NATS Solutions Limited
Financial statements for the period from incorporation on 28 July 2014 to 31 March 2015

Company Number: 09150697
Report of the directors

The directors present their report, together with the financial statements and auditor’s report, for the period from incorporation on 28 July 2014 to 31 March 2015.

Business model and principal activities

The company is a wholly-owned subsidiary of NATS (Services) Limited, which in turn is a wholly-owned subsidiary of NATS Holdings Limited, the ultimate parent undertaking of the NATS group of companies. The NATS group provides air traffic control services through two principal operating subsidiaries: NATS (En Route) plc (NERL) and NATS (Services) Limited (NATS Services).

The company acts as employer and incurs staff expenses, and other costs, on behalf of NATS Services which it recharges through a Management Services Agreement (MSA).

NATS Services is responsible for paying to the company an amount equal to the aggregate of all costs incurred by the company in connection with the employment of the personnel together with appropriate staff related costs and expenses and disbursements.

A full description of the NATS group’s principal activities and business review is contained in the accounts of NATS Holdings Limited.

Going concern and subsequent events

The directors’ assessment of going concern is explained in note 3.

There have been no significant events since the balance sheet date.

Results and dividends

The company’s performance for the period is shown in the statement of comprehensive income on page 6 and reflects the results of the company under the MSA explained above. The company reported an operating profit of £nil. The Board recommends that no dividend be paid.

Directors

The directors of the company who served during the period and to the date of this report are set out below:

Richard Deakin (appointed 28 July 2014 and resigned 18 May 2015)
Nigel Fotherby (appointed 28 July 2014)
Catherine Mason (appointed 28 July 2014)
Martin Rolfe (appointed 18 May 2015)

None of the directors had any interests in the share capital of the company. Interests of the directors in the ordinary shares of the company’s parent undertaking NATS Holdings Limited are explained in those accounts.

None of the directors has, or has had, a material interest in any contract of significance in relation to the company’s business.
Directors’ indemnities
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Directors’ responsibilities
The directors are responsible for preparing this report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- make an assessment of the company’s ability to continue as a going concern.

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.

Each person who is a director at the date of approval of these financial statements confirms that:

- so far as the director is aware, there is no relevant audit information of which the company’s auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant audit information and to establish that the company’s auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.
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.

**Directors’ responsibility statement**

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the company;
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company’s position and performance, business model and strategy.

**Auditors**

BDO LLP were appointed as auditor during the period. BDO LLP have expressed their willingness to continue in office as auditor and a written resolution of the sole shareholder to re-appoint BDO is expected to be signed on 30 July.

Approved by the Board of directors and signed on behalf of the Board by:

[Signature]

Richard Churchill-Coleman
Secretary
25 June 2015

**Registered office**

4000 Parkway, Whiteley, Fareham, Hampshire, PO15 7FL
Registered in England and Wales
Company Number: 09150697
Independent auditor's report to the members of NATS Solutions Limited

We have audited the financial statements of NATS Solutions Limited for the period ended 31 March 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its result for the period then ended;

• have been properly prepared in accordance with IFRSs as adopted by the European Union; and

• have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.
Independent auditor's report

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Malcolm Thixton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom
25 June 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).
**Statement of comprehensive income**

for the period from incorporation on 28 July 2014 to 31 March 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the period ended 31 March 2015 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4</td>
</tr>
<tr>
<td>Staff costs</td>
<td>7(a)</td>
</tr>
<tr>
<td>Other operating charges</td>
<td></td>
</tr>
<tr>
<td><strong>Net operating costs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>Result before tax</strong></td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>8</td>
</tr>
<tr>
<td><strong>Result for the period</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income for the period</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Balance sheet
at 31 March 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>9</td>
<td>47,059</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11</td>
<td>(46,959)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called up share capital</td>
<td>12</td>
<td>100</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

The financial statements (Company number: 09150697) were approved by the Board of directors and authorised for issue on 25 June 2015 and signed on its behalf by:

Chief Executive

Martin Rolfe

Finance Director

Nigel Fotherby
Financial statements

Statement of changes in equity
for the period from incorporation on 28 July 2014 to 31 March 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>Share capital</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Result for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shares issued</td>
<td>12</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>At 31 March 2015</td>
<td></td>
<td>100</td>
<td>-</td>
</tr>
</tbody>
</table>

Cash flow statement
for the period from incorporation on 28 July 2014 to 31 March 2015

No cash flow statement has been presented because the company does not have a bank account and its income and expenses have been settled by fellow subsidiary entities. A reconciliation of operating profit to net cash flow from operating activities is provided in note 13.
1. General information

NATS Solutions Limited is a private company incorporated in England and Wales and domiciled in the United Kingdom and acting under the Companies Act 2006. The address of the registered office is on page 3. The nature of the company’s operations and its principal activities are set out in the Report of the directors.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. Accounting policies

The following accounting policies have been applied consistently in the current period in dealing with items which are considered material in relation to the company’s financial statements.

Basis of preparation and accounting

The financial statements have been prepared on the going concern basis. For further detail please refer to page 12. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs and International Financial Reporting Interpretations Committee (IFRIC) Interpretations as endorsed by the European Union and therefore the company financial statements comply with Article 4 of the EU IAS Regulation.

During the period, the company has adopted the amendments to IAS 32, on offsetting financial assets and liabilities, IAS 36 on recoverable amount disclosures for non-financial assets and IAS 39, on novation of derivatives and continuation of hedge accounting. The company has also adopted IFRIC Interpretation 21 'Levies'. The adoption of these amendments and the Interpretation has not had a significant impact on the company’s result for the period, net assets or cash flows.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9: Financial Instruments
IFRS 15: Revenue from Contracts with Customers
IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture
IAS 1 (amendments): Disclosure Initiative
IAS 16 and IAS 38 (amendments): Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 19 (amendments): Defined Benefit Plans: Employee Contributions

IFRS 9 Financial Instruments deals with classification of financial assets and liabilities, hedge accounting and introduces a new expected credit losses model. The standard is expected to have two main impacts on the company: the adoption of the expected credit losses model in assessing the fair value of trade and contract receivables; and the option to recognise the impact of changes in own credit risk in other comprehensive income rather than the income statement. The standard is effective for reporting periods beginning on or after 1 January 2018 subject to EU endorsement. The company will assess the impact of IFRS 9 closer to the implementation date.

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. The standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017, but the IASB is currently consulting on whether to defer this date to 1 January 2018. The company will assess the impact of IFRS 15 closer to the implementation date.
The directors do not expect that the adoption of the other standards and interpretations listed above will have a material impact on the financial statements in future periods.

The financial information has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the NATS Executive team, who is considered to be the chief operating decision maker. An operating segment is a component of NATS Solutions Limited that engages in business activities from which it may earn revenues and incur expenses. Operating segments’ operating results are reviewed regularly by the Executive team to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment performance is assessed by service line revenue and contribution, where contribution represents revenue less costs directly attributed to individual service lines. Segment results that are reported to the NATS Executive team include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Costs that are not attributed to service lines include the cost of central support functions, depreciation and amortisation (net of government grants), pension accrual rate variances to budget, employee share scheme costs, goodwill impairment, redundancy and relocation costs, the cost of investing in business growth and any profit/(loss) on disposal of non-current assets.

Operating result

Operating result is stated before investment income, finance costs and taxation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised as follows:

- Income from the rendering of services is recognised when the outcome can be reliably estimated and then by reference to the stage of completion of the transaction at the balance sheet date;
- Sales of goods are recognised when they are delivered and title has passed;
- Turnover is recognised in accordance with the Management Services Agreement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to
equity, in which case the deferred tax is also dealt with in equity.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Under the Finance Bill 2013 which was enacted on 17 July 2013, the corporation tax rate was reduced to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The future main tax rate reductions are expected to have a similar impact on the company’s financial statements as outlined above, subject to the impact of other developments in the company’s tax position which may reduce the beneficial effect of this in the company’s tax rate.

Foreign currency translation
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period.

Retirement benefit costs
The company provides a defined contribution scheme to all qualifying employees. The assets of the scheme are held in a separate trustee administered fund. Contributions are expensed as incurred.

Financial instruments
Financial assets and financial liabilities are recognised on the company’s balance sheet when the company becomes a party to the contractual provisions of the instrument. Detailed disclosures are set out in notes 9 – 11.

Financial Assets
Financial assets, other than hedging instruments, can be divided into the following categories:

- loans and receivables;
- financial assets at fair value through the profit and loss;
- available for sale financial assets; and
- held to maturity investments.

Financial assets are assigned to different categories on initial recognition. The classification depends upon the nature and purpose of the financial asset. A financial instrument’s category is relevant to the way it is measured and whether the resulting income is recognised through the income statement or directly in equity. Subsequent to initial recognition financial assets are measured at either fair value or at amortised cost according to the category in which they are classified.

Other than loans and receivables the group does not have financial assets in other categories.

Loans and receivables
Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets
Financial assets are rigorously assessed for indicators of impairment at half year and year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Impairment losses on trade receivables are recognised using allowance accounts. When a trade receivable is considered irrecoverable, it is
written off against the allowance account, any subsequent recoveries are credited to the allowance account. Changes in the allowance account are recognised in the income statement.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are either financial liabilities at ‘fair value through the profit and loss’ or ‘other financial liabilities’.

Equity instruments

Equity instruments are also classified 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 company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

3. Critical judgements and key sources of estimation uncertainty

Going concern

The company’s business activities, together with the factors likely to affect its performance and the financial position of the company, its cash flows and liquidity position are explained in the Report of the directors. Note 10 also describes the company’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company has formal arrangements with fellow subsidiaries of NATS Limited on the recovery of costs. As a result, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain current economic outlook.

The directors have formed a judgement that taking into account the financial resources available to the company, it has adequate resources to continue to operate for the foreseeable future and have therefore adopted the going concern basis in

the preparation of the financial statements for the period ended 31 March 2015.
4. Revenue

An analysis of the company's revenue is provided as follows:

<table>
<thead>
<tr>
<th>2015</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services provided to NATS (Services) Limited</td>
<td>645,346</td>
</tr>
</tbody>
</table>

All revenue is derived from continuing operations. Note 5 summarises the source of revenues by business and geographical segment.

5. Business and geographical segments

Business segments

The company is organised into one business area. Its principal activity is the provision of air traffic control services to its parent company, NATS (Services) Limited.

The provision of these services is governed by a Management Services Agreement (MSA). In accordance with the MSA, NATS (Services) Limited pays fees to NATS Solutions Limited for the provision of the company’s services.

Geographical segments

The company’s sole customer, NATS (Services) Limited is located in the UK and all company assets are also located within the UK.

6. Operating result for the period

Operating result for the period has been arrived at after charging:

<table>
<thead>
<tr>
<th>2015</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor’s remuneration for audit services (see below)</td>
<td>-</td>
</tr>
</tbody>
</table>

Fees payable to BDO LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

7. Staff costs

a) Staff costs

<table>
<thead>
<tr>
<th>2015</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and staff costs, were as follows:</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>518,008</td>
</tr>
<tr>
<td>Social security costs</td>
<td>52,991</td>
</tr>
<tr>
<td>Pension costs</td>
<td>71,804</td>
</tr>
<tr>
<td></td>
<td>642,803</td>
</tr>
</tbody>
</table>

Wages and salaries includes other allowances and holiday pay.

Wages and salaries and pension costs reflect pension salary sacrifice arrangements.

None of the directors received remuneration for their services to the company. Director’s remuneration for services provided to the NATS group are disclosed in the accounts of NATS Holdings Limited.

b) Staff numbers

The monthly average number of employees was:

<table>
<thead>
<tr>
<th>2015</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air traffic controllers</td>
<td>11</td>
</tr>
<tr>
<td>Air traffic service assistants</td>
<td>10</td>
</tr>
<tr>
<td>Engineers</td>
<td>7</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>29</td>
</tr>
</tbody>
</table>
8. Tax

Current tax

Corporation tax is calculated at 21% of the estimated assessable profit for the period. The tax charge for the period can be reconciled to the result per the income statement as follows:

<table>
<thead>
<tr>
<th>2015</th>
<th>£</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result on ordinary activities before tax</td>
<td>-</td>
<td>21.0%</td>
</tr>
<tr>
<td>Tax on result on ordinary activities at standard rate in the UK of 21%</td>
<td>-</td>
<td>21.0%</td>
</tr>
<tr>
<td>Tax charge for period at an effective tax rate of nil</td>
<td>-</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

9. Financial and other assets

The company had balances in respect of financial and other assets as follows:

**Trade and other receivables**

<table>
<thead>
<tr>
<th>2015</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
</tr>
<tr>
<td>Other debtors</td>
<td>83</td>
</tr>
<tr>
<td>Intercompany debtors (including unpaid share capital of £100)</td>
<td>46,976</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47,059</strong></td>
</tr>
</tbody>
</table>

The company's sole customer is its immediate parent company, NATS (Services) Limited. No allowance has been made for irrecoverable amounts on balances due from NATS (Services) Limited. The NATS group has procedures in place to mitigate against market and financial risk and its financial position is monitored to ensure that amounts due to the company are recoverable.

Overall, the maximum credit risk for the items discussed above is £47,059.

10. Financial instruments

Capital risk management

The company manages its capital to meet its contractual obligations, provide returns to shareholders and ensure that it is able to continue as a going concern.

The capital structure of the company consists of intercompany loans and equity attributable to shareholders as disclosed in this note and the statement of changes in equity.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instrument

The carrying values of financial instruments by category at 31 March was as follows:

<table>
<thead>
<tr>
<th>2015</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables, excluding prepayments</td>
<td>47,059</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Amortised cost</td>
<td>(46,959)</td>
</tr>
</tbody>
</table>

Amortised cost includes trade and other payables (excluding deferred income) and social security liabilities.
10. Financial Instruments (continued)

Financial risk management objectives

The NATS group treasury function is mandated by the Board of NATS Holdings Limited to manage financial risks that arise in relation to underlying business needs. The function provides services to the business, co-ordinates access to financial markets, monitors and manages financial risks relating to the operations of the company. The function has clear policies and operating parameters. The Treasury Committee provides oversight and meets three times a year to approve strategy and to monitor compliance with Board policy. The Treasury function does not operate as a profit centre and the undertaking of speculative transactions is not permitted. The principal financial risks arising from the company’s activities include market risk, credit risk and liquidity risk. The company had no debt at 31 March 2015.

Market risk

The company is not exposed to interest rate risk on borrowings. It is also not exposed to currency risk as it does not undertake any transactions in foreign currencies.

Interest rate risk management

The company had no debt at 31 March 2015.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the company. The company’s exposure to credit risk arises from the risk of default by its parent company and from the risk of a failure of a financial institution in which funds are invested for return or held for trading purposes or with whom derivative contracts are entered into. The risk of loss from default by the parent company and the mitigations against this risk are explained in note 9. The company does not operate a bank account or hold funds or contracts with financial institutions.

Liquidity risk management

The responsibility for liquidity management rests with the Board with oversight provided by the Treasury Committee. The company relies on its parent company to provide liquidity to enable the company to meet its obligations as they fall due. The parent company manages liquidity by maintaining adequate reserves and monitoring actual and forecast cash flows and ensuring funding is diversified by source and maturity and is available at competitive cost. The company had no borrowings at the balance sheet date.

Maturity of non-derivative financial liabilities

The following table sets out the remaining contractual maturity of the company’s non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to repay. The table includes both interest and principal cash flows.

<table>
<thead>
<tr>
<th>Maturity</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other liabilities</td>
<td>46,959</td>
</tr>
</tbody>
</table>

Due within one year or less or on demand

Fair values of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

11. Financial and other liabilities

Trade and other payables

The company had balances in respect of non-interest bearing financial and other liabilities as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46,959</td>
</tr>
<tr>
<td>Tax and social security</td>
<td>28,784</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>18,175</td>
</tr>
</tbody>
</table>
12. Share capital

Called up and allotted:

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

At 31 March 2015: Ordinary shares of £1 each

The company issued 100 shares on incorporation in July 2014 at par value.

13. Notes to the cash flow statement

2015

<table>
<thead>
<tr>
<th>Operating result from continuing operations</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows before movements in working capital</td>
<td>-</td>
</tr>
<tr>
<td>Increase in trade and other receivables</td>
<td>(46,959)</td>
</tr>
<tr>
<td>Increase in trade and other payables and provisions</td>
<td>46,959</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>-</td>
</tr>
</tbody>
</table>

14. Retirement benefit scheme

Defined contribution scheme

The company provides a defined contribution scheme to all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of a board of Trustees.

The company operates a salary sacrifice arrangement whereby employees sacrifice an element of their salary in favour of contributions to the pension scheme. The scheme operates a number of contribution structures. For the period ended 31 March 2015 employer contributions of £40,134, excluding employee salary sacrifice contributions of £31,670, represented 7.7% of pensionable pay.

There were 28 company members of the defined contribution scheme at 31 March 2015.

15. Related party transactions

During the period there were no material transactions or amounts owed or arising with any of the directors or members of their close family. Transactions with other companies in the NATS group are described in note 9 above.

16. Parent undertaking

The company's immediate parent company is NATS (Services) Limited and the ultimate parent undertaking is NATS Holdings Limited, both are private companies incorporated in Great Britain and registered in England and Wales.

The company's ultimate controlling party is The Airline Group Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that of which NATS Holdings Limited is the parent company. The consolidated accounts of NATS Holdings Limited can be obtained from the company's secretary, at its registered office, 4000 Parkway, Whiteley, Fareham, Hampshire, PO15 7FL.