

THE AIRLINE GROUP LIMITED

Report and Financial Statements

Year ended 31 July 2019



REPORT AND FINANCIAL STATEMENTS 2019

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REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Campbell (Chairman)
H Bush
H McConnellogue
G Merchant
L Street
L Dubourg-Hrachovec

SECRETARY

Andrew Picton

REGISTERED OFFICE

Brettenham House South 5th Floor
Lancaster Place
London
WC2N 7EN

LEGAL ADVISORS

Norton Rose LLP
3 More London Riverside
London
SE1 2AQ

BANKERS

National Westminster Bank Plc
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8BP

AUDITOR

Ernst & Young LLP
1 More London Place
London
SE1 2AF

DIRECTORS' REPORT (CONTINUED)

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 July 2019. The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

PRINCIPAL ACTIVITY

The Airline Group Limited ("the Company") is a vehicle for British Airways, easyJet, Lufthansa, Pension Protection Fund, Thomas Cook, TUI Airways, Virgin Atlantic and USS Sherwood Limited to hold their investments in NATS Holdings Limited ('NATS'), the provider of air traffic control services within UK airspace, and to exercise their obligations collectively as the Government's private sector partner.

The Company is a holding company for the investment in NATS and provides certain professional services.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £25,009,000 (2018: £24,374,000).

During the year, dividends of £24,942,000 were paid (2018: £24,302,000).

No political contributions have been paid during the year (2018: £nil).

POST BALANCE SHEET EVENTS

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. Therefore, the emergence of coronavirus is assessed as a non-adjusting post balance sheet event for the year ended 31 July 2019.

Given the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed at the balance sheet date, the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact.

However, the emergence of COVID-19 has generated a high level of uncertainty around future dividend cash flows. As such a range of scenarios were presented to the Directors in June 2020 that indicated a potential impairment of the investment in NATS. As the impact of COVID-19 has been assessed as a non-adjusting post balance sheet event for the financial year ended 31 July 2019, any impairment charge that may arise will be made in the financial year ending 31 July 2020 (see note 8).

On 23 September 2019 Thomas Cook entered compulsory liquidation. As a result of this, the minority stake (1.2%) it held in the Company is maintained by its official receiver Alix Partners who are currently looking for a buyer for the shares.

The Directors are not aware of any other events occurring post balance sheet date that give rise to disclosure in this set of financial statements.

DEVELOPMENTS AND FUTURE PROSPECTS

The Company received two dividends from NATS during the year totalling £24,954,000 (2018: £24,325,000). The Directors expectation of future income has been materially affected by COVID-19 based on the Company's projections that dividend distributions could be nil until May 2025.

GOING CONCERN

As the Company is primarily an investment vehicle, the annual profit or loss is materially impacted by dividends received from NATS.

The Company's balance sheet shows that the value of the investment in NATS significantly exceeds the outstanding value of any liabilities and therefore a substantial net asset position exists.

The financial objective of the Company is to earn a return, in the form of dividend income, on the investment in NATS. In preparing the financial statements for the Company for the year ended 31 July 2019, the Directors reviewed the available financial information from NATS which included profit projections and associated dividend distributions to shareholders. Having reviewed this information, there is an expectation that dividend distributions could be nil until May 2025.

However, the Company is not dependent on dividend income to be able to settle its liabilities for administrative expenses. The Company earns fees for the provision of Directors' services to NATS and has available cash funds to meet its liabilities as they fall due for the foreseeable future.

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN (CONTINUED)

As a result of the enquiries made in this regard the Directors have satisfied themselves that the Company is a going concern, having adequate resources to continue in operational existence for the foreseeable future. Therefore, the preparation of the financial statements on a going concern basis is considered appropriate.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and to the date of this report, apart from as noted, were as follows:

M Campbell
H Bush
G Merchant
C Hope (resigned 1 October 2018)
L Street
H McConnellogue (appointed 1 October 2018)
L Dubourg-Hrachovec (appointed September 2019)

AUDITOR


Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

The Company's auditor Ernst & Young LLP will be automatically reappointed, as per section 487 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.



Michael Campbell (Jul 29, 2020 18:38 GMT+1)

M Campbell
Director
29 July 2020

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 judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AIRLINE GROUP LIMITED

Opinion

We have audited the financial statements of The Airline Group Limited (the 'Company') for the year ended 31 July 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 below. 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 the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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.

Emphasis of matter – effects of COVID-19

We draw attention to notes 1, 8 and 14 of the financial statements, which describe the impact of COVID-19 on the Company's financial position, the Directors' assessment of going concern and their assessment of the carrying value of its investment. Our opinion is not modified in respect of this matter.

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 other information comprises the information included in the Directors' Report set out on pages 2-3, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AIRLINE GROUP LIMITED (CONTINUED)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report 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 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
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

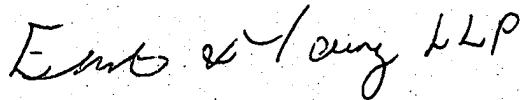
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AIRLINE GROUP LIMITED (continued)

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.

Handwritten signature of JI Gordon in black ink, appearing as 'Ernst & Young LLP'.

JI Gordon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 July 2020

PROFIT AND LOSS ACCOUNT
Year ended 31 July 2019

	2019 £'000	2018 £'000
PROFIT AND LOSS ACCOUNT		
Turnover	209	204
Administrative Expenses	(159)	(157)
Operating Profit	<u>50</u>	<u>47</u>
Income from fixed asset investment	24,954	24,325
Profit on ordinary activities before interest	<u>25,004</u>	<u>24,372</u>
Interest receivable	5	2
Profit Before Tax	<u>25,009</u>	<u>24,374</u>
Tax	-	-
Profit for the Year	<u>25,009</u>	<u>24,374</u>

All results derive from continuing operations.

There were no items of other comprehensive income and accordingly no statement of other comprehensive income has been presented.

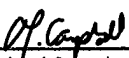
BALANCE SHEET
At 31 July 2019

	Note	2019 £000's	2018 £000's
FIXED ASSETS			
Investments	8	286,822	286,822
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	48	149
Cash at bank and on hand		376	211
CREDITORS: amounts falling due within one year	10	424 (25)	360 (28)
NET CURRENT ASSETS		399	332
TOTAL ASSETS LESS CURRENT LIABILITIES		287,221	287,154
NET ASSETS		287,221	287,154
CAPITAL AND RESERVES			
Called up share capital	11	77	77
Revaluation reserve		226,422	226,422
Profit and loss account		60,722	60,655
TOTAL SHAREHOLDERS' FUNDS		287,221	287,154

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements of The Airline Group Limited, registered company number 03931711, were approved by the Board of Directors and authorised for issue on 29 July 2020.

Signed on behalf of the Board of Directors.


Michael Campbell (Jul 29, 2020 18:38 GMT+1)
M Campbell
Director

STATEMENT OF CHANGES IN EQUITY
At 31 July 2019

	Called-up share capital £000's	Revaluation reserve £000's	Profit and loss account £000's	Total £000's
At 1 August 2017	77	226,422	60,583	287,082
Profit for the financial year	-	-	24,374	24,374
Total comprehensive income	-	-	84,957	311,456
Dividends paid on equity shares	-	-	(24,302)	(24,302)
At 31 July 2018	77	226,422	60,655	287,154
Profit for the financial year	-	-	25,009	25,009
Total comprehensive income	-	-	85,664	312,163
Dividends paid on equity shares	-	-	(24,942)	(24,942)
At 31 July 2019	77	226,422	60,722	287,221

The Company's reserves are as follows:

The profit and loss account represents cumulative profits or losses, net of dividends paid.

The revaluation reserve represents the cumulative effects of revaluations of the investment in NATS.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

General information and basis of preparation

The Airline Group Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activity of the Company is a vehicle for British Airways, easyJet, Lufthansa, Pension Protection Fund, Thomas Cook, Thomson Airways, Virgin Atlantic and USS Sherwood Limited to hold their investments in NATS Holdings Limited ('NATS'), the provider of air traffic control services within UK airspace, and to exercise their obligations collectively as the Government's private sector partner.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates and are rounded to the nearest £'000.

The Airline Group Limited meets the definition of a qualifying entity under FRS 102. Accordingly, these financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', applying Section 1A (Small Entities).

Going concern

As the Company is primarily an investment vehicle, the annual profit or loss is materially impacted by dividends received from NATS.

The Company's balance sheet shows that the value of the investment in NATS significantly exceeds the outstanding value of any liabilities and therefore a substantial net asset position exists.

The financial objective of the Company is to earn a return, in the form of dividend income, on the investment in NATS. In preparing the financial statements for the Company for the year ended 31 July 2019, the Directors reviewed the available financial information from NATS which included profit projections and associated dividend distributions to shareholders. Having reviewed this information, there is an expectation that dividend distributions could be nil until May 2025.

However, the Company is not dependent on dividend income to be able to settle its liabilities for administrative expenses. The Company earns fees for the provision of Directors' services to NATS and has available cash funds to meet its liabilities as they fall due for the foreseeable future.

As a result of the enquiries made in this regard the Directors have satisfied themselves that the Company is a going concern, having adequate resources to continue in operational existence for the foreseeable future. Therefore, the preparation of the financial statements on a going concern basis is considered appropriate.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Investments

The Directors took the transition exemption available on adoption of FRS 102, to value the Company's investment in NATS at the date of transition at fair value, and to use that fair value as deemed cost going forward.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2019

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

The investment in NATS is assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account by calculating the difference between the assets carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Turnover

Turnover represents the amounts invoiced to third parties, exclusive of VAT and relates to the provision of Directors services. Where a service has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. All turnover is derived within the United Kingdom.

Interest receivable

Interest receivable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Current taxation

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 taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax is recognised to the extent that it is regarded as more likely than not that it will be recovered. Deferred tax assets and liabilities are not discounted.

2. KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2019

2. KEY SOURCES OF ESTIMATION AND UNCERTAINTY (CONTINUED)

Key source of estimation uncertainty – investment impairment

Since transition to FRS102 the investment is recorded at deemed cost and considered for impairment annually. Determining whether the investment is impaired requires an estimation of the value in use of the cash flows expected to be received from the investment. The value in use calculation requires an entity to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value. The outcome of this estimation has resulted in no change to the carrying amount of the investment at the balance sheet-date (see note 8).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2019

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The aggregate remuneration for the year, including remuneration of one Director was as follows:

	2019 £000's	2018 £000's
Wages and salaries	120	120
Social security costs	8	8
	<u>128</u>	<u>128</u>

The average number of employees during the year was two (2018: two). £90,000 of Directors' emoluments were paid in the year (2018: £90,000). The other Directors received no remuneration for their services as a Director of the Company. No pension payments were made in either the current or preceding financial year.

4. OPERATING PROFIT

	2019 £000's	2018 £000's
Operating profit is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	17	15
Fees payable to the Company's auditor and their associates for taxation compliance services to the Company	6	6
	<u>23</u>	<u>21</u>

5. INCOME FROM FIXED ASSET INVESTMENT

	2019 £000's	2018 £000's
Dividends received from NATS	24,954	24,325
	<u>24,954</u>	<u>24,325</u>

6. INTEREST RECEIVABLE

	2019 £000's	2018 £000's
Interest receivable:		
Bank interest	5	2
Interest receivable	<u>5</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2019

7. TAX ON PROFIT

The tax charge comprises:

	2019 £000's	2018 £000's
Current tax:		
Total current tax per income statement	-	-

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £000's	2018 £000's
Profit on ordinary activities before tax:	25,009	24,374
Tax on profit at standard UK tax rate of 19% (2018: 19%)	4,752	4,631
Effects of:		
Income not taxable	(4,741)	(4,622)
Deferred tax not provided	(11)	(9)
Current tax charge	-	-

A deferred tax asset has not been recognised in respect of tax losses carried forward of £96,615,000 (2018: £96,664,000) as there is insufficient evidence that the losses will be recovered in future periods.

At the balance sheet date, the enacted corporation tax rate effective from 1 April 2020 was 17%. In the Finance Bill 2020, the UK government legislated the corporation tax rate would remain at 19% on 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2019

8. INVESTMENTS HELD AS FIXED ASSETS

	2019 £000's	2018 £000's
Investment in NATS:		
Carrying value	286,822	286,822

On 26 July 2001 the Company purchased a 46% stake in NATS, a company incorporated in Great Britain, by subscribing to 60,260,003 £1 ordinary shares in that company for a consideration of £50,000,000 plus related costs of £10,400,000. As a result of the refinancing of NATS which occurred during 2003, the Company's holding was diluted to 41.94%. The principal activity of NATS is the provision of air traffic control and commercial services for the UK and North Atlantic. The registered office of NATS is 4000 Parkway, Whiteley, Fareham, Hampshire PO15 7FL.

The Airline Group Limited continues to rebut the presumption that it exercises significant influence and has a participating interest in NATS. Despite its holding, it has no membership of the Executive Board of NATS and therefore has no influence over the operational, strategic and financial decisions taken on a daily basis. It therefore continues to account for this holding as a fixed asset investment.

As at 31 July 2019 there were no indicators of impairment for the investment in NATS.

However, the emergence of COVID-19 has generated a high level of uncertainty around future dividend cash flows. As such a range of scenarios were presented to the Directors in June 2020 that indicated a potential impairment of the investment in NATS. As the impact of COVID-19 has been assessed as a non-adjusting post balance sheet event for the financial year ended 31 July 2019 and any impairment charge that may arise will be made in the financial year ending 31 July 2020.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000's	2018 £000's
Other debtors	48	149

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000's	2018 £000's
Accruals	25	28

11. CALLED UP SHARE CAPITAL

	2019 £000's	2018 £000's
Called up, allotted and fully paid:		
77,000 ordinary shares of £1 each	77	77

12. RELATED PARTY TRANSACTIONS

The Airline Group Limited recognised turnover of £209,000 during the year from NATS (2018: £204,000) and dividends of £24,954,000 (2018: £24,325,000) as disclosed in note 5. There was a debtor outstanding at 31 July 2019 from NATS of £48,000 (2018: £149,000) which was settled after the year end. Remuneration for key management personnel has been disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 July 2019

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At the year-end date The Airline Group Limited was owned by six shareholder airlines who together own 36.9% of the entity. The remaining shareholders are USS Sherwood Limited who owns a 49.9% shareholding and The Pension Protection Fund who owns 13.2%. The Directors consider that there is no single party which holds a controlling interest.

14. POST BALANCE SHEET EVENTS

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. Therefore, the emergence of coronavirus has been assessed as a non-adjusting post balance sheet event for the year ended 31 July 2019.

Given the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed at the balance sheet date, the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact.

However, the emergence of COVID-19 has generated a high level of uncertainty around future dividend cash flows. As such a range of scenarios were presented to the Directors in June 2020 that indicated a potential impairment of the investment in NATS. As the impact of COVID-19 has been assessed as a non-adjusting post balance sheet event for the financial year ended 31 July 2019 and any impairment charge that may arise will be made in the financial year ending 31 July 2020 (see note 8).

On 23 September 2019 Thomas Cook entered compulsory liquidation. As a result of this, the minority stake (1.2%) it held in the Company is maintained by its official receiver Alix Partners who are currently looking for a buyer for the shares.

The Directors are not aware of any other events occurring post balance sheet date that give rise to disclosure in this set of financial statements.