

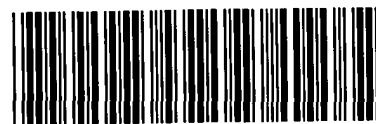
Trustair Limited

**Directors' report and financial
statements**

Registered number 02496910

31 March 2020

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Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2020.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies exemption.

Principal activity

The principal activity of the company during the year was the operation of aircraft.

Business review

The directors are satisfied with the result for the year.

Results and dividends

The loss for the financial year is £551,000 (2019: £664,000) and has been transferred to reserves. The directors do not recommend the payment of a dividend (2019: £nil).

Directors

The directors who held office during the year were as follows:

K Revitt
ML Widders

Going concern

The directors continue to adopt the going concern basis in preparing these financial statements, as set out in note 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



ML Widders
Director

Lynton House
Ackhurst Park
Foxhole Rd
Chorley
Lancashire
PR7 1NY

30th July 2020

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Trustair Limited

Opinion

We have audited the financial statements of Trustair Limited ("the company") for the year ended 31 March 2020, which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the company has net current liabilities of £3,826,000 (2019: £3,788,000), incurred a net loss of £551,000 for the year (2019: £664,000), is expected to continue incurring losses and the company's ability to continue as a going concern is dependent on continued financial support from its parent. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Trustair Limited (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

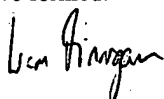
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

30th July 2020

Profit and Loss Account

for the year ended 31 March 2020

	<i>Note</i>	2020 £000	2019 £000
Turnover	<i>1</i>	591	479
Cost of sales		(1,403)	(1,247)
		<hr/>	<hr/>
Gross loss		(812)	(768)
Other operating income		251	46
Administrative expenses	<i>2</i>	(71)	(87)
		<hr/>	<hr/>
Loss before tax		(632)	(809)
Taxation on loss	<i>5</i>	81	145
		<hr/>	<hr/>
Loss for the financial year		(551)	(664)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 13 form part of the financial statements.

Statement of Other Comprehensive Income

for the year ended 31 March 2020

The profit and loss account includes the only gains and losses of the company for the current and prior year.

Balance Sheet

as at 31 March 2020

	Note	2020	2019
		£000	£000
Fixed assets			
Tangible assets	6	2,512	3,081
Current assets			
Stock		7	146
Debtors	7	288	301
Cash at bank and in hand		15	52
		<u>310</u>	<u>499</u>
Creditors: amounts falling due within one year	8	(4,136)	(4,287)
		<u></u>	<u></u>
Net current liabilities		(3,826)	(3,788)
		<u></u>	<u></u>
Total assets less current liabilities		(1,314)	(707)
Creditors: amounts falling due after more than one year			-
Deferred tax liability	9	(276)	(332)
		<u></u>	<u></u>
Net liabilities		(1,590)	(1,039)
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		(1,590)	(1,039)
		<u></u>	<u></u>
Shareholders' deficit		(1,590)	(1,039)
		<u></u>	<u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and Section 1A of FRS 102 'The Reporting Standard applicable for the UK and Republic of Ireland'.

These financial statements were approved by the board of directors on 30th July 2020 and signed on its behalf by:



ML Widders
Director

Registered number 02496910

The notes on pages 8 to 13 form part of the financial statements.

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 April 2018	-	(375)	(375)
Loss for the year	-	(664)	(664)
Balance at 31 March 2019	-	(1,039)	(1,039)
Balance at 1 April 2019	-	(1,039)	(1,039)
Loss for year	-	(551)	(551)
Balance at 31 March 2020	-	(1,590)	(1,590)

The notes on pages 8 to 13 form part of the financial statements.

Notes to the financial statements

1 Statement of accounting policies

Trustair Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 02496910 and the registered address is Lynton House, Ackhurst Park, Foxhole Rd, Chorley, Lancashire, PR7 1NY.

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company has adopted Section 1A of Financial Reporting Standard 102, "FRS 102".

The company is exempt from the requirement to prepare a cash flow statement on the grounds that it satisfies the small company requirements under the Companies Act 2006.

Key estimates and judgments

The Directors are required to consider the carrying value of its aircraft at each balance sheet date. In doing so, their view on the market value is determined using the knowledge of the Company's pilot and the best available market evidence. In the current year an impairment provision of £543,000 was recorded. The Directors recognise that the value of the aircraft is therefore a key estimate in preparing these financial statements.

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Company has reported a loss after tax of £551,000 for the year to 31 March 2020 (2019: £664,000), and as at that date had net current liabilities of £3,826,000 (2019: £3,788,000).

The directors acknowledge that, as a result of the main trading activities of the Company being the provision of aircraft to related companies, the Company is likely to incur future losses and net cash outflows.

Wordon Limited, the ultimate parent company is wholly owned and controlled by the family interests of Mr T.J. Hemmings and the support of the ultimate shareholder has been provided in prior years. Support amounting to a £4,115,000 loan as at 31 March 2020 was provided to the Company via its intermediate holding company, Grovemoor Limited. This loan and any other provided directly or indirectly by the ultimate controlling party, remain outstanding and have no fixed repayment date.

The Company has prepared cash flow forecasts for the 12 month period from the date of approval of these financial statements, which taking account of reasonably possible downsides including the impact of COVID-19, show that the Company will require further financial support.

Those forecasts are dependent on Grovemoor Limited not seeking repayment of the amounts currently due to it and providing additional financial support during that period. Grovemoor Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes (continued)

1 Statement of accounting policies (continued)

Going concern (continued)

However, the ability of Grovemoor Limited to continue to provide this support is dependent on it receiving continued funding from the Company's ultimate controlling party and its willingness to provide such support is uncertain given the services provided by the Company are not integral to the activities of the wider group.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year. All turnover arises in the United Kingdom.

Tangible fixed assets and depreciation

The cost of tangible fixed assets less their estimated residual value is written off over their useful lives. The principal annual rates in use are:

Aircraft 10% straight line

Impairment of Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes.

Notes (continued)

1 Statement of accounting policies (continued)

Pensions

The company makes employer contributions to defined contribution pension schemes on behalf of certain of its employees. Contributions are charged to the profit and loss account as they become payable.

2 Expenses and auditors remuneration

	2020 £000	2019 £000
Auditor's remuneration:		
- in respect of the statutory audit	4	4
- in respect of tax services	2	7
	<u>6</u>	<u>11</u>

3 Staff numbers and costs

	2020 £000	2019 £000
<i>Employee costs:</i>		
Wages and salaries	167	119
Social security costs	21	15
Other pension costs	11	9
	<u>199</u>	<u>143</u>

The average number of persons employed by the company during the year was:

	2020 Number	2019 Number
Directors	2	2
Pilots	2	2
	<u>4</u>	<u>4</u>

4 Directors' remuneration

No emoluments were paid to the directors of the company during the year (2019: £nil).

The directors of the company are employed and remunerated by other related companies. There has been no attribution of their remuneration to directors' emoluments of the Company, as their services as directors of the Company are not considered to be significant in relation to their overall duties.

Notes (continued)

5 Taxation

	2020 £000	2019 £000
Current tax credit	(25)	(76)
Deferred tax credit (note 9)	(56)	(69)
	<u>(81)</u>	<u>(145)</u>
	<u>£000</u>	<u>£000</u>
Loss on ordinary activities before taxation	<u>(632)</u>	<u>(809)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(120)	(154)
Effects of:		
Receipt of group relief	(25)	(76)
Group relief surrendered to fellow group companies	25	76
Adjust opening and closing deferred tax to average rate of 19%	39	9
	<u>(81)</u>	<u>(145)</u>

6 Tangible fixed assets

	Aircraft £000	Total £000
Cost		
At 1 April 2019 and 31 March 2020	6,027	6,027
Depreciation		
At 1 April 2019	2,946	2,946
Charge for year	26	26
Impairment	543	543
	<u>3,515</u>	<u>3,515</u>
At 31 March 2020	3,515	3,515
Net book value		
At 31 March 2020	<u>2,512</u>	<u>2,512</u>
At 1 April 2019	<u>3,081</u>	<u>3,081</u>

Notes (continued)

7 Debtors

	2020 £000	2019 £000
Amounts owed by related parties	185	178
Prepayments and accrued income	103	121
Other debtors	-	2
	<u>288</u>	<u>301</u>

8 Creditors

	2020 £000	2019 £000
<i>Amounts falling due within one year</i>		
Trade creditors	2	5
Amounts owed to parent company	4,115	3,695
Other taxes and social security	8	31
Accruals and deferred income	11	14
Bank loans	-	542
	<u>4,136</u>	<u>4,287</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2020 £000	2019 £000
Loan	Sterling	4.2% above base	2020	£328,000 pa and balance in 2020	-	542
					<u>-</u>	<u>542</u>

Notes (continued)

9 Deferred tax liability

The amount provided for deferred tax represents:

	2020	2019
	£000	£000
<i>Deferred taxation</i>		
At beginning of year	332	401
Credit to the profit and loss account	(56)	(69)
	<u>276</u>	<u>332</u>
At end of year	<u>276</u>	<u>332</u>
	£000	£000
Accelerated capital allowances	<u>276</u>	<u>332</u>

A corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 March 2020 has been calculated at 19% (2019: 17%).

10 Called up share capital

	2020	2019
	£000	£000
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	-	-

11 Related party transactions

The company made charges for the leasing of aircraft to companies owned by the family interests of Mr TJ Hemmings, amounting to £591,000 (2019: £474,000). At the year end a total of £160,000 (2019: £102,000) remained outstanding.

During the year the company surrendered tax losses with a value of £25,000 to Northern Trust Company Limited (2019: £76,000). At the year end there was an outstanding balance of £25,000 (2019: £76,000).

12 Ultimate parent company

The immediate parent company is Grovemoor Limited, a company incorporated and registered in the Isle of Man.

The ultimate controlling party is Wordon Limited, a company incorporated in the Isle of Man and wholly owned by the family interests of Mr TJ Hemmings. Neither Grovemoor Limited or Wordon Limited prepare consolidated accounts.