

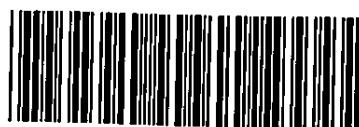
FARNBOROUGH SERVICES LIMITED

ANNUAL REPORT

Year ended 31 March 2007

Registered no. 5311343

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FARNBOROUGH SERVICES LIMITED

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FARNBOROUGH SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2007. Please note that all comparatives are 13 December 2004 to 31 March 2006 (a period of 15 months and 18 days)

Principal Activities

The Company's principal activity during the period was to act as a holding company and it is intended that it will continue to be so for the foreseeable future

Business review - results and dividends

Farnborough Services Limited is a wholly owned subsidiary of Farnborough Limited. The Company's profit for the year was £9,853,272 (period ended 31 March 2006 loss of (£9,814,016)), which was taken to reserves

Risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Farnborough Services Limited, which include those of the company, are discussed on page 36 of the Hogg Robinson Group plc annual report for the year ended 31 March 2007, which does not form part of this report

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors

The Directors of the Company who served throughout the year ended 31 March 2007 were as follows

D J C Radcliffe
J F W Kennerley
R M Westwood

Policy on payment of suppliers

The Company has no formal code or standard which deals specifically with the payment of suppliers. However, its policy is to ensure that the terms of payment, as specified by, and agreed with the supplier at the outset, are not exceeded

The Company had no trade creditors at the year end date. The Company's average payment period, calculated on the basis of year end trade creditors, are nil days (2006 nil days)

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 2007 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

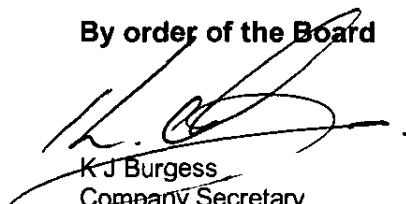
FARNBOROUGH SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007 (Continued)

Auditors

To the best of the Directors' knowledge and belief and having made appropriate enquiries of other officers of the Company, all information relevant to enable the auditors to provide their opinion on the Accounts has been provided. Each of the Directors has taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 14/11/2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARNBOROUGH SERVICES LIMITED

We have audited the financial statements of Farnborough Services Limited for the year ended 31 March 2007, 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 therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other 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 Practice, of the state of the Company's affairs as at 31 March 2007 and of its profit for the year 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

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

Date

14.11.07

FARNBOROUGH SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year ended 31 March 2007 £	Period ended 31 March 2006 £
Turnover		-	-
Operating expenses		-	-
Income from fixed asset investments	6	13,000,000	-
Profit on ordinary activities before interest		13,000,000	-
Interest payable and similar charges	4	(3,146,728)	(9,814,016)
Profit / (loss) on ordinary activities before taxation		9,853,272	(9,814,016)
Tax on profit on ordinary activities	5	-	-
Profit / (loss) on ordinary activities after taxation		9,853,272	(9,814,016)
Retained profit / (loss) for the financial period	14	9,853,272	(9,814,016)

All operations are continuing

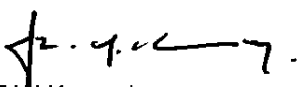
The Company has no recognised gains and losses other than the profit / (loss) above and therefore no separate statement of recognised gains and losses has been presented

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

FARNBOROUGH SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007 £	2006 £
Fixed Assets			
Investments	7	240,290,847	240,290,847
Creditors amounts falling due within one year	8	-	(2,446,678)
Total assets less current liabilities		<u>240,290,847</u>	<u>237,844,169</u>
Creditors amounts falling due after one year	10	(134,960,744)	(142,367,338)
Net assets		<u>105,330,103</u>	<u>95,476,831</u>
 Capital and Reserves			
Called up share capital	12	102	102
Share premium account	13	105,290,745	105,290,745
Profit and loss account	14	39,256	(9,814,016)
Equity shareholders' funds	15	<u>105,330,103</u>	<u>95,476,831</u>

The financial statements on pages 4 to 10 were approved by the board of directors and signed on its behalf by


J F W Kennerley
Director
Date 14/11/2007

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2007

1 Accounting Policies

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and 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. The Company has taken advantage of the exemption provided by section 228 of the United Kingdom Companies Act from producing consolidated financial statements as it is consolidated within the accounts of Hogg Robinson Group plc.

Interest income

Interest income is recognised in the profit and loss account on an accruals basis.

Investments

Investments in subsidiary companies are stated at cost less any provisions for impairment in value.

Financial Instruments

Financial instruments are recorded initially at fair value net of issue costs incurred. Subsequent measurement depends on the designation of the instrument as follows:

Borrowings are held at amortised cost and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Borrowing costs are recognised as an expense in the period in which they are incurred. Issue costs are amortised over the period for which the financial instrument is expected to mature.

Cash flow

The Company is a wholly owned subsidiary of the Hogg Robinson Group plc, and the cash flows of the Company are included in the consolidated cash flow statement of Hogg Robinson Group plc. 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 Hogg Robinson Group plc and under the terms of FRS 8 'Related party transactions', has taken advantage of the exemption not to disclose transactions with other group companies where the group holding is greater than ninety percent of the share capital.

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.

Management judgement

In the process of applying the Company's accounting policies, management has made a number of judgements, none of which are considered to have a significant effect on the amounts recognised in the Parent Company Financial Statements.

2 Operating expenses

Staff costs

The Company has no employees (2006: nil).

Audit Fees

Auditors' remuneration of £5,000 for the audit of the company is borne by a fellow group subsidiary company.

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2007 (Continued)

3 Directors' emoluments

No Directors received any emoluments from the Company. The Directors' duties in relation to Farnborough Services Limited are merely incidental to those of the group as a whole.

The emoluments of Mr D J Radcliffe and Mr J F W Kennerley are disclosed in the accounts of Hogg Robinson Group plc. Mr R M Westwood receives his emoluments in respect of his role as an employee of Hogg Robinson Limited and not in respect of his role as a director of this company.

Retirement benefits are accruing to two (2006: two) Directors under a defined benefit scheme.

4 Interest payable and similar charges

	Year ended 31 March 2007 £	Period ended 31 March 2006 £
Interest payable on bank loans		
Repayable in less than 5 years	2,116,596	4,874,271
Repayable in more than 5 years	-	2,694,352
Amortisation of issue costs on bank loans	1,030,132	2,245,393
	<u>3,146,728</u>	<u>9,814,016</u>

5 Taxation

	Year ended 31 March 2007 £	Period ended 31 March 2006 £
Current		
UK Corporation tax at 30%	-	-
	<u>-</u>	<u>-</u>

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% (2006: 30%). The differences are explained below.

	Year ended 31 March 2007 £	Period ended 31 March 2006 £
Factors affecting the tax charge in the period:		
Profit / (loss) on ordinary activities before tax	9,853,272	(9,814,016)
Loss on ordinary activities multiplied by the standard rate in the UK of 30%	2,955,982	(2,944,205)
Group relief not paid for	3,454,418	2,944,205
Imputed interest under UK - UK transfer pricing regulations	(2,510,400)	-
Non-taxable UK dividend income	(3,900,000)	-
Current tax charge for the period	<u>-</u>	<u>-</u>

The Finance Bill 2007 proposed a reduction in the UK rate of corporation tax from 30% to 28%.

6 Dividends

	Year ended 31 March 2007 £	Period ended 31 March 2006 £
Dividend received		
Interim dividend received	<u>13,000,000</u>	<u>-</u>

A dividend was received in August 2006, satisfied by a loan with Hogg Robinson Limited (formerly Hogg Robinson plc)

7 Investments

	2007 £	2006 £
Cost		
At 1 April	240,290,847	-
Additions / on formation	<u>-</u>	<u>240,290,847</u>
At 31 March	<u>240,290,847</u>	<u>240,290,847</u>

On 31 January 2005 the Company acquired 100% of the issued share capital of a fellow group company, Hogg Robinson Limited (formerly 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

Details of Investments

Shares in Group undertaking	Business	Country of Incorporation	Class of shares	Proportion of nominal value of shares held
Hogg Robinson Limited	Holding company	England	Ordinary	100%

The directors consider that the fair value of investments is not less than the carrying value

8 Creditors: amounts falling due within one year

	Note	2007 £	2006 £
Bank and other borrowings	9	<u>-</u>	<u>2,446,678</u>

Bank loans were repaid on 12th October 2006 as part of the Global offer and admission to the official list of the Financial Services Authority and to trading on the London Stock Exchange of the ultimate parent undertaking, Hogg Robinson Group plc

9 Bank and other borrowings due within one year

	2007 £	2006 £
Secured bank loans – gross	-	2,625,000
Unamortised loan issue costs	<u>-</u>	<u>(178,322)</u>
	<u>-</u>	<u>2,446,678</u>

10 Creditors: amounts falling due after one year

	Note	2007 £	2006 £
Bank and other borrowings	11	-	50,398,191
Due to parent company		69,910,744	13,919,147
Due to subsidiary company		<u>65,050,000</u>	<u>78,050,000</u>
		<u>134,960,744</u>	<u>142,367,338</u>

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2007 (Continued)

Bank loans bear interest based on LIBOR + 1.5%. Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

11 Bank and other borrowings due after one year

	2007	2006
	£	£
Secured bank loans – gross	-	51,250,000
Unamortised loan issue costs	-	(851,809)
	<u>-</u>	<u>50,398,191</u>

Bank loans were repaid on 12th October 2006 as part of the Global offer and admission to the official list of the Financial Services Authority and to trading on the London Stock Exchange of the ultimate parent undertaking, Hogg Robinson Group plc

12 Called up share capital

	2007	2006
	£	£
Authorised (1,000,000 ordinary shares of £1 each)		
At 1 April / on formation	1,000,000	1,000,000
At 31 March	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid (102 ordinary shares of £1 each)		
At 1 April / on formation	102	1
Increase in the period	-	101
At 31 March	<u>102</u>	<u>102</u>

13 Share Premium

	2007	2006
	£	£
At 1 April / on formation	105,290,745	-
On issue of ordinary shares	-	105,290,745
At 31 March	<u>105,290,745</u>	<u>105,290,745</u>

14 Profit and loss account

	£
At 1 April 2006	(9,814,016)
Profit for period	9,853,272
At 31 March 2007	<u>39,256</u>

15 Reconciliation in the movement on shareholders' funds

	2007	2006
	£	£
Shareholder Funds on 1 April / on formation	95,476,831	-
Share capital issued on formation	-	1
Share capital issue in the period	-	101
Share premium on shares issued in the period	-	105,290,745
Profit for the period	9,853,272	(9,814,016)
Shareholder Funds at 31 March 2007	<u>105,330,103</u>	<u>95,476,831</u>

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2007 (Continued)

16 Contingent liabilities

The Company is one of the subsidiaries of Hogg Robinson Group plc to have provided a guarantee of repayment of the Group's revolving credit facility. The estimated liability of the group is £184,700,000.

17 Immediate and Ultimate parent undertaking

The immediate parent company is Farnborough Limited.

The ultimate parent company and controlling party is Hogg Robinson Group plc, which is the only Company to consolidate Farnborough Services Limited. Copies of the Hogg Robinson Group plc consolidated financial statements can be obtained from the Company Secretary at Hogg Robinson Group plc, Global House, Victoria Street, Basingstoke, Hampshire RG21 3BT.