

Registered number: 09166111

Air Navigation Solutions Limited

Annual Report

For the year ended 31 December 2020



Air Navigation Solutions Limited

Company information

Directors

Mr H Game
Mr A Potzsch
Mr PW Reid
Mr M F Flory
Mr C Peiler

Company number

09166111

Registered office

Old Control Tower
Old Control Tower Road
London Gatwick Airport
West Sussex
RH6 OLD

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 2020

Strategic report

For the year ended 31 December 2020

The directors present their Strategic report for the year ended 31 December 2020.

Business Review and future developments

In the 2020 period Air Navigation Solutions continued to deliver Air Traffic Control Services and Engineering Services under the established contracts at Gatwick and Edinburgh Airports and continued to develop a pipeline of Air Traffic Management project activity with both airports, along with other new customers. In 2020, most revenue continues to be attributed to core contract service provision, with additional revenues from project and consultancy activities.

Overall Air Navigation Solutions navigated successfully through the challenges impacting the aviation industry by COVID-19. The original 2020 business plan objectives and financial forecast set in 2019, were not achieved, specifically turnover, however the underlying financial performance was profitable. The business undertook several actions during 2020 to adjust the businesses cost base and protect the longer-term business performance against reductions in planned and unplanned turnover.

Air Navigation Solutions has worked through the COVID-19 pandemic period to identify, adapt and develop new solutions in procedures and process to meet the changing operational environments at our customer airports. This has resulted in implementation of a number of new air traffic control systems and equipment in Edinburgh and Gatwick Airports, as well as a redesign of the Air Traffic Controller Training plan for the Gatwick operation which will be introduced in 2021.

Air Navigation Solutions is engaged with a number of prospective customers as part of the strategic plan which was created in 2019 to enable future growth and improved financial performance from 2020 onwards. A review of the strategic plan commenced in late 2020 in light of the impact of COVID-19 and this will be communicated to the business in 2021. As the Company continues to establish its presence in the market, the growth is expected to 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 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 (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.

The operational recovery plan for regrowth in air traffic is a key area of focus for the business. Air Navigation Solution established a framework of readiness plans focusing on training, refamiliarization, for operational staff, initially focused on Summer 2020 traffic growth. This set of plans has continued to evolve considering the Covid-19 impact and readiness plans for Summer 2021 and beyond are the priority, utilising the state-of-the-art simulators we have at both Gatwick and Edinburgh Airports.

Liquidity Risk

The company monitors its liquidity risk which is low, primarily due to the growth of the business in to 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. The loan from the parent company was repaid in full during the year, further minimising liquidity risk.

Credit Risk

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

Air Navigation Solutions Limited

Strategic report

For the year ended 31 December 2020

Principal risks and uncertainties (continued)

COVID-19 risk

The continued uncertainty of both the short- and longer-term effects of COVID-19 on the aviation industry provides both risk and opportunity for the company. Risk as revenues come under pressure as our current customer base is affected adversely by a continued reduction in expected traffic and opportunity generally for innovative and cost-effective solutions to support recovery and future airport operations.

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

Various measures to protect staff and locations from an outbreak are being implemented, including a no visitor policy, increased hygiene measures and ongoing monitoring of government and medical advice.

The operational readiness and recovery plans are well progressed for the re-growth in traffic levels in 2021 and beyond, ensuring safety of the operation at all times.

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.

Brexit risk

The likely impact of BREXIT on regulation remains largely unknown with the various scenarios which may manifest becoming clearer at the end of the transition period post BREXIT (December 2020). The required preparation has been undertaken, with effective mitigation strategies prepared to minimise any impact on the business.

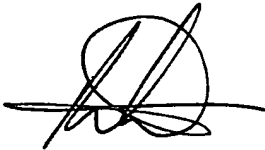
Financial Key Performance Indicators

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

Turnover this financial year decreased to £19,086,741 (2019 restated: £20,769,738), with an operating profit of £58,864 (2019: £187,285). This is due to a restatement of 2019 project turnover and cost of sales as described in the Business Review.

The Directors did not propose a dividend for the year.

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



Paul Reid
Director

25/05/21
Date:

Air Navigation Solutions Limited

Directors' report

For the year ended 31 December 2020

The directors present their report and audited financial statements for the year ended 31 December 2020.

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 £68,538 (2019: profit of £95,000). 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 (appointed 20 February 2020)

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 applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 (continued)
For the year ended 31 December 2020

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. This loan has been fully repaid during the year. 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.

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

After the close of the 2020 financial year, in January Gatwick Airport informed ANSL of their intention to re-tender the contract, which concluded in April 2021, resulting in ANSL being notified of the termination of the existing contract with effect from 9th October 2022. An 18 month transition programme has now commenced under agreed commercial terms, with the focus on the business as usual service delivery, recovery of safe operations post Covid 19 and continuation of training of operational air traffic controllers. The Directors have taken in to consideration the termination of the contract and the associated timeframes, and are satisfied that there is no change to the going concern of the business.

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:



Paul Reid
Director

Date:

25 / 05 / 21

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 (the 'company') for the year ended 31 December 2020 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity 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 Air Navigation Limited'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.

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 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 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 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.

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 identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were 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 loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our 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.

Air Navigation Solutions Limited

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

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

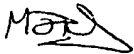
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing 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 members as a body for our audit work, for this report, or for the opinions we have formed.



Mike Bailey (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: Jun 7, 2021

Air Navigation Solutions Limited

**Statement of comprehensive income
For the year ended 31 December 2020**

	Note	2020	Restated*
		£	2019
			£
Revenue	4	19,086,741	20,769,738
Cost of sales		(15,224,046)	(15,487,568)
Gross profit		3,862,695	5,282,170
Administrative expenses		(4,475,045)	(4,948,139)
Other income	5	815,583	-
Depreciation and amortisation	10/11	(144,369)	(146,746)
Operating profit/(loss)	6	58,864	187,285
Finance expense		(2,236)	(92,285)
Profit before tax		56,628	95,000
Income tax credit	9	11,910	-
Profit for the financial year		68,538	95,000
Other comprehensive income for the year		-	-
Total comprehensive income for the year		68,538	95,000

*Refer to note 2.2 for information on the prior year's restatement.

The notes on pages 12 - 26 form part of these financial statements.

Statement of financial position

As at 31 December 2020

	Note	2020 £	2019 £
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	107,906	216,035
Intangible assets	10	43,707	-
		<u>151,613</u>	<u>216,035</u>
Current Assets			
Trade and other receivables	12	2,129,051	4,641,521
Cash and cash equivalents	13	7,617,541	3,360,833
		<u>9,746,592</u>	<u>8,002,354</u>
Total Assets		<u><u>9,898,205</u></u>	<u><u>8,218,389</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	14	5,000,000	5,000,000
Non-distributable reserves		-	186,523
Retained earnings		(4,548,518)	(4,803,579)
Total Equity		<u>451,482</u>	<u>382,944</u>
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	16	-	2,901,986
Deferred income tax	17	-	11,910
			<u>2,913,896</u>
Current Liabilities			
Trade and other payables	16	9,446,463	4,921,289
Corporation tax liability		260	260
		<u>9,446,723</u>	<u>4,921,549</u>
Total Liabilities		<u><u>9,446,723</u></u>	<u><u>7,835,445</u></u>
Total Equity and Liabilities		<u><u>9,898,205</u></u>	<u><u>8,218,389</u></u>

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



Paul Reid
Director

Date: 25/05/21

The notes on pages 12 - 26 form part of these financial statements.

Air Navigation Solutions Limited

**Statement of changes in equity
For the year ended 31 December 2020**

	Attributable to equity holders of the company			
	Ordinary Share Capital	Non- Distributable Reserves	Distributable Retained Earnings	Total
	£	£	£	£
Balance as at 1 January 2019	5,000,000	186,523	(4,898,579)	287,944
Profit for the year	-	-	95,000	95,000
Total comprehensive income	-	-	95,000	95,000
Balance as at 1 January 2020	5,000,000	186,523	(4,803,579)	382,944
Profit for the year	-	-	68,538	68,538
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	68,538	68,538
Transfer to profit and loss account	-	(186,523)	186,523	-
Balance as at 31 December 2020	5,000,000	-	(4,548,518)	451,482

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. As the loan has now been repaid this has been released to profit and loss account.

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 - 26 form part of these financial statements.

Air Navigation Solutions Limited

Statement of cash flows
For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit after income tax		68,538	95,000
Non-cash adjustments			
Depreciation	11	133,332	146,746
Amortisation	10	11,038	-
Interest charged		7,952	92,285
Foreign exchange on loan		244,635	-
Deferred tax credit		(11,910)	-
Cash flows before changes in working capital		453,585	334,031
Changes in working capital			
Decrease/(Increase) in trade and other receivables	12	2,512,470	(1,673,894)
Increase in trade and other payables	16	4,525,174	840,342
Increase/(decrease) in working capital		7,037,644	(833,553)
Net cash generated from/(used in) operating activities		7,491,229	(499,522)
Cash flows from investing activities			
Payments to acquire property, plant and equipment	11	(25,203)	(58,324)
Payments to acquire intangible assets	10	(54,745)	-
Net cash used in investing activities		(79,948)	(58,324)
Cash flows from financing activities			
Repayment of intercompany loan	16	(3,146,621)	(361,279)
Interest charged		(7,952)	(92,285)
Net cash used in financing activities		(3,154,573)	(453,564)
Net increase/(decrease) in cash and cash equivalents		4,256,708	(1,011,410)
Cash and cash equivalents at beginning of year		3,360,833	4,372,243
Cash and cash equivalents at end of year	13	7,617,541	3,360,833

There was no cash generated from financing activities.

The notes on pages 12 - 26 form part of these financial statements.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

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 Old Control Tower, Old Control Tower Road, London Gatwick Airport, West Sussex, RH6 0LD.

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 Restatement of prior year comparatives

During the year, the directors reviewed the estimates used to calculate project revenue in the prior year. To include this calculation, the directors have restated the comparative and as a result, cost of sales in 2019 have increased by £451,866 and revenue has increased by the same amount. The profit for the financial year or equity has not changed.

2.3 Going concern

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

At 31 December 2020 the company had net assets of £451,482 and net current assets of £299,869. During the year end COVID-19 has had a significant detrimental impact to the aviation sector and the directors have, as far as reasonably possible, assessed the impact of the virus on the company. This review took into account the company's trade, customers and suppliers as well as government support offered. 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 long term contracts with Gatwick and Edinburgh Airports. Operations under these contracts have not been amended as the result of the virus.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

2. Accounting policies (continued)

2.4 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.

2.5 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'

2.6 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.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

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:

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

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.

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 16.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

2. Accounting policies (continued)

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 only has short-term leases or leases for which the underlying asset is immaterial in value. The company therefore recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company is party to a contractual arrangement to make payments for the use of a building however these amounts are then reimbursed by the supplier. It is only the supplier who has the right to direct how and for what purpose the asset is used throughout the period. As a result it is deemed that this contract does not contain a lease, in accordance with the requirements of IFRS 16.

2.13 Standards, amendments and interpretations adopted in the current financial year ended 31 December 2020

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the company's financial statements.

	EU effective date: Accounting periods beginning on or after	IASB effective date: Accounting periods beginning on or after
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material	1 January 2020	1 January 2020
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform – Phase 1	1 January 2020	1 January 2020
Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020
IFRS 3 Business Combinations (Amendment): Definition of a Business	1 January 2020	1 January 2020

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

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

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the company's financial statements.

The company is however continuing to assess the full impact that adopting International Financial Reporting Standards (IFRSs) will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date: Accounting periods beginning on or after	IASB effective date: Accounting periods beginning on or after
IFRS 16 Leases (Amendment): Covid-19-related Rent Concessions	1 June 2020	1 June 2020
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2	1 January 2021†*	1 January 2021
IFRS 4 Insurance Contracts (Amendment): Extension of the Temporary Exemption from Applying IFRS 9	1 January 2021†*	1 January 2021
IAS 16 Property, Plant and Equipment (Amendment): Proceeds before Intended Use	1 January 2022†*	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022†*	1 January 2022
IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework	1 January 2022†*	1 January 2022
Annual Improvements to IFRSs (2018 – 2020 cycle)	1 January 2022†*	1 January 2022
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023†*	1 January 2023
IFRS 17 Insurance Contracts and Amendments to IFRS 17	†**	1 January 2023

Standards, amendments and interpretations cannot, in general, be adopted in the EU until they have been EU-endorsed.

† Pending endorsement.

* Expected to be endorsed by the IASB effective date.

** Expected endorsement date not yet announced.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

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 group's accounting policies

The directors do not consider there to be any critical judgements in applying the group'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 2.4. 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 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.

	2020 £	Restated 2019 £
Revenue from services	19,086,741	20,769,738
	<u>19,086,741</u>	<u>20,769,738</u>

5. Other income

	2020 £	2019 £
Government grant income	815,583	-
	<u>815,583</u>	<u>-</u>

Government grant income relates to Coronavirus Job Retention Scheme (CJRS) claim the company received during the year.

6. Operating profit

The operating profit is stated after charging/(crediting):	2020 £	2019 £
Net loss/(profit) on foreign currency differences	45,296	(31,361)
Auditor's remuneration for audit services	27,000	21,000
Auditor's remuneration for non-audit services	5,250	20,000

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

7. Director's emoluments

	2020 £	Restated 2019 £
Emoluments	242,997	266,910
Sums paid to third parties for director's services	145,567	206,381
Employer's pension contributions	9,234	8,880
	<u>397,798</u>	<u>482,171</u>

The number of directors to whom retirement benefits were accruing during the year was 1 (2019: 1). The highest paid director's emoluments were £242,997 (2019: £266,910) and £9,234 (2019: £8,880) of employer's pension contributions. Prior year comparatives have been restated to exclude VAT.

8. Wages and employees

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

	2020 No.	2019 No.
Operations staff	134	139
Administration staff	37	20
	<u>171</u>	<u>159</u>

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

	2020 £	2019 £
Gross wages	12,056,827	11,474,545
Social security costs	1,326,031	1,319,781
Employer's pension contributions	1,327,699	1,384,239
Other staff costs	12,033	18,940
	<u>14,722,590</u>	<u>14,197,505</u>

Air Navigation Solutions Limited

**Notes to the financial statements
For the year ended 31 December 2020**

9. Taxation

	2020	2019
	£	£
Taxation charge		
Current income tax charge	-	-
Deferred income tax (credit)		
Origination and reversal of timing differences	(13,311)	
Effect of tax rate change on opening balance	1,401	
	<u>(11,910)</u>	<u>-</u>
 Reconciliation of income tax to accounting profit		
	2020	2019
	£	£
Profit before income tax	56,628	95,000
 Tax at the domestic income tax rate of 19% (2019: 19%)	10,759	18,050
Expenses not deductible for tax purposes	1,019	-
Other permanent differences	10	-
Remeasurement of deferred tax for changes in tax rates	(95,411)	-
Deferred tax not recognised	71,713	-
Utilisation of tax losses brought forward	-	(18,050)
	<u>(11,910)</u>	<u>-</u>

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

The company has tax losses available for future use of £4.6m (2019: £4.7m).

Air Navigation Solutions Limited

**Notes to the financial statements
For the year ended 31 December 2020**

10. Intangible assets

	Computer software
	£
Cost	
At 1 January 2020	-
Additions	<u>54,745</u>
At 31 December 2020	<u>54,745</u>
Amortisation	
At 1 January 2020	-
Charge for the year	<u>11,038</u>
At 31 December 2020	<u>11,038</u>
Net book value	
At 31 December 2020	<u>43,707</u>
At 31 December 2019	<u>-</u>

11. Property, plant and equipment

	Refurbishment	Furniture and fixtures	Office equipment	Plant and machinery	Total
	£	£	£	£	£
Cost					
At 1 January 2020	2,028	26,980	433,603	142,283	604,894
Additions	<u>-</u>	<u>9,064</u>	<u>16,139</u>	<u>-</u>	<u>25,203</u>
At 31 December 2020	<u>2,208</u>	<u>36,044</u>	<u>449,742</u>	<u>142,283</u>	<u>630,097</u>
Depreciation					
At 1 January 2020	2,028	11,620	270,085	105,126	388,859
Charge for the year	<u>-</u>	<u>5,949</u>	<u>98,456</u>	<u>28,927</u>	<u>133,332</u>
At 31 December 2020	<u>2,208</u>	<u>17,569</u>	<u>368,541</u>	<u>134,053</u>	<u>522,191</u>
Net book value					
At 1 January 2020	<u>-</u>	<u>15,360</u>	<u>163,518</u>	<u>37,157</u>	<u>216,035</u>
At 31 December 2020	<u>-</u>	<u>18,475</u>	<u>81,201</u>	<u>8,230</u>	<u>107,906</u>

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

12. Trade and other receivables

	2020 £	2019 £
Trade receivables	1,914,131	2,822,717
Amounts owed by group undertakings	-	17,243
Prepayments	80,631	84,690
Accrued income	128,970	1,516,863
Other receivables	5,319	200,008
	<u>2,129,051</u>	<u>4,641,521</u>

Amounts owed by group undertakings are interest free, and repayable on demand.

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>7,617,541</u>	<u>3,360,833</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.

14. Share capital

	2020 £	2019 £
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.

15. 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 2020

16. Trade and other payables

	2020 £	2019 £
Non-current liabilities		
Amounts owed to group undertakings	-	<u>2,901,986</u>
Current liabilities		
Trade payables	716,751	775,690
Amounts owed to group undertakings	-	685,958
Social security and other taxes	2,409,060	1,345,605
Accruals	278,937	909,015
Deferred income	5,664,972	966,844
Other payables	376,743	238,177
	<u>9,446,463</u>	<u>4,921,289</u>

Included in trade payables are amounts due to related parties as disclosed in note 18.

In January 2020 the company entered into an agreement to extend the repayment of €3,517,000 included within Amounts owed to group undertakings in the prior year figures. This amount was fully repaid in December 2020. In addition, an undrawn €3,500,000 negotiated line of credit is available for use until 31st March 2022.

17. Deferred taxation

	Balance sheet		Income statement	
	2020	2019	2020	2019
	£	£	£	£
Provision at start of period	(11,910)	-	-	-
Deferred tax charged in the Profit and loss account for the period	11,910	-	11,910	-
Temporary differences	-	(11,910)	-	-
	<u>-</u>	<u>(11,910)</u>	<u>11,910</u>	<u>-</u>

There are unused tax losses of £4.6m (2019: £4.7m) for which no deferred tax asset has been recognised, as the directors consider that the company is not likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely.

Air Navigation Solutions Limited

Notes to the financial statements For the year ended 31 December 2020

18. Related party transaction

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	2020 £	Restated 2019 £
Purchases of goods and services (normal commercial terms)			
Purchases from DFS Aviation Services GmbH	Parent company	250,694	1,485,574
Purchases from DFS Deutsche Flugsicherung GmbH	Ultimate parent company	12,459	13,806
Purchases from Reid Aviation Solutions Limited	Company under the control of one of the directors	145,567	206,381
		<u>408,720</u>	<u>1,705,761</u>
Sales of goods and services (normal commercial terms)			
Sales to DFS Aviation Services GmbH	Parent company	-	(1,670)
Sales to DFS Deutsche Flugsicherung GmbH	Ultimate parent company	-	31,049
		<u>-</u>	<u>29,379</u>
Payable to related parties			
DFS Aviation Services GmbH	Parent company	-	685,958
DFS Deutsche Flugsicherung GmbH	Ultimate parent company	-	13,806
Reid Aviation Solutions Limited	Company under the control of one of the directors	19,111	19,111
DFS International Business Services GmbH	Owns 100% of DFS Aviation Services GmbH	2,236	2,901,986
		<u>21,347</u>	<u>3,620,861</u>

Air Navigation Solutions Limited

**Notes to the financial statements
For the year ended 31 December 2020**

18. 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.

Notes to the financial statements
For the year ended 31 December 2020

19. 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 90 days.

	2020	2019
	£	£
Current	675,997	1,528,608
31 - 60 days	577,153	1,208,319
61 - 90 days	660,981	65,990
Over 90 days	-	19,800
	<u>1,914,131</u>	<u>2,822,717</u>

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.

Air Navigation Solutions Limited

Notes to the financial statements

For the year ended 31 December 2020

19. Financial instruments (continued)

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 and was fully repaid in December 2020. In addition, an undrawn €3,500,000 negotiated line of credit is available for use until 31st March 2022.

20. Post balance sheet events

After the close of the 2020 financial year, in January Gatwick Airport informed ANSL of their intention to re-tender the contract, which concluded in April 2021, resulting in ANSL being notified of the termination of the existing contract with effect from 9th October 2022. An 18 month transition programme has now commenced under agreed commercial terms, with the focus on the business as usual service delivery, recovery of safe operations post Covid 19 and continuation of training of operational air traffic controllers. The Directors have taken in to consideration the termination of the contract and the associated timeframes, and are satisfied that there is no change to the going concern of the business.