

**FARNBOROUGH SERVICES LIMITED**

**ANNUAL REPORT**

**Period from incorporation to 31 March 2006**



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COMPANIES HOUSE 28/09/2006

**Registered no. 5311343**

# **FARNBOROUGH SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE PERIOD FROM INCORPORATION TO 31 MARCH 2006**

The Directors present their report and the audited financial statements of the company for the period from incorporation on 13 December 2004 to 31 March 2006.

### **Principal Activities**

The company's principal activity during the period was to act as a general commercial company.

### **Business Review**

Farnborough Services Limited was formed on 13 December 2004 with the issue of 1 ordinary share of £1. During the period the company increased its issued share capital by 101,000 further shares of £1 each in exchange for group loans.

### **Results and Dividends**

The company's loss for the period was £9,814,016. *The directors do not propose to pay a dividend.*

### **Directors and their interests**

The following directors were appointed on formation and held office during the period under review:

LJ Stoker	(appointed 13 December 2004, resigned 20 January 2005)
EJ Zuercher	(appointed 13 December 2004, resigned 20 January 2005)
MS Ting	(appointed 20 January 2005, resigned 25 January 2005)
AD MacDonald	(appointed 20 January 2005, resigned 25 January 2005)
DJC Radcliffe	(appointed 25 January 2005)
JFW Kennerley	(appointed 25 January 2005)
RM Westwood	(appointed 25 January 2005)

Mr DJC Radcliffe, Mr JFW Kennerley and Mr RM Westwood are also directors of the company's ultimate holding company, Farnborough (Holdings) Limited, and their interests in its shares are disclosed in the annual accounts of that company.

None of the directors have any interests in the company's shares.

### **Statement of Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed.


The directors are responsible for keeping proper accounting records that 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 1985. 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.

**FARNBOROUGH SERVICES LIMITED**  
**DIRECTORS' REPORT FOR THE PERIOD FROM INCORPORATION TO 31 MARCH**  
**2006 (Continued)**

**Auditors**

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting.

**By order of the Board**



K J Burgess  
Company Secretary  
Date: 25 August 2006

**FARNBOROUGH SERVICES LIMITED**  
**AUDITORS' REPORT TO THE MEMBERS OF FARNBOROUGH SERVICES LIMITED**

**Independent auditors' report to the members of Farnborough Finance Limited**

We have audited the financial statements of Farnborough Services Limited for the period ended 31 March 2006, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out herein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

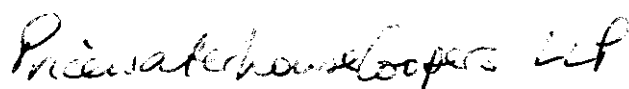
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practices, of the state of the company's affairs at 31 March 2006 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**PricewaterhouseCoopers LLP**



Chartered Accountants and Registered Auditors  
London

25.8.06

**FARNBOROUGH SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM INCORPORATION TO 31**  
**MARCH 2006**

	Note	2006 £
<b>Turnover</b>		-
Operating expenses		-
<b>Profit on ordinary activities before interest</b>		-
Interest payable and similar charges	4	(9,814,016)
<b>Loss on ordinary activities before taxation</b>		(9,814,016)
Tax on loss on ordinary activities	5	-
<b>Loss for the financial period</b>	13	(9,814,016)

All operations are continuing.

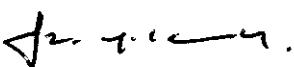
The company has no recognised gains and losses other than the loss above and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

**FARNBOROUGH SERVICES LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2006**

	Note	2006 £
<b>Fixed Assets</b>		
Investments	6	240,290,847
Creditors: amounts falling due within one year	7	(2,446,678)
<b>Total assets less current liabilities</b>		<u>237,844,169</u>
Creditors: amounts falling due after one year	9	(142,367,338)
<b>Net assets</b>		<u>95,476,831</u>
 <b>Capital and Reserves</b>		
Called up share capital	11	102
Share premium account	12	105,290,745
Profit and loss account	13	(9,814,016)
<b>Equity shareholders' funds</b>	14	<u>95,476,831</u>

The financial statements on pages 4 to 9 were approved by the board of directors and signed on its behalf by:

  
JFW Kennerley  
Director  
Date: 25 August 2006

# **FARNBOROUGH SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION TO 31 MARCH 2006**

### **1 Accounting Policies**

These financial statements are prepared under the historical cost convention and conform with applicable United Kingdom accounting standards. The directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgments and estimates.

#### **Interest**

Interest is recognised on an accruals basis.

#### **Investments**

Investments are held at cost less any provisions for diminution in value.

#### **Financial Instruments**

Borrowings are recorded initially at fair value net of issue costs incurred. They are subsequently measured at amortised cost.

#### **Cash flow**

The company is a wholly owned subsidiary of the Farnborough (Holdings) Limited group, and the cash flows of the company are included in the consolidated cash flow statement of Farnborough (Holdings) Limited. Consequently, the company is exempt under the terms of FRS 1 'Cash flow statements' from publishing a cash flow statement.

#### **Related party transactions**

The company is a wholly owned subsidiary of the Farnborough (Holdings) Limited Group and under the terms of FRS 8 'Related party transactions', has taken advantage of the exemption not to disclose transactions with other group companies.

#### **Taxation and deferred taxation**

The charge for taxation is based on the profit/(loss) for the period and takes into account deferred taxation. Full provision is made where required by Financial Reporting Standard 19 'Deferred Taxation' (FRS 19) for deferred taxation on all timing differences, which have arisen but have not reversed at the balance sheet date.

### **2 Staff costs**

The company has no employees.

### **3 Directors' emoluments**

No directors received any emoluments from the company. The directors act for the parent company and a number of fellow subsidiary companies and it is not possible to make an apportionment of their emoluments in respect of each of the subsidiaries.

### **4 Interest payable and similar charges**

	2006 £
Interest payable on bank loans:	
Repayable in less than 5 years	4,874,271
Repayable in more than 5 years	2,694,352
Amortisation of issue costs on bank loans	2,245,393
	<u>9,814,016</u>

**FARNBOROUGH SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**INCORPORATION TO 31 MARCH 2006 (Continued)**

**5 Taxation**

	2006 £
Current:	
UK Corporation tax at 30%	-
	-

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

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2006 £
<b>Factors affecting the tax charge in the period:</b>	
Loss on ordinary activities before tax	(9,814,016)
Loss on ordinary activities multiplied by the standard rate in the UK of 30%	(2,944,205)
Group relief not paid for	2,944,205
<b>Current tax charge for the period</b>	-

**6 Fixed Asset Investments**

	£
<b>Cost:</b>	
On formation 13 December 2004	-
Additions	240,290,847
<b>At 31 March 2006</b>	<b>240,290,847</b>

On 31 January 2005 the company acquired 100% of the issued share capital of a fellow group company, Hogg Robinson plc. This was satisfied by the issue of 100 ordinary shares of £1 each with a premium of £105,290,745 and a group loan of £135,000,000.

**7 Creditors: amounts falling due within one year**

	Note	2006 £
Bank and other borrowings	8	2,446,678

Bank loans bear interest based on LIBOR.

**8 Bank and other borrowings due within one year**

	2006 £
Secured bank loans – gross	2,625,000
Unamortised loan issue costs	(178,322)
	2,446,678

**FARNBOROUGH SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**INCORPORATION TO 31 MARCH 2006 (Continued)**

**9 Creditors: amounts falling due after one year**

	Note	2006 £
Bank and other borrowings	10	50,398,191
Due to parent company		91,969,147
		<u>142,367,338</u>

Bank loans bear interest based on LIBOR. Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

**10 Bank and other borrowings due after one year**

	2006 £
Secured bank loans – gross	51,250,000
Unamortised loan issue costs	(851,809)
	<u>50,398,191</u>

**11 Called up share capital**

	2006 Number	2006 £
<b>Authorised (Shares of £1 each)</b>		
On formation 13 December 2004	1,000,000	1,000,000
At 31 March 2006	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted and fully paid (Shares of £1 each)</b>		
On formation 13 December 2004	1	1
Increase in the period	101	101
At 31 March 2006	<u>102</u>	<u>102</u>

**12 Share Premium**

	£
On formation 13 December 2004	-
On issue of ordinary shares	105,290,745
At 31 March 2006	<u>105,290,745</u>

**13 Profit and loss account**

	£
On formation 13 December 2004	-
Loss for the period	(9,814,016)
At 31 March 2006	<u>(9,814,016)</u>

**FARNBOROUGH SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**INCORPORATION TO 31 MARCH 2006 (Continued)**

**14 Reconciliation in the movement on shareholders' funds**

	£
Shareholders' Funds on formation at 13 December 2004	-
Share capital issued on formation	1
Share capital issue in the period	101
Share premium on shares issued in the period	105,290,745
Loss for the period	(9,814,016)
<b>Shareholders' Funds at 31 March 2006</b>	<b>95,476,831</b>

**15 Intermediate and Ultimate parent undertaking**

The immediate parent company is Farnborough Limited.

The ultimate parent undertaking and controlling party is Farnborough (Holdings) Limited. Copies of the Farnborough (Holdings) Limited consolidated financial statements can be obtained from the Company Secretary at Farnborough (Holdings) Limited, Global House, Victoria Street, Basingstoke, Hampshire RG21 3BT.