Registered number: 04073987

AEROSERVE (MSP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 MARCH 2022

AEROSERVE (MSP) LIMITED

COMPANY INFORMATION

Directors	P Johnston (appointed 21 December 2021) A Harding (appointed 1 October 2022) J W Shepherd (appointed 1 January 2023) A D Holdcroft (resigned 4 February 2022) P S Purewall (resigned 31 July 2022)
Registered number	04073987
Registered office	Synergy LMS Ascot Drive Derby DE24 8HE
Trading Address	159 Edinburgh Avenue Slough Berkshire SL1 4UE
Independent auditor	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham B3 3AG

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STRATEGIC REPORT
FOR THE PERIOD ENDED 30 MARCH 2022

Introduction

The Directors present this strategic report for the year ended 30 March 2022.

Business review

Aeroserve MSP Limited is part of the group headed by Star Mayan Limited, which provides a range of linen management services to the hospitality, leisure and airline business sectors in the UK and additionally a cutlery cleaning service to a number of airlines.
Linen management is an essential service that is typically outsourced by hospitality and airline providers. The range of our services drives value for our customers through efficient laundering operations, excellent service and a focus on innovation which enables us to target resources to customers' needs.
During the financial year the sectors in which the business operates in experienced a recovery following the Covid 19 pandemic which had a significant impact during 2020. Both the hospitality and airline industries recovered significantly as lockdown ended and travel and vacations started to rebound. However cost pressures due to rising utility prices, transport costs, wage inflation and the price of linen continued to impact the Company. As a result, turnover increased from £1,526k to £3,292k but the business generated an operating loss in the year of £7,818k (2021: operating loss of £4,226k). As at the end of March 2022, the net liabilities of the Company were £12,118k (2021: net liabilities £3,959k).

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; 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. The business, as part of Group, is required to demonstrate compliance with third party debt covenant test calculations. However, due to the impact of Covid 19, the covenants were waived and replaced by a minimum liquidity test which is a 13 week rolling look forward of the cash position within the Group. This test is reviewed and discussed on at least a fortnightly basis with the Board and Banks.

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 13 week rolling weekly cash forecasts and minimum 12 month monthly forecasts. The Group also from time to time, enters into fixed price energy contracts to reduce its exposure to market rate volatility. The levels of hedging are regularly monitored and reviewed by the Board.

Revenue and Cost Inflation Risk

The Company faces significant profit margin risk exposure through a level of mis-matching in revenue and cost inflation drivers. The principal direct cost is labour which is driven by the National Living Wage and is mandated by Government directive. For the year ended 30 March 2022, this increased by 6.6%. A further increase of 9.7% took effect from 1 April 2023. Post year end the business has also faced significant cost increases in gas, power and linen driven by the wider economic and geopolitical environment, compounded by war in Ukraine. The Group is partly protected against price increases in utilities through hedging arrangements with its suppliers for a fixed period of time and will look to extend its hedging arrangements as appropriate. The Group strives to maintain profit margin through investment in capital and process change projects. To the extent it is able, the Group will endeavour to pass these increases onto the customer base through price supplements.

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.

Financial key performance indicators

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

	2022 £'000	2021 £'000
Turnover	3,292	1,526
Operating (loss)/ profit	(7,818)	(4,226)
Operating (loss)/ profit margin	(237.5%)	(276.9%)

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 and signed on its behalf.

J W Shepherd
Director

Date: 12 July 2023

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 MARCH 2022

The Directors present their report and the financial statements for the period ended 30 March 2022.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 period, after taxation, amounted to £8,159k (2021 - loss £3,805k).

No dividends for the year were approved or paid for the year ended 30 March 2022 (2021 - £Nil).

Directors

The Directors who served during the period and subsequently were:

P Johnston (appointed 21 December 2021)
A Harding (appointed 1 October 2022)
J W Shepherd (appointed 1 January 2023)
P S Purewall (resigned 31 July 2022)

Political contributions

The Company does not make any political donations, though, through its membership of the Textile Service Association, does support the lobbying of the UK Government for the benefit of the industry.

Future developments

The Company has a robust record in retaining contracts at renewal and winning new business tender processes which it expects to continue.

Going concern

As outlined in the Strategic Report of Star Mayan Limited (the immediate parent undertaking), during the year the Group's performance improved following the substantial challenges caused by the impact of Covid-19. However the group also continued to be impacted by cost pressures which continued to impact both margins and liquidity.

Post year end, the Group has seen strong recovery with volumes returning to largely pre-pandemic levels, particularly within the Aeroserve businesses. Despite significant cost inflation pressures (most notably relating to utilities and wages), the Group reported a sustained improvement in EBITDA supported by a continued focus on operational efficiencies and passing on cost inflation to customers through price increases where relevant. The Directors also negotiated certain amendments to the Senior Financing Agreement with its lenders, realigning covenants and extending the maturity date to 30 October 2024. The Group's ultimate controlling party, Star Capital Partnership LLP, has been closely involved with the business and its negotiations with the lenders during this period of recovery. The Directors are confident that these actions appropriately indicate the ongoing support of the key stakeholders in the Star Mayan Limited group.

Further information on the Group'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 of Star Mayan Limited. The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have reviewed consolidated trading and cash flow forecasts for the Star Mayan Group and its wholly owned subsidiaries. The forecasts extend to the end of July 2024 and have included an assessment of key sensitivities including (but not limited to) the impact of changes in utility costs, interest rates and inflation. The forecasts also assess both free cashflow and covenant compliance throughout the forecast period.

After reviewing the Group's forecasts and making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and meet its liabilities as they fall due during the assessed going concern period. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same, or an alternative, position and to provide appropriate training to achieve this aim.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 2022

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 financial instruments used.

Disclosure of information to auditor

In the case of each Director 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 auditor is 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 auditor is aware of that information.

Post balance sheet events

Following the year end, the lenders of the parent Company agreed to amend the Senior Financing Agreement to defer certain amortisation payments of Term Loan A, realign covenants and extend the maturity date to 30th October 2024 - these instruments are secured against the assets of this Company.

Independent Auditor

The auditor, 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 and signed on its behalf.

J W Shepherd
Director

Date: 12 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEROSERVE (MSP) LIMITED

Opinion

We have audited the financial statements of Aeroserve (MSP) Limited (the 'Company') for the period ended 30 March 2022, 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 the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 March 2022 and of its loss for the period 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 opinion

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 Auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEROSERVE (MSP) LIMITED (CONTINUED)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from the crisis in Ukraine and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the parent Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 period 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.

Matters on which we are required to report by exception and 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.

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 set out 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEROSERVE (MSP) LIMITED (CONTINUED)

Auditor's 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 Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to many laws and regulations, where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation, tax legislation and Anti Money Laundering.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and certain other audit procedures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with employees from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- Our audit procedures involved: journal entry testing, with a focus on manual revenue impacting journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEROSERVE (MSP) LIMITED (CONTINUED)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.

  - knowledge of the industry in which the client operates.

  - understanding of the legal and regulatory requirements specific to the Company.

  - the provisions of the applicable legislation.

  - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules.

- the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

  - the entity's operations, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

  - the entity's control environment, including the policies and procedures implemented to comply the entity's relevant regulatory requirements, including the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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. This description forms part of our Auditor's 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Coates BSc BFP FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

12 July 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 MARCH 2022

	Note	2022 £000	2021 £000
Turnover	4	**3,292**	1,526
Cost of sales		**(7,772)**	(5,115)
Gross loss		**(4,480)**	(3,589)
Distribution costs		**(1,783)**	(1,445)
Administrative expenses		**(1,735)**	(608)
Other operating income	5	**180**	1,416
Operating loss	6	**(7,818)**	(4,226)
Interest payable and similar charges	10	**(38)**	(42)
Loss before tax		**(7,856)**	(4,268)
Tax (credit)/ charge	11	**(303)**	463
Loss for the financial period		**(8,159)**	(3,805)

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 15 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 30 MARCH 2022

	Note		30 March 2022 £000		31 March 2021 £000
Fixed assets					
Tangible assets	12		**3,857**		3,768
Current assets					
Stocks	13	**82**		161	
Debtors	14	**1,680**		1,156	
Cash at bank and in hand	15	**118**		22	
		1,880		1,339	
Creditors: amounts falling due within one year	16	**(17,574)**		(8,599)	
Net current liabilities			**(15,694)**		(7,260)
Total assets less current liabilities			**(11,837)**		(3,492)
Creditors: amounts falling due after more than one year	17		**(281)**		(467)
Net liabilities			**(12,118)**		(3,959)
Capital and reserves					
Called up share capital	20		**1**		1
Profit and loss account			**(12,119)**		(3,960)
Total shareholders' deficit			**(12,118)**		(3,959)

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

J W Shepherd
Director

Date: 12 July 2023

The notes on pages 15 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 MARCH 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2020	**1**	**(155)**	**(154)**
Comprehensive expense for the period			
Loss for the year	**-**	**(3,805)**	**(3,805)**
Total comprehensive income for the year	**-**	**(3,805)**	**(3,805)**
At 1 April 2021	**1**	**(3,960)**	**(3,959)**
Comprehensive expense for the year			
Loss for the year	**-**	**(8,159)**	**(8,159)**
Total comprehensive expense for the year	**-**	**(8,159)**	**(8,159)**
At 30 March 2022	**1**	**(12,119)**	**(12,118)**

The notes on pages 15 to 29 form part of these financial statements.

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.

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 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Star Mayan Limited as at 30 March 2022 and these financial statements may be obtained from Synergy LMS, Ascot Drive, Derby, DE24 8HE.

2. Accounting policies (continued)

2.3 Going concern

As outlined in the Strategic Report of Star Mayan Limited (the immediate parent undertaking), during the year the Group's performance improved following the substantial challenges caused by the impact of Covid-19. However the group also continued to be impacted by cost pressures which continued to impact both margins and liquidity.
Post year end, the Group has seen strong recovery with volumes returning to largely pre-pandemic levels, particularly within the Aeroserve businesses. Despite significant cost inflation pressures (most notably relating to utilities and wages), the Group reported a sustained improvement in EBITDA supported by a continued focus on operational efficiencies and passing on cost inflation to customers through price increases where relevant. The Directors also negotiated certain amendments to the Senior Financing Agreement with its lenders, realigning covenants and extending the maturity date to 30 October 2024. The Group's ultimate controlling party, Star Capital Partnership LLP, has been closely involved with the business and its negotiations with the lenders during this period of recovery. The Directors are confident that these actions appropriately indicate the ongoing support of the key stakeholders in the Star Mayan Limited group.
Further information on the Group'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 of Star Mayan Limited. The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.
The Directors have reviewed consolidated trading and cash flow forecasts for the Star Mayan Group and its wholly owned subsidiaries. The forecasts extend to the end of July 2024 and have included an assessment of key sensitivities including (but not limited to) the impact of changes in utility costs, interest rates and inflation. The forecasts also assess both free cashflow and covenant compliance throughout the forecast period.
After reviewing the Group's forecasts and making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and meet its liabilities as they fall due during the assessed going concern period. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.5 Revenue

Revenue represents amounts receivable for goods and services derived from the provision of linen management services and ancillary products to the airline and hospitality sectors in the United Kingdom.

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.

The Company has entered into agreements with fellow group companies whereby it undertakes services for the corresponding group company. In these instances, the company is deemed to be acting as principal and therefore revenue and cost of sales related to these agreements are grossed up the Company's accounts.

2.6 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.

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.
Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Other operating income includes amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to reimburse the Company for the wages of certain employees who were furloughed during the period, but who remain on the Company's payroll.

2.9 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.

2.10 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.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the period 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.

2.12 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:

Leasehold property	- Up to the period of the lease
Plant and machinery	- 5 to 6 years
Motor vehicles	- 5 to 6 years
Fixtures and fittings	- 5 to 6 years
Office equipment	- 5 to 6 years
Linen	- 3 years

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.

2. Accounting policies (continued)

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 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. Work in progress and finished goods include labour and attributable overheads.

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.

2.15 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.

A provision for impairment of trade debtors is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms.

2.16 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.

2.17 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. Accounting policies (continued)

2.18 Provision for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

Estimated useful economic life of tangible assets

The Company estimates the useful economic life of its tangible assets based on the expected life of these assets using a collective assessment of industry practice, internal experience and knowledge as well as experience with similar assets. These estimated useful lives are reviewed periodically and updated if there is a change in the expectations of the useful economic lives of these assets.

Impairment of tangible assets

The Company assesses the carrying value of these assets at each reporting date to determine whether there are any indicators of impairment. If any such indication exists, then the recoverable amount is estimated using managements' determination of discount rates, costs of capital and projected future trading forecasts.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Linen and cutlery related services	**3,292**	1,526
	3,292	1,526

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £000	2021 £000
Government grants receivable	**180**	1,416
	180	1,416

Other operating income includes amounts receivable under the CJRS to reimburse the Company for the wages of certain employees who were furloughed during the period, but who remain on the Company's payroll.

6. Operating loss

The operating loss is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	**1,843**	1,835
Other operating lease rentals	**750**	557

7. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**30**	30

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.

8. Employees

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

	2022 £000	2021 £000
Wages and salaries	**4,052**	2,774
Social security costs	**372**	167
Cost of defined contribution scheme (note 21)	**58**	31
	4,482	2,972

The average monthly number of employees, including the Directors, during the period was as follows:

	2022 No.	2021 No.
Administration	**12**	11
Processing and Production	**138**	110
	150	121

9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	**160**	160
	160	160

The directors are executives of the holding company, Star Mayan Limited, and are also directors of Synergy Health Managed Services Limited, Aeroserve Euro Limited and Grosvenor Contracts (London) Limited. The directors received total remuneration of £359,000 from the group during the year (£160,000 directly from the Company), but it is not practicable to allocate this between their services as executives of each of the group companies. In addition, one of the directors is accruing benefits under the Star Mayan Limited group pension scheme, which is a defined benefit scheme, in respect of their services to the group companies

10. Interest payable and similar expenses

	2022 £000	2021 £000
Finance leases and hire purchase contracts	**38**	42

11. Taxation

	2022	2021
	£000	£000
Corporation tax		
Adjustments in respect of previous periods	-	(59)
	-	(59)
Total current tax charge/ (credit)	-	(59)
Deferred tax		
Movements in current year	303	(404)
Total deferred tax charge/ (credit)	303	(404)
Taxation on profit/(loss) on ordinary activities	303	(463)

Factors affecting tax credit for the year

The tax charge assessed for the period/year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Loss on ordinary activities before tax	(7,856)	(4,268)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,493)	(811)
Effects of:		
Expenses not deductible for tax purposes	2	1
Depreciation for year in excess of capital allowances	132	175
Adjustments to tax credit in respect of prior periods	-	(59)
Short term timing difference leading to an increase/(decrease) in taxation	303	(403)
Other timing differences leading to an increase in taxation	1	11
Unrelieved tax losses carried forward	519	288
Group relief	839	335
Total tax charge/ (credit) for the year	303	(463)

11. Taxation (continued)

Factors that may affect future tax charges

From 1 April 2023, the rate of corporation tax has increased to 25% for profits over £250,000.

12. Tangible fixed assets

	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Linen £000	Total £000
Cost					
At 1 April 2021	141	8,575	1,676	2,755	13,147
Additions	20	77	-	1,916	2,013
Disposals	-	-	-	(2,198)	(2,198)
At 30 March 2022	161	8,652	1,676	2,473	12,962
Depreciation					
At 1 April 2021	134	6,286	987	1,972	9,379
Charge for the period on owned assets	12	839	202	790	1,843
Disposals	-	-	-	(2,198)	(2,198)
Impairment charge	-	-	-	81	81
At 30 March 2022	146	7,125	1,189	645	9,105
Net book value					
At 30 March 2022	15	1,527	487	1,828	3,857
At 31 March 2021	7	2,289	689	783	3,768

12. Tangible fixed assets (continued)

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

	30 March 2022 £000	31 March 2021 £000
Plant and machinery	**204**	438
Motor vehicles	**318**	410
	522	848

13. Stocks

	30 March 2022 £000	31 March 2021 £000
Raw materials and consumables	**82**	161
	82	161

14. Debtors

	30 March 2022 £000	31 March 2021 £000
Due after more than one year		
Deferred tax asset	**-**	303
	-	303
Due within one year		
Trade debtors	**991**	234
Amounts owed by group undertakings	**14**	17
Other debtors	**675**	602
	1,680	1,156

Amounts owed by group undertakings are interest free, unsecured, and repayable on demand.
Trade debtors is shown net of provisions of £9k (2021: £9k).

15. Cash and cash equivalents

	30 March 2022 £000	31 March 2021 £000
Cash at bank and in hand	**118**	22

16. Creditors: Amounts falling due within one year

	30 March 2022 £000	31 March 2021 £000
Trade creditors	**1,347**	645
Amounts owed to group undertakings	**14,511**	6,992
Other taxation and social security	**132**	73
Obligations under finance lease and hire purchase contracts	**375**	503
Other creditors	**15**	6
Accruals and deferred income	**1,194**	380
	17,574	8,599

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.
The assets of the Company are secured via fixed and floating charges against debt held by the immediate parent Company.

17. Creditors: Amounts falling due after more than one year

	30 March 2022 £000	31 March 2021 £000
Net obligations under finance leases and hire purchase contracts	**281**	467

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	30 March 2022 £000	31 March 2021 £000
Within one year	375	503
Between 1-5 years	281	467
	656	970

19. Deferred taxation

	2022 £000	2021 £000
At beginning of year	303	(101)
Credited to profit or loss	(303)	404
At end of year	-	303

The deferred tax asset is made up as follows:

	30 March 2022 £000	31 March 2021 £000
Accelerated capital allowances	-	72
Tax losses carried forward	-	229
Short-term timing differences	-	2
	-	303

20. Share capital

	30 March 2022 £000	31 March 2021 £000
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary Shares of £1 each	1	1

21. 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. The pension cost charge represents contributions payable by the Company to the fund and amounted to £57,540 (2021 - £31,279). At the balance sheet date, unpaid contributions of £15,090 (2021 - £7,173) were due to the fund. They are included in other creditors.

22. Commitments under operating leases

At 30 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 March 2022 £000	31 March 2021 £000
Not later than 1 year	**526**	381
Later than 1 year and not later than 5 years	**1,506**	1,398
Later than 5 years	**77**	385
	2,109	2,164

23. Related party transactions

The Company has taken advantage of the exemption available in section 33 of FRS 102 'Related Party Disclosures' to not disclose transactions with wholly owned subsidiaries in the Group.

24. Post balance sheet events

Following the year end, the lenders of the parent Company agreed to amend the Senior Financing Agreement to defer certain amortisation payments of Term Loan A, realign covenants and extend the maturity date to 30th October 2024 - these instruments are secured against the assets of this Company.

25. Immediate and ultimate parent Company

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 IIII-A LP.

At 30 March 2022, 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.