

Registered number: 04073987

**AEROSERVE MSP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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<b>AEROSERVE MSP LIMITED</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	A D Holdcroft M J Langhorn (resigned 5 January 2020) P S Purewall H J Sedgwick (appointed 5 January 2020, resigned 24 March 2020)
<b>Registered number</b>	04073987
<b>Registered office</b>	Synergy LMS Ascot Drive Derby DE24 8HE
<b>Trading Address</b>	159 Edinburgh Avenue Slough Berkshire SL1 4UE
<b>Independent auditors</b>	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham B4 6AT

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**AEROSERVE MSP LIMITED**

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## AEROSERVE MSP LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

#### Introduction

The directors present their strategic report for the year ended 31 March 2020.

#### Business review

Aeroserve MSP Limited 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 MSP Limited 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.

#### Principal risks and uncertainties

The necessary governance framework has been developed to ensure sufficient review of key 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;
- 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 and 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.

#### Revenue and Cost inflation risk

We face significant profit margin risk exposure through a level of mis-matching in revenue and cost inflation drivers. Our principle direct cost is labour which is driven by the National Living Wage and is mandated by

<b>AEROSERVE MSP LIMITED</b>
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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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Government directive and for the year ended 31 March 2020 increased by 4.9%. Whilst we have indexation in the majority of our customer service contracts this tend to follow indexes such as cpi which as well as having a one year lag do not reflect our proportionate costs to serve. We strive to maintain profit margin through investment in capital and process change projects.

**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. 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.

**Development and Performance**

The Company was acquired by Star Mayan Limited. 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:

	2020	2019
	£'000	£'000
Turnover	8,237	7,421
Operating (loss)/profit	(1,240)	204
Operating (loss)/profit margin	(15.1%)	2.7%

**AEROSERVE MSP LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**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.

**Going Concern**

The impact of the Covid-19 pandemic was first felt during the last two weeks of March 2020 and has continued to significantly impact the Company's financial performance since the reporting year end.

The Company has experienced their worst volumes reduced to 10% of pre-covid levels in both the Airline and Hospitality sectors. Whilst both sectors have recovered to some degree, a full recovery to pre-covid levels is not envisaged for at least another 12 months.

The directors have reviewed consolidated trading and cash flow forecasts for the Star Mayan Group, of which the Company is a wholly owned subsidiary. The forecasts extend to March 2023 and the Group's consideration of Going Concern is given in the consolidated financial statements of Star Mayan Limited.

The banks and investors remain very supportive of the Group. As such, the banks are committed to a continued waiver or reset of covenants along with deferrals of principal repayments as required with £2.6m of principal repayment due post year end already being agreed to defer to April 2023. Given the uncertainty with the continuing impact of Covid-19 and speed of market recovery it is envisaged that necessary support will continue to be reviewed on a six monthly cycle. The investors have made available a further £1.5m working capital facility for the year ended 31 March 2022.

As remains common with many businesses, there exists material uncertainty as a consequence of Covid-19 and the actual trading experience and cashflows of the Group moving forwards may be materially different to those forecast. In particular, the timing and / or quantum of cash flows arising from the Group's core activities may differ from those expected as a result of the impact of Covid-19 and this may then impact on the Group's overall level of liquidity. Whilst the Directors have instigated a number of measures to mitigate these potential risks, including enhanced working capital oversight, effective cost control, use of government support and strong foundations for sales growth, there remains a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern, due to the impact of future events not yet being known.

The directors have concluded that the combination of market recovery and other operational impact factors of Covid-19 represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the ordinary course of business. However, after making enquiries, considering the mitigation steps taken and the commitments made from its financial stakeholders, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and financial statements.

This report was approved by the board on 31/3/2021

and signed on its behalf.

*Andy Holdcroft*

**A D Holdcroft**  
Director

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**AEROSERVE MSP LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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

**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 £1,171,000 (2019 - loss £147,000).

Dividends in the year amounted to £Nil (2019 - £31,000).

**Directors**

The directors who served during the year were:

A D Holdcroft

M J Langhorn (resigned 5 January 2020)

P S Purewall

H J Sedgwick (appointed 5 January 2020, resigned 24 March 2020)

**Engagement with employees**

Regular two-way communication with our employees is vital in ensuring that we all share in the common goals and values, foster innovation and delivery service excellence.

The Company has a number of systems in place that enable the Company to understand the opinions of our employees including employee forums and works councils. The Company continues to communicate achievements, our daily challenges, insights into the different business units and access to thought leadership across the business.

**AEROSERVE MSP LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**Qualifying third party indemnity provisions**

The Company has provided qualifying indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

**Matters covered in the strategic report**

The matters required to be disclosed under SI (2008) 410 Sch 7 are contained within the Strategic Report in accordance with s14C(11) of the Companies Act 2006, this being future development, financial risk management and going concern.

**Disclosure of information to auditors**

The directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

The impact of the Covid 19 pandemic was first felt during the last two weeks of March 2019 and has continued to significantly impact the Group's financial performance during 2020. The impact of Covid 19 on the business is set out in the Strategic Report.

**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 31/3/2021

and signed on its behalf.

*Andy Holdcroft*

A D Holdcroft  
Director



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**AEROSERVE MSP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2020, 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 2020 and of its loss 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**

The carrying value of tangible fixed assets at 31 March 2019 amounted to £3,986,000. We were unable to obtain sufficient and appropriate audit evidence regarding the existence and carrying value of the tangible fixed assets at that date.

The audit opinion on the financial statements for the year ended 31 March 2019 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.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that the Company incurred a net loss of £1,171k during the year ended 31 March 2020 and, as of that date, the Company's liabilities exceeded its total assets by £154k. As stated in note 2.2 in the financial statements, the Directors have acknowledged that the extent of the impact of Covid-19 on the business has been significant and is continuing, which represents a material uncertainty that may cast significant doubt upon the Company's ability to discharge all of its liabilities in the ordinary course of business. These events or conditions, along with the continuing economic impact of Covid-19 on the business and other matters as set forth in note 2.2, indicate that a material uncertainty exists 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.

**AEROSERVE MSP LIMITED**

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

**The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic 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.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

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

**Matter on which we are required to report under the Companies Act 2006**

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.

**AEROSERVE MSP LIMITED**

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

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

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.

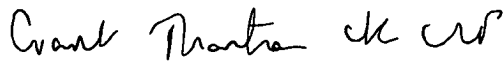
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**AEROSERVE MSP LIMITED**

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

**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.



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

for and on behalf of

**Grant Thornton UK LLP**

The Colmore Building  
20 Colmore Circus  
Birmingham  
B4 6AT

Date: 31/3/2021

<b>AEROSERVE MSP LIMITED</b>
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

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	Note	2020 £000	2019 £000
Turnover		8,237	7,421
Cost of sales		(6,971)	(4,591)
<b>Gross profit</b>		<u>1,266</u>	<u>2,830</u>
Distribution costs		(1,074)	(1,838)
Administrative expenses		(1,432)	(788)
<b>Operating (loss)/profit</b>	4	<u>(1,240)</u>	<u>204</u>
Interest payable and expenses	8	(61)	(182)
<b>(Loss)/profit before tax</b>		<u>(1,301)</u>	<u>22</u>
Tax on (loss)/profit	9	130	(169)
<b>Loss for the financial year</b>		<u>(1,171)</u>	<u>(147)</u>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive expense for the year</b>		<u>(1,171)</u>	<u>(147)</u>

The notes on pages 13 to 25 form part of these financial statements.

<b>AEROSERVE MSP LIMITED</b>
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**BALANCE SHEET  
AS AT 31 MARCH 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	11	5,147	3,987
		<u>5,147</u>	<u>3,987</u>
<b>Current assets</b>			
Stocks	12	167	149
Debtors: amounts falling due within one year	13	1,762	1,358
Cash at bank and in hand	14	263	207
		<u>2,192</u>	<u>1,714</u>
Creditors: amounts falling due within one year	15	(6,708)	(3,618)
<b>Net current liabilities</b>		<u>(4,516)</u>	<u>(1,904)</u>
<b>Total assets less current liabilities</b>		<u>631</u>	<u>2,083</u>
Creditors: amounts falling due after more than one year	16	(684)	(835)
<b>Provisions for liabilities</b>			
Deferred tax	18	(101)	(231)
		<u>(101)</u>	<u>(231)</u>
<b>Net (liabilities)/assets</b>		<u><u>(154)</u></u>	<u><u>1,017</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1	1
Profit and loss account		(155)	1,016
		<u>(154)</u>	<u>1,017</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/3/2021

*Andy Holdcroft*

A D Holdcroft  
Director

The notes on pages 13 to 25 form part of these financial statements.

<b>AEROSERVE MSP LIMITED</b>
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

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	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
At 1 April 2019	1	1,016	1,017
<b>Comprehensive expense for the year</b>			
Loss for the year	-	(1,171)	(1,171)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>	-	(1,171)	(1,171)
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	<b>1</b>	<b>(155)</b>	<b>(154)</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 25 form part of these financial statements.

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

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	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
At 1 April 2018	1	1,194	1,195
<b>Comprehensive expense for the period</b>			
Loss for the year	-	(147)	(147)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive expense for the period</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>
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 25 form part of these financial statements.

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**AEROSERVE MSP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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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 2019 to 31 March 2020 (2019: 12 months from 1 April 2018 to 31 March 2019).

**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:



**AEROSERVE MSP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**2. Accounting policies (continued)**

**2.2 Going concern**

The impact of the Covid-19 pandemic was first felt during the last two weeks of March 2020 and has continued to significantly impact the Company's financial performance since the reporting year end.

The Company has experienced their worst volumes reduced to 10% of pre-covid levels in both the Airline and Hospitality sectors. Whilst both sectors have recovered to some degree, a full recovery to pre-covid levels is not envisaged for at least another 12 months.

The directors have reviewed consolidated trading and cash flow forecasts for the Star Mayan Group, of which the Company is a wholly owned subsidiary. The forecasts extend to March 2023 and the Group's consideration of Going Concern is given in the consolidated financial statements of Star Mayan Limited.

The banks and investors remain very supportive of the Group. As such, the banks are committed to a continued waiver or reset of covenants along with deferrals of principal repayments as required with £2.6m of principal repayment due post year end already being agreed to defer to April 2023. Given the uncertainty with the continuing impact of Covid-19 and speed of market recovery it is envisaged that necessary support will continue to be reviewed on a six monthly cycle. The investors have made available a further £1.5m working capital facility for the year ended 31 March 2022.

As remains common with many businesses, there exists material uncertainty as a consequence of Covid-19 and the actual trading experience and cashflows of the Group moving forwards may be materially different to those forecast. In particular, the timing and / or quantum of cash flows arising from the Group's core activities may differ from those expected as a result of the impact of Covid-19 and this may then impact on the Group's overall level of liquidity. Whilst the Directors have instigated a number of measures to mitigate these potential risks, including enhanced working capital oversight, effective cost control, use of government support and strong foundations for sales growth, there remains a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern, due to the impact of future events not yet being known.

The directors have concluded that the combination of market recovery and other operational impact factors of Covid-19 represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the ordinary course of business. However, after making enquiries, considering the mitigation steps taken and the commitments made from its financial stakeholders, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and financial statements.

<b>AEROSERVE MSP LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**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.

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

Rentals paid under operating leases are charged to profit or loss 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 profit or loss 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 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 profit or loss 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.

<b>AEROSERVE MSP LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.7 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

**2.8 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 profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 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.

**2.11 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.

**2.12 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.

**2.13 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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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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

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

	2020 £000	2019 £000
Depreciation of Fixed Assets	1,762	1,462
Operating Lease Rentals	507	428
	<u>1,255</u>	<u>1,890</u>

**5. Auditors' remuneration**

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16	15
	<u>16</u>	<u>15</u>

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.

**6. Employees**

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

	2020 £000	2019 £000
Wages and salaries	4,124	3,295
Social security costs	363	284
Cost of defined contribution scheme	50	40
	<u>4,537</u>	<u>3,619</u>

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

	2020 No.	2019 No.
	161	165
	<u>161</u>	<u>165</u>

<b>AEROSERVE MSP LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**7. Directors' remuneration**

	2020 £000	2019 £000
Directors' emoluments	100	37
	<u>100</u>	<u>37</u>

During the year retirement benefits were accruing to no directors (2019 - NIL) in respect of defined contribution pension schemes.

**8. Interest payable and similar expenses**

	2020 £000	2019 £000
Finance leases and hire purchase contracts	61	182
	<u>61</u>	<u>182</u>

**9. Taxation**

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on loss for the year	-	41
	<u>-</u>	<u>41</u>
<b>Total current tax</b>	<u>-</u>	<u>41</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	128
Adjustments relating to prior year	12	-
Movement in current year	(142)	-
<b>Total deferred tax</b>	<u>(130)</u>	<u>128</u>
<b>Taxation on loss on ordinary activities</b>	<u>(130)</u>	<u>169</u>

<b>AEROSERVE MSP LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**9. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	<u>(1,301)</u>	<u>(8)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(247)	(2)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	14
Capital allowances for year in excess of depreciation	144	167
Utilisation of tax losses	-	(120)
Adjustments to tax charge in respect of prior periods	-	(18)
Short term timing difference leading to an increase (decrease) in taxation	(130)	127
Capitalised revenue expenditure	(1)	-
Other differences leading to an increase (decrease) in the tax charge	-	1
Group relief	104	-
<b>Total tax charge for the year</b>	<u><u>(130)</u></u>	<u><u>169</u></u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. Deferred tax has been measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the rate and laws that have been enacted or substantially enacted by the statement of financial position date.

**10. Dividends**

	2020 £000	2019 £000
Dividends Paid	-	31
	<u>-</u>	<u>31</u>

<b>AEROSERVE MSP LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**11. Tangible fixed assets**

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Linen £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2019	136	7,116	1,141	1,446	9,839
Additions	5	1,349	398	1,193	2,945
Disposals	-	(4)	(68)	-	(72)
At 31 March 2020	<u>141</u>	<u>8,461</u>	<u>1,471</u>	<u>2,639</u>	<u>12,712</u>
<b>Depreciation</b>					
At 1 April 2019	121	4,230	678	823	5,852
Charge for the year on owned assets	6	1,019	160	577	1,762
Disposals	-	-	(49)	-	(49)
At 31 March 2020	<u>127</u>	<u>5,249</u>	<u>789</u>	<u>1,400</u>	<u>7,565</u>
<b>Net book value</b>					
At 31 March 2020	<u><u>14</u></u>	<u><u>3,212</u></u>	<u><u>682</u></u>	<u><u>1,239</u></u>	<u><u>5,147</u></u>
At 31 March 2019	<u><u>15</u></u>	<u><u>2,886</u></u>	<u><u>463</u></u>	<u><u>623</u></u>	<u><u>3,987</u></u>



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FOR THE YEAR ENDED 31 MARCH 2020**

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

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Plant and machinery	836	1,131
Motor vehicles	620	308
	<u>1,456</u>	<u>1,439</u>

**12. Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	167	149
	<u>167</u>	<u>149</u>

**13. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Due within one year</b>		
Trade debtors	1,506	1,172
Amounts owed by group undertakings	24	-
Other debtors	17	30
Prepayments and accrued income	215	156
	<u>1,762</u>	<u>1,358</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**14. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	263	207
	<u>263</u>	<u>207</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	1,582	307
Amounts owed to group undertakings	3,850	1,714
Other taxation and social security	207	429
Obligations under finance lease and hire purchase contracts	503	600
Other creditors	49	213
Accruals and deferred income	517	355
	<u>6,708</u>	<u>3,618</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand. Certain plant and machinery and motor vehicles are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases.

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Net obligations under finance leases and hire purchase contracts	684	835
	<u>684</u>	<u>835</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**17. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2020 £000	2019 £000
Within one year	503	600
Between 1-5 years	684	835
	1,187	1,435

**18. Deferred taxation**

	2020 £000	2019 £000
At beginning of year	(231)	(104)
Credited to profit or loss	130	(127)
<b>At end of year</b>	<b>(101)</b>	<b>(231)</b>

The deferred tax liability is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(101)	(231)
	(101)	(231)

**19. Share capital**

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
1,000 (2019 - 1,000) Ordinary Shares of £1 each	1	1

**20. Pension commitments**

The Company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. At the balance sheet date, unpaid contributions of £2,214 (2019: £8,007) were due to the fund. They are included in other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**21. Commitments under operating leases**

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	<b>381</b>	<b>465</b>
Later than 1 year and not later than 5 years	<b>1,470</b>	<b>1,525</b>
Later than 5 years	<b>694</b>	<b>1,401</b>
	<b><u>2,545</u></b>	<b><u>3,391</u></b>

**22. 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.

**23. Ultimate Parent Company**

At 31 March 2020 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 2020, 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.