

Registered number: 09166111

Air Navigation Solutions Limited

Annual Report

For the year ended 31 December 2022

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Air Navigation Solutions Limited

Company information

Directors

Mr H M Game
Mr A Potzsch
Mr P W Reid
Mr M H Flory
Mr C Peiler
Mrs C J Cauvin

Company number

09166111

Registered office

The Beehive
Beehive Ring Road
London Gatwick Airport
Gatwick
RH6 OPA

Independent auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
2nd Floor
6 Sutton Plaza
Sutton Court Road
Sutton
Surrey
SM1 4FS

Air Navigation Solutions Limited

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Air Navigation Solutions Limited

Strategic report

For the year ended 31 December 2022

The directors present their Strategic report for the year ended 31 December 2022.

Business Review and future developments

In the 2022 period Air Navigation Solutions continued to deliver Air Traffic Control Services and Engineering Services under the established contracts at Gatwick (until 8 October 2022) and Edinburgh Airports and continued to develop a pipeline of Air Traffic Management project activity with both airports, along with other airport and industry customers. In 2022, most revenues continue to be attributed to core contract service provision, with the remainder from project and consultancy activities.

Overall Air Navigation Solutions continued to navigate successfully through the challenges impacting the aviation industry due to Covid 19. The original 2022 business plan objectives and financial forecast set in 2021, were broadly achieved against the backdrop of the pandemic with the underlying financial performance profitable. The business undertook several actions during 2022 to adjust the cost base and protect the longer-term business performance against reductions in planned and unplanned turnover.

In 2022 Air Navigation Solutions continued adapting and responding to the pandemic, with specific focus around readiness for the summer operational requirements. The recovery experienced in the aviation sector when restrictions were lifted was significant, and traffic levels rose to around 80% of pre-pandemic levels. The operations at Edinburgh and Gatwick Airports successfully navigated through the challenges of the recovery with safe and effective performance delivery in 2022.

In October 2022 the transition of the Air Navigation Service Provider (ANSP) provision at Gatwick Airport was completed successfully. Air Navigation Solutions were acknowledged by the regulator, customer and new ANSP for the seamless and orderly delivery during the transition and over the 8 years of service provision.

The impact of Brexit was initially assessed in 2019 however, at that stage due to a number of factors (transition and pandemic) the transition and changes in regulation were not fully defined. The company has continued to work with the regulator to understand the expected changes to regulation, one specific example being the impact on UK ATCO licensing courses provided by the DFS training academy in Langen. The business continues to manage the ongoing manpower supply risk to ensure sufficient future ATCO supply.

Air Navigation Solutions is engaged with several prospective customers as part of the strategic plan 'Athena' which was created to enable a refocused growth strategy in light of the Gatwick contract ending. The Company continues to establish and grow its presence in the UK market with growth expected to come through the delivery of further projects, consultancy services, training, and selected partnership activities, in addition to tendering for additional core Terminal Air Navigation Services (TANS) ANS contracts at other UK airports.

The company has continued to focus on innovation and solution development, in collaboration with identified partners. This will enable future products to be delivered to the market, based on lesson learning and clear customer engagement strategies centred around risks and requirements. Regulatory engagement is also a key activity for the year ahead enabling key products and services to be successfully introduced as a part of the 'Athena' strategy.

Principal risks and uncertainties

Operational Risk

The principal risk for the business is to ensure that it meets the operational service delivery measures in the customer contracts, which in turn requires enough resourcing, qualified and trained to deliver the Air Traffic Service and Engineering Service. Air Navigation Solutions has a process for recruitment, training 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.

The operational recovery plan for regrowth in air traffic was a key area of focus for the business. Air Navigation Solutions established a framework of readiness plans focusing on training and familiarization for operational staff, which was executed for Summer 2022 traffic utilising the state-of-the-art simulators at both Gatwick and Edinburgh Airports. Continuous improvement continues to be at the heart of the business ensuring lessons learned post pandemic continue to be assessed and actioned.

Liquidity Risk

The company monitors its liquidity risk, which is low, primarily due to the growth of the business in project services, which in turn puts demand on working capital. In most instances however, contract terms limit risk, and ultimately if required the Company has the backing of a strong parent company.

Air Navigation Solutions Limited

Strategic report For the year ended 31 December 2022

Principal risks and uncertainties (continued)

Credit Risk

The company classifies credit risk as low based on the existing customer profile even taking in to account the backdrop of the Covid-19 pandemic.

Post pandemic risk and Market Outlook

During the early stages of 2022 revenues continued to come under pressure as the current customer base was affected adversely by a continued reduction in expected traffic. Given the financial stress the sector has endured over 2 years, airports and other sector stakeholders are demanding a new cost effective, flexible, and innovative approach to air traffic services in support of the recovery in the short term and longer-term system effectiveness. Air Navigation Solutions is well placed to meet these demands as it combines an agile and entrepreneurial approach to the market with the depth of knowledge, experience, and security of the largest ANSP in Europe as the parent company. Indications for 2023 are more encouraging and the forecasts for Summer 2023 traffic indicate a continuation of the recovery back to pre-pandemic levels of business for the UK airport market.

ANSL contracts are not traffic volume related and therefore are not immediately adversely affected by a reduction in flights.

The longer-term market outlook remains uncertain due to the impact and pressures of a period of economic instability with hyper-inflation and the ongoing situation in Ukraine. The Company is monitoring the impact on the direct operational costs of the business including labour and insurances.

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.

The company has contracted loans denominated in Euros and is therefore subject to foreign exchange movements between the pound Sterling and the Euro. This risk is mitigated and monitored by the Head of Finance through a matrix decision process which was agreed in the ANSL Board in October 2022.

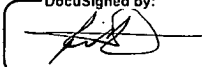
Financial Key Performance Indicators

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

Turnover this financial year decreased to £17,299,239 (2021: £18,873,667), with an operating profit of £499,001 (2021: £541,600).

The Directors did not propose a dividend for the year (2021: £nil).

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

DocuSigned by:

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Paul Reid
Director

Date: 3 March 2023

Air Navigation Solutions Limited

Directors' report

For the year ended 31 December 2022

The directors present their report and audited financial statements for the year ended 31 December 2022.

Principal activity

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

Results and dividends

The profit for the year after taxation amounted to £463,526 (2021: profit of £522,600). The directors did not propose a dividend for the year.

Directors

The directors who served during the year and to the date of this report were:

Mr H Game
Mr A Potzsch
Mr PW Reid
Mr M F Flory
Mr C Peiler
Mrs C J Cauvin (appointed 1 March 2022).

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 For the year ended 31 December 2022

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.

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.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to future developments.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

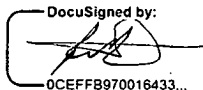
Under the Companies Act 2006 Section 487(2), Mazars LLP will be automatically reappointed as auditor(s) 28 days after these accounts are sent to the members. Unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

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 and signed on its behalf by:

DocuSigned by:

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Paul Reid
Director

Date: 3 March 2023

Air Navigation Solutions Limited

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

We have audited the financial statements of Air Navigation Solutions Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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 UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Air Navigation Solutions Limited

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In 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 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.

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.

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

Air Navigation Solutions Limited

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

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut off assertion given the estimation of the stage of completion of contracts), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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


Gerhard Bonthuys (Mar 6, 2023 19:04 GMT)

Gerhard Bonthuys (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
2nd Floor
6 Sutton Plaza
Sutton Court Road
Sutton
Surrey
SM1 4FS

Date: Mar 6, 2023

Air Navigation Solutions Limited**Statement of comprehensive income
For the year ended 31 December 2022**

	Note	2022 £	2021 £
Revenue	4	17,299,239	18,873,667
Cost of sales		(12,385,425)	(13,647,848)
Gross profit		4,913,814	5,225,819
Administrative expenses		(4,657,178)	(4,933,309)
Other income	5	119,637	456,302
Non-recurring items	12	300,000	-
Depreciation and amortisation	13/14/15	(177,272)	(207,212)
Operating profit	6	499,001	541,600
Finance income	9	3,670	9
Finance costs	10	(39,145)	(19,009)
Profit before tax		463,526	522,600
Income tax	11	-	-
Profit for the financial year		463,526	522,600
Other comprehensive income for the year		-	-
Total comprehensive income for the year		463,526	522,600

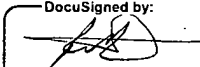
The notes on pages 12 - 27 form part of these financial statements.

Air Navigation Solutions Limited
Registered number: 09166111

Statement of financial position
For the year ended 31 December 2022

	Note	2022 £	2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	13	21,828	51,239
Right-of-use assets	14	-	103,279
Intangible assets	15	17,899	45,403
		<u>39,727</u>	<u>199,921</u>
Current assets			
Trade and other receivables	16	1,945,840	1,882,765
Cash and cash equivalents	17	2,469,184	4,936,376
		<u>4,415,025</u>	<u>6,819,141</u>
Total assets		<u><u>4,454,751</u></u>	<u><u>7,019,062</u></u>
EQUITY			
Capital and reserves			
Ordinary share capital	18	5,000,000	5,000,000
Retained earnings		(3,562,392)	(4,025,918)
Total equity		<u>1,437,608</u>	<u>974,082</u>
LIABILITIES			
Current liabilities			
Trade and other payables	20	3,016,884	5,936,881
Corporation tax liability		260	260
Lease liabilities	21	-	107,839
Total liabilities		<u>3,017,144</u>	<u>6,044,980</u>
Total equity and liabilities		<u><u>4,454,751</u></u>	<u><u>7,019,062</u></u>

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

DocuSigned by:

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Paul Reid
 Director

Date: 3 March 2023

The notes on pages 12 - 27 form part of these financial statements.

Air Navigation Solutions Limited**Statement of changes in equity
For the year ended 31 December 2022**

	Ordinary share capital	Retained earnings	Total
	£	£	£
Balance as at 1 January 2021	5,000,000	(4,548,518)	451,482
Profit for the year		522,600	522,600
Total comprehensive income		522,600	522,600
Balance as at 1 January 2022	5,000,000	(4,025,918)	974,082
Profit for the year		463,526	463,526
Total comprehensive income		463,526	463,526
Balance as at 31 December 2022	5,000,000	(3,562,392)	1,437,608

Share capital

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

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 - 27 form part of these financial statements.

Air Navigation Solutions Limited**Statement of cash flows
For the year ended 31 December 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit after income tax		463,526	522,600
Non-cash adjustments			
Depreciation of property, plant and equipment	13	46,488	129,498
Depreciation of right-of-use assets	14	103,279	51,642
Amortisation of intangible assets	15	27,504	26,072
Interest received		(3,670)	(9)
Interest charged		39,145	19,009
Cash flows before changes in working capital		<u>676,272</u>	<u>748,812</u>
Changes in working capital			
(Increase)/decrease in trade and other receivables	16	(62,837)	246,286
Decrease in trade and other payables	20	(2,980,976)	(3,487,100)
Decrease in working capital		<u>(3,043,813)</u>	<u>(3,240,814)</u>
Net cash used in from operating activities		<u>(2,367,541)</u>	<u>(2,492,002)</u>
Cash flows from investing activities			
Payments to acquire property, plant and equipment	13	(17,078)	(72,831)
Payments to acquire intangible assets	15	-	(27,768)
Repayment of leases		(110,000)	(50,000)
Interest received		3,670	9
Net cash used in investing activities		<u>(123,048)</u>	<u>(150,590)</u>
Cash flows from financing activities			
Interest charged		(37,222)	(16,091)
Foreign exchange on loan		60,979	(22,482)
Net cash generated from/(used in) financing activities		<u>23,757</u>	<u>(38,573)</u>
Net decrease in cash and cash equivalents		<u>(2,467,192)</u>	<u>(2,681,165)</u>
Cash and cash equivalents at beginning of year		4,936,376	7,617,541
Cash and cash equivalents at end of year	17	<u><u>2,469,184</u></u>	<u><u>4,936,376</u></u>

The notes on pages 12 - 27 form part of these financial statements.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2022

1. General information

Air Navigation Solutions Limited ("the company") is a private company, limited by shares, incorporated and domiciled in the UK. The address of the registered office is The Beehive, Beehive Ring Road, London Gatwick Airport, Gatwick, RH6 0PA.

2. Accounting policies

2.1 Basis of preparation

The company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. See note 3 for details.

2.2 Going concern

The financial statements have been prepared on a going concern basis.

At 31 December 2022 the company has net assets of £1,437,608 and net current assets of £4,415,025. As the industry continues to recover from the pandemic there are also other economic factors which have given rise to operational cost pressures – hyperinflation and the ongoing situation in Ukraine. The directors have, as far as reasonably possible, assessed the impact to the company and the result of this review did not identify any significant uncertainty regarding the ability of the company to continue to trade for at least 12 months from the date these financial statements were approved.

The company's core service (the provision of Air Traffic Control Services) is considered an essential service and the company has a long-term contract with Edinburgh Airport. No changes or amendments have been made to this contract.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.3 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.

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.

2.4 Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to income are presented separately in the statement of comprehensive income within 'other income'.

2.5 Non-recurring items

Non-recurring items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.6 Foreign currency transactions

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.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.7 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:

Furniture and fixtures	20% straight line
Office equipment	33.33% straight line
Plant and machinery	25% straight line
Leasehold improvements	67% straight line

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation and impairment expenses are recognised in administrative expenses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	3 years
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2.9 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.

2.10 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.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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 which are subsequently measured at amortised cost. This is detailed in note 23.

2.11 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.

2.12 Leases

The company leases an office for a period of 1.5 years.

At lease commencement date, the company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

2.13 Standards, amendments and interpretations adopted in the current financial year

There are no new or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the company's financial statements.

2.14 Standards, amendments and interpretations in issue but not yet effective

There are no new or amendments or interpretations to accounting standards, or IFRIC interpretations that are in issue but not yet adopted that will have a material impact on the company's financial statements.

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 to be 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.

3.1 Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements in applying the company's accounting policies.

3.2 Key Sources of estimation uncertainty*Revenue recognition: Stage of completion*

The directors consider there to be only one area in the financial statements involving a high degree of judgement, estimation or complexity and therefore significant to the financial statements. This relates to the stage of completion of projects as outlined in note 2.3. 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.

4. Revenue and segment 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.

	2022 £	2021 £
Core services	14,403,155	16,340,032
Project services	2,196,084	2,533,635
Contract termination settlement	700,000	-
	<u>17,299,239</u>	<u>18,873,667</u>

5. Other income

	2022 £	2021 £
Government grant income	-	456,302
Other income	119,637	-
	<u>119,637</u>	<u>456,302</u>

Other income relates to predominantly an employee settlement figure that was reimbursed to the company and also repayment of a training bond. Government grant income relates to Coronavirus Job Retention Scheme (CJRS) claim the company received during the year.

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****6. Operating profit**

	2022 £	2021 £
The operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	26,072	26,072
Depreciation of property, plant and equipment	46,487	129,498
Depreciation of right-of-use assets	103,729	51,642
Net loss/(gain) on foreign exchange currency differences	76,349	(15,280)
Auditor's remuneration for audit services	33,000	29,000
Auditor's remuneration for non-audit services	6,163	5,475

7. Directors' emoluments

	2022 £	2021 £
Emoluments	469,425	330,078
Sums paid to third parties for directors' services	421,413	380,524
Employer's pension contributions	23,803	9,720
	<u>914,641</u>	<u>720,322</u>

The number of directors to whom retirement benefits were accruing during the year was 2 (2021: 1). The highest paid director's emoluments were £322,263 (2021: £330,078) and £10,012 (2021: £9,720) of employer's pension contributions.

8. Wages and employees

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

	2022 No.	2021 No.
Operations staff	102	139
Administration staff	31	27
Total average monthly number of employees	<u>133</u>	<u>166</u>

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Gross wages	11,393,158	11,783,579
Social security costs	1,333,150	1,326,537
Employer's pension contributions	1,137,321	1,293,751
Other staff costs	14,563	13,782
	<u>13,878,192</u>	<u>14,417,649</u>

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****9. Finance income**

	2022	2021
	£	£
Bank interest received	3,670	9
	<u>3,670</u>	<u>9</u>

10. Finance costs

	2022	2021
	£	£
Interest on lease liabilities	1,923	2,918
Interest on amounts owed to group undertakings	37,222	16,091
	<u>39,145</u>	<u>19,009</u>

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****11. Taxation**

	2022 £	2021 £
Taxation charge		
Current income tax charge		
Deferred income tax		
Origination and reversal of timing differences	-	-
Effect of tax rate change on opening balance	-	-
	<u>-</u>	<u>-</u>

Reconciliation of income tax to accounting profit

	2022 £	2021 £
Profit before income tax	463,526	522,600
Tax at the domestic income tax rate of 19% (2021: 19%)	88,070	99,294
Expenses not deductible for tax purposes	840	193
Fixed asset differences	835	2,427
Other permanent differences	-	314
Remeasurement of deferred tax for changes in tax rates	-	(250,449)
Deferred tax not recognised	(89,745)	148,221
	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

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

The company has tax losses available for future use of £3.6m (2021: £4.5m).

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****12. Non-recurring items**

	2022 £	2021 £
Profit on disposal of property, plant and equipment	300,000	-
	<u>300,000</u>	<u>-</u>

13. Property, plant and equipment

	Furniture and fixtures £	Office equipment £	Plant and machinery £	Leasehold improvements £	Total £
Cost					
At 1 January 2021	38,072	449,742	142,283	-	630,097
Additions	<u>1,176</u>	<u>29,607</u>	<u>-</u>	<u>42,048</u>	<u>72,831</u>
At 31 December 2021	<u>39,248</u>	<u>479,349</u>	<u>142,283</u>	<u>42,048</u>	<u>702,928</u>
Additions	-	17,078	-	-	17,078
Disposals	<u>(24,668)</u>	<u>(198,866)</u>	<u>(111,896)</u>	<u>-</u>	<u>(335,430)</u>
At 31 December 2022	<u>14,580</u>	<u>297,561</u>	<u>30,387</u>	<u>42,048</u>	<u>384,575</u>
Depreciation					
At 1 January 2021	19,597	368,541	134,053	-	522,191
Charge for the year	<u>13,745</u>	<u>95,381</u>	<u>7,597</u>	<u>12,755</u>	<u>129,498</u>
At 31 December 2021	<u>33,342</u>	<u>463,922</u>	<u>141,650</u>	<u>12,755</u>	<u>651,688</u>
Charge for the year	2,510	14,072	633	29,272	46,487
Disposals	<u>(24,668)</u>	<u>(198,866)</u>	<u>(111,896)</u>	<u>-</u>	<u>(335,430)</u>
At 31 December 2022	<u>11,184</u>	<u>279,128</u>	<u>30,387</u>	<u>42,027</u>	<u>362,726</u>
Net book value					
At 31 December 2022	<u>3,397</u>	<u>18,433</u>	<u>-</u>	<u>-</u>	<u>21,830</u>
At 31 December 2021	<u>5,906</u>	<u>15,427</u>	<u>633</u>	<u>29,273</u>	<u>51,239</u>

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****14. Right-of-use assets**

	Right-of-use assets - buildings £
Cost	
At 1 January 2021	
Additions	154,921
At 31 December 2021	<u>154,921</u>
Additions	
At 31 December 2022	<u>154,921</u>
Depreciation	
At 1 January 2021	
Charge for the year	51,642
At 31 December 2021	<u>51,642</u>
Charge for the year	103,729
At 31 December 2022	<u>154,921</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>103,279</u>

Amounts recognised in the Statement of comprehensive income:

	2022 £	2021 £
Depreciation charge of right-of-use assets	103,729	51,642
Interest expense (included in finance cost)	<u>1,923</u>	<u>2,918</u>

The total cash outflow for leases in 2022 was £110,000 (2021: £50,000).

The lease expired in December 2022.

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****15. Intangible assets**

	Computer software
	£
Cost	
At 1 January 2021	54,745
Additions	27,768
At 31 December 2021	<u>82,513</u>
Additions	-
At 31 December 2022	<u>82,513</u>
Amortisation	
At 1 January 2021	11,038
Charge for the year	26,072
At 31 December 2021	<u>37,110</u>
Charge for the year	27,504
At 31 December 2022	<u>64,613</u>
Net book value	
At 31 December 2022	<u>17,899</u>
At 31 December 2021	<u>45,403</u>

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****16. Trade and other receivables**

	2022 £	2021 £
Trade receivables	1,733,313	1,448,666
Prepayments	33,926	220,585
Accrued income	114,363	193,514
Other receivables	24,238	20,000
	<u>1,945,840</u>	<u>1,882,765</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>2,469,184</u>	<u>4,936,376</u>

There is a security held by the bank in accordance with a letter of comfort dated October 2019 for a value of £50,000 over a credit card facility.

The carrying amount of cash and cash equivalents is considered to be the same as their fair value.

18. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>

The ordinary shares each entitle the holder to one voting right and no right to fixed income.

Air Navigation Solutions Limited ordinary shares have a nominal value of £1 per share.

19. Capital management*Risk management*

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may return capital to shareholders, issue new shares or sell assets to reduce debt.

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****20. Trade and other payables**

	2022	2021
	£	£
Trade payables	264,227	342,460
Amounts owed to group undertakings	1,152,912	1,091,932
Social security and other taxes	646,684	1,355,841
Accruals	838,212	978,038
Deferred income	14,266	2,014,217
Other payables	100,583	154,393
	<u>3,016,884</u>	<u>5,936,881</u>

Included in trade payables are amounts due to related parties as disclosed in note 22.

Due to the short-term nature of the current payables, their carrying amount is considered to be the same as their fair value.

Amounts owed to group undertakings relates to a negotiated line of credit of €3,500,000, of which €1,300,000 has been drawn. This balance was subject to a nominal interest rate of 1.05% up to 31 March 2022 when the balance was due to be repaid. However, during the year the repayment date was extended to 31 March 2023 and is currently in the process of being extended to March 2024. Amounts owed to group undertakings now bear interest at 3.51%.

21. Lease liabilities

	2022	2021
	£	£
Maturity analysis		
Current	-	109,447
	<u>-</u>	<u>109,447</u>
Less unearned interest	-	(1,608)
	<u>-</u>	<u>107,839</u>
Analysed as:		
Within one year	-	107,839
	<u>-</u>	<u>107,839</u>

Due to the short-term nature of the lease liabilities, their carrying amount is considered to be the same as their fair value.

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****22. Related party transaction****Ultimate controlling party**

The company is a wholly owned subsidiary of DFS Aviation Services 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	2022 £	2021 £
Purchases of goods and services (normal commercial terms)			
Purchases from DFS Aviation Services GmbH	Parent company	35,248	67,238
Purchases from DFS Deutsche Flugsicherung GmbH	Ultimate parent company	8,983	13,942
Purchases from Reid Aviation Solutions Limited	Company under the control of one of the directors	298,413	176,584
DFS International Business Services GmbH	Owns 100% of DFS Aviation Services GmbH	51,491	16,091
		<u>394,135</u>	<u>273,855</u>

Payable to related parties

DFS Aviation Services GmbH	Parent company	-	-
DFS Deutsche Flugsicherung GmbH	Ultimate parent company	-	-
Reid Aviation Solutions Limited	Company under the control of one of the directors	19,841	27,234
DFS International Business Services GmbH	Owns 100% of DFS Aviation Services GmbH	1,152,912	1,091,932
		<u>1,172,753</u>	<u>1,119,166</u>

Air Navigation Solutions Limited**Notes to the financial statements
For the year ended 31 December 2022****23. 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 7.

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 and Edinburgh Airport Limited.

24. 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 customers 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 held at amortised cost under IFRS 7.

Financial liabilities

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

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.

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 between 30 and 60 days.

	2022	2021
	£	£
Current	968,252	860,461
31 - 60 days	760,837	588,205
61 - 90 days	44,244	-
Over 90 days	-	-
	<u>1,733,313</u>	<u>1,448,666</u>

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2022

24. Financial instruments (continued)

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company uses historic credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The company negotiated a line of credit €3,500,000 from DFS International Business Services GmbH, the parent company of DFS Aviation Services GmbH which was initially extended during 2022 to 31 March 2023 and is currently in the process of being extended to March 2024. During the year ended 31 December 2022 the company drew down €1,300,000 from this facility which incurred interest at a rate of 1.05% up to 31 March 2022 and incurred interest at a rate of 3.51% from 1 April 2022 to 31 December 2022.

25. Post balance sheet events

There were no significant events affecting the company since the year end.