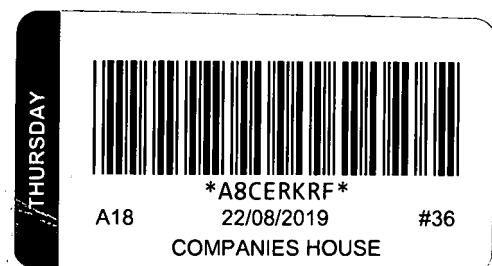


Registered number: 09166111

Air Navigation Solutions Limited

Directors' report and financial statements

For the year ended 31 December 2018



Air Navigation Solutions Limited

Company information

Directors	Mr H Game Ms V Halder (resigned 31 January 2019) Mr I Hauck (appointed 31 January 2019) Mr D Mahns (resigned 31 January 2019) Mr A Pötzsch (appointed 31 January 2019) Mr P W Reid Mr B Sarbinowski
Company secretary	Ms V Halder (resigned 31 January 2019)
Company number	09166111
Registered office	Unit A Faraday Court Manor Royal Estate Crawley West Sussex RH10 9PU
Business address	The Old Control Tower Old Control Tower Road Gatwick Airport West West Sussex RH6 0LD
Independent auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants Unit A Faraday Court Manor Royal Estate Crawley West Sussex RH10 9PU

Air Navigation Solutions Limited

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Air Navigation Solutions Limited

Strategic report for the year ended 31 December 2018

The directors present their Strategic report for the year ended 31 December 2018.

Business Review

In the 2018 period, Air Navigation Solutions commenced the delivery of Air Traffic Services and Engineering Services at Edinburgh Airport on the 1st April 2018, in addition to existing delivery of the Gatwick Airport contract. Primarily in the year the focus has been on stabilising the operational performance and service delivery in the two current contracts, in addition to developing further revenues through additional consultancy and project management services with both existing and new customers. In 2018 the majority of revenue is attributed to core contract service provision, but the growth of additional revenues also supplements the revenue growth seen in 2018.

Overall Air Navigation Solutions delivered against the business plan objectives and financial forecast set in 2018.

Air Navigation Solutions is engaged with a number of UK and non-UK prospective customers as a part of the strategic plan which was created in 2018 to enable future growth and improved financial performance in 2019 onwards. As the Company is establishing its presence in the market, the growth will come through the delivery of further projects, consultancy services and selected partnership activities, in addition to tendering for additional core Terminal Air Navigation Services (TANS) ANS contracts at other UK airports.

Principal risks and uncertainties

Operational Risk

The principle risk for the business is to ensure that it meets the operational service delivery measures in the customer contracts, which in turn requires sufficient resourcing, qualified and trained to deliver the Air Traffic Service and Engineering Service. Air Navigation Solutions has a process for recruitment, training (including the training academy at DFS in Langen) and management of both air traffic controllers and air traffic engineers to safeguard a pipeline of key operational staff without over reliance on a very competitive labour market. This is constantly reviewed and monitored.

Regulatory Risk

The risks of BREXIT are being assessed and reviewed, in ensuring that the Company is prepared for the regulatory changes that may result, depending on the outcome of the deal delivered.

Liquidity Risk

The company monitors its liquidity risk, primarily due to the structure of the contracts it has already secured this is low. The growth the company is seeing growth in to project services based activities which in turn puts new demand on working capital which will continue to be monitored. In most instances however, this is contracted to ensure that this is limited, and ultimately if required the Company has the backing of a strong parent company.

Credit Risk

The company classifies credit risk as low based on the existing customer profile.

Foreign Exchange Risk

The company monitors its exposure due to transactions for services and goods in various currencies including Euros, US Dollars, Canadian Dollars and Norwegian Krone. However, the primary activities are in GBP Sterling and therefore the exposure is low risk and managed on a case by case basis.

Air Navigation Solutions Limited

**Strategic report (continued)
for the year ended 31 December 2018**

Financial Key Performance Indicators

The Company measures its financial performance on several bases. These include turnover and operating profit.

Turnover this financial year increased to £16,393,250 (2017 - £10,065,277), with an operating loss of £1,571,625 (2017 - £1,819,809). This is due to the addition of the Edinburgh Airport contract, with associated revenue and cash profiling, and the growth of additional project and consultancy services as described in the Business Review.

This report was approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Paul Reid', written over a circular stamp or seal.

Paul Reid
Director

Date: 20/8/19

Air Navigation Solutions Limited

Directors' report for the year ended 31 December 2018

The directors present their report and financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company during the year was that of services incidental to air transportation.

Results and dividends

The loss for the year after taxation amounted to £1,571,625 (2017 - £1,819,809). The directors did not propose a dividend for the year.

Directors

The directors who served during the year were:

Ms V Halder
Mr D Mahns
Mr P W Reid
Mr B Sarbinowski
Mr H Game

Statement of directors' responsibilities

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 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Air Navigation Solutions Limited

Directors' report (continued) for the year ended 31 December 2018

Financial instruments

The company's principal financial instruments are comprised of bank balances, trade creditors, trade debtors and loans to and from the company. The main purpose of these instruments is to raise funds to finance the company's operations. The main risks arising from the financial instruments are credit risk, liquidity risk, and interest rate risk.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is set out below.

In respect of bank balances the liquidity risk is managed by structuring contract billings so as to try and achieve at least a cash neutral position throughout.

In respect of loans, these are comprised of a loan from the parent company. This loan is interest free and is fully repayable on maturity. The company works closely with its parent to ensure that any additional funding requirements are discussed in advance.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

Future developments

The Company has now established a 3 to 5 year strategic plan focusing on delivery of existing contracts and aims to grow with the addition of new TANS contracts in the UK. There will also be expansion in to a wider provision of services including consultancy and project management services and the Company will ensure that the business develops its skills base and capability through apprenticeship schemes, training through the academy, and our recruitment strategy. The Company will also continue the approach to partnering with other industry organisations which complement the capability to deliver to customers' needs and objectives.

Auditor

Under the Companies Act 2006 Section 487(2), Kreston Reeves LLP will be automatically reappointed as auditor(s) 28 days after these accounts are sent to the members. Unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

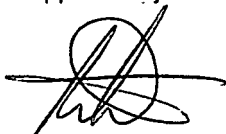
Disclosure of information to auditor

So far as the directors are aware;

- a) there is no relevant audit information of which the company's auditor is unaware.
- b) the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 20/8/19 and signed on its behalf by

Paul Reid
Director



Air Navigation Solutions Limited

Independent auditor's report to the members of Air Navigation Solutions Limited

Opinion

We have audited the financial statements of Air Navigation Solutions Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the Statement of cash flows and 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 December 2018 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.

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 annual report, 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.

Air Navigation Solutions Limited

Independent auditor's report to the members of Air Navigation Solutions Limited

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 or 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

Air Navigation Solutions Limited

Independent auditor's report to the members of Air Navigation Solutions Limited

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/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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.



Allan Pinner FCCA (Senior Statutory Auditor)
For and on behalf of
Kreston Reeves LLP
Statutory Auditor & Chartered Accountants
Gatwick

Date: 20/8/19

Air Navigation Solutions Limited

**Statement of comprehensive income
for the year ended 31 December 2018**

	Note	2018 £	2017 £
Revenue	3	16,393,250	10,065,277
Cost of sales		(13,521,750)	(8,999,536)
Gross profit		<u>2,871,500</u>	<u>1,065,741</u>
Administrative expenses		(4,237,876)	(2,807,398)
Depreciation	8	(114,281)	(78,152)
Operating loss	4	<u>(1,480,657)</u>	<u>(1,819,809)</u>
Finance expense		(90,968)	-
Income tax credit/(expense)	7	-	-
Loss and total comprehensive loss for the year		<u><u>(1,571,625)</u></u>	<u><u>(1,819,809)</u></u>

There was no other comprehensive income for 2018 (2017 - £NIL).

The notes on pages 12 - 20 form part of these financial statements.

Air Navigation Solutions Limited
Registered number: 09166111

Statement of financial position
as at 31 December 2018

		2018 £	2017 £
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	8	304,457	155,038
Current Assets			
Trade and other receivables	9	2,950,384	2,171,790
Cash and cash equivalents		4,372,243	4,923,672
		<u>7,322,627</u>	<u>7,095,462</u>
Total Assets		<u><u>7,627,084</u></u>	<u><u>7,250,500</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	10	5,000,000	5,000,000
Non-distributable reserves		186,523	186,523
Retained earnings		(4,898,579)	(3,326,954)
Total Equity		<u><u>287,944</u></u>	<u><u>1,859,569</u></u>
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	11	2,997,302	2,849,641
Deferred income tax	12	<u>11,910</u>	<u>11,910</u>
		<u>3,009,212</u>	<u>2,861,551</u>
Current Liabilities			
Trade and other payables	11	4,329,668	2,564,980
Corporation tax liability	7	<u>260</u>	<u>(35,600)</u>
		<u>4,329,928</u>	<u>2,529,380</u>
Total Liabilities		<u><u>7,339,140</u></u>	<u><u>5,390,931</u></u>
Total Equity and Liabilities		<u><u>7,627,084</u></u>	<u><u>7,250,500</u></u>

The financial statements were approved by the Board of Directors and signed on its behalf by


Paul Reid
 Director

Date: 20/8/19

The notes on pages 12 - 20 form part of these financial statements.

Air Navigation Solutions Limited

**Statement of changes in equity
for the year ended 31 December 2018**

	Attributable to equity holders of the company			
	Ordinary Share Capital	Non- Distributable Reserves	Distributable Retained Earnings	Total
	£	£	£	£
Balance as at 1 January 2017	5,000,000	186,523	(1,507,145)	3,679,378
Total comprehensive income	-	-	(1,819,809)	(1,819,809)
Balance as at 1 January 2018	<u>5,000,000</u>	<u>186,523</u>	<u>(3,326,954)</u>	<u>1,859,569</u>
Total comprehensive income	-	-	(1,571,625)	(1,571,625)
Balance as at 31 December 2018	<u>5,000,000</u>	<u>186,523</u>	<u>(4,898,579)</u>	<u>287,944</u>

Share capital

When shares are issued, the nominal value of the shares is credited to the share capital reserve.

Air Navigation Solutions Limited shares have a nominal value of £1.00 per share.

Non-distributable reserves - capital contribution

This balance represents the equity component of the intercompany parent loan, arising on the date that the loan is advanced. This represents the difference between the present value of future cash flows, discounted at a market rate of interest that would apply to similar debt instruments and the amount payable on the maturity of the loan.

Distributable retained earnings

The retained earnings reserve records the accumulated profits and losses of the company since inception of the business.

The notes on pages 12 - 20 form part of these financial statements.

Air Navigation Solutions Limited

**Statement of cash flows
for the year ended 31 December 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss after income tax		(1,571,625)	(1,819,809)
Non-cash adjustments			
Depreciation	8	114,281	78,152
Loss on disposal	8	<u>138</u>	<u>-</u>
Cash flows before changes in working capital		(1,457,206)	(1,741,657)
Changes in working capital			
(Increase)/decrease in trade and other receivables	9	(778,594)	1,561,464
Increase in trade and other payables	11	1,912,349	161,465
Increase in working capital		<u>1,133,755</u>	<u>1,722,929</u>
Income taxes received		35,860	-
Net cash used in operating activities		<u>(287,591)</u>	<u>(18,728)</u>
Cash flows from investing activities			
Payments to acquire property, plant and equipment	8	(270,044)	(27,788)
Proceeds from sale of property, plant and equipment	8	6,206	-
Net cash used in investing activities		<u>(263,838)</u>	<u>(27,788)</u>
Cash flows from financing activities			
Other new loans	11	-	2,160
Net cash generated from financing activities		<u>-</u>	<u>2,160</u>
Net (decrease) in cash and cash equivalents		(551,429)	(44,356)
Cash and cash equivalents at beginning of year		4,923,672	4,968,028
Cash and cash equivalents at end of year		<u><u>4,372,243</u></u>	<u><u>4,923,672</u></u>

The notes on pages 12 - 20 form part of these financial statements.

Air Navigation Solutions Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

Air Navigation Solutions Limited ("the company") is a limited liability company incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted by the company which have been applied consistently to all the years presented are set out below.

The financial statements are presented in UK Sterling, which is the company's functional currency. All financial information presented in UK Sterling has been rounded to the nearest pound unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements.

The directors consider there to be only one area in the financial statements involving a high degree of judgement or complexity and therefore significant to the financial statements. This relates to the stage of completion of projects as outlined in note 2.2. The total costs to complete are a forecast and can vary from actual future costs. Different estimates would give a different stage of completion, and hence revenue figure.

The following standards have come in to effect from 1 January 2018 but have not had a material impact on the Financial statements of the Company.

- IFRS 9: Financial instruments - classification and measurement
- IFRS 15: Revenue from contracts with customers

The following standard has been published but is only effective for periods beginning on or after 1 January 2019 and therefore has not been applied to the company in the year. This standard is not expected to have a material impact on the Financial statements as outlined in note 14.

- IFRS 16: Leases

2.2 Revenue

Revenues and other operating income are recognised if:

- the provision of the service involves the transfer of the material risks and rewards to the customer;
- it is probable that future economic benefits will be generated from the transaction;
- there is no right of disposition nor effective control; and
- the level of revenues and the costs to sell incurred and expected can be quantified

Revenues are recognised based on the stage of completion. The stage of completion results from the relationship between the contract costs incurred up to the date of the statement of financial position and planned contract costs to this date. If the execution of the service contract requires a significant period of time contract costs may also include direct borrowing costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

**Notes to the financial statements
for the year ended 31 December 2018**

2. Accounting policies (continued)

2.2 Revenue (continued)

The contract costs are expensed using the matching principle. If the total contract costs exceed the total contract revenue the expected loss is expensed immediately. If the results of a service contract cannot be estimated reliably the probable revenues are recorded at the value of the costs incurred.

Where payments on account are made in excess of the revenue recognised, the deferred element is included in payables as deferred income. Where revenue invoiced is less than the revenue recognised, the accrued element is included in receivables as accrued income.

2.3 Foreign currency transactions

The financial statements are presented in UK Sterling as this is the functional currency of the company.

Transactions in currencies other than the functional currency of the company are recorded at the rates of exchange prevailing on the dates of the transactions. At the balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period.

2.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, as follows:

Refurbishment	10% straight line
Furniture and fixtures	20% straight line
Office equipment	33.33% straight line
Plant and machinery	25% straight line

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of six months or less.

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

**Notes to the financial statements
for the year ended 31 December 2018**

2. Accounting policies (continued)

2.6 Taxation

The taxation expense represents the sum of the tax currently payable and deferred tax. Tax currently payable is based on taxable profits or losses for the year and is calculated using tax rates enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

Deferred tax assets and liabilities are not discounted.

2.7 Operating lease commitments

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

2.8 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets are recognised when the company has rights or other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially favourable terms. When these criteria no longer apply, a financial asset or liability is no longer recognised.

Financial assets and liabilities are recognised at fair value, which in the case of trade receivables, trade payables and amounts owed to group undertakings is similar to cost and are subsequently measured at amortised cost, and are detailed in note 15.

2.9 Pensions

No provisions are recognised in respect of defined contribution pension schemes. The level of contributions by the company is dependent on the income relevant to the pension calculations. The payments for defined contribution pension schemes are expensed when due and reported in the statement of comprehensive income as part of administrative expenses.

Air Navigation Solutions Limited

Notes to the financial statements for the year ended 31 December 2018

3. Revenue and segmental information

The revenue, loss before taxation and net assets are attributable to the one principal activity of the company, the services incidental to air transportation, from the company's locations in the UK. Consequently the company has one business and one geographic segment.

	2018 £	2017 £
Revenue from core services	16,393,250	10,065,277
	<u>16,393,250</u>	<u>10,065,277</u>

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Net loss on foreign currency differences	108,733	21,806
Auditor's remuneration for audit services	16,450	18,100
Auditor's remuneration for non-audit services	40,376	27,698

5. Directors' emoluments

	2018 £	2017 £
Emoluments	283,400	90,336
Sums paid to third parties for directors services	186,363	192,883
Employer's pension contributions	8,567	-
	<u>478,330</u>	<u>283,219</u>

The number of directors to whom retirement benefits were accruing during the year was 1 (2017 - 1).
The highest paid director's emoluments were £283,400 (2017: £90,336) and £8,567 (2017: £nil) of employer's pension contributions.

6. Wages and employees

The monthly average number of employees (including executive directors) was:

	2018 No.	2017 No.
Operations staff	113	77
Administration staff	<u>12</u>	<u>9</u>
Total average monthly number of employees	<u>125</u>	<u>86</u>

Staff costs, including director's remuneration, were as follows:

	2018 £	2017 £
Gross wages	10,094,587	5,892,718
Social security costs	1,114,152	734,528
Employer's pension contributions	1,011,880	652,850
Other staff costs	24,871	106,143
	<u>12,245,490</u>	<u>7,386,239</u>

Air Navigation Solutions Limited

Notes to the financial statements for the year ended 31 December 2018

7. Taxation

	2018 £	2017 £
Taxation (credit)/charge		
Current income tax (credit)/charge	-	-
Deferred income tax (credit)/charge	-	-
	<u>-</u>	<u>-</u>

Reconciliation of income tax to accounting profit

	2018 £	2017 £
(Loss)/Profit before income tax	(1,571,625)	(1,819,809)
Tax at the domestic income tax rate of 19% (2017: 19.25%)	(298,609)	(350,313)
Tax losses not recognised as a deferred tax asset	298,609	350,313
	<u>-</u>	<u>-</u>

The Company has not recognised a deferred tax asset for amounts where the recoverability of such an asset is not currently considered probable.

8. Property, plant and equipment

	Refurbishment £	Furniture and fixtures £	Office equipment £	Plant and machinery £	Total £
Cost					
At 1 January 2018	2,028	11,505	158,266	111,895	283,694
Additions	-	4,669	234,564	30,811	270,044
Disposals	-	(3,232)	(3,513)	(423)	(7,168)
At 31 December 2018	<u>2,028</u>	<u>12,942</u>	<u>389,317</u>	<u>142,283</u>	<u>546,570</u>
Depreciation					
At 1 January 2018	607	4,862	88,570	34,617	128,656
Charge for the year	205	2,469	76,669	34,938	114,281
Disposals	-	-	(824)	-	(824)
At 31 December 2018	<u>812</u>	<u>7,331</u>	<u>164,415</u>	<u>69,555</u>	<u>242,113</u>
Net book value					
At 1 January 2018	<u>1,421</u>	<u>6,643</u>	<u>69,696</u>	<u>77,278</u>	<u>155,038</u>
At 31 December 2018	<u>1,216</u>	<u>5,611</u>	<u>224,902</u>	<u>72,728</u>	<u>304,457</u>

Air Navigation Solutions Limited

**Notes to the financial statements
for the year ended 31 December 2018**

9. Trade and other receivables

	2018 £	2017 £
Trade receivables	1,650,033	1,276,779
Prepayments	51,539	136,287
Accrued income	1,021,130	748,058
Other receivables	227,682	10,666
	<u>2,950,384</u>	<u>2,171,790</u>

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>

11. Trade and other payables

	2018 £	2017 £
Non-current liabilities		
Amounts owed to group undertakings	<u>2,997,302</u>	<u>2,849,641</u>
Current liabilities		
Trade payables	556,318	1,070,044
Amounts owed to group undertakings	934,679	298,278
Social security and other taxes	918,277	467,482
Accruals	998,787	688,997
Deferred income	790,579	-
Other payables	131,028	40,179
	<u>4,329,668</u>	<u>2,564,980</u>

Included in trade payables are amounts due to related parties as disclosed in note 13.

12. Deferred taxation

	Balance sheet		Income statement	
	2018 £	2017 £	2018 £	2017 £
Temporary differences	(11,910)	(11,910)	-	-
	<u>(11,910)</u>	<u>(11,910)</u>	<u>-</u>	<u>-</u>

Air Navigation Solutions Limited

Notes to the financial statements for the year ended 31 December 2018

13. Related party transactions

Ultimate controlling party

The company is a wholly owned subsidiary of DFS Aviation Services GmbH (formerly known as The Tower Company GmbH), a private limited company incorporated in Germany.

The ultimate parent company is DFS Deutsche Flugsicherung GmbH, a private limited company incorporated in Germany. The Group Financial Statements can be obtained from DFS Deutsche Flugsicherung GmbH Headquarters, Am DFS-Campus 10, 63225 Langen, Germany.

The ultimate controlling party is the Federal Republic of Germany as it is the 100% shareholder of DFS Deutsche Flugsicherung GmbH.

Trading activities

Company name	Nature of relationship	2018 £	2017 £
Purchases of goods and services (normal commercial terms)			
Purchases from DFS Aviation Services GmbH	Parent company	1,087,086	335,019
Purchases from DFS Deutsche Flugsicherung GmbH	Ultimate parent company	43,432	318,530
Purchases from Reid Aviation Solutions Limited	Company under the control of one of the directors	195,217	201,557
		<u>1,325,735</u>	<u>855,106</u>
Sales of goods and services (normal commercial terms)			
Sales to DFS Aviation Services GmbH	Parent company	1,670	4,120
Sales to DFS Deutsche Flugsicherung GmbH	Ultimate parent company	-	20,860
		<u>1,670</u>	<u>24,980</u>
Payable to related parties			
DFS Aviation Services GmbH	Parent company	892,917	250,019
DFS Deutsche Flugsicherung GmbH	Ultimate parent company	43,432	48,260
Reid Aviation Solutions Limited	Company under the control of one of the directors	18,810	-
DFS International Business Services GmbH	Owns 100% of DFS Aviation Services GmbH	2,997,302	2,849,641
		<u>3,952,461</u>	<u>3,147,920</u>

Air Navigation Solutions Limited

Notes to the financial statements for the year ended 31 December 2018

13. Related party transactions (continued)

Key management compensation

Key management are considered to be the board of directors only. Compensation for Key management is therefore set out in note 5.

Guarantees

During the year the company's ultimate parent company, DFS Deutsche Flugsicherung GmbH, acted as guarantor for the company's contractual agreement with Gatwick Airport Limited.

14. Operating lease commitments

At the balance sheet date the company had outstanding commitments for future minimum lease payments* under non-cancellable operating leases which fall due as follows:

	Land and buildings		Motor Vehicle	
	2018 £	2017 £	2018 £	2017 £
Due within one year	1,176,459	1,176,459	13,208	33,166
Later than one year but less than five years	4,705,836	4,705,836	4,970	16,182
Later than five years	2,548,995	3,725,454	-	-
	<u>8,431,290</u>	<u>9,607,749</u>	<u>18,178</u>	<u>49,348</u>

*The payments made for the lease of land and buildings will be reimbursed to the company as pass through charges under a contractual arrangement with the lessor. Due to this agreement it is not expected that this payment will meet the definition of a lease under IFRS 16.

15. Financial instruments

The company purchases or issues financial instruments in order to finance its operations and to manage the interest rate risk that arises from its operations. The company does not undertake trading in financial instruments.

The main risk arising from the company's financial instruments is credit risk.

Credit risk

The company is exposed to credit risk primarily on its trade receivables as it relies heavily on its primary customer with which it has a contract for services. The maximum credit risk exposure relating to financial assets is represented by their carrying value at the balance sheet date. Trade receivables are managed in respect of credit and cash flow risks by the terms of the contract for services between the company and the customer.

Financial assets

All financial assets are classified as loans and receivables under IFRS 7.

Financial liabilities

All financial liabilities are classified as held at amortised cost under IFRS 7.

Air Navigation Solutions Limited

Notes to the financial statements for the year ended 31 December 2018

15. Financial instruments (continued)

Fair values of financial assets and liabilities

The fair value of the company's financial assets and liabilities is not materially different from their book values.

Analysis of financial instruments by category

	Loans and receivables	Total
2018	£	£
Trade and other receivables	2,950,384	2,950,384
Cash and cash equivalents	4,372,243	4,372,243
	Loans and receivables	Total
2017	£	£
Trade and other receivables	2,171,790	2,171,790
Cash and cash equivalents	4,923,672	4,923,672

All financial liabilities in the company's statement of financial position are classified as held at amortised cost for the current year.

The following table discloses an analysis of trade receivables for the company that are not impaired. The standard credit terms offered by the company are 90 days.

	2018	2017
	£	£
Current	330,189	579,977
31 - 60 days	1,267,050	623,958
61 - 90 days	-	72,556
Over 90 days	52,794	288
	<u>1,650,033</u>	<u>1,276,779</u>

During the year ended 31 December 2016 the company received an interest free loan from DFS International Business Services GmbH, the parent company of DFS Aviation Services GmbH, which owns 100% of the issued share capital of the company. The amount received was €3,517,000 repayable on 3 November 2018*.

The translated amount, representing the present value of future cash flows, discounted at a market rate of interest that would apply to similar debt instruments has been included as a non-current liability. The difference between the amount payable on the maturity of the loan and the discounted balance, has been recognised directly in equity.

An interest charge has been recognised using the effective interest method and has been included within finance charges. The loan balance at the relevant year ends has been retranslated at the exchange rate prevailing as at that date.

*During the prior year, the terms of the loan were extended so that the loan is now repayable no earlier than 31 October 2020. An adjustment has been made to finance costs within profit and loss for the change in the present value of estimated future cash flows resulting from the extension of the loan.