

NATSNav Limited
Financial statements
for the year ended 31 March 2015

Company Number: 04164590

Report of the directors

The directors present their report and audited accounts for the year ended 31 March 2015.

Business model and principal activities

The company is a holding company with a 16.67% shareholding in European Satellite Services Provider SAS (ESSP), a French private limited company. It also provides services to ESSP. The objective of ESSP is to continue to be the certified service provider for the European Geostationary Navigation Overlay Service (EGNOS), the European satellite based augmentation to the global positioning system for aviation under the Single European Sky regulations.

In June 2013 the ESSP entered into a new service provision contract with the European Global Navigation Satellite System (GNSS). This contract continues to 31 December 2021. The directors are satisfied that the carrying value of the company's investment in ESSP is appropriate.

The company's parent undertaking, NATS (Services) Limited (NATS Services), has agreed to provide support as necessary to enable the company to continue trading and to meet all liabilities known or reasonably foreseeable as at 31 March 2015, as they fall due for a period of not less than 12 months from 25 June 2015.

A full description of the NATS group's principal activities and business review is contained in the accounts of NATS Holdings Limited.

Details of significant events since the balance sheet date are contained in note 15 to the financial statements.

Results and dividends

The results for the period are shown in the statement of comprehensive income on page 6. The Board recommends that no dividend be paid (2014: £nil).

Directors and their interests

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

John Devaney (resigned 31 August 2014)

Richard Deakin (resigned 18 May 2015)

Nigel Fotherby

Catherine Mason (appointed 29 May 2014)

Martin Rolfe (appointed 18 May 2015)

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

Interests of the directors in the ordinary shares of the company's parent undertaking NATS Holdings Limited are explained in those accounts.

None of the directors have, or have had, a material interest in any contract of significance in relation to the company's business.

Directors' liabilities and indemnities

The directors and officers of the company and its subsidiaries have the benefit of directors and officers liability insurance which was renewed during the year and remains in force at the date of this report.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he

ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The company's business activities, together with the factors likely to affect its performance and financial position, its cash flows, liquidity position and borrowings are set out in the report above. In addition, note 12 to the financial statements describes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company holds adequate levels of cash as at 31 March 2015. As a result, the directors believe that the company is well placed to manage its business risks.

The directors have formed a judgement that taking into account the financial resources available to the company, it has adequate resources to continue to operate for the foreseeable future and have therefore adopted the going concern basis in the preparation of the financial statements for the year ended 31 March 2015. For further information, see page 13.

Auditor

BDO LLP were appointed as auditor during the period. BDO LLP have expressed their willingness to continue in office as auditor and a written resolution of the sole shareholder to re-appoint BDO is expected to be signed on 30 July.

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



Richard Churchill-Coleman
Secretary

25 June 2015

Registered office:
4000 Parkway,
Whiteley,
Fareham,
Hampshire PO15 7FL

Registered in England and Wales
Company Number: 04164590

Independent auditor's report to the members of NATSNav Limited

We have audited the financial statements of NATSNav Limited for the year ended 31 March 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK

and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

**Opinion on other matters prescribed
by the Companies Act 2006**

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to
report by exception**

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



Malcolm Thixton (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Southampton

United Kingdom

25 June 2015

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

Statement of comprehensive income

for the year ended 31 March

	Notes	2015 £	2014 £
Revenue		763,695	891,997
Operating costs			
Other operating charges - external charges		(87,374)	(18,973)
Other operating charges - intra-group		(763,695)	(892,027)
	4	(851,069)	(911,000)
Operating loss		(87,374)	(19,003)
Investment revenue	5	233,384	214,470
Profit before tax		146,010	195,467
Tax (charge)/ credit	6	(132)	124
Profit for the year		145,878	195,591
Other comprehensive income for the year		-	-
Total comprehensive income for the year		145,878	195,591

Balance sheet

at 31 March

	Notes	2015 £	2014 £
Non-current assets			
Investments	13	134,548	134,548
Current assets			
Trade and other receivables	7	217,630	454,530
Cash and cash equivalents	12	566,594	420,918
		784,224	875,448
Total assets		918,772	1,009,996
Current liabilities			
Trade and other payables	8	(900,439)	(1,137,541)
Current tax liabilities		-	-
		(900,439)	(1,137,541)
Net current liabilities		(116,215)	(262,093)
Total liabilities		(900,439)	(1,137,541)
Net assets/(liabilities)		18,333	(127,545)
Equity			
Called up share capital	9	1	1
Retained earnings		18,332	(127,546)
Equity shareholder's funds/ (deficit)		18,333	(127,545)

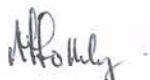
The financial statements (Company number: 04164590) were approved by the Board of directors and authorised for issue on 25 June 2015 and signed on their behalf by:

Chief Executive



Martin Rolfe

Finance Director



Nigel Fotherby

Statement of changes in equity

for the year ended 31 March

	Share capital £	Retained earnings £	Total £
At 1 April 2013	1	(323,137)	(323,136)
Profit for the year	-	195,591	195,591
At 31 March 2014	1	(127,546)	(127,545)
At 1 April 2014	1	(127,546)	(127,545)
Profit for the year	-	145,878	145,878
At 31 March 2015	1	18,332	18,333

Cash flow statement

for the year ended 31 March

	Notes	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	10	(87,708)	3,575
Cash flows from investing activities			
Interest received		35,084	220
Dividends received from investment		198,300	214,250
Net cash inflow from investing activities		233,384	214,470
Increase in cash and cash equivalents during the year		145,676	218,045
Cash and cash equivalents at 1 April		420,918	202,873
Cash and cash equivalents at 31 March		566,594	420,918

1. General information

NATSNV is a private limited company incorporated in England and Wales and domiciled in the United Kingdom and acting under the Companies Act 2006. The address of the registered office is on page 3. The nature of the company's operations and its principal activities are set out in the Report of the directors.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. Accounting policies

The following accounting policies have been applied consistently in the current and prior year in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation and accounting

The financial statements have been prepared on the going concern basis. For further detail please refer to page 13. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union and therefore the company financial statements comply with Article 4 of the EU IAS Regulation.

During the year, the company has adopted the amendments to IAS 32, on offsetting financial assets and liabilities, IAS 36 on recoverable amount disclosures for non-financial assets and IAS 39, on novation of derivatives and continuation of hedge accounting. The company has also adopted IFRIC Interpretation 21 'Levies'. The adoption of these amendments and the Interpretation has not had a significant impact on the company's profit for the period, net assets or cash flows.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9: *Financial Instruments*

IFRS 15: *Revenue from Contracts with Customers*
IFRS 10 and IAS 28 (amendments): *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*

IAS 1 (amendments): *Disclosure Initiative*

IFRS 9: *Financial Instruments* deals with classification of financial assets and liabilities, hedge accounting and introduces a new expected credit losses model. The standard is expected to have two main impacts on the company: the adoption of the expected credit losses model in assessing the fair value of trade and contract receivables; and the option to recognise the impact of changes in own credit risk in other comprehensive income rather than the income statement. The standard is effective for reporting periods beginning on or after 1 January 2018 subject to EU endorsement. The company will assess the impact of IFRS 9 closer to the implementation date.

IFRS 15: *Revenue from Contracts with Customers* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. The standard replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017, but the IASB is currently consulting on whether to defer this date to 1 January 2018. The company will assess the impact of IFRS 15 closer to the implementation date.

The directors do not expect that the adoption of the other standards and interpretations listed

above will have a material impact on the financial statements in future periods.

The financial information has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised as follows:

- ◆ Income from the rendering of services is recognised when the outcome can be reliably estimated and then by reference to the stage of completion of the transaction at the balance sheet date.
- ◆ Sales of goods are recognised when they are delivered and title has passed.
- ◆ Interest income is recognised on a time-proportion basis using the effective interest method. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- ◆ Dividend income is recognised when the shareholder's rights to receive payment have been established.

Operating profit

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

Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Under the Finance Bill 2013 which was enacted on 17 July 2013, the corporation tax rate was reduced to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The future main tax rate reductions are expected to have a similar impact on the company's financial statements as outlined above, subject to the impact of other developments in the company's tax position which may reduce the beneficial effect of this in the company's tax rate.

Investments

The investment is accounted for as an associate at cost with an annual review for impairment. The company does not prepare consolidated financial statements. The associate is equity accounted within the accounts of NATS Holding Limited, the ultimate parent company accounts.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Detailed disclosures are set out in note 12.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories;

- Loans and receivables
- Financial assets at fair value through the profit and loss
- Available for sale financial assets
- Held to maturity investments.

Financial assets are assigned to different categories on initial recognition. The classification depends upon the nature and purpose of the financial asset. A financial instrument's category is relevant to the way it is measured and whether the resulting income is recognised through the income statement or directly in equity. Subsequent to initial recognition financial assets are measured at either fair value or at amortised cost according to the category in which they are classified.

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time

frame established by the market concerned, and are initially measured at fair value plus transaction costs.

Other than loans and receivables the group does not have financial assets in other categories.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are rigorously assessed for indicators of impairment at half year and year end.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Impairment losses on trade receivables are recognised using allowance accounts. When a trade receivable is considered irrecoverable, it is written off against the allowance account, any subsequent recoveries are credited to the allowance account. Changes in the allowance account are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other highly liquid investments (with a maturity of 3 months or less) that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are either financial liabilities at 'fair value through the profit and loss' or 'other financial liabilities (measured at amortised cost)'.

Equity

Equity instruments are also classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Reporting segments

The operations of the company all take place within one industry and one geographical segment and as such there is no segmental information presented in the notes to the financial statements.

3. Critical judgements and key sources of estimation uncertainty*Going concern*

The company's business activities, together with the factors likely to affect its performance and the financial position of the company, its cash flows and liquidity position are explained in the Report of the directors. Note 12 also describes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company had cash balances of £566,594 at the balance sheet date together with formal arrangements with its parent company on the provision of financial support (through an intercompany loan). The company has received notification from its parent company that it is willing to continue to provide ongoing financial support to enable the company to trade and meet all liabilities known or reasonably foreseeable as at 31 March 2015, as they fall due for a period of not less than 12 months from 25 June 2015. As a result, the directors believe that the company is well placed to manage its business risks successfully.

4. Operating costs**a. Directors' remuneration**

The Report of the directors on page 1 includes details of the directors of the company. None of these directors received any fees in the year or in the prior year for their services as directors of this company.

b. Staff costs

The company has no employees.

c. Auditor's remuneration

The auditor's remuneration is borne by another group company. Fees payable to BDO LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

5. Investment revenue

	2015 £	2014 £
Interest receivable	35,084	220
Dividend from associate	198,300	214,250
	<u>233,384</u>	<u>214,470</u>

6. Tax on profit on ordinary activities**a. Analysis of tax charge/ (credit) in the year**

	2015 £	2014 £
<i>Current tax:</i>		
UK corporation tax at 21% (2014: 23%)	-	-
Adjustments for corporation tax in respect of prior years (see note 6b. below)	132	(124)
	<u>132</u>	<u>(124)</u>
Current tax charge/ (credit) on profit on ordinary activities	132	(124)

b. Factors affecting tax charge/ (credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	146,010	195,467
Tax on profit on ordinary activities at standard rate in the UK of 21% (2014: 23%)	30,662	44,957
Effects of:		
Adjustments for corporation tax relating to prior years:		
Finalisation of prior year tax computation	132	(124)
Other:		
Dividend income	(41,643)	(49,278)
Group relief	10,981	4,321
	<u>132</u>	<u>(124)</u>
Total tax charge/ (credit) for the year	132	(124)

7. Financial and other assets

	2015 £	2014 £
Trade and other receivables		
Receivable from customers	181,357	454,529
Other debtors	36,272	-
Called up share capital not paid due from parent undertaking	1	1
	<u>217,630</u>	<u>454,530</u>

All balances are non-interest bearing. Receivables in respect of customers are provided for where there is an identified loss event, such as administration, receivership or liquidation, which is evidence of a reduction in the recoverability of the cash flows.

Receivables from customers is fully attributable to NATSNav's single customer, European Satellite Services Provider SAS. The balance was settled in May 2015.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the company at year end. The directors consider that the carrying amount of this asset approximates to its fair value.

Overall, the maximum credit risk for the items discussed above would be £784,224 (2014: £875,448).

8. Financial and other liabilities

	2015 £	2014 £
Loan from parent company (unsecured)	682,981	682,981
Amounts due to other group undertakings (NATS (En Route) plc)	217,458	454,560
	<u>900,439</u>	<u>1,137,541</u>

In 2002 NATSNav entered into a loan facility, repayable on demand, in an aggregate principal amount of £824,000 with NATS (Services) Limited. The amount outstanding under this loan facility at 31 March 2015 was £682,981 (2014: £682,981).

NATSNav's fellow subsidiary of NATS Limited, NATS (En Route) plc (NERL) provides services to NATSNav to fulfil the obligations against the EGNOS contract with European Satellite Services Provider SAS.

9. Called up share capital

	2015 £	2014 £
Authorised		
1 ordinary share of £1	1	1
Called up and allotted		
1 ordinary share of £1	1	1

10. Notes to the cash flow statement

	2015 £	2014 £
Operating loss from continuing operations	(87,374)	(19,003)
Decrease/(increase) in trade and other receivables	236,900	(205,855)
(Decrease)/increase in amounts due to other group companies	(237,102)	228,651
Cash (outflow)/inflow from operations	(87,576)	3,793
Tax paid	(132)	(218)
Net cash (outflow)/inflow from operating activities	<u>(87,708)</u>	<u>3,575</u>

11. Related Parties

During the year or in the prior year there were no material transactions or amounts owed or arising with any of the directors or members of their close family. Transactions with other group undertakings are described in note 8 above.

12. Financial instruments**Capital risk management**

The company manages its capital to ensure that it is able to continue as a going concern, to meet its obligations and to provide returns to stakeholders. The capital structure of the company consists of cash and cash equivalents, intercompany loans and equity attributable to shareholders as disclosed in this note and the statement of changes in equity.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instruments

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

	2015	2014
	£	£
Financial assets		
Trade and other receivables, excluding prepayments	217,630	454,530
Cash and cash equivalents	566,594	420,918
	<u>784,224</u>	<u>875,448</u>
Financial liabilities		
Amortised cost	<u>(900,439)</u>	<u>(1,137,541)</u>

Amortised cost includes trade and other payables (excluding deferred income), and amounts owed to other group undertakings.

Financial risk management objectives

The NATS group treasury function is mandated by the Board of NATS Holdings Limited to manage financial risks that arise in relation to underlying business needs. The function provides services to the business, co-ordinates access to financial markets, monitors and manages financial risks relating to the operations of the company. The function has clear policies and operating parameters. The Treasury Committee provides oversight and meets three times a year to approve strategy and to monitor compliance with Board policy. The treasury function does not operate as a profit centre and the undertaking of speculative transactions is not permitted. The principal financial risk arising from NATSNav's activities include market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

Market risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Interest rate risk management

The company is not exposed to any interest rate risk on borrowings as the loan from NATS (Services) Limited is interest free. However, the company maintains cash deposits on which it earns a return.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on cash deposits. The analysis is prepared assuming the amount of cash deposits at the balance sheet date were in place for the whole year. A 1% increase or decrease is considered to represent a reasonably possible change in interest rates.

The following table shows the effect of a 1% increase in the interest rates on the company's cash deposits on profit and equity for the year. A positive number represents an increase in profit and equity and a negative number a decrease in profit and equity. There would be an equal and opposite impact on profit and equity if interest rates fall by 1%.

	2015	2014
	Impact	Impact
	£	£
Cash on deposit: 2015: £566,594 (2014: £420,918)	5,666	4,209

Foreign currency risk management

The company's financial exposure to foreign currency transaction risk in the year was in relation to its transactions with European Satellite Services Provider SAS (ESSP). The company earned revenue from ESSP in euros and maintains a euro denominated bank account. The carrying amount of foreign currency denominated monetary assets and liabilities at 31 March is detailed in the table below.

	Assets		Liabilities	
	2015	2014	2015	2014
	£	£	£	£
Euro	747,951	875,447	-	-

12. Financial instruments (continued)**Foreign currency sensitivity analysis**

The table details the company's sensitivity to a 10% increase or decrease in the value of sterling against the euro. 10% is the sensitivity rate that represents the reasonably possible change in the sterling euro exchange rate in a financial year. The sensitivity analysis includes all euro cash balances, trade receivables and trade payables and adjusts their translation at the period end for a 10% strengthening of sterling. A positive number below indicates an increase in profit and a negative number a reduction in profit. There would be an equal and opposite impact on profit if sterling devalues by 10% against the euro.

	2015 Impact £	2014 Impact £
Euro	(74,795)	(87,545)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company's exposure to credit risk arises from the risk of default by its customers and from risk of a failure of a financial institution in which funds are invested for return or held for trading purposes. The risk of loss from default by the customer is mitigated through comprehensive credit checks and credit control procedures being enforced. With regard to funds or contracts held with financial institutions, the company's policy is to transact with counterparties that hold a minimum credit rating as supplied by independent rating agencies, Standard and Poor's, Moody's Investors Service and Fitch Ratings agencies.

The NATS group policy is to allocate limits to the value of investments, foreign exchange transactions and interest rate hedging transactions that may be entered into with a bank or financial institution and to allocate an aggregate credit risk limit. The limits are based upon the institution's credit rating with Standard and Poor's and Moody's; the Fitch rating is only used if one of these agencies does not provide a rating. Where there is a difference in the rating then the lowest of the ratings is applied.

Investments in bank time deposits with maturities up to three months and between three and six months are only entered into with institutions holding a long-term minimum credit rating of A- and A+ respectively from Standard and Poor's or Fitch and A3 and A1 respectively from Moody's. Currently the company's investments take the form of current account deposits only.

The table below sets out the group's investment limits that are applied to each institution based on its credit rating:

Rating (Standard and Poor's/Moody's)	Limit per institution £m
AAA/Aaa	50.0
AA+/Aa1	40.0
AA/Aa2	30.0
AA-/Aa3	20.0
A+/A1	15.0
A/A2	10.0
A-/A3	7.5

The following table shows the distribution of the company's deposits at 31 March by credit rating (Standard and Poor's):

Rating (Standard and Poor's)	Number of institutions	2015 £	By Credit rating %	Number of institutions	2014 £	By Credit rating %
A	1	566,594	100	1	420,918	100

Liquidity risk management

The responsibility for liquidity risk management rests with the Board with oversight provided by the Treasury Committee. NATSNV is a wholly owned subsidiary of NATS (Services) Limited. In 2002 NATSNV entered into a loan facility, repayable on demand, in an aggregate principal amount of £824,000 with NATS (Services) Limited. The amount outstanding under this loan facility at 31 March 2015 was £682,981 (2014: £682,981). As at 31 March 2015, the company held cash of £566,594 (2014: £420,918).

Maturity of financial liabilities

The following table sets out the remaining contractual maturity of the company's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to repay. The table includes both interest and principal cash flows.

	Unsecured loans £	2015 Other liabilities £	Total £	Unsecured loans £	2014 Other liabilities £	Total £
Due within one year or less or on demand	682,981	217,458	900,439	682,981	454,560	1,137,541

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

13. Investments

	2015	2014
	£	£
Investment in European Satellite Services Provider SAS	<u>134,548</u>	<u>134,548</u>

During the year ended 31 March 2009 the company acquired a 16.67% shareholding in European Satellite Services Provider SAS, a French private limited company.

14. Parent undertaking

The company's immediate parent undertaking is NATS (Services) Limited and the ultimate parent undertaking is NATS Holdings Limited, both are private companies incorporated in Great Britain and registered in England and Wales.

The company's ultimate controlling party is The Airline Group Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group into which the accounts of the company are consolidated is that of NATS Holdings Limited. The consolidated accounts of NATS Holdings Limited can be obtained from the company's secretary, at its registered office, 4000 Parkway, Whiteley, Fareham, Hampshire PO15 7FL.

15. Events after the reporting period

In June 2015, the company received a dividend from European Satellite Services Provider SAS, of €250,000 (£179,658).

