

Registered number: 04073987

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**AEROSERVE MSP LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**



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**AEROSERVE MSP LIMITED**

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**COMPANY INFORMATION**

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**Directors**                      A D Holdcroft (appointed 14 February 2019)  
   M J Langhorn (appointed 14 February 2019)  
   P S Purewall (appointed 14 February 2019)  
   J K Purewall (resigned 14 February 2019)  
   M S Purewall (resigned 14 February 2019)

**Registered number**                      04073987

**Registered office**                      Synergy LMS  
   Ascot Drive  
   Derby  
   DE24 8HE

**Trading Address**                      159 Edinburgh Avenue  
   Slough  
   Berkshire  
   SL1 4UE

**Independent auditors**                      Grant Thornton UK LLP  
   20 Colmore Circus  
   Birmingham  
   B4 6AT

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**AEROSERVE MSP LIMITED**

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## **AEROSERVE MSP LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Introduction**

The directors present their strategic report for the year ended 31 March 2019.

#### **Business review**

Aeroserve MSP Ltd provides a range of linen management services to predominantly airlines and hotels. Linen management is an essential service that is typically outsourced by hospitality providers. The range of our services drives value for our customers through efficient operations, excellent service and a focus on innovation which enables us to target our resources to our customers' needs.

Business performance of Aeroserve Euro has been maintained as planned despite market pressures and material increases in some key underlying costs such as labour rates and utility pricing impacting margins.

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## AEROSERVE MSP LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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#### Principal risks and uncertainties

The necessary governance framework has been developed to ensure sufficient review of the risks and the opportunity to regularly review the adequacy and effectiveness of our mitigating controls and strategies.

Risk Management supports the Company's vision to build a lasting reputation and its core values by:

- building and protecting the Company's reputation by championing a responsible approach to business;
- achieving brand and business resilience supported by effective risk management;
- developing the culture and capability across the Company to manage changing risks and opportunities; and
- ensuring the safety and well-being of employees and others who could be affected by our business activities.

The Risk Management strategy enables and supports the Company to identify and manage its own risks. This is accomplished by embedding risk management and translating risk management into operational ownership, defining clear responsibilities and measuring risk management performance.

#### Financial Risk

The measures used by the Company to manage financial risk include the preparation of profit, balance sheet and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company has no significant concentration of credit risk. The amounts presented in the balance sheet are net of allowances for impairment. Management has credit policies in place to manage risk and to monitor exposure to risk on an ongoing basis. Given these policies are based on past experience, the Company believes that its financial assets are of good credit quality. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are used.

#### Liquidity Risk

Liquidity risk arises from the Company's management of its working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its financial obligations when they become due. To achieve this the Company's management makes use of rolling 30 day daily cash forecasts and 12 month rolling monthly forecasts. The Company has also entered into fixed rate mechanisms over some of its debt instruments so as to reduce its exposure to market rate volatility. The levels of hedging are regularly monitored and reviewed by the Board.

#### Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The governance framework supported by detailed operational procedures manages operational risks so as to balance the avoidance of financial loss and damage to reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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## AEROSERVE MSP LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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#### Development and Performance

The Company was acquired by Star Mayan Ltd. in February 2019. Significant funding is available following the acquisition and will be used for investment in plant and machinery across the company's established laundry sites. These continuing investments are expected to deliver ongoing operational efficiencies and enhanced delivery of existing customer requirements as well as materially increasing capacity to deliver new contracts. The company has a robust record in retaining contracts at renewal and winning new business tender processes which it expects to continue.

#### Financial key performance indicators

The Company's key financial performance indicators during the period were:


|                         | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------|---------------|---------------|
| Turnover                | 7,421         | 3,312         |
| Operating profit (loss) | 204           | (2,236)       |
| Operating profit margin | 2.7%          | -67.5%        |

#### Other key performance indicators

Maintaining health and safety standards is seen as a key issue by management. The Company continues to invest in the health and welfare of its employees, monitoring and reporting on all incidents to the Board. Environmental factors are considered to be of the utmost importance. The Company continues to monitor and improve its environmental credentials.

Logistics efficiency and pollution control are key measures for the Company. Investment is being made in transport efficiencies to improve utilisation and energy consumption.

This report was approved by the board on 20 DECEMBER 2019 and signed on its behalf.



**A D Holdcroft**  
Director

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## AEROSERVE MSP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The directors present their report and the financial statements for the year ended 31 March 2019.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 to 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.

#### Results and dividends

The loss for the year, after taxation, amounted to £147,000 (2018 - loss £2,397,000).

Dividends in the year amounted to £31,000.

#### Directors

The directors who served during the year were:

A D Holdcroft (appointed 14 February 2019)  
M J Langhorn (appointed 14 February 2019)  
P S Purewall (appointed 14 February 2019)  
J K Purewall (resigned 14 February 2019)  
M S Purewall (resigned 14 February 2019)

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**AEROSERVE MSP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Post balance sheet events**

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

**Auditors**

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 DECEMBER 2019 and signed on its behalf.



A D Holdcroft  
Director



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## AEROSERVE MSP LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AEROSERVE MSP LIMITED

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#### Qualified Opinion

We have audited the financial statements of AEROSERVE MSP LIMITED (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for qualified opinion

With respect to stock having a carrying amount of £149,000 as at 31 March 2019 the audit evidence available to us was limited because we did not observe the counting of physical stock as at 31 March 2019 since management did not perform a stock count. We were unable to obtain sufficient appropriate audit evidence regarding using other audit procedures.

We were appointed auditors of the Company after 31 March 2018 and did not attend the counting of physical stock as at that date and we were unable to satisfy ourselves by alternative means concerning the stock quantities and valuation held at 31 March 2018.

Since opening stock affects the determination of the financial result for the year, we are unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the Statement of comprehensive income. In addition, we were unable to obtain sufficient and appropriate audit evidence regarding the existence and carrying value of tangible fixed assets held as at 31 March 2019 and 31 March 2018 amounting to £3,986,000 and £4,661,000 respectively.

As a result of these matters, we were unable to determine whether any adjustments to these amounts were necessary. The audit opinion on the financial statements for the year ended 31 March 2018 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## AEROSERVE MSP LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AEROSERVE MSP LIMITED (CONTINUED)

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

As described in the basis for qualified opinion section of our report, our audit opinion is qualified as we were unable to obtain sufficient appropriate evidence regarding the stock and tangible fixed assets as at 31 March 2019 and 31 March 2018. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

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

Except for, the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

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## **AEROSERVE MSP LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AEROSERVE MSP LIMITED (CONTINUED)**

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

Except for, the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

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**AEROSERVE MSP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AEROSERVE MSP LIMITED  
(CONTINUED)**

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*Grant Thornton UK LLP*

David Muntun BSc(hons) FCA (Senior Statutory Auditor)

for and on behalf of  
**Grant Thornton UK LLP**

20 Colmore Circus  
Birmingham  
B4 6AT

Date: *20 December 2019*

**AEROSERVE MSP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

|   |      | 31 March<br>2019<br>£000 | 6 months<br>ended as<br>restated<br>31 March<br>2018<br>£000 |
|---|------|--------------------------|--|
|   | Note |                          |  |
| Turnover  |      | 7,421                    | 3,312  |
| Cost of sales                                   |      | (4,591)                  | (3,618)  |
| <b>Gross profit/(loss)</b>                      |      | <u>2,830</u>             | <u>(306)</u>   |
| Distribution costs                              |      | (1,838)                  | (1,385)  |
| Administrative expenses                         |      | (788)                    | (545)  |
| <b>Operating profit/(loss)</b>                  | 4    | <u>204</u>               | <u>(2,236)</u>   |
| Interest payable and expenses                   | 8    | (182)                    | (57)   |
| <b>Profit/(loss) before tax</b>                 |      | <u>22</u>                | <u>(2,293)</u>   |
| Tax on profit/(loss)                            | 9    | (169)                    | (104)  |
| <b>Loss for the financial year</b>              |      | <u>(147)</u>             | <u>(2,397)</u>   |
| <b>Other comprehensive income for the year</b>  |      |                          |  |
| <b>Total comprehensive expense for the year</b> |      | <u>(147)</u>             | <u>(2,397)</u>   |

The notes on pages 14 to 26 form part of these financial statements.

**AEROSERVE MSP LIMITED**  
**REGISTERED NUMBER: 04073987**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

|   | Note | 2019<br>£000   | 2018<br>£000   |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                     |      |                |                |
| Tangible assets   | 11   | 3,988          | 4,661          |
|   |      | <u>3,988</u>   | <u>4,661</u>   |
| <b>Current assets</b>                                   |      |                |                |
| Stocks  |      | 149            | 180            |
| Debtors: amounts falling due within one year            | 13   | 1,358          | 1,925          |
| Cash at bank and in hand                                | 14   | 207            | -              |
|   |      | <u>1,714</u>   | <u>2,105</u>   |
| Creditors: amounts falling due within one year          | 15   | (3,619)        | (4,000)        |
| <b>Net current liabilities</b>                          |      | <u>(1,905)</u> | <u>(1,895)</u> |
| <b>Total assets less current liabilities</b>            |      | <u>2,083</u>   | <u>2,766</u>   |
| Creditors: amounts falling due after more than one year | 16   | (835)          | (1,467)        |
| <b>Provisions for liabilities</b>                       |      |                |                |
| Deferred tax  | 18   | (231)          | (104)          |
|   |      | <u>(231)</u>   | <u>(104)</u>   |
| <b>Net assets</b>                                       |      | <u>1,017</u>   | <u>1,195</u>   |
| <b>Capital and reserves</b>                             |      |                |                |
| Called up share capital                                 | 19   | 1              | 1              |
| Profit and loss account                                 |      | 1,016          | 1,194          |
|   |      | <u>1,017</u>   | <u>1,195</u>   |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



A D Holdcroft  
Director

20 DECEMBER 2019

The notes on pages 14 to 26 form part of these financial statements.

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**AEROSERVE MSP LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

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|   | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|---|------------------------------------|------------------------------------|---------------------|
|   | <b>£000</b>                        | <b>£000</b>                        | <b>£000</b>         |
| At 1 April 2018                                 | 1                                  | 1,194                              | 1,195               |
| <b>Comprehensive expense for the year</b>       |                                    |                                    |                     |
| Loss for the year                               | -                                  | (147)                              | (147)               |
|   | <hr/>                              | <hr/>                              | <hr/>               |
| <b>Total comprehensive expense for the year</b> | -                                  | (147)                              | (147)               |
| Dividends: Equity capital                       | -                                  | (31)                               | (31)                |
|   | <hr/>                              | <hr/>                              | <hr/>               |
| <b>Total transactions with owners</b>           | -                                  | (31)                               | (31)                |
|   | <hr/>                              | <hr/>                              | <hr/>               |
| <b>At 31 March 2019</b>                         | <b>1</b>                           | <b>1,016</b>                       | <b>1,017</b>        |

The notes on pages 14 to 26 form part of these financial statements.

**AEROSERVE MSP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

|   | Called up<br>share capital | Profit and<br>loss account | Total equity        |
|---|----------------------------|----------------------------|---------------------|
|   | £000                       | £000                       | £000                |
| At 1 October 2017 (as previously stated)          | 1                          | 2,719                      | 2,720               |
| Prior year adjustment                             | -                          | 872                        | 872                 |
| At 1 October 2017 (as restated)                   | <u>1</u>                   | <u>3,591</u>               | <u>3,592</u>        |
| <b>Comprehensive expense for the period</b>       |                            |                            |                     |
| Loss for the period                               | -                          | (2,397)                    | (2,397)             |
| <b>Total comprehensive expense for the period</b> | <u>-</u>                   | <u>(2,397)</u>             | <u>(2,397)</u>      |
| <b>Total transactions with owners</b>             | <u>-</u>                   | <u>-</u>                   | <u>-</u>            |
| <b>At 31 March 2018</b>                           | <u><u>1</u></u>            | <u><u>1,194</u></u>        | <u><u>1,195</u></u> |

The notes on pages 14 to 26 form part of these financial statements.

Profit and loss reserves restated for changed accounting policy of linen purchases which are now capitalised and depreciated over 3 years.



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## AEROSERVE MSP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

Aeroserve MSP Limited is a private company, limited by shares, and registered in England and Wales. The Company's registered number and registered office address can be found on the Company information page.

The current financial statements represent the 12 month period from 1 April 2018 to 31 March 2019 (2018: 6 months from 1 October 2017 to 31 March 2018).

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and financial and other risks are described in the Strategic Report. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After reviewing the Company's forecasts and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## **AEROSERVE MSP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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#### **2. Accounting policies (continued)**

##### **2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### **2.5 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.6 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

##### **2.7 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## AEROSERVE MSP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                              |   |     |
|------------------------------|---|-----|
| Long-term leasehold property | - | 4%  |
| Plant and machinery          | - | 18% |
| Motor vehicles               | - | 18% |
| Linen                        | - | 33% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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## AEROSERVE MSP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgement is in respect of assessing the useful economic life of linen, which is monitored by management who deem that 3 years is a reflective life of linen. This is consistent with prior years and underlying business performance.

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**4. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

|                              | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|------------------------------|-----------------------------------|--|
| Depreciation of Fixed Assets | <b>1,462</b>                      | <b>1,986</b>   |
| Operating Lease Rentals      | <b>428</b>                        | <b>363</b>   |

**5. Auditors' remuneration**

|   | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|---|-----------------------------------|--|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <b>15</b>                         | <b>8</b>   |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. Employees**

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

|                                     | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|-------------------------------------|-----------------------------------|--|
| Wages and salaries                  | 3,295                             | 1,470  |
| Social security costs               | 284                               | 122  |
| Cost of defined contribution scheme | 40                                | 10   |
|                                     | <u>3,619</u>                      | <u>1,602</u>   |

The average monthly number of employees, including the directors, during the year was as follows:

|  | <b>31<br/>March<br/>2019<br/>No.</b> | <i>6 months<br/>ended as<br/>restated<br/>31<br/>March<br/>2018<br/>No.</i> |
|--|--------------------------------------|---|
|  | 165                                  | 151   |

**7. Directors' remuneration**

|                       | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|-----------------------|-----------------------------------|--|
| Directors' emoluments | 37                                | 12   |
|                       | <u>37</u>                         | <u>12</u>  |

During the year retirement benefits were accruing to no directors (2018 - NIL) in respect of defined contribution pension schemes.

**AEROSERVE MSP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Interest payable and similar expenses**

|  | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|--|-----------------------------------|--|
| Finance leases and hire purchase contracts | 182                               | 57   |
|  | <u>182</u>                        | <u>57</u>  |

**9. Taxation**

|  | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|--|-----------------------------------|--|
| <b>Corporation tax</b>                         |                                   |  |
| Current tax on loss for the year               | 41                                | -  |
|  | <u>41</u>                         | <u>-</u>   |
| <b>Total current tax</b>                       | <u>41</u>                         | <u>-</u>   |
| <b>Deferred tax</b>                            |                                   |  |
| Origination and reversal of timing differences | 128                               | 104  |
| <b>Total deferred tax</b>                      | <u>128</u>                        | <u>104</u>   |
| <b>Taxation on loss on ordinary activities</b> | <u>169</u>                        | <u>104</u>   |

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**9. Taxation (continued)**

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2018: *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

|  | <b>31 March<br/>2019<br/>£000</b> | <i>6 months<br/>ended as<br/>restated<br/>31 March<br/>2018<br/>£000</i> |
|--|-----------------------------------|--|
| Loss on ordinary activities before tax   | <b>(8)</b>                        | <b>(2,293)</b>   |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | <b>(2)</b>                        | <b>(433)</b>   |
| <b>Effects of:</b>   |                                   |  |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                | <b>14</b>                         | <b>-</b>   |
| Capital allowances for year/period in excess of depreciation   | <b>167</b>                        | <b>398</b>   |
| Utilisation of tax losses  | <b>(120)</b>                      | <b>-</b>   |
| Adjustments to tax charge in respect of prior periods  | <b>(18)</b>                       | <b>-</b>   |
| Short term timing difference leading to an increase (decrease) in taxation                               | <b>127</b>                        | <b>-</b>   |
| Unrelieved tax losses carried forward  | <b>-</b>                          | <b>139</b>   |
| Other differences leading to an increase (decrease) in the tax charge                                    | <b>1</b>                          | <b>-</b>   |
| <b>Total tax charge for the year/period</b>  | <b>169</b>                        | <b>104</b>   |



**AEROSERVE MSP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Dividends**

|                | 2019<br>£000 | 2018<br>£000 |
|----------------|--------------|--------------|
| Dividends Paid | 31           | -            |
|                | <u>31</u>    | <u>-</u>     |

**11. Tangible fixed assets**

|                                     | Long-term<br>leasehold<br>property<br>£000 | Plant and<br>machinery<br>£000 | Motor<br>vehicles<br>£000 | Linen<br>£000 | Total<br>£000 |
|-------------------------------------|--|--------------------------------|---------------------------|---------------|---------------|
| <b>Cost or valuation</b>            |  |                                |                           |               |               |
| At 1 April 2018                     | 136  | 6,478                          | 1,179                     | 1,258         | 9,051         |
| Additions                           | -  | 638                            | (38)                      | 189           | 789           |
| At 31 March 2019                    | <u>136</u>                                 | <u>7,116</u>                   | <u>1,141</u>              | <u>1,447</u>  | <u>9,840</u>  |
| <b>Depreciation</b>                 |  |                                |                           |               |               |
| At 1 April 2018                     | 115  | 3,380                          | 512                       | 383           | 4,390         |
| Charge for the year on owned assets | 6  | 850                            | 166                       | 440           | 1,462         |
| At 31 March 2019                    | <u>121</u>                                 | <u>4,230</u>                   | <u>678</u>                | <u>823</u>    | <u>5,852</u>  |
| <b>Net book value</b>               |  |                                |                           |               |               |
| At 31 March 2019                    | <u>15</u>                                  | <u>2,886</u>                   | <u>463</u>                | <u>624</u>    | <u>3,988</u>  |
| At 31 March 2018                    | <u>21</u>                                  | <u>3,098</u>                   | <u>667</u>                | <u>875</u>    | <u>4,661</u>  |

Following the acquisition of the Company in February 2019, the Company changed its accounting policy regarding linen, which is now capitalised and depreciated over 3 years. A prior period adjustment has been made to reflect this.

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**11. Tangible fixed assets (continued)**

The net book value of land and buildings may be further analysed as follows:

|                | <b>2019<br/>£000</b> | <b>2018<br/>£000</b> |
|----------------|----------------------|----------------------|
| Long leasehold | <b>15</b>            | <b>21</b>            |
|                | <b>15</b>            | <b>21</b>            |

**12. Stocks**

|                               | <b>2019<br/>£000</b> | <b>2018<br/>£000</b> |
|-------------------------------|----------------------|----------------------|
| Raw materials and consumables | <b>149</b>           | <b>180</b>           |
|                               | <b>149</b>           | <b>180</b>           |

**13. Debtors**

|                                | <b>2019<br/>£000</b> | <b>2018<br/>£000</b> |
|--------------------------------|----------------------|----------------------|
| <b>Due within one year</b>     |                      |                      |
| Trade debtors                  | <b>1,172</b>         | <b>1,102</b>         |
| Other debtors                  | <b>30</b>            | <b>708</b>           |
| Prepayments and accrued income | <b>156</b>           | <b>115</b>           |
|                                | <b>1,358</b>         | <b>1,925</b>         |

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**14. Cash and cash equivalents**

|                          | <b>2019</b>       | <b>2018</b>  |
|--------------------------|-------------------|--------------|
|                          | <b>£000</b>       | <b>£000</b>  |
| Cash at bank and in hand | <b>207</b>        | -            |
| Less: bank overdrafts    | -                 | (202)        |
|                          | <u><b>207</b></u> | <u>(202)</u> |

**15. Creditors: Amounts falling due within one year**

|   | <b>2019</b>         | <b>2018</b>  |
|---|---------------------|--------------|
|   | <b>£000</b>         | <b>£000</b>  |
| Bank overdrafts   | -                   | 202          |
| Trade creditors   | <b>307</b>          | 380          |
| Amounts owed to group undertakings                          | <b>1,714</b>        | 1,955        |
| Other taxation and social security                          | <b>429</b>          | 239          |
| Obligations under finance lease and hire purchase contracts | <b>600</b>          | 860          |
| Other creditors   | <b>214</b>          | 182          |
| Accruals and deferred income                                | <b>355</b>          | 182          |
|   | <u><b>3,619</b></u> | <u>4,000</u> |

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

**16. Creditors: Amounts falling due after more than one year**

|  | <b>2019</b>       | <b>2018</b>  |
|--|-------------------|--------------|
|  | <b>£000</b>       | <b>£000</b>  |
| Net obligations under finance leases and hire purchase contracts | <b>835</b>        | 1,306        |
| Accruals and deferred income                                     | -                 | 161          |
|  | <u><b>835</b></u> | <u>1,467</u> |

Obligations under finance lease contracts are secured on the assets concerned.

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**17. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

|                   | 2019<br>£000 | 2018<br>£000 |
|-------------------|--------------|--------------|
| Within one year   | 600          | 860          |
| Between 1-5 years | 835          | 1,306        |
|                   | <u>1,435</u> | <u>2,166</u> |

**18. Deferred taxation**

|                           | 2019<br>£000 | 2018<br>£000 |
|---------------------------|--------------|--------------|
| At beginning of year      | (104)        | (104)        |
| Charged to profit or loss | (127)        | -            |
| At end of year            | <u>(231)</u> | <u>(104)</u> |

The deferred tax liability is made up as follows:

|                                | 2019<br>£000 | 2018<br>£000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | (231)        | (243)        |
| Other Timing Differences       | -            | 139          |
|                                | <u>(231)</u> | <u>(104)</u> |

**19. Share capital**

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Allotted, called up and fully paid                     |              |              |
| 1,000 (2018 - 1,000) Ordinary Shares shares of £1 each | <u>1</u>     | <u>1</u>     |

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## AEROSERVE MSP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 20. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Not later than 1 year                        | 465          | 363          |
| Later than 1 year and not later than 5 years | 1,525        | 1,525        |
| Later than 5 years                           | 1,401        | 1,764        |
|  | <u>3,391</u> | <u>3,652</u> |

#### 21. Related party transactions

In accordance with the accounting policy, the Company has taken advantage of the exemption not to disclose related party transactions with wholly owned subsidiaries within the STAR Mayan Group. The directors are the key management personnel.

#### 22. Ultimate Parent Company

At 31 March 2019 the Company is a subsidiary of STAR Mayan Limited. The ultimate parent undertaking is STAR Strategic Assets III-A LP by virtue of it holding the majority of shares in STAR Mayan Limited. The ultimate controlling party is STAR Capital Partnership LLP, the Manager of STAR Strategic Assets III-A LP. At 31 March 2019, the largest and smallest group in which results of the Company are consolidated is that of STAR Mayan Limited, incorporated in the United Kingdom. Copies of the consolidated financial statements of STAR Mayan Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ