Sector) Deed 1990 was created which governs the QSuper Fund. The QSuper Fund's interest in the group's assets is held by QSuper Investment Holdings Pty Limited as a trustee for QSuper European Infrastructure Trust.

Dividends
The group paid dividends of £nil during 2020 (2019: £18.0 million). Other cash distributions totalling £nil (2019: £109.8 million) were made to the parent company, Green Bidco Limited, during 2020.

Directors
Board of Directors
Edinburgh Airport Limited has one executive director and six non-executive directors. The following six non-executive directors oversee the parent Company on behalf of the consortium:

Sir John Elvidge (GIP)
Andreea Luana Badiu (GIP)
Michael McGhee (GIP)
Scott Telesz (GIP)
David Thomson (QSuper Fund)
Linda Urquhart (Future Fund)

Directors during the year
The directors who served during the year and since the year end are as follows:

Gordon Dewar
Sir John Elvidge
Andreea Luana Badiu
Michael McGhee
Scott Telesz
David Thomson
Linda Urquhart

Directors' indemnity
The company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, every director of the company may be indemnified out of the assets of the group against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by him or her in relation to the group and may fund a director's expenditure for the purposes permitted under the Companies Act 2006.

Employment policies
For the year ended 31 December 2020 the group had 635 employees on a full-time equivalent basis (2019: 685).

Employee diversity, equal opportunities and fair treatment
The group has an Equal Opportunities Policy in place that sets out its position on equal opportunity in all aspects of employment. This includes recruitment and promotion, giving guidance and encouragement to employees at all levels to act fairly and prevent discrimination. Discrimination is defined as discriminating, either directly or indirectly, on the grounds of age, sex, sexual orientation or sexuality, race (including colour, nationality, ethnic or national origins), religion or belief, gender reassignment, marital or civil partnership status, part-time status, disability, pregnancy and maternity.

The Airport has appropriate policies for the management and fair treatment of employees in line with Advisory, Conciliation and Arbitration Service ('ACAS') guidelines and has collective bargaining agreements in place with three Trade Unions.

In addition the group has a 'Dignity at Work' policy. The overall aim of this policy is to ensure that all employees are treated with dignity and respect whilst at work, and are able, and encouraged, to meet their full potential by working in a non-threatening environment, free of harassment and/or bullying. Individuals should have the confidence to complain about harassment or bullying, and lack of consideration, in the knowledge that their concerns will be dealt with appropriately and fairly. This policy outlines procedures to be followed if the group's employees feel they are being harassed, bullied or victimised.

The group was assessed as a "Disability Confident Leader" under the UK Government's Disability Confident scheme in March 2020. This accreditation, the highest possible under the scheme, recognises the group's commitment to supporting disabled employees and candidates for employment throughout their careers and to the support provided for employees who develop disabilities.

Employee consultation
The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and internal communications channels. Throughout 2020 numerous consultation meetings were held with employee representatives on all aspects of the group's response to COVID including furlough, redundancies and restructuring. These were complemented with letters to employee home addresses and the directors have introduced regular virtual 'town-halls' to keep employees up to date at a time when many are not physically working on site. Employees are also consulted regularly on a wide range of matters affecting their current and future interests via staff surveys. As a result of the COVID-19 pandemic the annual employee engagement survey was not completed in 2020.

Welfare and Health & Safety
The group operates policies of non-discrimination and protection from bullying or harassment. The group has a comprehensive whistleblowing policy which includes the provision of a confidential third-party helpline, Safecall. The group also has comprehensive employee health and wellbeing provisions covering both physical and mental health support with onsite occupational health, physiotherapy and podiatry professionals supported by other health professionals and an employee assistance programme as required.

Training and development
All the group's employees receive an annual appraisal with opportunities to receive appropriate training and development for their role delivered both internally or externally. The group supports work experience for schools and long term unemployed, university internships and has further education and apprenticeship programmes available. The group maintains compliance with all relevant mandatory and statutory training requirements from relevant bodies including the CAA.

Directors' report (continued)

Recruitment
Group vacancies are filled through appropriate recruitment practices with a comprehensive pre-employment vetting process in line with the requirements to issue an airside pass and maintain effective Airport security. The group uses appropriate and, where required, approved selection processes in line with legislation and standard industry practice incorporating equal opportunities and diversity requirements. The group's position in simple terms is to ensure that the application of recruitment, and on-going training and promotion policies, to all individuals will be solely on the basis of job requirements and the individual's ability and merits.

Gender diversity
The group recognises the great benefits of having a diverse workforce with different backgrounds, solely employed on ability and it supports this belief with policies on equality and diversity. Edinburgh Airport reports annually on its Gender Pay Gap and publishes the results on its website.

The group's workforce gender diversity is broadly in line with occupational gender bias in the wider UK economy where traditionally male dominated roles in engineering, fire service and operations, for example, do not see high volumes of female applicants. The group monitors the diversity of job applicants against the wider workforce diversity and uses female role models to promote careers during recruitment campaigns and engages with schools and further education providers with a view to increasing the profile of all Airport roles as careers for women. The group also uses its leadership and management development programmes to encourage and grow top female talent and support improved diversity at senior levels.

The table below shows the group's gender diversity:

	31 December 2020		31 December 2019	
	Male %	**Female %**	Male %	Female %
Board	71.4	28.6	71.4	28.6
Senior management (top 3 grades)	73.7	26.3	73.3	26.7
All other employees	65.0	35.0	60.0	40.0

Social and community policies

Edinburgh Airport is committed to being a good neighbour and focuses on four areas:

- *Education*: the group educates its community about its business and operations, and use its various industry expertise to help the younger generation;
- *Communication*: the group will regularly communicate with its community about its business and operations, and listen to the community voice;
- *Involvement*: the group will play its part in Edinburgh and Scotland where possible; and
- *Charity*: the group will actively promote and support charity and community work.

The impact of the COVID-19 pandemic in 2020 on the Airport's operations has unfortunately restricted the Airport's ability to facilitate projects in as many of the focus areas as it has done in previous years. The majority of social and community projects were temporarily paused in 2020. The expectation is that such projects will restart as the Airport operations recover.

Education
In prior years Edinburgh Airport has hosted work experience placements coordinated with local councils (West Lothian, East Lothian, Edinburgh, the Borders, Clackmannanshire, Fife and Perth & Kinross). This work continued through to February 2020 but was paused in March 2020 due to the impact of the COVID-19 pandemic on the Airport's operations. In 2019, the Airport hosted 26 of these work placements and worked in partnership with local schools, participating in school career fairs and hosted its first ever Engineering Tomorrow event, encouraging students to study STEM subjects (Science, Technology, Engineering and Mathematics).

Communication
In previous years Edinburgh Airport focused on developing new, and strengthening existing, relations with the wider community. By doing so, the Airport has helped provide a voice to the community and has increased the number of opportunities to meet the public face-to-face, as well as provide a dedicated point of contact to hear any concerns or respond to questions directly. In 2020, the impact of the COVID-19 pandemic has forced the Airport to pause communication channels such as the quarterly community newspaper. The Airport will use this pause to talk to local communities, by means of surveys and face to face meetings, and use this feedback to improve the communication channels ahead of the channels relaunching.

The Airport publishes a Corporate and Social Responsibility Report each year to report on its achievements on several areas including charity, utility usage, noise and access etc. The Airport also lights its iconic air traffic control tower for community awareness on national issues.

Directors' report (continued)

Involvement
Edinburgh Airport understands that it has a part to play in Edinburgh and in Scotland. Edinburgh Airport is not just an airport but a large employer and economic contributor to the nation; its aim is not to just be a great airport but also a great business. To do this, it gets involved in initiatives where possible. Unfortunately the impact of COVID-19 has temporarily paused such activity in 2020.

In 2019 the group spent £47,000 on sponsorship to support smaller but valuable Scottish organisations such as The International Science Festival, Hidden Doors Art & Music Festival and Street Soccer.

Charity
During 2020, Edinburgh Airport made donations of 50,000 facemasks, with a value of over £45,000, to local community and charity groups to allow these groups to continue to provide their vital support and services safely during the pandemic. Edinburgh Airport also made charitable donations of £50,000 to selected charities to assist those most affected by the COVID-19 pandemic.

In 2019, Edinburgh Airport made £143,000 worth of charitable donations through its Community Board. This was awarded to 74 charities and community groups throughout Scotland to help with local projects. In 2019, The Yard, our corporate charity partner for that year, also received a £146,000 donation made up from donations, foreign currency collections in the terminal and staff charity initiatives. Unfortunately the COVID-19 pandemic has resulted in the Community Board being temporarily paused in 2020.

The group recognises the benefit community and charity work can have on an individual and encourages them to participate in local initiatives. In 2019 the group made £25,000 worth of donations to match fund the work its people did locally, helping 18 local charity and community groups, and provided a further £3,600 worth of funding to charities at its annual Celebrating Success Awards Dinner, recognising the work throughout 2019.

In total, through charitable initiatives in 2020, in spite of the financial impact of the COVID-19 pandemic on its operations, the Airport provided charitable donations of over £95,000 (2019: £318,000).

Human rights
Edinburgh Airport firmly supports and carries out its business in a manner compatible with the protection of individuals' human rights. The Airport does this through its compliance with relevant legislation and through an insistence on ethical business practices. Where relevant the Airport has group policies that reflect the rights granted to individuals under the Human Rights Act 1998, such as in the areas of fair treatment and non-discrimination, data protection, dignity at work and health and wellbeing. Furthermore, the Airport has formalised policies and procedures to combat modern slavery as it may affect the business.

Environmental management
Edinburgh Airport is accredited to ISO14001, with the Airport's Environmental Management System allowing management to monitor, measure and reduce negative environmental impacts. The Airport identifies environmental aspects and impacts at a departmental level, with environmental risks identified through the departmental and business wide risk registers with policies and measures put in place to mitigate the risks.

There is a long term environmental strategy in place, with the aim of becoming carbon neutral and resilient to the effects of climate change. Environmental performance against set targets is measured on a regular basis and reported on internally on a monthly basis as well as on an annual basis through the Corporate Responsibility Report, which is externally verified.

Edinburgh Airport corporate responsibility & environment policy
As part of Edinburgh Airport's commitment to corporate responsibility, the group works hard to be a good corporate citizen. Though its aspirations are global, its roots are very much in the communities in Edinburgh, the Lothians, Fife and Falkirk. Whilst encouraging the development and growth of the business, the Airport strives to be a good neighbour to those communities impacted by our operations. The business actively manages its impact on the environment and local communities and is committed to growing the Airport as sustainably and responsibly as possible. By designing and implementing policies, processes and solutions that achieve sustainable operations we are able to create a sustainable future for the local community, the city and Scotland.

Energy policy
Energy use is a key impact and resource which Edinburgh Airport can control. The Airport makes every effort to use energy efficiently and reduce usage where possible to save money and reduce its carbon footprint and is also Energy Savings Opportunity Scheme ('ESOS') compliant. In addition to the energy reduction measures that the Airport has in place, 100% of the electricity the Airport purchases comes from renewable sources.

Noise
Edinburgh Airport recognises that whilst air travel provides many benefits, aircraft noise can impact on people who live or work near airports and under flight paths. Edinburgh Airport is working to reduce the impact of aviation noise. Aircraft have been getting progressively quieter as designs and engine technology have advanced and it is expected that airlines will be operating even quieter models in the future. However, Edinburgh Airport is committed to explaining what noise is heard and why. Even through the COVID-19 pandemic, the Airport works hard to engage with communities and is investing in how it measures, reports on, and discusses noise with them. Edinburgh Airport operates a noise and track keeping system (NTK) and a dedicated noise website. The system provides live data to the public.
It can be found at: corporate.edinburghairport.com/community/edinburgh-airport-noise-lab

Edinburgh Airport worked with the Edinburgh Airport Noise Advisory Board ("Noise Board") in 2019 to commission independent noise analysis reports from several acoustic consultancies including CAA Environmental Research and Consultancy Department ("ERCD") and To70. Edinburgh Airport's full and summary NAP 2018-2023 documents became publicly available on our noise website March 2019.

In 2020, the Airport set up an independent panel to review its community noise engagement to ensure the Airport performs as effectively as possible in this regard.

Edinburgh Airport also works collaboratively with the CAA, who set airspace policy, Air Traffic Control (ATC), who advise the aircraft where to fly and our airline partners to encourage compliance with any procedures which impact noise.

Edinburgh Airport is a member of Sustainable Aviation, a coalition of UK aviation stakeholders spanning aircraft manufacturers, airlines, airports and National Air Traffic Services (NATS), the principal air navigation provider in the UK. The Airport works together with these partners to promote continuous descents and continuous climbs to airlines operating from Edinburgh Airport.

Going concern
As soon as the potential long-term impact of COVID-19 on the business become apparent the directors moved promptly to safeguard liquidity and provide further headroom by securing a further £75m 18-month term loan in April 2020, increasing overall debt facilities from £980.3 million to £1,055.3 million. The funding consists of a combination of bank debt and longer term institutional loans. In addition, the group has a further £50.0 million capital expenditure facility, £8.0 million revolving credit facility and £4.0 million overdraft facility. At 31 December 2020, £50.0 million (2019: £nil) was drawn down on the capital expenditure facility, £8.0 million (2019: £nil) was drawn on the revolving credit facility and £nil (2019: £nil) was drawn down on the bank overdraft facility.

As at 28 February 2021 the group had £74.7m of cash in the bank and £1.9m of unutilised committed facilities.

As noted in the Strategic report, the impacts of the COVID-19 pandemic on Edinburgh Airport and the wider aviation industry continue into 2021. The reintroduction of lockdown restrictions whereby only essential travel is permitted, the closure of all air corridors in January 2021 and hotel quarantining mean the Airport continues to experience severely reduced passenger volumes and the expectation is this will continue for a number of months to come. The Airport remains open despite low levels of activity.

The directors continue to undertake detailed scenario planning exercises to consider the ongoing impacts of the COVID-19 pandemic on operations, profitability and cash flow. The scenario modelling assumes reduced passenger numbers and revenue as a result of COVID-19, reflecting the current period of significantly reduced activity and a subsequent recovery period. The scenario planning exercise undertaken assumes a cautious approach to the airport's recovery from the COVID-19 pandemic. These scenarios incorporate the robust suite of cash preservation and cost reduction measures which have already been implemented in response to the pandemic. These scenarios assume profitability and cash generation in 2021 reduces significantly compared to previous expectations prior to the COVID-19 pandemic.

As a result of COVID-19, there is forecasting uncertainty in relation to the nature and extent of travel restrictions, the length of the current and future lockdowns, the passenger number recovery rate and the level to which they will rise. The UK's vaccination role out programme is currently moving ahead at pace and data studies are confirming the efficacy of the vaccines being deployed which provides optimism for relaxation of restrictions. The directors remain confident in a full recovery in air travel, albeit the exact timing of which remains unclear. There is also uncertainty in relation to the ability of the group to secure extensions to both the maturing £75m term loan facility in October 2021 and the £100m original facility due to mature in May 2022. Further there is uncertainty around the ability of the group to obtain waivers for projected breaches of banking covenants at the June 2021 and December 2021 assessment points. Notwithstanding these two significant issues the directors are confident the waivers and facility extension will be secured due to the strong long-term relationships with lenders, the underlying profitability of the business, the value in the business model and ultimately the Airport's ability to recover from the impact of the pandemic.

Directors' report (continued)

Going concern (continued)
The directors therefore continue to adopt the going concern basis in preparing the financial statements, however the matters discussed above result in the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore the company may be unable to discharge its liabilities in the normal course of business.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Auditor
Pursuant to the provisions of section 485 of the Companies Act 2006, a resolution relating to the reappointment of the auditor, Deloitte LLP, will be proposed within the period set out in section 485.

Statement of disclosure of information to the Auditor
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report was approved by the Board of directors on 29 March 2021 and signed on its behalf by:

Gordon Dewar
Director
Company registration number: SC096623

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments and accounting 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 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 the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Edinburgh Airport Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Edinburgh Airport Limited (the 'parent company') and its subsidiaries (the 'group'):
- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated statement of comprehensive income;
- the consolidated and company statement of financial position;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to the accounting policies in the financial statements, which indicates that as a result of COVID-19, there is forecasting uncertainty in relation to the nature and extent of travel restrictions, the length of the current and future lockdowns the passenger number recovery rate and the level to which they will rise, and consequentially uncertainty in relation to the ability of the group to obtain a waiver for any potential breach of the June 2021 and December 2021 banking covenants. Further, there is also uncertainty in relation to the ability of the group to secure extensions to the maturing £75m term loan facility in October 2021 and the original facility in May 2022. The directors remain confident in a full recovery in air travel, albeit the exact timing of which remains unclear.

As stated in the accounting policies, these events or conditions, along with the other matters as set forth in the accounting policies, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, environmental legislation as well as health and safety legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as valuations, pensions, and financial instrument specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- [the strategic report and] the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor’s report to the members of Edinburgh Airport Limited

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company’s members, 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.

James Boyle CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
29 March 2021

Edinburgh Airport Limited

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Turnover	*1*	**68,125**	221,046
Operating costs before exceptional costs, depreciation & amortisation	*2*	**(55,592)**	(80,796)
Other income – grant income	*2(a)*	**7,504**	388
Profit before exceptional costs, depreciation & amortisation		***20,037***	*140,638*
Operating costs – exceptional	*4*	**(7,196)**	(1,449)
Profit before depreciation & amortisation		***12,841***	*139,189*
Operating costs – depreciation	*8*	**(32,798)**	(32,757)
Operating costs - total		**(95,586)**	(115,002)
Operating (loss)/profit		**(19,957)**	106,432
Fair value (losses) / gains on investment property	*9*	**(52,939)**	18,075
Interest receivable and similar income	*5*	**263**	168
Net interest payable and similar charges	*6*	**(35,507)**	(33,190)
(Loss)/profit before taxation	*2*	**(108,140)**	91,485
Taxation on (loss)/profit	*7*	**11,689**	(20,213)
(Loss)/profit for the financial year		**(96,451)**	71,272
Other comprehensive income			
Actuarial losses on defined benefit pension scheme	*20*	**(6,894)**	(2,541)
Fair value losses on interest rate swaps	*15*	**(5,545)**	(2,986)
Total other comprehensive income		**(12,439)**	(5,527)
Taxation on other comprehensive income	*16*	**2,185**	583
Total comprehensive income for the year		**(106,705)**	66,328

The results recognised during the current and prior year were from continuing operations.

The notes on pages 30 to 52 form an integral part of these financial statements.

Consolidated and company statement of financial position as at 31 December 2020

		Group		Company	
		2020	2019	**2020**	2019
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Tangible fixed assets	*8*	**550,527**	559,799	**550,442**	559,799
Investment properties	*9*	**245,665**	298,488	**245,665**	298,488
Investments	*10*	**-**	-	**-**	-
Total fixed assets		**796,192**	858,287	**796,107**	858,287
Current assets					
Stocks	*11*	**991**	1,068	**975**	1,068
Debtors:					
- due within one year	*12*	**9,732**	16,337	**10,353**	16,337
- due after one year	*12*	**378,023**	376,977	**378,023**	376,977
Total debtors		**387,755**	393,314	**388,376**	393,314
Cash at bank		**80,920**	7,464	**80,740**	7,464
Total current assets		**469,666**	401,846	**470,091**	401,846
Current liabilities					
Creditors: amounts falling due within one year	*13*	**(111,247)**	(61,314)	**(111,048)**	(61,314)
Net current assets		**358,419**	340,532	**359,043**	340,532
Total assets less current liabilities		**1,154,611**	1,198,819	**1,155,150**	1,198,819
Creditors: amounts falling due after more than one year	*14*	**(1,067,127)**	(1,005,085)	**(1,067,127)**	(1,005,085)
Provisions for liabilities	*16*	**(38,225)**	(44,947)	**(38,327)**	(44,947)
Net assets excluding pension (liability)/asset		**49,259**	148,787	**49,696**	148,787
Defined benefit pension (liability)/asset	*20*	**(4,778)**	2,074	**(4,778)**	2,074
Net assets including pension (liability)/asset		**44,481**	150,861	**44,918**	150,861
Capital and reserves					
Called up share capital	*17*	**6,500**	6,500	**6,500**	6,500
Other reserves:					
Capital contribution reserve		**1,247**	922	**1,247**	922
Non-distributable reserve		**69,080**	116,821	**69,080**	116,821
Hedging reserve		**(20,636)**	(16,443)	**(20,636)**	(16,443)
Pension reserve		**(13,368)**	(7,994)	**(13,368)**	(7,994)
Profit and loss account		**1,658**	51,055	**2,095**	51,055
Shareholder's funds		**44,481**	150,861	**44,918**	150,861

The loss of the Company for the financial year was £96.0 million (2019: £71.3 million profit).

The notes on pages 30 to 52 form an integral part of these financial statements.

The financial statements of Edinburgh Airport Limited (company registration number: SC096623) were approved by the Board of Directors and authorised for issue on 29 March 2021. They were signed on its behalf by:

Gordon Dewar
Director

Consolidated statement of cash flows for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	*23*	**10,887**	131,190
Cash flows from investing activities			
Interest received		**221**	44
Purchase of tangible fixed assets		**(32,555)**	(60,674)
Net proceeds from sale of plant, property and equipment		**-**	2,353
Net cash used in investing activities		**(32,334)**	(58,277)
Cash flows from financing activities			
Drawdown of existing bank facilities		**58,000**	-
Net receipts from re-financing		**75,000**	80,000
Interest paid		**(36,985)**	(33,195)
Movement in intergroup borrowings		**(1,112)**	(112,456)
Dividends paid		**-**	(18,000)
Net cash from financing activities		**94,903**	(83,651)
Net increase/(decrease) in cash and cash equivalents		**73,456**	(10,738)
Cash and cash equivalents at beginning of year		**7,464**	18,202
Cash and cash equivalents at end of year	*23*	**80,920**	7,464

Edinburgh Airport Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Note	Called up share capital £'000	Capital contribution reserve £'000	Hedging reserve £'000	Non-distributable reserve £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019		**6,500**	**167**	**(13,726)**	**102,334**	**(5,726)**	**12,229**	**101,778**
Profit for the year ended 31 December 2019		-	-	-	-	-	71,272	**71,272**
Transfer of non-distributable gain on investment property	*9*	-	-	-	18,075	-	(18,075)	**-**
Transfer of deferred tax on gain on investment property		-	-	-	(3,629)	-	3,629	**-**
Other comprehensive income:								
Actuarial losses on defined benefit plans	*20*	-	-	-	-	(2,541)	-	**(2,541)**
Fair value losses on effective hedges		-	-	(2,986)	-	-	-	**(2,986)**
Deferred tax on other comprehensive income		-	-	269	41	273	-	**583**
Total comprehensive income for the year		**-**	**-**	**(2,717)**	**14,487**	**(2,268)**	**56,826**	**66,328**
Transactions with owners in their capacity as owners:								
Dividends	*18*	-	-	-	-	-	(18,000)	**(18,000)**
Capital contribution		-	755	-	-	-	-	**755**
Balance at 31 December 2019		**6,500**	**922**	**(16,443)**	**116,821**	**(7,994)**	**51,055**	**150,861**
Loss for the year ended 31 December 2020		-	-	-	-	-	(96,451)	**(96,451)**
Transfer of non-distributable loss on investment property	*9*	-	-	-	(52,939)	-	52,939	**-**
Transfer of deferred tax on loss on investment property		-	-	-	5,885	-	(5,885)	**-**
Other comprehensive income:								
Actuarial losses on defined benefit plans	*20*	-	-	-	-	(6,894)	-	**(6,894)**
Fair value losses on effective hedges		-	-	(5,545)	-	-	-	**(5,545)**
Deferred tax on other comprehensive income		-	-	1,352	(687)	1,520	-	**2,185**
Total comprehensive income for the year		**-**	**-**	**(4,193)**	**(47,741)**	**(5,374)**	**(49,397)**	**(106,705)**
Transactions with owners in their capacity as owners:								
Capital contribution		-	325	-	-	-	-	**325**
Balance at 31 December 2020		**6,500**	**1,247**	**(20,636)**	**69,080**	**(13,368)**	**1,658**	**44,481**

Edinburgh Airport Limited

Company statement of changes in equity for the year ended 31 December 2020

	Note	Called up share capital £'000	Capital contribution reserve £'000	Hedging reserve £'000	Non-distributable reserve £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019		**6,500**	**167**	**(13,726)**	**102,334**	**(5,726)**	**12,229**	**101,778**
Profit for the year ended 31 December 2019		-	-	-	-	-	71,272	**71,272**
Transfer of non-distributable gain on investment property	*9*	-	-	-	18,075	-	(18,075)	**-**
Transfer of deferred tax on gain on investment property		-	-	-	(3,629)	-	3,629	**-**
Other comprehensive income:								
Actuarial losses on defined benefit plans	*20*	-	-	-	-	(2,541)	-	**(2,541)**
Fair value losses on effective hedges		-	-	(2,986)	-	-	-	**(2,986)**
Deferred tax on other comprehensive income		-	-	269	41	273	-	**583**
Total comprehensive income for the year		**-**	**-**	**(2,717)**	**14,487**	**(2,268)**	**56,826**	**66,328**
Transactions with owners in their capacity as owners:								
Dividends	*18*	-	-	-	-	-	(18,000)	**(18,000)**
Capital contribution		-	755	-	-	-	-	**755**
Balance at 31 December 2019		**6,500**	**922**	**(16,443)**	**116,821**	**(7,994)**	**51,055**	**150,861**
Loss for the year ended 31 December 2020		-	-	-	-	-	(96,014)	**(96,014)**
Transfer of non-distributable loss on investment property	*9*	-	-	-	(52,939)	-	52,939	**-**
Transfer of deferred tax on loss on investment property		-	-	-	5,885	-	(5,885)	**-**
Other comprehensive income:								
Actuarial losses on defined benefit plans	*20*	-	-	-	-	(6,894)	-	**(6,894)**
Fair value losses on effective hedges		-	-	(5,545)	-	-	-	**(5,545)**
Deferred tax on other comprehensive income		-	-	1,352	(687)	1,520	-	**2,185**
Total comprehensive income for the year		**-**	**-**	**(4,193)**	**(47,741)**	**(5,374)**	**(48,960)**	**(106,268)**
Transactions with owners in their capacity as owners:								
Capital contribution		-	325	-	-	-	-	**325**
Balance at 31 December 2020		**6,500**	**1,247**	**(20,636)**	**69,080**	**(13,368)**	**2,095**	**44,918**

Accounting policies for the year ended 31 December 2020

General information
Edinburgh Airport Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in Scotland.

The address of the parent company's registered office and principal place of business is: Edinburgh Airport, Edinburgh, Scotland, EH12 9DN.

The group's principal activities are detailed in the Directors' report.

The principal accounting policies applied in the preparation of the financial statements of the group are set out below. 2020 is the first year consolidated financial statements have been presented for Edinburgh Airport Limited and its subsidiary undertaking, Edinburgh Airport Services Limited, which was incorporated on 13 November 2019 and commenced trading in February 2020. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of accounting for the year ended 31 December 2020
The financial statements of the group prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The financial statements have been prepared under the historical cost convention as modified by certain items recognised at fair value.

Ultimate parent undertaking and controlling party
The immediate parent company of Edinburgh Airport Limited is Green Bidco Limited, a company registered in the United Kingdom.

The group's ultimate parent company is Green Luxco I S.ar.l., a company registered in Luxembourg. The registered office of Green Luxco I S.ar.l. is 78-80, rue Mühlenweg, L-2155 Luxembourg. Green Luxco I S.ar.l. is the smallest and largest company to consolidate these financial statements for the year.

Copies of the financial statements for Green Bidco Limited and Green Luxco I S.ar.l. may be obtained by writing to The Company Secretary, Edinburgh Airport, Edinburgh, Scotland, EH12 9DN, United Kingdom.

The directors are of the opinion that the ultimate controlling party is a group of investment funds managed by Global Infrastructure Partners, LP.

Reduced disclosures
In accordance with FRS 102 (and the Application Guidance to FRS 100 'Application of Financial Reporting Requirements') the company only has taken advantage of the exemptions from the following disclosure requirements as they are disclosed in the financial statements of the Edinburgh Airport Limited group:

- Section 7 'Statement of Cash flows'

Basis of consolidation
The group consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 December.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Results of subsidiary undertakings acquired, incorporated or disposed of during the year are included from the date of acquisition, date of incorporation or to the date of disposal to the extent of group control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by Section 408 of the Companies Act 2006, a separate statement of consolidated income for Edinburgh Airport Limited is not presented.

Amendments issued by the FRC in December 2019 have been applied for the first time in these financial statements. The amendments enable the Group to take advantage of the temporary amendments to specific hedge accounting requirements in FRS 102 paragraphs 12.25C to 12.25F to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The Group is exposed to LIBOR within its hedge accounting relationships, which is subject to interest rate benchmark reform.

Accounting policies for the year ended 31 December 2020 (continued)

Going concern
As soon as the potential long-term impact of COVID-19 on the business become apparent the directors moved promptly to safeguard liquidity and provide further headroom by securing a further £75m 18-month term loan in April 2020, increasing overall debt facilities from £980.3 million to £1,055.3 million. The funding consists of a combination of bank debt and longer term institutional loans. In addition, the group has a further £50.0 million capital expenditure facility, £10.0 million revolving credit facility and £4.0 million overdraft facility. At 31 December 2020, £50.0 million (2019: £nil) was drawn down on the capital expenditure facility, £8.0 million (2019: £nil) was drawn on the revolving credit facility and £nil (2019: £nil) was drawn down on the bank overdraft facility.

As at 28 February 2021 the group had £74.7m of cash in the bank and £1.9m of unutilised committed facilities.

As noted in the Strategic report, the impacts of the COVID-19 pandemic on Edinburgh Airport and the wider aviation industry continue into 2021. The reintroduction of lockdown restrictions whereby only essential travel is permitted, the closure of all air corridors in January 2021 and hotel quarantining mean the Airport continues to experience severely reduced passenger volumes and the expectation is this will continue for a number of months to come. The Airport remains open despite low levels of activity.

The directors continue to undertake detailed scenario planning exercises to consider the ongoing impacts of the COVID-19 pandemic on operations, profitability and cash flow. The scenario modelling assumes reduced passenger numbers and revenue as a result of COVID-19, reflecting the current period of significantly reduced activity and a subsequent recovery period. The scenario planning exercise undertaken assumes a cautious approach to the airport's recovery from the COVID-19 pandemic. These scenarios incorporate the robust suite of cash preservation and cost reduction measures which have already been implemented in response to the pandemic. These scenarios assume profitability and cash generation in 2021 reduces significantly compared to previous expectations prior to the COVID-19 pandemic.

As a result of COVID-19, there is forecasting uncertainty in relation to the nature and extent of travel restrictions, the length of the current and future lockdowns, the passenger number recovery rate and the level to which they will rise. The UK's vaccination role out programme is currently moving ahead at pace and data studies are confirming the efficacy of the vaccines being deployed which provides optimism for relaxation of restrictions. The directors remain confident in a full recovery in air travel, albeit the exact timing of which remains unclear. There is also uncertainty in relation to the ability of the group to secure extensions to both the maturing £75m term loan facility in October 2021 and the £100m original facility due to mature in May 2020. Further there is uncertainty around the ability of the group to obtain waivers for projected breaches of banking covenants at the June 2021 and December 2021 assessment points. Notwithstanding these two significant issues the directors are confident the waivers and facility extension will be secured due to the strong long-term relationships with lenders, the underlying profitability of the business, the value in the business model and ultimately the Airport's ability to recover from the impact of the pandemic.

The directors therefore continue to adopt the going concern basis in preparing the financial statements, however the matters discussed above result in the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore the company may be unable to discharge its liabilities in the normal course of business.

Functional and presentational currencies
The financial statements are presented in sterling which is also the functional currency of the group.

Foreign currency
The group is not materially exposed to foreign exchange currency risk as all material transactions and financial instruments are in pounds sterling. Transactions denominated in foreign currencies are translated into sterling using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the reporting date. Differences arising on translation are charged or credited to profit or loss.

Turnover
Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes and consists primarily of:

Aeronautical
- Passenger charges based on the number of departing passengers on departure, recognised on departure;
- Aircraft landing charges levied according to noise, emissions and weight, recognised on landing;
- Aircraft parking charges based on a combination of weight and time parked, recognised on landing; and
- Other charges levied for passenger and baggage operation when these services are rendered.

Retail
- Concession fees from retail and commercial concessionaires at or around the Airport are based upon turnover certificates supplied by concessionaires and are recognised in the period to which they relate; and
- Car parking income for both roll up and pre-book customers is recognised from date of entering the car park to earlier of customer exit date or period end.

Accounting policies for the year ended 31 December 2020 (continued)

Turnover (continued)
Property and operational facilities
- Property letting sales, recognised on a straight-line basis over the term of the rental period;
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale;
- Usage charges made for operational systems (e.g. check-in desks), recognised as each service is provided; and
- Other invoiced sales, recognised on the performance of the service.

Operating costs - exceptional
The group presents, on the face of the Statement of comprehensive income, disclosure of exceptional items. Exceptional items are items of income and expense that, because of their size or incidence merit separate presentation to allow an understanding of the group's financial performance. Additional details of exceptional items are provided as and when required as set out in note 4.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. The group took the option under FRS 102 section 35 "Transition to this FRS" to revalue fixed assets to their fair value at the transition date of 1 January 2014 and treat this as deemed cost.

Operational assets
Terminal complexes, airfield assets, plant and equipment and other land and buildings are stated at cost less accumulated depreciation and impairment losses.

Assets in the course of construction
Assets in the course of construction are stated at cost less provision for impairment. Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate and cost includes own labour costs of construction-related project management. Costs associated with projects that are in the early stages of planning are capitalised where the directors are satisfied that it is probable the necessary consents will be received and the projects will be developed to achieve a successful delivery of an asset such that future commercial returns will flow to the group. The group reviews these projects on a regular basis to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

Depreciation
Depreciation is provided on operational assets, other than land and assets in the course of construction, to write off the cost of the assets less estimated residual value by equal instalments over their expected useful lives as set out below. The group assesses, at each reporting date, whether there is an indication that an asset's residual value and/or useful life may not be appropriate. If such indication exists, the useful lives and residual values are reviewed, and adjusted if appropriate.

Terminal complexes	
Terminal building, pier and satellite structures	20 – 60 years
Terminal fixtures and fittings	5 – 20 years
Airport plant and equipment:	
Baggage systems	2 – 15 years
Screening equipment	3 – 7 years
Lifts, escalators, travellators	5 – 20 years
Other plant and equipment, including runway lighting and building plant	5 – 20 years
Tunnels, bridges and subways	50 – 100 years
Airfields	
Runway surfaces	10 – 15 years
Runway bases	10 – 100 years
Taxiways and aprons	10 – 50 years
Other land and buildings	
Other land	Not depreciated
Other landscaping	10 – 75 years
Buildings and structures	5 – 50 years
Roads and surfaces	5 – 15 years
Miscellaneous fixtures and fittings	5 – 20 years
Plant and equipment	
Motor vehicles	4 – 8 years
Office equipment	5 – 10 years
Computer equipment	4 – 5 years
Computer software	3 – 7 years

Land and buildings are accounted for separately even when acquired together.

Tangible fixed assets (continued)

Impairment of assets
The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. Where the asset does not generate cash flows that are independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value, on a straight-line basis over its remaining useful life.

Government grants
Government grants relating to tangible fixed assets are treated as deferred income and released to profit or loss over the expected useful lives concerned. Government grants relating to government support during the COVID-19 pandemic are recognised in other income in the period in which they are receivable. Other grants are recognised as income over the periods when the related costs are incurred.

Borrowing costs
All finance costs are charged in the Statement of comprehensive income in the period in which they are incurred.

Investment properties
Investment properties (including properties rented out under an operating lease) are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS102. The directors consider that, because investment properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified or quantified.

Stocks
Raw materials and consumables consist of engineering spares and other consumable stores (fuel and anti-freeze media) and are valued at the lower of cost and current value.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed.

Reversals of any impairment losses are also recognised in profit or loss.

Investments – Company
Investments in a subsidiary company are held at cost less accumulated impairment losses.

Cash at bank
Cash comprises cash deposits repayable on demand.

Current and deferred taxation
The tax credit for the year represents the sum of the current tax expense and deferred tax expense. Current tax liabilities are recognised when tax payable exceeds the tax paid.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities (or, separately, deferred tax assets and deferred tax liabilities) are offset, if and only if, there is a legally enforceable right to set off the amounts and the intention is either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Operating leases are identified during agreement of the initial contracts. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

If lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Group as a lessor
Leases where the group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as the rental income.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are capitalised as part of a tangible fixed asset.

Retirement benefits

Defined contribution plans
For defined contribution schemes the amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the Statement of financial position.

Accounting policies for the year ended 31 December 2020 (continued)

Defined benefit plans
For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains or losses recognised in profit or loss

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost;
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred; and
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income

- Actuarial gains and losses; and
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial instruments
The group has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors
Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of comprehensive income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit and loss.

Financial liabilities and equity
Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

Trade creditors
Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Accounting policies for the year ended 31 December 2020 (continued)

Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in the Statement of comprehensive income unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, the group documents the hedged item, the hedging instrument and the hedging relationship between them as well as the causes of hedge ineffectiveness such as different maturities, nominal amounts or variable rates or counterparty credit risk.

The group elects to adopt hedge accounting for interest rate swaps where:
- The interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- The hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates becomes unfavourable in comparison to current market rates or the variability in cash flows arising from floating interest rates); and
- The change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Where an interest rate swap that converts floating rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the floating rate debt that is attributable to the floating interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in profit or loss. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity – the hedging reserve.

Net cash settlements on interest rate swaps are recognised in profit or loss in the period(s) when the net cash settlement accrues. The hedging reserve is reclassified to profit or loss when the fixed rate interest is recognised in profit or loss.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised or when the conditions for hedge accounting are no longer met if the group documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the hedging reserve are reclassified to profit or loss, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

Borrowings
Borrowings are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest method, net of direct issue costs. Interest expense is recognised on the basis of the effective interest method and is included in net interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

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

A financial liability, or part thereof, is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Deferred income
Contractual income is treated as deferred income and released to profit and loss as earned.

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

Dividends
Dividends are recognised as liabilities once they are no longer at the discretion of the group.

Accounting policies for the year ended 31 December 2020 (continued)

Share-based payments
The group grants share options (“equity-settled share-based payments”) in the form of a long-term incentive plan (“LTIP”) to members of its Executive Committee. The LTIP relates to equity instruments of Green Bidco Limited, the entity which owns the group.

The value of these equity instruments will be based on the Internal Rate of Return (“IRR”) achieved by the group’s controlling shareholder from acquisition to sale of their investment in the group. Below a minimum IRR threshold, these equity instruments will have no value. Above a ceiling IRR, the value of these equity instruments are capped. These equity instruments will vest over a two to six year period from the date of issue.

Payments will be measured with reference to their value for taxation purposes and recognised in profit and loss in the period in which they are made.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the ‘original fair value’) and under the modified terms and conditions (the ‘modified fair value’) are both determined at the date of modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Significant accounting judgements and estimates for the year ended 31 December 2020

Estimates and Judgements (Group and Company)
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.

The group makes estimates and assumptions concerning the future. Actual results may, however, differ from the estimates calculated and management believe that the following area presents the greatest level of uncertainty.

There are no judgments to disclose in these financial statements.

Investment properties – estimate
Investment properties were valued at fair value at 31 December 2020 by Ryden, Chartered Surveyors (2019: Ryden, Chartered Surveyors). The valuations were prepared in accordance with relevant accounting standards and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. 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 noted by the group's external valuer, the COVID-19 pandemic has caused extensive disruption to businesses and economic activities in 2020 and the uncertainties created have increased the estimation uncertainty over the fair value of the investment property portfolio at the balance sheet date. Independent valuations have been obtained for 100% of the investment properties. Approximately 55% (2019: 58%) of the investment properties comprise car parks and airside assets at the Airport that are considered less vulnerable to market volatility than the overall market. See note 9 for further detail on investment properties.

Notes to the financial statements for the year ended 31 December 2020

1. Turnover

All of the group's turnover arises in the United Kingdom and relates to continuing operations. Additional details of the turnover generated by each of the group's key activities are given below:

	2020	2019
	£'000	£'000
Aeronautical	**33,560**	114,444
Retail	**23,348**	83,441
Operational facilities and utilities	**4,471**	14,704
Property rental	**6,064**	6,461
Other	**682**	1,996
	68,125	221,046

2. (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Staff costs (Note 3)	**29,129**	34,125
Depreciation of tangible fixed assets (Note 8)	**32,798**	32,757
Loss on disposal of assets	**-**	59
Other operating leases	**110**	41

(a) Grant income

	2020	2019
	£'000	£'000
Capital grant income (Note 13(b))	**(388)**	(388)
Coronavirus Job Retention Scheme government grant income	**(7,116)**	-
	(7,504)	(388)

(b) Auditor's remuneration

	2020	2019
	£'000	£'000
Fees payable to the group's auditor for the audit of the group's annual financial statements	**55**	48
Fees payable to the group's auditor for the audit of the subsidiary's annual financial statements	**9**	-
	64	48
Non-audit fees payable to the group's auditor for other services		
Audit related assurance services	**5**	5
Tax advisory services	**116**	42
Tax compliance services	**60**	65
Total non-audit fees	**181**	112
Total fees	**245**	160

3. Employees

The average monthly number of persons (including directors) employed, on a full-time equivalent basis, by the group during the year was:

	2020 No.	2019 No.
Office and management	**76**	82
Airside, security and operations	**506**	537
Retail and commercial	**53**	66
	635	685

Staff costs for the above employees

	2020 £'000	2019 £'000
Wages and salaries	**23,226**	26,577
Social security	**2,576**	2,868
Defined contribution pension cost	**2,501**	2,873
Other employment costs	**826**	1,807
	29,129	34,125

Directors

In respect of the directors of Edinburgh Airport Limited:

	2020 £'000	2019 £'000
Directors' remuneration		
Aggregate emoluments	**423**	743
Value of group pension contributions to defined contribution scheme	**9**	7
	432	750

One director is a member of the defined contribution pension scheme.

Details of other transactions made with directors during the year are disclosed in note 20.

Key management personnel

The directors believe key management personnel to consist of the directors of Edinburgh Airport Limited. Remuneration of key management personnel is therefore set out above.

Highest paid director's remuneration

	2020 £'000	2019 £'000
Aggregate emoluments	**312**	623
Value of group pension contributions to defined contribution scheme	**9**	7
	321	630

An amount of £769 (2019: £557) was accrued in relation to the highest paid director's entitlements under the defined contribution pension scheme.

The highest paid director of the group held shares in a parent group, through a long-term incentive plan, throughout both 2020 and 2019.

Share based payments

The Company grants share options in the form of a long-term incentive plans ("LTIP") to certain members of its Executive Committee. The LTIPs relates to equity instruments of Green Bidco Limited, the immediate parent company of the group.

In June 2014 13,200 shares options were issued at a fair value of £18.32 per share. At 31 December 2020, 9,150 share options had vested (31 December 2019 – 8,850) and 1,350 had been forfeited (31 December 2019 – 1,250).

In November 2019 14,800 shares options were issued at a fair value of £250.00 per share. At 31 December 2020, 2,960 share options had vested (31 December 2019 – 1,480).

Notes to the financial statements for the year ended 31 December 2020 (continued)

4. Operating costs – exceptional

	2020 £'000	2019 £'000
Restructuring and reorganisation costs [1]	**3,448**	-
Asset de-recognition [2]	**1,970**	-
Stock write down [3]	**1,281**	-
Refinancing costs [4]	**300**	201
Consultation costs in respect of potential changes to flight paths [5]	**197**	535
Land and planning disputes [6]	**-**	130
Operational disruption due to major capital projects [7]	**-**	583
Total	**7,196**	1,449

[1] Given the significant reduction in passenger numbers as a result of the COVID-19 pandemic around one third of the Group's staff were made redundant during 2020.

[2] The Airport's capital expenditure plan was significantly scaled back as a result of the COVID-19 pandemic as part of a suite of cost reduction measures. A full review of assets under the course of construction was performed and for some capital projects where work had been halted, if was not clear when the projects would be restarted as a result of the COVID-19 pandemic, the asset was de-recognised.

[3] Write down of PPE stocks purchased during the first wave of the COVID-19 pandemic.

[4] The Airport secured a further £75m 18-month term loan in April 2020 from its banks, paying associated legal fees. The group also undertook a refinancing transaction during 2019, again paying associated legal fees.

[5] In 2016, the group launched a consultation process seeking views on the potential impact of altering flight paths above Edinburgh. This consultation process has been ongoing since 2016 until being temporarily paused in 2020 due to the COVID-19 pandemic.

[6] Costs incurred as a result of disputes in respect of land and planning.

[7] Operational costs due to disruption caused by major capital projects, including expansion of the baggage hall.

5. Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable on bank deposits	**221**	44
Net interest on the net defined benefit pension asset	**42**	124
	263	168

6. Net interest payable and similar charges

	2020 £'000	2019 £'000
Interest on borrowings	**36,125**	32,865
Amortisation of debt costs	**478**	370
Facilities fees	**129**	239
Hedge effectiveness	**(1,225)**	(284)
	35,507	33,190

Notes to the financial statements for the year ended 31 December 2020 (continued)

7. Taxation on (loss)/profit on ordinary activities

	2020 £'000	2019 £'000
Current tax (Group and Company)		
UK corporation tax on (losses)/profits of the period	-	16,468
Adjustment in respect of previous periods:		
- UK corporation tax	(7,152)	(348)
Total current tax (Group and Company)	(7,152)	16,120
Deferred tax (Group)		
Origination and reversal of timing differences	(9,644)	4,592
Adjustment in respect of previous periods	(119)	167
Effect of changes in tax rates	5,226	(666)
Total deferred tax (Group)	(4,537)	4,093
Taxation (credit)/charge on (loss)/profit on ordinary activities (Group)	(11,689)	20,213
Deferred tax (Company)		
Origination and reversal of timing differences	(9,542)	4,592
Adjustment in respect of previous periods	(119)	167
Effect of changes in tax rates	5,226	(666)
Total deferred tax (Company)	(4,435)	4,093
Taxation (credit)/charge on (loss)/profit on ordinary activities (Company)	(11,587)	20,213

Reconciliation of taxation charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2019: 19%). The actual tax (credit)/charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

Group	2020 £'000	2019 £'000
(Loss)/profit before taxation	(108,140)	91,485
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(20,547)	17,382
Effect of:		
Expenses not deductible for tax purposes	3,537	3,969
Income not taxable	(74)	(74)
Effects of other loss reliefs	7,077	-
Deferred tax not provided	363	(217)
Adjustment in respect of previous periods	(7,271)	(181)
Tax rate changes	5,226	(666)
Taxation (credit)/charge for the year	(11,689)	20,213

Company	2020 £'000	2019 £'000
(Loss)/profit before taxation	(107,601)	91,485
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(20,445)	17,382
Effect of:		
Expenses not deductible for tax purposes	3,537	3,969
Income not taxable	(74)	(74)
Effects of other loss reliefs	7,077	-
Deferred tax not provided	363	(217)
Adjustment in respect of previous periods	(7,271)	(181)
Tax rate changes	5,226	(666)
Taxation (credit)/charge for the year	(11,587)	20,213

In addition to the amount charged to profit or loss, a credit of £2,185,000 (2019: £583,000) has been recognised in other comprehensive income. There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the financial statements for the year ended 31 December 2020 (continued)

8. Tangible fixed assets

Group	Terminal complexes £'000	Airfield £'000	Other land and buildings £'000	Plant, equipment & other assets £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
1 January 2020	324,261	211,621	90,308	68,937	34,901	730,028
Additions	-	-	-	-	25,612	25,612
Transfers to/(from) assets in course of construction	12,040	1,984	1,281	662	(15,967)	-
Transfers (to)/from investment property (note 9)	-	-	-	-	(116)	(116)
Derecognition	-	-	-	-	(1,970)	(1,970)
Disposals	-	-	-	(4)	-	(4)
31 December 2020	**336,301**	**213,605**	**91,589**	**69,595**	**42,460**	**753,550**
Depreciation						
1 January 2020	(65,418)	(37,992)	(35,099)	(31,720)	-	(170,229)
Disposals	-	-	-	4	-	4
Charge for the year	(12,255)	(9,412)	(5,812)	(5,319)	-	(32,798)
31 December 2020	**(77,673)**	**(47,404)**	**(40,911)**	**(37,035)**	**-**	**(203,023)**
Net book value 31 December 2020	**258,628**	**166,201**	**50,678**	**32,560**	**42,460**	**550,527**
Net book value 31 December 2019	258,843	173,629	55,209	37,217	34,901	559,799

Group

Assets in the course of construction comprise capital expenditure on on-going capital projects under the group's capital investment programme. A full review of assets under the course of construction was performed during the year and for some capital projects where work had been halted, if was not clear when the projects would be restarted as a result of the COVID-19 pandemic, the asset was de-recognised. These assets, amounting to £1,970,000, were derecognised in the year (see note 4).

8. Tangible fixed assets (continued)

Company	Terminal complexes £'000	Airfield £'000	Other land and buildings £'000	Plant, equipment & other assets £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
1 January 2020	324,261	211,621	90,308	68,937	34,901	730,028
Additions	-	-	-	-	25,525	25,525
Transfers to/(from) assets in course of construction	12,040	1,984	1,281	575	(15,880)	-
Transfers (to)/from investment property (note 9)	-	-	-	-	(116)	(116)
Derecognition	-	-	-	-	(1,970)	(1,970)
Disposals	-	-	-	(4)	-	(4)
31 December 2020	**336,301**	**213,605**	**91,589**	**69,508**	**42,460**	**753,463**
Depreciation						
1 January 2020	(65,418)	(37,992)	(35,099)	(31,720)	-	(170,229)
Disposals	-	-	-	4	-	4
Charge for the year	(12,255)	(9,412)	(5,812)	(5,317)	-	(32,796)
31 December 2020	**(77,673)**	**(47,404)**	**(40,911)**	**(37,033)**	**-**	**(203,021)**
Net book value 31 December 2020	**258,628**	**166,201**	**50,678**	**32,475**	**42,460**	**550,442**
Net book value 31 December 2019	258,843	173,629	55,209	37,217	34,901	559,799

Company

Assets in the course of construction comprise capital expenditure on on-going capital projects under the group's capital investment programme. A full review of assets under the course of construction was performed during the year and for some capital projects where work had been halted, if was not clear when the projects would be restarted as a result of the COVID-19 pandemic, the asset was de-recognised. These assets, amounting to £1,970,000, were derecognised in the year (see note 4).

9. Investment properties (Group and Company)

	2020	2019
	£'000	£'000
At 1 January	**298,488**	281,525
Transfers from owner-occupied property (note 8)	**116**	1,300
Disposals	**-**	(2,412)
Fair value losses/gains	**(52,939)**	18,075
At 31 December	**245,665**	298,488

Investment property includes land held for development. The fair value of the group's investment property and land held for development at 31 December 2020 has been arrived at on the basis of a valuation carried out by Ryden, Chartered Surveyors, on an open market value basis (2019: Ryden, Chartered Surveyors). Ryden is not connected with the group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties, or where not available, to market yields. The fair value losses recognised in 2020 are a result of the impact of the COVID-19 pandemic on the Airport.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2020	2019
	£'000	£'000
Cost	**52,436**	52,320

As noted in note 1, rental income earned during the year was £6,064,000 (2019: £6,461,000). At the balance sheet date, the group had contracted with tenants for the following future minimum lease receipts:

Amounts receivable in	**2020**	2019
	£'000	£'000
Less than 1 year	**3,232**	3,695
More than 1 year but less than 5 years	**5,662**	7,831
More than 5 years	**2,833**	4,157
Total amounts receivable under non-cancellable operating leases	**11,727**	15,683

10. Investments (Company)

On 13 November 2019, Edinburgh Airport Limited paid £100 to acquire 100 ordinary shares of £1 each on incorporation of Edinburgh Airport Services Limited, amounting to 100% of the issued ordinary share capital. The registered office of Edinburgh Airport Services Limited is Edinburgh Airport, Edinburgh, Scotland, EH12 9DN. The principal activity of Edinburgh Airport Services Limited is the provision of airport operational services.

11. Stocks

Group

	2020	2019
	£'000	£'000
Raw materials and consumables	**991**	1,068

Company

	2020	2019
	£'000	£'000
Raw materials and consumables	**975**	1,068

Group and Company

The replacement cost of raw materials and consumables at 31 December 2020 and 31 December 2019 was not materially different from the amount at which they are included in the Statement of financial position.

Stock of PPE purchased during the first wave of the COVID-19 pandemic amounting to £1,281,000 were written off to Exceptional costs during 2020 (see Note 4).

12. Debtors

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**1,779**	7,686	**1,777**	7,686
Accrued income	**2,636**	5,901	**2,066**	5,901
Prepayments	**1,394**	2,556	**1,374**	2,556
Corporation tax receivable	**3,436**	-	**3,436**	-
VAT receivable	**219**	-	**350**	-
Amounts receivable from subsidiary	**-**	-	**1,082**	-
Amounts receivable from group undertakings	**140**	66	**140**	66
Other debtors	**128**	128	**128**	128
Total	**9,732**	16,337	**10,353**	16,337

	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts falling due after more than one year:				
Amounts receivable from group undertakings – non-interest bearing[1]	**376,465**	376,465	**376,465**	376,465
Amounts receivable from group undertakings – interest bearing[2]	**1,558**	512	**1,558**	512
Total	**378,023**	376,977	**378,023**	376,977
Total debtors	**387,755**	393,314	**388,376**	393,314

[1] Non-interest bearing amounts receivable from group undertakings due after more than one year relate to amounts owed by the immediate parent group, Green Bidco Limited. Included within this balance is accrued interest of £2,863,000 (2019: £2,863,000) which is payable on full settlement of the outstanding balance. Following the refinancing in May 2014, interest ceased to be charged on the loan. The loan is not repayable for at least 5 years.

[2] Interest-bearing amounts receivable from group undertakings due after more than one year relate to a £1,500,000 (2019: £500,000) loan amount owed by a group company, Crosswind Developments Limited. Interest is accrued on the loan at Bank of England Base Rate plus a fixed margin. Total interest accrued as at 31 December 2020 was £58,000 (2019: £12,000). The loan is repayable in 2024.

13. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
External borrowings (note 14 (a))	**75,000**	-	**75,000**	-
Trade creditors	**2,050**	3,551	**2,033**	3,551
Capital creditors	**5,476**	12,419	**5,476**	12,419
Deferred finance charges	**(501)**	(138)	**(501)**	(138)
Accruals and deferred income	**28,388**	34,509	**28,218**	34,509
Other creditors	**263**	287	**264**	287
Corporation tax payable	**-**	7,490	**-**	7,490
Other taxes and social security costs	**571**	3,196	**558**	3,196
Total	**111,247**	61,314	**111,048**	61,314

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Financing liabilities				
External borrowings (a)	**1,038,300**	980,300	**1,038,300**	980,300
Deferred finance charges	**(259)**	(369)	**(259)**	(369)
Fair value of floating to fixed interest rate swaps (note 15)	**25,897**	21,577	**25,897**	21,577
Total financing liabilities	**1,063,938**	1,001,508	**1,063,938**	1,001,508
Amounts payable to group undertakings	**1,300**	1,300	**1,300**	1,300
Deferred income (b)	**1,889**	2,277	**1,889**	2,277
Total	**1,067,127**	1,005,085	**1,067,127**	1,005,085

(a) External borrowings

Borrowings are repayable in instalments as follows:

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Less than one year (note 13)	**75,000**	-	**75,000**	-
Between one and two years	**100,000**	-	**100,000**	-
Between two and five years	**233,300**	275,300	**233,300**	275,300
Between five and ten years	**605,000**	555,000	**605,000**	555,000
Greater than ten years	**100,000**	150,000	**100,000**	150,000
Total due in more than one year	**1,038,300**	980,300	**1,038,300**	980,300
Total	**1,113,300**	980,300	**1,113,300**	980,300

The group has term loans with a number of banks and institutions. These loans are secured through a floating charge over the group's assets and a fixed charge over the group's share capital. There are no additional securities granted following the refinancing activity in the year. Interest is charged at either fixed rate or at a margin above LIBOR.

At 31 December 2020 the average interest rate payable on borrowings was 3.19% p.a. (2019: 3.45%), inclusive of the effect of interest rate swaps used to hedge floating interest rates on the underlying debt.

At 31 December 2020 the group had £1.9 million undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date (2019 - £58 million).

(b) Deferred income

The group has received capital grants which are classified as deferred income and are amortised over the expected useful lives of the assets concerned.

Analysis of capital grants within deferred income is as follows:

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Balance brought forward at 1 January	**2,665**	3,053	**2,665**	3,053
Amortised in the year	**(388)**	(388)	**(388)**	(388)
31 December	**2,277**	2,665	**2,277**	2,665
Represented by:				
Due within one year	**388**	388	**388**	388
Due after more than one year	**1,889**	2,277	**1,889**	2,277
Total capital grants	**2,277**	2,665	**2,277**	2,665

Notes to the financial statements for the year ended 31 December 2020 (continued)

15. Financial Instruments (Group and Company)

The group and company use interest rate swaps to manage exposure to interest rate movements on its bank and institutional borrowings. Contracts with nominal values of £250 million (2019: £250 million) fix interest on variable rate debts at an average rate of 2.66% (2019: 2.66%) for periods up until 2027.

The fair values of interest rate swaps are determined using market values of equivalent instruments at the Statement of financial position date.

All interest rate swaps meet the conditions for hedge accounting, as set out in the accounting policies.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	2020		2019	
	Notional value	**Fair value**	Notional value	Fair value
Maturity date	**£'000**	**£'000**	£'000	£'000
Two to five years	**160,000**	**(14,400)**	160,000	(13,340)
Over five years	**90,000**	**(11,497)**	90,000	(8,237)
	250,000	**(25,897)**	250,000	(21,577)

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is six months' LIBOR. The group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

A loss of £5,545,000 (2019: £2,986,000) was recognised in other comprehensive income. A gain of £1,225,000 (2019: £284,000) was recognised in profit and loss in relation to hedge effectiveness.

16. Provisions for liabilities – deferred tax

	Group		**Company**	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Provision at start of the year	**44,947**	41,437	**44,947**	41,437
Adjustment in respect of prior years	**(119)**	167	**(119)**	167
(Credited)/charged to income statement	**(4,418)**	3,926	**(4,316)**	3,926
Credited to other comprehensive income	**(2,185)**	(583)	**(2,185)**	(583)
Provision at end of the year	**38,225**	44,947	**38,327**	44,947

Deferred tax is provided as follows:	**2020**	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Fixed asset timing differences	**45,183**	48,576	**45,183**	48,576
Short term timing differences	**(6,958)**	(3,629)	**(6,856)**	(3,629)
Total	**38,225**	44,947	**38,327**	44,947

Deferred tax assets:	**2020**	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Recoverable after 12 months	**6,958**	3,629	**6,856**	3,629
Total	**6,958**	3,629	**6,856**	3,629

Deferred tax liabilities:	**2020**	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Payable after 12 months	**45,183**	48,576	**45,183**	48,576
Total	**45,183**	48,576	**45,183**	48,576

16. Provisions for liabilities – deferred tax (continued)

Group and Company
The UK corporation tax rate for the year was 19%.

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK Corporation Tax rate will increase from 19% to 25% from 1 April 2023. This change has not yet been substantively enacted. As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the new rate. The impact of the post balance sheet date change in tax rate is expected to be material but a full analysis of the changes was not possible given the announcement was made immediately before the financial statements signing date.

Deferred tax should be measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. As a result, consideration has been given to the likely reversal of underlying timing differences on which deferred tax is recognised to determine the appropriate rate to apply to these balances. Deferred tax has been recognised at the following rates:

Fixed asset timing differences – Land & investment properties	**19%**
Fixed asset timing differences – assets qualifying for capital allowances	**19%**
Short term timing differences	**19%**

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

17. Called-up share capital

	Group and Company	
	2020	2019
Called up, allotted and fully paid:	**£'000**	£'000
At 1 January and 31 December	**6,500**	6,500

18. Dividends paid (Group and Company)

	2020	2019
	£'000	£'000
Dividend for the year: £nil (2019: £2.77) per ordinary share	**-**	18,000

19. Commitments and other contractual obligations (Group and Company)

Commitments for capital expenditure
Contracted capital expenditure commitments amount to £5,596,000 (2019: £14,627,000).

Commitments under operating leases
There are no future minimum lease payments due under non-cancellable operating leases as at 31 December 2020 (2019: none).

20. Retirement benefit schemes (Group and Company)

Defined contribution scheme

The group operates a defined contribution pension scheme for all qualifying employees. The total cost charged to profit and loss in the year of £2,501,000 (2019: £2,873,000) represents contributions payable to this scheme by the group at rates specified in the rules of the plan. As at 31 December 2020, £128,000 (2019: £325,000) was due in respect of the current period and remained unpaid to the scheme. Such amounts were paid in January 2021 when they fell due for payment.

Defined benefit scheme

The group operates a defined benefit scheme for certain qualifying employees. Under the scheme, the employees are entitled to retirement benefits varying between 1.85 and 67 per cent of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided. The scheme is funded.

The assets of the plan are held in a separate trustee administered fund. The plan was established on 31 May 2012 following a bulk transfer of the pension obligations and corresponding assets from the BAA Airports pension scheme when the group ceased to be a component of the BAA group.

Following consultation with its members and trustees, the defined benefit pension scheme was closed to future accrual with effect from midnight on 30 April 2016. The members of the scheme were thereafter entitled to participate in the group's defined contribution scheme, details of which are noted above. The estimated amount of total employer contributions expected to be paid to the plan during 2021 is £nil (2020: £nil).

The valuation used has been based on the most recent full actuarial valuation at 31 March 2019 and was updated by Spence & Partners for the scheme assets and the present value of the defined benefit obligation for 31 December 2020.

The current deficit in relation to this scheme is estimated to be £4,778,000 (2019: £2,074,000 surplus). Despite the deficit at 31 December 2020, the directors believe the scheme remains well funded and cash injections are not currently required.

Key assumptions used	**2020**	2019
Discount rate	**1.3% pa**	2.0% pa
Inflation measured by:		
Retail Prices Index (RPI)	**2.9% pa**	3.0% pa
Consumer Prices Index (CPI)	**2.2% pa**	2.0% pa
Salary increases	**N/A**	N/A
Pension increases	**2.8% pa**	2.9% pa
Life expectancy of male aged 60	**25.9 years**	25.8 years
Life expectancy of male aged 60 in 2036	**27.7 years**	27.6 years

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	2020 £'000	2019 £'000
Discount rate + 0.1%	**2,300**	1,900
Inflation assumptions +0.1%	**(1,900)**	(1,700)
Life expectancy + 1 year	**(3,500)**	(2,700)

20. Retirement benefit schemes (Group and Company) (continued)

The movement in the net defined benefit asset is as follows:

	2020 £'000	2019 £'000
Opening net defined benefit asset	**2,074**	4,491
Credit in statement of financial position	**42**	124
Amounts recognised in other comprehensive income	**(6,894)**	(2,541)
Closing net defined benefit (liability)/asset	**(4,778)**	2,074

Amounts recognised in the statement of comprehensive income in respect of the defined benefit scheme are as follows:

	2020 £'000	2019 £'000
Interest income	**(42)**	(124)
Actuarial losses on defined benefit pension scheme	**6,894**	2,541
Total expense recognised in Statement of comprehensive income	**6,852**	2,417

Of the charge for the year, £nil (2019: £nil) has been included within operating expenses, £42,000 (2019: £124,000) has been included within finance income in note 5 and £6,894,000 (2019: £2,541,000) has been included in other comprehensive income.

The actual return on scheme assets was a gain of £6,900,000 (2019: gain of £9,059,000).

The amount included within the statement of financial position arising from the group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2020 £'000	2019 £'000
Present value of defined benefit obligation	**(96,853)**	(84,547)
Fair value of scheme assets	**92,075**	86,621
Net (liability)/asset recognised within the statement of financial position	**(4,778)**	2,074

Movements in the present value of defined benefit obligations were as follows:

	2020 £'000	2019 £'000
Opening defined benefit obligation	**84,547**	75,867
Interest expense	**1,676**	2,063
Actuarial losses	**12,076**	9,413
Benefits paid	**(1,446)**	(2,796)
Closing defined benefit obligation	**96,853**	84,547

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
Opening fair value of scheme assets	**86,621**	80,358
Interest income	**1,718**	2,187
Actual return on plan assets less interest income	**5,182**	6,872
Benefits paid	**(1,446)**	(2,796)
Closing fair value of scheme assets	**92,075**	86,621

The analysis of scheme assets at fair value at the balance sheet date was as follows:

	2020 £'000	2019 £'000
Equity instruments	**25,662**	22,077
Multi-asset credit	**17,675**	33,110
Diversified growth funds (DGF)	**17,644**	17,061
Property	**4,317**	4,399
Liability driven investment	**10,801**	7,669
UK Corporate bonds	**15,834**	-
Cash	**142**	2,305
Closing fair value of scheme assets	**92,075**	86,621

The pension plans have not invested in any of the group's own financial instruments nor in properties or other assets used by the group.

21. Related party transactions (Group and Company)

The group is exempt under the terms of FRS 102 Section 33 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Green Luxco I S.ar.l. Group, as all subsidiaries within the group are wholly-owned.

At 31 December 2020 there is a loan to one of the directors of £82,000 (2019: £82,000). The balance is included in the other debtors balance in Note 12. £22,000 of this loan balance was granted in relation to the tax costs associated with the Long Term Incentive Plan (LTIP).

22. Post balance sheet events

The impacts of the COVID-19 pandemic on the general economy and the aviation industry specifically continue into 2021. The reintroduction of lockdown restrictions whereby only essential travel is permitted, the closure of all air corridors in January 2021 and hotel quarantining mean the Airport continues to experience severely reduced passenger volumes and the expectation is this will continue for a number of months to come. The Airport remains open despite low levels of activity.

The UK's vaccination role out programme is currently moving ahead at pace and data studies are confirming the efficacy of the vaccines being deployed which provides optimism for relaxation of restrictions. The directors remain confident in a full recovery in air travel, albeit the exact timing of which remains unclear.

23. Notes to the Group Statement of cash flows

Net cash flows from operating activities:

	2020 **£'000**	2019 £'000
(Loss)/profit for the financial year per Statement of comprehensive income	**(96,451)**	71,272
Depreciation charge	**32,798**	32,757
Taxation	**(11,689)**	20,213
Interest payable	**35,507**	33,190
Interest receivable	**(263)**	(168)
Fair value loss/(gain) on investment property	**52,939**	(18,075)
Loss on disposal of fixed assets	**1,970**	59
Amortisation of capital grants	**(388)**	(388)
Decrease/(increase) in stock	**77**	(163)
Decrease/(increase) in debtors	**10,107**	(929)
(Decrease)/increase in creditors	**(9,946)**	7,805
Cash from operations	**14,661**	145,573
Income taxes paid	**(3,774)**	(14,383)
Net cash generated from operating activities	**10,887**	131,190

Components of cash and cash equivalents:

	2020 **£'000**	2019 £'000
Cash	**80,920**	7,464
	80,920	7,464