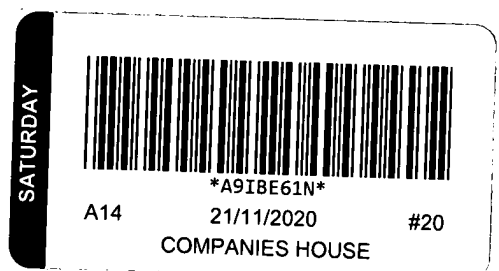


Aeropeople Limited
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2019



Aeropeople Limited
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

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Aeropeople Limited

OFFICERS & PROFESSIONAL ADVISERS

Board of Directors

A.D. McPhee
G.J.S. Moynihan
K.H. Jenkins

Company Secretary

S. J. Moynihan

Registered Office

Airport House
The Airport
Cambridge
United Kingdom
CB5 8RY

Auditor

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Solicitors

Greenwoods
Monkton House
City Road
Peterborough
PE1 1JE

Bankers

Barclays Bank plc
9/11 St Andrews Street
Cambridge
CB2 3AA

Aeropeople Limited

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2019

The directors of Aeropeople Limited ("the company") present their Report and Financial Statements containing a Strategic Report, Directors' Report and the financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the provision of employment services (both permanent and temporary), including the supply of labour to aerospace, motorsport and associated industries, short term contract work (including testing and development work in the automotive industry), and line maintenance activity.

ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's key financial indicators during the year were as follows:

	2019	2018
Turnover	£18,963,316	£20,613,040
Gross margin	11.5%	12.7%
(Loss) / Profit on ordinary activities before management charges	(£469,852)	£212,296

The company made a loss before group management charges, as set out in note 3, for the period ending 31 December 2019 of £469,852 (2018: profit £212,296).

Our strategy is to provide first class engineering services, specialist resourcing solutions and high quality technical training to key accounts and establish Aeropeople as the leading service provider and partner of choice across safety critical industries.

2019 was a year of consolidation to redefine our strategy, reduce cost and re-establish the company in the market place creating a platform on which the company can be set for sustained growth. A more robust sales team now operate under a defined target plan and process, and customer service and account management initiatives will enhance organic growth and 'upselling' opportunities.

Recruitment saw a challenging year with sales dropping by £1.6m (8.8%) from the prior year. With customers' drive to maximise efficiency and pending changes to off-payroll working regulations, the industry in the UK has seen a decline in the use of contract labour, which may increase permanent recruitment activity. A new focus on business development in the Middle East re-established access to that market, generating £330k of revenue for the second half of the year, and securing our first key account with future growth potential. Gross margin declined from 12.7% to 11.5% as the mix of permanent recruitment reduced in greater proportion to temporary.

Engineering Services revenues at Stansted fell in 2019 by £106k due to the demise of Thomas Cook alongside reduced stop-overs in the UK as a result of the delays to 'Brexit'. 2019 saw significant spend increases for Engineering Services with investment in new facilities, diversification into new aircraft type and the redesign of the Maintenance Organisation Exposition (MOE), to ensure the company can thrive in a post Brexit environment. The company also successfully secured its Civil Aviation Authority (CAA) Part M approval in the year making it an approved Continuing Airworthiness Management Organisation targeting new revenue opportunities for 2020 and beyond. Focus will also remain on growth of training in support of current activity and to generate new opportunities leveraging on Marshall Aerospace and Defence Group (MADG) relationships.

Aeropeople Limited

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The company regularly reviews risks faced by the company. The main significant risks are listed below:

- Following the emergence of the COVID-19 pandemic in early 2020, all businesses have been subject to either direct impact through reduced customer demand for services or operational disruption caused by the need to facilitate increased working from home and absence amongst its workforce. The nature of the sector in which the company operates means that we have seen a reduction in demand for contract resource from customers operating in Italy and the airline sector in line with the general pressures on those market segments. Simultaneously, in respect of market sectors where end customer demand remains neutral or strong, we may see an increase in demand for temporary contractor resource as those businesses strengthen their resource base to cope with increased sickness related absence. The nature of our business model means that the majority of cost associated with supplying temporary contractor labour is variable and will move in line with the changes in demand, leaving only the fixed cost element of our overheads which shall be reviewed and addressed in the event that market disruption due to COVID-19 exists for an extended period. In respect of internal operational impact, appropriate actions have been implemented to prioritise operational activities across the company, creating sufficient additional bandwidth to cope with increased sickness absence and also alleviate the burdens on technical infrastructure bandwidth necessary to support the significant expected increase in working from home. In summary, in the event that the reasonably foreseeable operational disruption does cause an impact on cash flow, the Directors have considered the facilities available to it under the Group Treasury arrangements in place with its ultimate parent company, Marshall of Cambridge (Holdings) Limited, and are satisfied that these are sufficient and appropriate to ensure the company can continue to operate effectively. Further disclosure on these risks are available within the financial statements of the ultimate parent company.
- Legislative risks: changes in government and European laws that could have an impact upon the way the company carries on its main business activities. Off-payroll (IR35) legislation, if introduced, is expected to impact the business as may Brexit, potentially increasing the barriers to entry within the European market from 2021. Accordingly, the company engages with specialist professional advisors to ensure compliance with all relevant legislation in all countries in which it carries out its trading activities.
- The Aviation industry is currently facing a global skills shortage which could impact on the workforce available to fill vacancies in the future. The investment and growth of training gives the company a key differentiator in the market and the ability to up skill individuals into higher skilled roles. Diversification into other product offerings will allow the company to provide alternative services where contract labour may have previously been utilised.
- There is a potential for low cost global competition to impact upon the company's ability to secure ongoing contracts. The company constantly seeks new routes to market, particularly those in which it can leverage its safety-critical approvals in the aerospace sector in achieving superior margins.
- The directors have considered the impact of credit risks and have appropriate plans in place to mitigate the risks on the business. Default risk is managed through the use of a third-party credit rating agency and through continuous monitoring of customer balances beyond agreed credit terms. Amounts receivable are supported by customer authorised time attendance records and, where applicable, purchase orders. The directors have placed a significant focus on working capital control and will continue to do so in the foreseeable future.
- The company is not exposed to any single financial transaction of a size that on its own would represent a significant financial risk to the business.
- The company utilises the cash resources of its ultimate parent company, Marshall of Cambridge (Holdings) Limited, and accordingly the risk of the company being unable to meet its liabilities as they fall due is not considered by the directors to be significant. Similarly, the availability of working capital from its ultimate parent enables the company to alleviate cash flow risks arising from growth in its business.

Aeropeople Limited

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2019

SECTION 172

From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how Marshall of Cambridge (Holdings) Limited (the "Group") board has considered the matters set out in s172 (for the group and for the entity) is set out in the group's annual report, which does not form part of this report.

Signed by order of the board of directors



S. J. Moynihan
Company Secretary

Approved by the directors on 17 March 2020

Aeropeople Limited

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

The directors present their Report and Financial Statements of the company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The loss for the year amounted to £993,760 (2018: £417,877). The directors do not recommend the payment of a final dividend (2018: £nil).

DIRECTORS

The directors who served the company during the year and to the date of this report, except as stated otherwise, were as follows:

G.J.S. Moynahan
K.H. Jenkins
A.D. McPhee

K.H. Jenkins, A.D. McPhee and G.J.S. Moynahan are directors of other subsidiary undertakings of the ultimate parent undertaking. No other directors hold an interest in the share capital of the company or of any other group company during the year.

None of the directors holding office at 31 December 2019 had notified a beneficial interest in any contract to which the company or its subsidiary undertakings were a party during the financial year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The ultimate parent company purchased and maintained a directors' and officers' liability insurance policy throughout the year. Although a director's defence costs may be met, neither the ultimate parent company's indemnity nor insurance provides cover in the event that he is proved to have acted fraudulently or dishonestly.

EMPLOYEE ENGAGEMENT

From the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the Group's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The board of the company has also considered relevant matters where appropriate. An explanation of how the group board has carried out these responsibilities (for the group and for the entity) is set out in the group's annual report, which does not form part of this report.

STAKEHOLDER ENGAGEMENT

Similarly, from the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the group board have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is set out (for the group and for the entity) in the group's annual report, which does not form part of this report.

GOING CONCERN

The company's business activities, together with the factors and risks likely to affect its future development and position, are set out in the strategic report on pages 3 to 5.

The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent company and fellow group undertakings. The company may need to rely on support from its ultimate parent company and has received a letter of support confirming that support will be made available if required.

Aeropeople Limited

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

GOING CONCERN (continued)

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern for the foreseeable future and at least for 12 months from the signing of this Annual Report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

EMPLOYEE PARTICIPATION

The company recognises the importance of good communications and relations with its employees and the requirements of the Information and Consultation of Employees Regulations 2004. It is company policy to keep employees as fully informed as possible on matters which affect them through communication procedures, which include regular briefings, consultative committees and through its employee website. These arrangements are continually being reviewed and updated to ensure the company meets the latest standards.

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

EQUAL OPPORTUNITIES

The company is committed to its Equal Opportunities policy covering recruitment, training and development, performance review and career progression. The company recognises the diversity of its employees and seeks to use their talents and abilities to the full. This approach extends to the fair treatment of employees with disabilities in relation to their recruitment, training and development. Full consideration is given to the retention of employees who become disabled during employment.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

CHARITABLE DONATIONS

No charitable donations were made in 2019 (2018: £293).

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the company.

Signed by order of the board of directors



S. J. Moynihan
Company Secretary

Approved by the directors on 17 March 2020

Aeropeople Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2019

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 the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AEROPEOPLE LIMITED

Opinion

We have audited the financial statements of Aeropeople Limited for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, 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 FRS 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 company's affairs as at 31 December 2019 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 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AEROPEOPLE LIMITED (continued)**

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 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 statement of directors' responsibilities set out on page 10, 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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK
18 March 2019

Aeropeople Limited

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
TURNOVER	2	18,963,316	20,613,040
Cost of sales		(16,789,779)	(17,986,930)
GROSS PROFIT		2,173,537	2,626,109
Selling and distribution costs		(44,142)	(30,923)
Administrative expenses		(3,334,604)	(3,147,996)
OPERATING LOSS	3	(1,205,209)	(552,810)
Interest payable and similar charges	6	(15,065)	(12,501)
Interest receivable and similar income	7	-	72,711
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,220,274)	(492,600)
Tax on loss on ordinary activities	8	226,514	74,723
LOSS FOR THE FINANCIAL YEAR		(993,760)	(417,877)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses and no changes to equity other than the results for the current and preceding years as set out above. Therefore a statement of income and retained earnings is presented in place of a statement of comprehensive income and a statement of changes in equity.


Aeropeople Limited

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9b	62,190	-
Tangible assets	9a	199,162	248,559
Investments	10	8,619	8,619
		<u>269,971</u>	<u>257,178</u>
CURRENT ASSETS			
Debtors	11	3,508,675	3,698,312
Cash at bank and in hand		7,872	38,841
		<u>3,516,547</u>	<u>3,737,153</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,339,845)</u>	<u>(1,590,128)</u>
NET CURRENT ASSETS		<u>1,176,702</u>	<u>2,147,025</u>
NET ASSETS		<u>1,446,673</u>	<u>2,404,203</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Provision		(36,230)	-
		<u>1,410,443</u>	<u>2,404,203</u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Profit and loss account		1,410,442	2,404,202
SHAREHOLDER'S FUNDS		<u>1,410,443</u>	<u>2,404,203</u>

The Report and Financial Statements were approved by the directors and authorised for issue on 17 March 2020 and are signed on their behalf by:


G. J. S. MOYNEHAN
 Director

Company Registration Number: 04191976

The notes on pages 14 to 24 form part of the Report and Financial Statements.

Aeropeople Limited

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Share capital	Profit and loss account	Total share- holder's funds
	£	£	£
Balance brought forward 1 January 2018	1	2,822,079	2,822,080
Loss for the financial year	-	(417,877)	(417,877)
Total comprehensive income for the year	-	(417,877)	(417,877)
Balance brought forward 1 January 2019	1	2,404,202	2,404,203
Loss for the financial year	-	(993,760)	(993,760)
Total comprehensive income for the year	-	(993,760)	(993,760)
Balance carried forward 31 December 2019	1	1,410,442	1,410,443

The notes on pages 14 to 24 form part of the Report and Financial Statements.

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. Accounting Policies

(a) Statement of compliance

Aeropeople Limited is a private company limited by shares incorporated in England and Wales. The registered office is Airport House, The Airport, Cambridge, CB5 8RY.

The company's financial statements have been prepared in compliance with the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as it applies to the financial statements of the company for the year ended 31 December 2019.

(b) Basis of preparation

The financial statements of the company were authorised for issue on 17 March 2020 by the board of directors. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

(c) Going Concern

The company's business activities, together with the factors and risks likely to affect its future development and position, are set out in the strategic report on pages 3 to 5.

The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements coordinated by the company's ultimate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent company and fellow group undertakings.

The Company may need to rely on support from its ultimate parent company and has received a letter confirming that support will be provided if it is required. The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern for the foreseeable future and for at least 12 months from the date of signing this Annual report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(d) Exemptions for Qualifying Entities Under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) The requirements of Section 11, paragraphs 11.39 to 11.48A and Section 12, paragraphs 12.26 to 12.29A;
- (d) The requirements of Section 33 Related Party Disclosures paragraph 33.7.

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. Accounting Policies (*continued*)

(e) Consolidation

In accordance with section 400 of the Companies Act 2006 no consolidated financial statements have been prepared as the company is a wholly owned subsidiary of Marshall of Cambridge (Holdings) Limited, the ultimate parent company of the group, which is registered in England and Wales, for which consolidated financial statements are publicly available. These financial statements therefore present information about the company alone and not about its group.

(f) Judgements 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 revenues and expenses during the year.

The following are the company's key sources of estimation uncertainty:

Recoverability of receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the recoverability of these balances, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and previous experience.

(g) Turnover

Turnover 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. The specific methods used to recognise the different forms of revenue earned by the company are set out below.

i) Project work / line maintenance

Turnover in relation to short term project work and line maintenance activities is recognised in full when the project is delivered.

ii) Permanent placements

Turnover from permanent placement activity is recognised once the candidate has been placed.

iii) Temporary placements / other services

Turnover deriving from temporary placements and other provision of services is recognised as the service is provided.

(h) Goodwill

Goodwill acquired on a business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life. Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

Subsequent to initial recognition, goodwill is stated at cost less accumulated amortisation and accumulated impairment. The carrying value of goodwill is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(i) Leasing Commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. Accounting Policies *(continued)*

(j) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its useful economic life as follows:

Leasehold Property Improvements	10 years
Plant and Machinery	3-8 years
Motor Vehicles	3-4 years
Intangibles	3-8 years

Depreciation is provided when the assets are available for use.

The carrying values of tangible fixed assets are reviewed for impairment when events of changes in circumstances indicate the carrying value may not be recoverable.

(k) Pension Costs

Marshall of Cambridge (Holdings) Limited group operates a number of different pension funds, including both defined contribution and defined benefit schemes, for the employees of the group. The assets of all the schemes are held in separately administered trust funds. For the defined contribution schemes, contributions are recognised in the profit and loss account in the period in which they become payable.

The defined benefit scheme is a group plan. It is not possible for the company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, therefore it accounts for the plan as a defined contribution plan.

(l) Deferred Taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability or asset shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period end date.

(m) Basic Financial Instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans to and from related parties and investments in non-puttable ordinary shares.

(n) Trade and other debtors and creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. Accounting Policies *(continued)*

(o) Foreign Currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(p) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

The turnover and profit before tax are attributable to the company's principal activity.

An analysis of turnover by geographical destination is given below:

	2019	2018
	£	£
United Kingdom	14,030,404	16,980,981
Rest of Europe	4,364,719	3,566,619
Rest of World	568,193	65,440
	<u>18,963,316</u>	<u>20,613,040</u>

3. Operating Loss

Operating (loss) is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of owned tangible fixed assets	59,487	43,092
Operating lease rentals – land and buildings	196,369	162,323
Operating lease rentals - other	4,002	10,212
Net foreign exchange (gain)/loss	(34,036)	11,672
Corporate management charge	523,908	631,173
Audit of the financial statements of the company	<u>44,833</u>	<u>33,693</u>

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

4. Particulars of Employees

The average monthly number of employees (including executive directors) of the company during the financial year was:

	2019	2018
	No.	No.
Production	5	6
Administrative	23	29
Management	10	7
	<u>38</u>	<u>42</u>

The aggregate payroll costs of the above were:

	2019	2018
	£	£
Wages and salaries	1,946,796	1,780,254
Social security costs	83,148	157,652
Pension costs (note 17)	40,223	84,423
	<u>2,070,167</u>	<u>2,022,329</u>

The average number of contractors included within the payroll of the company during the financial year was:

	2019	2018
	No	No
General engineering	4	7
Administrative and Management	33	18
Production staff	1	17
	<u>1</u>	<u>17</u>

The aggregate payroll costs of the above were:

	2019	2018
	£	£
Wages and salaries	1,086,327	1,038,871
Social security costs	107,947	93,924
Pension costs (note 17)	14,765	9,439
	<u>1,209,039</u>	<u>1,142,234</u>

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

5. Directors' Remuneration

G.J.S. Moynehan, A.D. McPhee and K.H Jenkins are also directors of other subsidiary undertakings of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the total remuneration between their qualifying services as directors of the company and their qualifying services as directors of either the ultimate parent undertaking or fellow subsidiary undertakings.

The total remuneration of K.H. Jenkins and A.D. McPhee is disclosed within the financial statements of the ultimate parent undertaking. A management charge of £1,916,094 (2018: £1,916,094) in respect of administration costs has been made by Marshall of Cambridge (Holdings) Limited, the ultimate parent company to Marshall of Cambridge Aerospace Limited, which includes the remuneration in respect of K.H. Jenkins and A.D. McPhee. The total remuneration of G.J.S. Moynehan is disclosed within the financial statements of the immediate parent undertaking Marshall of Cambridge Aerospace Limited. A management charge of £523,908 (2018: £631,172) has been made by Marshall of Cambridge Aerospace Limited, which includes a proportion of the directors' emoluments.

6. Interest Payable and Similar Charges

	2019	2018
	£	£
Interest payable to ultimate parent undertaking	15,065	3,775
Other interest	-	8,726
	<u>15,065</u>	<u>12,501</u>

7. Interest Receivable and Similar Income

	2019	2018
	£	£
Interest receivable from ultimate parent undertaking	<u>-</u>	<u>72,711</u>

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

8. Tax on loss on ordinary activities

a) Analysis of charge in the year

	2019	2018
	£	£
Current tax:		
UK Corporation tax based on the loss for the year at 19.00% (2018: 19.00%)	(227,796)	(68,189)
Adjustment in respect of previous years	(15,922)	158
Total current tax	<u>(243,718)</u>	<u>(68,031)</u>
Deferred tax:		
Origination and reversal of timing differences	3,440	(4,092)
Adjustment in respect of previous years	13,764	(2,600)
	<u>17,204</u>	<u>(6,692)</u>
Tax on loss on ordinary activities	<u>(226,514)</u>	<u>(74,723)</u>

b) Factors affecting tax charge for the year

The UK standard rate of corporation tax is 19.00% (2018: 19.00%). The actual tax charge for the current and previous year varies from the standard rate for reasons set out in the following reconciliation:

	2019	2018
	£	£
Loss on ordinary activities before tax	(1,220,274)	(492,600)
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax of 19.00% (2018: 19.00%)	(231,852)	(93,594)
Effects of:		
Expenses not deductible for tax purposes	7,902	20,549
Other short term timing differences	-	764
Effect of tax rate changes	(406)	-
Adjustment in respect of previous years	(2,158)	(2,442)
Total tax charge (see note 8a)	<u>(226,514)</u>	<u>(74,723)</u>

c) Factors affecting future tax charge

The standard rate of tax applied to reported loss on ordinary activities is 19%. Finance Act 2016 enacted a reduction in the UK corporation tax rate to 17% with effect from 1 April 2020.

A deferred tax asset of £29,851 in respect of fixed assets and other timing differences has been recognised on the basis the Group has sufficient certainty over recoverability against future taxable profits of the Group.

During the year beginning 1 January 2019, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £2,492.

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

9. (a) Tangible Fixed Assets

	Leasehold Property Improvements £	Plant and Machinery £	Motor Vehicles £	Total £
Cost				
At 1 January 2019	261,868	673,946	80,860	1,016,674
Additions	6,908	12,024	-	18,932
Disposals	-	(24,115)	-	(24,115)
At 31 December 2019	<u>268,776</u>	<u>661,855</u>	<u>80,860</u>	<u>1,011,491</u>
Depreciation				
At 1 January 2019	171,887	518,569	77,659	768,115
Charge for the year	13,039	44,048	2,400	59,487
Disposals	-	(15,273)	-	(15,273)
At 31 December 2019	<u>184,926</u>	<u>547,344</u>	<u>80,059</u>	<u>812,329</u>
Net Book Value				
At 31 December 2019	<u>83,850</u>	<u>114,511</u>	<u>801</u>	<u>199,162</u>
At 31 December 2018	<u>89,981</u>	<u>155,377</u>	<u>3,201</u>	<u>248,559</u>

9. (b) Intangibles

	Software £
Cost	
At 1 January 2019	-
Additions	62,190
Disposals	-
At 31 December 2019	<u>62,190</u>
Depreciation	
At 1 January 2019	-
Charge for the year	-
Disposals	-
At 31 December 2018	<u>-</u>
Net Book Value	
At 31 December 2019	<u>62,190</u>
At 31 December 2018	<u>-</u>

Assets not yet in use so no depreciation in year

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

10. Investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2019 and at 31 December 2019	<u>31,028</u>
Impairment	
At 1 January 2019 and at 31 December 2019	<u>22,409</u>
Net Book Value	
At 31 December 2018 and at 31 December 2019	<u>8,619</u>

At 31 December 2019 the company owns 100% of the issued share capital of the following companies:

Company	Country of registration or incorporation	Class of Shares held	%
Aeropeople GmbH	Germany	Ordinary	100
Aeropeople Italy Srl	Italy	Ordinary	100

The principal activity of Aeropeople GmbH is the provision of employment services to aerospace and associated industries. Aeropeople Italy Srl is a dormant company.

11. Debtors

	2019 £	2018 £
Trade debtors	1,809,499	2,307,180
Amounts owed by group undertakings	907,961	979,948
Other debtors	507,673	129,665
Prepayments and accrued income	189,928	234,464
Other taxes recoverable	63,763	-
Deferred tax asset (see note 12)	29,851	47,055
	<u>3,508,675</u>	<u>3,698,312</u>

Amounts owed by group undertakings are repayable on demand. No interest is charged on balance

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

12. Deferred Tax Asset

The movement in the deferred tax asset during the year was:

	2019	2018
	£	£
Balance brought forward	47,055	40,363
Profit and loss credit for the year (see note 8)	(17,204)	6,692
Balance carried forward	<u>29,851</u>	<u>47,055</u>

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Excess of depreciation over taxation allowances	29,766	46,967
Other timing differences	85	88
	<u>29,851</u>	<u>47,055</u>

13. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	21,855	28,807
Amounts owed to group undertakings	1,193,855	572,979
Bank Overdraft (Euro)	578,678	336,714
Other taxes and social security costs	23,807	27,642
Other creditors	68,416	208,471
Accruals and deferred income	453,234	415,515
	<u>2,339,845</u>	<u>1,590,128</u>

Amounts owed to group undertakings are repayable on demand. No interest is charged on balance.

14. Related Party Transactions

The company has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with fellow subsidiary undertakings of the Marshall of Cambridge (Holdings) Limited group.

15. Share Capital

	2019	2018
	£	£
Allotted, called up and fully paid:		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Aeropeople Limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

16. Commitments Under Operating Leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and Buildings		Other	
	2019	2018	2019	2018
	£	£	£	£
Within 1 year	166,381	100,847	-	4,008
Between 2 to 5 years	421,107	190,081	-	-
More than 5 years	-	-	-	-
	<u>587,488</u>	<u>290,928</u>	<u>-</u>	<u>4,008</u>

17. Pensions

The company participates in two of the pension schemes which are operated by Marshall of Cambridge (Holdings) Limited (the "Group") for the benefit of its employees, one of which has elements of both defined benefit and defined contribution, while the other is entirely defined contribution. All of the schemes are funded by the payment of contributions to trustee administered funds which are kept independently from the assets of the Group.

The contribution scheme, which covers 99% of Group scheme members, was established in 2018. The total pension cost for the year for the Company in respect of defined contribution schemes was £152,839 (2018: £84,423).

The scheme which has elements of both defined benefit and defined contribution is known as the Marshall Group Executive Pension Plan (the "Plan"). The level of defined benefit pension contribution is determined with the advice of independent qualified actuaries. It is not possible to apportion the underlying assets and liabilities of the scheme to the individual companies on a consistent and reasonable basis. The company is therefore accounting for the contributions to the scheme as if it were a contribution scheme. The total pension cost for the company in respect of this scheme was £nil (2018: £nil). As disclosed in the Group financial statements, there is a deficit on the scheme of £2,984,970 (2018: £9,860,075) as calculated in accordance with FRS 102, Section 28. Further disclosures can also be found in the Group's consolidated financial statements

Total unpaid pension contributions at the year end amounted to £501 (2018: £887).

18. Ultimate Parent Company and Controlling Party

The immediate parent undertaking and controlling party is Marshall of Cambridge Aerospace Limited.

The parent undertaking of the smallest and the largest group of undertakings for which consolidated financial statements are prepared and of which the company is a member is Marshall of Cambridge (Holdings) Limited, registered in England and Wales, and this is therefore considered to be the ultimate parent undertaking and also the ultimate controlling party. Copies of these consolidated financial statements can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.