

NATS Solutions Limited
Financial statements
Year ended 31 March 2020

Company Number: 09150697

Report of the directors

The directors present their report, together with the financial statements and auditor's report, for the year ended 31 March 2020.

Business model and principal activities

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

The company acts as employer and incurs staff expenses, and other costs, on behalf of NATS Services which it recharges through an Inter-company Agreement (ICA).

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.

Results and dividends

The company's performance for the year is shown in the statement of comprehensive income on page 7 and reflects the results of the company under the ICA explained above. The company reported an operating profit of £nil

(2019: £nil). The Board recommends that no dividend be paid.

Directors

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

Guy Adams

Alistair Borthwick (appointed 3 October 2019)

Nigel Fotherby (resigned 30 June 2019)

Martin Rolfe

None of the directors had any interests in the share capital of the company.

The following directors held interests in ordinary shares of the company's ultimate parent undertaking NATS Holdings Limited at 31 March 2020:

Guy Adams	3,801
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Martin Rolfe	1,024
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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 year and remain in force at the date of this report.

Directors' responsibilities

The directors are responsible for preparing 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 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 relating to the company which is included on the NATS group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our 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 profit of the company;
- the 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.

Auditor

At the meeting to approve the financial statements, the Board resolved to re-appoint BDO LLP as statutory auditor.

Approved by the Board of directors and signed by order of the Board by:



Richard Churchill-Coleman

Secretary

22 October 2020

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

Opinion

We have audited the financial statements of NATS Solutions Limited ("the company") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet and the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

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 complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements give a true and fair view of the financial position of the company as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the directors, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Report of the directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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

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 Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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.



Christopher Pooles (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Reading

United Kingdom

22 October 2020

Statement of comprehensive income

for the year ended 31 March

	Notes	2020 £	2019 £
Revenue	4	4,889,363	3,980,364
Staff costs	7(a)	(4,801,304)	(3,953,296)
Services and materials		(32,905)	(7,130)
Other operating charges		(55,154)	(19,938)
Net operating costs		<u>(4,889,363)</u>	<u>(3,980,364)</u>
Operating result	6	<u>-</u>	<u>-</u>
Result before tax		-	-
Tax	8	(8,465)	3,711
(Loss)/profit for the year		<u>(8,465)</u>	<u>3,711</u>
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		<u>(8,465)</u>	<u>3,711</u>

Balance sheet

at 31 March

	Notes	2020 £	2019 £
Non-current assets			
Deferred tax asset	12	-	8,466
		<u>-</u>	<u>8,466</u>
Current assets			
Trade and other receivables	9	348,678	269,609
Current tax assets		-	116
		<u>348,678</u>	<u>269,725</u>
Total assets		<u><u>348,678</u></u>	<u><u>278,191</u></u>
Current liabilities			
Trade and other payables	11	(353,592)	(274,640)
		<u>(353,592)</u>	<u>(274,640)</u>
Net current liabilities		<u>(4,914)</u>	<u>(4,915)</u>
Total liabilities		<u>(353,592)</u>	<u>(274,640)</u>
Net (liabilities)/assets		<u><u>(4,914)</u></u>	<u><u>3,551</u></u>
Equity			
Called up share capital	13	100	100
(Deficit)/surplus on retained earnings		(5,014)	3,451
Equity shareholder's (deficit)/surplus		<u>(4,914)</u>	<u>3,551</u>

The financial statements (Company No. 09150697) were approved by the Board of directors and authorised for issue on 22 October 2020 and signed on its behalf by:



Martin Rolfe
Chief Executive



Alistair Borthwick
Chief Financial Officer

Statement of changes in equity

for the year ended 31 March

	Share capital £	Surplus/ (deficit) on retained earnings £	Total £
At 1 April 2018	100	(260)	(160)
Profit for the year	-	3,711	3,711
At 31 March 2019	100	3,451	3,551
At 1 April 2019	100	3,451	3,551
Loss for the year	-	(8,465)	(8,465)
At 31 March 2020	100	(5,014)	(4,914)

Cash flow statement

for the year ended 31 March

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 14.

1. General information

NATS Solutions Limited is a private limited 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. Basis of preparation and accounting policies

The financial statements have been prepared on the going concern basis, as explained in note 3, and in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union (EU). Therefore, the company financial statements comply with Article 4 of the EU IAS Regulation.

The financial information has also been prepared in accordance with IFRSs issued by the International Accounting Standards Board (IASB).

Accounting standards adopted in the year

The company has adopted the requirements of IFRS 16: *Leases* and IFRIC 23: *Uncertainty over Income Tax Treatments* from 1 April 2019. There was no material impact on the financial statements of the company as a result of implementing this standard and interpretation.

Other new and amended standards and Interpretations issued by the IASB have not resulted in any material impact on the financial statements of the company.

Future accounting developments

At the date of authorisation of these financial statements, the following amendments 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 3 (amendments): *Definition of a Business*
- IAS 1 and IAS 8 (amendments): *Definition of Material*
- IFRS 7, IFRS 9, IAS 39 (amendments): *Interest Rate Benchmark Reform*
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The company is currently assessing the impact of these new accounting amendments but does not expect that their adoption will have a material impact on the financial statements in future periods.

The financial information has been prepared on the historical cost and fair value 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 represents a component of NATS Solutions Limited that engages in business activities from which it may earn revenues and incur expenses. Operating segment results are reviewed regularly by the NATS 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.

Operating result

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

Revenue recognition

Revenue is recognised from the transfer of goods or services at an amount that the company expects to be entitled to in exchange for those goods or services. Revenue is recognised based on the satisfaction of

performance obligations, which are characterised by the transfer of control over a product or service to a customer. Revenue excludes amounts collected on behalf of third parties.

Revenue is recognised over time in accordance with the Inter-company 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 current tax assets off against current liabilities and when they relate to taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

The Finance Bill 2020 was substantively enacted on 17 March 2020 and the main rate of corporation tax was maintained at 19% for the financial years 2020 and 2021 reversing the previous reduction to 17%. The rate of 19% applies from 1 April 2020.

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 at 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 in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets are classified as either fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification and subsequent re-measurement depends on the company's business model for managing the financial asset and its cash flow characteristics.

The company has financial assets at amortised cost. The company does not have financial assets at fair value through the profit or loss or at fair value through other

comprehensive income. Detailed disclosures are set out in notes 9, 10 and 11.

Financial assets:

Amortised cost

These assets arise principally from the provision of goods and services to customers (such as trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, such provisions are recorded in a separate provision account with the loss being recognised in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset.

For those financial assets where the credit risk has not increased significantly since initial recognition, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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 or loss or other financial liabilities.

Equity

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 NATS Services 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 company has received notification from its parent company that it is willing to continue to provide ongoing financial support to enable the company to trade and meet all liabilities known or reasonably foreseeable as at 31 March 2020, as they fall due for a period of not less than 12 months from 22 October 2020. As a result, the directors believe that the company is well placed to manage its business risks successfully.

4. Revenue

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

	2020 £	2019 £
Services provided to NATS (Services) Limited	4,889,363	3,980,364

All revenue is derived from continuing operations. Note 5 summarises the source of revenue by operating segment.

5. Operating segments

The company is organised into one business area. Its principal activity is to act as employer and incurs staff expenses and other costs, on behalf of its parent company, NATS (Services) Limited.

The provision of these services is governed by an Inter-company Agreement (ICA). In accordance with the ICA, 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 year

The operating result for the year has been arrived at after charging:

	2020 £	2019 £
Auditor's remuneration for audit services (see below)	-	-

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

	2020 £	2019 £
Salaries and staff costs, were as follows:		
Wages and salaries	3,705,770	3,087,108
Social security costs	415,128	355,512
Pension costs (note 15)	680,406	510,676
	<u>4,801,304</u>	<u>3,953,296</u>

Wages and salaries includes other allowances and holiday pay.

Staff pension contributions are included within these pension scheme costs as the company operates a salary sacrifice arrangement. Wages and salaries have been shown net of staff pension contributions.

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

	2020 No.	2019 No.
The monthly average number of employees was:		
Air traffic controllers	44	33
Air traffic service assistants	32	21
Engineers	5	5
Others	1	7
	<u>82</u>	<u>66</u>

8. Tax

	2020 £	2019 £
Corporation tax		
Adjustments in respect of prior year	(1)	2,351
	<u>(1)</u>	<u>2,351</u>
Deferred tax (see note 12)		
Origination and reversal of temporary timing differences	8,466	1,151
Adjustments in respect of prior year	-	(7,213)
	<u>8,466</u>	<u>(6,062)</u>
	<u>8,465</u>	<u>(3,711)</u>

Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year.

The charge/(credit) for the year can be reconciled to the result per the income statement as follows:

	2020 £	%	2019 £	%
Result on ordinary activities before tax	<u>-</u>		<u>-</u>	
Tax on result on ordinary activities at standard rate in the UK of 19% (2019: 19%)	-	19.0%	-	19.0%
Group relief surrendered to NATS (Services) Limited	8,466	-	1,151	-
Tax effect of prior year adjustments - current tax	(1)	-	2,351	-
Tax effect of prior year adjustments - deferred tax	-	-	(7,213)	-
Tax charge/(credit) for year	<u>8,465</u>	-	<u>(3,711)</u>	-

9. Financial and other assets

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

Trade and other receivables

	2020 £	2019 £
Current		
Other debtors	629	277
Intercompany receivables (including unpaid share capital of £100)	348,049	269,332
	<u>348,678</u>	<u>269,609</u>

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 (excluding VAT) is £348,549 (2019: £269,437).

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.

10. Financial instruments (continued)**Categories of financial instrument**

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

	2020 £	2019 £
Financial assets at amortised cost		
Trade and other receivables, excluding prepayments and VAT	348,549	269,437
Financial liabilities at amortised cost		
Trade and other payables	(244,684)	(179,935)

Trade and other receivables excludes prepayments, and VAT of £129 (2019: £172). Financial liabilities at amortised cost includes trade and other payables (excluding taxes and social security).

Financial risk management objectives

The NATS group's 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 and 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 at least 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 2020.

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 2020.

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 risk management, the risk that the group will have insufficient funds to meet its obligations as they fall due, 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 sufficient cash to fund working capital requirements and new business development opportunities in line with targets approved by the Board. 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.

	2020 Other liabilities £	2019 Other liabilities £
Due within one year	(244,684)	(179,935)

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:

	2020	2019
	£	£
Current		
Other payables	383	64
Tax and social security	108,908	94,705
Intercompany payables	88,640	55,397
Accruals	155,661	124,474
	<u>353,592</u>	<u>274,640</u>

12. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the company, and movements thereon during the current and prior reporting periods.

	Holiday pay
	£
At 1 April 2018	2,404
Credit to income	<u>6,062</u>
At 31 March 2019	8,466
At 1 April 2019	8,466
Charge to income	<u>(8,466)</u>
At 31 March 2020	<u>-</u>

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020	2019
	£	£
Deferred tax assets	<u>-</u>	<u>8,466</u>

13. Share capital

	Called up and allotted:	
	Number of shares	£
At 31 March 2020 and 31 March 2019: Ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. Notes to the cash flow statement

	2020	2019
	£	£
Operating result from continuing operations	<u>-</u>	<u>-</u>
Operating cash flows before movements in working capital	<u>-</u>	<u>-</u>
Increase in trade and other receivables	(79,069)	(13,083)
Increase in trade, other payables and provisions	<u>78,952</u>	<u>15,583</u>
Cash (used by)/generated from operations	(117)	2,500
Tax received/(paid)	<u>117</u>	<u>(2,500)</u>
Net cash from operating activities	<u>-</u>	<u>-</u>

15. 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 year ended 31 March 2020 the company paid cash contributions into the scheme of £679,867 (2019: £508,198). This amount included £372,406 (2019: £245,302) of wages and salaries sacrificed by employees in return for pension contributions. Excluding the effect of salary sacrifice and past service costs, employer contributions represented 8.3% of pensionable pay (2019: 8.6%).

The defined contribution scheme had 80 members at 31 March 2020 (2019: 64).

16. Related party transactions

During the year 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 4 and amounts due from other companies in the NATS group are described in note 9 and 11.

17. 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.

There is no ultimate controlling party of NATS Holdings Limited. Under the shareholders' agreement, The Airline Group Limited and the Crown have similar reserve rights in respect of material decisions affecting the company.

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.