NATSNav Limited

Financial statements
for the year ended 31 March 2011

Company Number: 04164590

Report of the directors

The directors present their report and audited accounts for the year ended 31 March 2011.

Principal activities and business review

The company has a 16.67% shareholding in ESSP SAS, a French private limited company. The objective of the ESSP SAS is to become 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.

The company's parent undertaking, NATS (Services) Limited (NATS Services), has agreed to provide such support as is necessary to enable the company to continue trading and to meet its liabilities as they fall due for a period of not less than 12 months from 30 June 2011.

An intercompany loan agreement between the company and its immediate parent undertaking is in place, whereby subject to the terms and conditions of that agreement, NATS Services has provided the company with an aggregate sterling loan facility of up to £824,000. The agreement restricts the utilisation of the loan facility to meeting the company's funding obligations in respect of the European Economic Interest Grouping (EEIG) which is in the process of dissolution. On 26 April 2011, a motion was passed by the Belgian President of the Commercial Court to allow the voluntary winding up of EEIG.

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

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 (2010: £nil).

Policy and practice on payment of creditors

It is the company's policy to pay suppliers within the payment terms of the contract, which is normally 30 to 60 days, based upon the timely receipt of an accurate invoice.

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:

Richard Deakin (appointed 1 April 2010)
Nigel Fotherby
Ian Mills (resigned 28 January 2011)
John Devaney

Paul Reid (appointed 27 May 2011)
Lawrence Hoskins (resigned 30 April 2010)
Anne Lambert

None of the directors had any interests in the share capital of the company. The following directors held interests in ordinary shares of the company's ultimate parent undertaking, NATS Holdings Limited at 31 March 2011: Richard Deakin - 400; Nigel Fotherby - 2,377; Ian Mills - 600; Paul Reid - 2,377; Anne Lambert - 600.

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

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the accounts. The directors have prepared the accounts for the company in accordance with International Financial Reporting Standards (IFRS).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to:

- 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 IFRS is 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
- 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 which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 2006.

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 auditors are 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 auditors are 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 financial statements have been prepared on a going concern basis, as explained in note 3 to the accounts.

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.

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

Richard Churchill-Coleman
Secretary

30 June 2011

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

Registered in England and Wales
Company Number: 04164590

Independent auditors' report to the members of NATSNav Limited

We have audited the financial statements of NATSNav Limited for the year ended 31 March 2011 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 15. The financial reporting 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 auditors' 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 directors' responsibilities statement, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the 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 2011 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the company's financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRS as issued by the IASB

As explained in note 2 to the financial statements, the company in addition to complying with its legal obligation to comply with 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:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the company's 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.

John Clennett, Senior Statutory Auditor
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Southampton, United Kingdom

30 June 2011

Statement of comprehensive income
for the year ended 31 March 2011

	Notes	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Revenue		1,023,018	894,158
Operating costs			
Other operating charges - external charges		(100,183)	(26,842)
Other operating charges - intra-group		(871,374)	(826,448)
	4	(971,557)	(853,290)
Operating profit		51,461	40,868
Investment revenue	5	704	1,364
Profit before tax		52,165	42,232
Tax	6	(16,292)	39,033
Profit for the year		35,873	81,265
Other comprehensive income for the year		-	-
Total comprehensive income for the year		35,873	81,265

Balance sheet
at 31 March 2011

	Notes	2011 £	2010 £
Non-current assets			
Investments	13	134,548	134,548
Current assets			
Trade and other receivables	7	591,332	464,772
Cash and cash equivalents	7	45,434	1,133,562
		636,766	1,598,334
Total assets		771,314	1,732,882
Current liabilities			
Trade and other payables	8	(1,113,024)	(2,125,071)
Current tax liabilities		(14,606)	-
		(1,127,630)	(2,125,071)
Net current liabilities		(490,864)	(526,737)
Total liabilities		(1,127,630)	(2,125,071)
Net liabilities		(356,316)	(392,189)
Equity			
Called up share capital	9	1	1
Deficit on retained earnings		(356,317)	(392,190)
Equity shareholder's deficit		(356,316)	(392,189)

The financial statements (Company number: 04164590) were approved by the Board of directors and authorised for issue on 30 June 2011 and signed on their behalf by:

Chairman John Devaney

Finance Director Nigel Fotherby

Statement of changes in equity
for the year ended 31 March 2011

	Share capital £	Retained deficit £	Total £
At 1 April 2009	1	(473,455)	(473,454)
Profit for the year	-	81,265	81,265
At 31 March 2010	1	(392,190)	(392,189)
At 1 April 2010	1	(392,190)	(392,189)
Profit for the year	-	35,873	35,873
At 31 March 2011	1	(356,317)	(356,316)

Cash flow statement
for the year ended 31 March 2011

	Notes	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Net cash (outflow)/ inflow from operating activities	10	(1,090,518)	501,278
Cash flows from investing activities			
Interest received		704	1,364
Net cash inflow from investing activities		704	1,364
Cash flows from financing activities			
Additional funding from parent company		1,686	-
Net cash inflow from financing activities		1,686	-
(Decrease)/increase in cash and cash equivalents during the year		(1,088,128)	502,642
Cash and cash equivalents at 1 April		1,133,562	630,920
Cash and cash equivalents at 31 March		45,434	1,133,562

1. General information

NATSNav is a private 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 financial information has been prepared on the historical cost basis and in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below.

a) Revenue

Revenue represents the amounts, excluding VAT, received and receivable in respect of services provided to customers. Revenue is recognised in accordance with contracts. All revenue is derived within the European Union.

b) Operating profit

Operating profit is stated before investment income and finance costs.

c) Foreign currencies

Foreign currency monetary assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are dealt with through the income statement. Other transactions in foreign currencies are recorded in sterling at the rates ruling at the dates of the transactions.

d) Taxation

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

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 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 in 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. The company has no deferred tax assets or liabilities.

e) International Financial Reporting Standards and Interpretations issued and adopted

In the current year, the following new and revised Standards and Interpretations have been adopted.

Two interpretations issued by the International Financial Reporting Interpretations Committee have been adopted in the current year; these Interpretations are not yet effective but have been adopted early as they have been endorsed by the EU. These are: Amendment to IFRIC 14: *Prepayments of a Minimum Funding Requirement* and IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*. The adoption of these Interpretations has not led to any changes in the group's accounting policies.

In addition, the company adopted: IFRS 3 (2008): *Business Combinations*; IAS 27: *Consolidated and Separate Financial Statements (2008)*; and IAS 28 (2008): *Investments in Associates*. These Standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or associate.

The following amendments were made as part of the *Improvements to IFRSs (2009)*: Amendments to IFRS 2: *Share-based Payment*, which confirms that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2; Amendments to IAS 17: *Leases*, which clarifies that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17; Amendments to IAS 39: *Financial Instruments: Recognition and Measurement*; IAS 32 (Amended): *Classification of Rights Issues*. The adoption of these Standards has not had any significant impact on the amounts reported or disclosed in these financial statements.

The following Standard has been adopted in the current year, this adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements: IFRS 2 (Amended): *Group Cash-settled Share-based Payment Transactions*, which clarifies the accounting for share-based payment transactions between group entities.

At the date of authorisation of these financial statements the following Standards 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; IAS 24 (Amended): Related Party Disclosures; Improvements to IFRSs (May 2010); IFRS 10: Consolidated Financial Statements; IFRS 11: Joint Arrangements; IFRS 12: Disclosure of Interests in Other Entities and IFRS 13 Fair Value Measurement. The adoption of IFRS 9 and IFRS 13, which the company plans to adopt for the year beginning on 1 April 2013, will impact both the measurement and disclosures of financial instruments. The adoption of IFRS 10, IFRS 11 and IFRS 12 will impact the disclosures of the company's investment in ESSP. The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the group in future periods.

f) Investments

Investments have been accounted for as an associate at cost with an annual review for impairment. See note 13. The company does not prepare consolidated financial statements. The associate is equity accounted within the ultimate parent company accounts, NATS Holdings Limited.

2. Accounting policies (continued)

g) 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.

h) 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.

i) 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 less any impairment.

j) 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 and any subsequent recoveries are credited to the allowance account. Changes in the allowance account are recognised in the Income statement.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

l) 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).

m) 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.

n) 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 judgments and key sources of estimation uncertainty

Since the company is reliant upon its parent NATS (Services) Limited for support (in the form of an intercompany loan) its going concern assumption relies upon that of the group. 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 its obligations as they fall due.

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) Auditors' remuneration

The auditors' remuneration is borne by another group company. Fees payable to Deloitte 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

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Interest receivable	704	1,364

6. Tax on profit on ordinary activities

a) Analysis of (charge)/credit in the year

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Current tax:		
UK corporation tax at 28% (2010: 28%)	(14,606)	-
Adjustment for corporation tax in respect of prior years	(1,686)	39,033
Current tax (charge)/credit on profit on ordinary activities	(16,292)	39,033

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 28% (2009: 28%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	52,165	42,232
Tax on profit on ordinary activities at standard rate in the UK of 28% (2010: 28%)	(14,606)	(11,825)
Effects of:		
Share of results of joint ventures and associates	-	73,224
Group relief	-	(61,399)
UK corporation tax at 28% (2010: 28%)	(14,606)	-
Adjustment for corporation tax in respect of prior years	(1,686)	39,033
Total tax (charge)/credit for the year	(16,292)	39,033

7. Financial and other assets

	2011 £	2010 £
Trade and other receivables		
Receivable from customers	591,331	464,771
Called up share capital not paid due from parent undertaking	1	1
	591,332	464,772

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.

The balance above of receivables from customers is fully attributable to NATSNav's single customer, ESSP SAS.

Ageing of past due but not impaired trade receivables	2011 £	2010 £
30 - 90 days	359,129	-

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

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 £636,766 (2010: £1,598,334).

8. Financial and other liabilities

	2011 £	2010 £
Loan from parent company (unsecured)	673,320	671,634
Amounts due to other group undertakings (NATS (En Route) plc)	436,685	1,453,437
Accruals and deferred income	3,019	-
	1,113,024	2,125,071

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 2011 was £673,320 (2010: £671,634).

9. Called up share capital

	2011 £	2010 £
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

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Operating profit from continuing operations	51,461	40,868
Increase in trade and other receivables	(126,560)	(181,460)
Increase/(decrease) in accruals and deferred income	3,019	(90,133)
(Decrease)/increase in amounts due to other group companies	(1,016,752)	826,448
Cash (outflow)/inflow from operations	(1,088,832)	595,723
Tax paid	(1,686)	(94,445)
Net cash (outflow)/inflow from operating activities	(1,090,518)	501,278

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 the Report of the Directors. Amounts outstanding are shown in note 8.

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:

	2011 £	2010 £
Financial assets		
Trade and other receivables, excluding prepayments and accrued income	591,332	464,772
Cash and cash equivalents	45,434	1,133,562
	636,766	1,598,334
Financial liabilities		
Amortised cost	(1,110,005)	(2,125,071)

Amortised cost includes trade and other payables, excluding accruals and 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 quarterly 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.

12. Financial instruments (continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates of 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 management's assessment of the 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%.

	2011 Impact £	2010 Impact £
Cash on Deposit: 2011: £45,434 (2010: £1,133,562)	454	11,336

Foreign currency risk management

The company's financial exposure to foreign currency transaction risk in the year was in relation to its transactions with the ESSP SAS. The company earned revenue from the ESSP SAS in euros and contributed to the funding of the ESSP SAS in euros. The company's revenue and contributions were both in euros, providing a hedge against changes in exchange rates. The carrying amount of the NATSNav foreign currency denominated monetary assets and liabilities at 31 March is detailed in the table below.

	Assets		Liabilities	
	2011 £	2010 £	2011 £	2010 £
Euro	636,765	1,598,333	-	-

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 management's assessment of 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.

	2011 Impact £	2010 Impact £
Euro	(63,677)	(159,833)

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, Moody's and Fitch ratings agencies. Where there is a difference in the rating then the lowest of the ratings is applied.

Currently, the company's investments take the form of bank time deposits. 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.

The table below sets out the group's limits that are applied to each institution based on credit rating and the balances held at 31 March with those institutions:

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

12. Financial instruments (continued)

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	2011	By Credit rating	Number of institutions	2010	By Credit rating
		£	%		£	%
A+	1	45,434	100	1	1,133,562	100

Liquidity risk management

The responsibility for liquidity risk management rests with the Board with oversight provided by the Treasury Committee. NATSNav is a wholly owned subsidiary of NATS Services. In 2002 NATSNav entered into a loan facility, repayable on demand, in an aggregate principal amount of £824,000 with NATS Services. The amount outstanding under this loan facility at 31 March 2011 was £673,320 (2010: £671,634). As at 31 March 2010, the company held cash of £45,434 (2010: £1,133,562).

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.

	2011			2010		
	Unsecured loans	Other liabilities	Total	Unsecured loans	Other liabilities	Total
	£	£	£	£	£	£
Due within one year or less or on demand	673,320	436,685	1,110,005	671,634	1,453,437	2,125,071

Fair Value of financial instruments

The book values of the financial asset and financial liabilities are stated at amortised cost and are considered to be the same as their fair values.

	2011		2010	
	Book Value	Fair Value	Book Value	Fair Value
	£	£	£	£
Trade and other receivables, excluding prepayments and accrued income	591,332	591,332	464,772	464,772
Cash and cash equivalents	45,434	45,434	1,133,562	1,133,562
	636,766	636,766	1,598,334	1,598,334
Amortised cost	(1,110,005)	(1,110,005)	(2,125,071)	(2,125,071)

13. Investments

	Year ended 31 March 2011	Year ended 31 March 2010
	£	£
Investments	134,548	134,548

During the year ended 31 March 2009 the company acquired a 16.67% shareholding in ESSP SAS, a French private limited company. NATSNav has a 16.67% share in the ESSP EEIG consortium which is carried at nil value. As at 31 March 2011, the EEIG is in the process of liquidation, with a motion being passed on 26 April 2011 by the Belgian President of the Commercial Court permitting the voluntary winding up of the EEIG. The documents supporting this motion have confirmed that the outstanding balances between the EEIG and NATSNav as at 31 March 2011 will be paid, as well as an amount of €176,605 to be split between all shareholders of the EEIG on the winding up of the company.

14. Financial Commitments

Guarantees

All shareholders of ESSP SAS, including NATSNav Limited, have provided two joint and several shareholder guarantees up to the amount of €20 million in favour of the European Commission. The terms of the first guarantee relates to ESSP's performance under the EGNOS Service Provision Contract. This guarantee expires on discharge of ESSP's obligations under the contract or following its termination. The second guarantee relates to ESSP's repayment of the pre-financing amount (€10 million) up to the point in time that service payments made by the Commission to ESSP SAS exceed the pre-financing amount.

15. Parent Undertaking

The company's ultimate parent undertaking and controlling party is NATS Holdings Limited, a private 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.