

FARNBOROUGH SERVICES LIMITED

ANNUAL REPORT

Year ended 31 March 2008



Registered no. 5311343

FARNBOROUGH SERVICES LIMITED

PAGE	CONTENTS
1-2	Directors' Report
3	Profit and Loss Account
4	Balance Sheet
5-8	Notes to the Financial Statements

FARNBOROUGH SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2008.

Principal Activity

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 has had no activity this year and the Company's profit for the year was £nil (period ended 31 March 2007 profit of £9,853,272).

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 Hogg Robinson Group plc, which include those of the Company, are discussed on page 26 of the Hogg Robinson Group plc annual report for the year ended 31 March 2008, 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 A Steadman (appointed 21 December 2007)

Resignations during the year ended 31 March 2008:

J F W Kennerley (resigned 21 December 2007)
R M Westwood (resigned 31 March 2008)

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 (2007: nil days).

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;

FARNBOROUGH SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008 (Continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

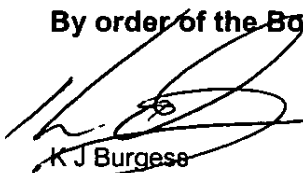
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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: 21 January 2009

FARNBOROUGH SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007
	Notes	£	£
Turnover		-	-
Operating expenses	2	-	-
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)
Profit on ordinary activities before taxation		-	9,853,272
Tax on profit on ordinary activities	5	-	-
Profit for the year	11	-	9,853,272

All operations are continuing.

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

There is no material difference between the profit 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 2008

	Notes	2008 £	2007 £
Fixed Assets			
Investments	7	240,290,847	240,290,847
Total assets less current liabilities		<u>240,290,847</u>	<u>240,290,847</u>
Creditors: amounts falling due after one year	8	(134,960,744)	(134,960,744)
Net assets		<u>105,330,103</u>	<u>105,330,103</u>
 Capital and Reserves			
Called up share capital	9	102	102
Share premium account	10	105,290,745	105,290,745
Profit and loss account	11	39,256	39,256
Equity shareholders' funds	12	<u>105,330,103</u>	<u>105,330,103</u>

For the year ended 31 March 2008, the Company was entitled to the exemption under Section 249A (1) of the Companies Act 1985. Members have not required the Company to obtain an audit of the Company's accounts under Section 249B (2) of the Act.

The Directors acknowledge their responsibilities for:

- (1) ensuring that the Company keeps accounting records which comply with Section 221 of the Act; and
- (2) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 of the Act and which otherwise comply with the requirements of the Act relating to accounts so far as applicable to the Company.

The financial statements on pages 3 to 8 were approved by the Board of Directors and signed on its behalf by:

J. A. Steadman

J A Steadman

Director

Date: 21 January 2009

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2008

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 1985 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.

Other financial instruments are stated at fair value with differences on valuation taken to the Profit and Loss account. These include interest rate caps and amounts receivable or payable in foreign currency together with the forward foreign currency exchange contracts used to fix their value. Fair values are derived from published financial data.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. A financial liability is a contractual obligation to deliver cash or another financial asset to a third party.

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. Under the terms of FRS 8 'Related party transactions', the Company 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 financial statements.

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2008 (Continued)

2 Operating expenses

Staff costs

The Company has no employees (2007: nil).

Audit Fees

Auditors' remuneration of £nil (2007: £5,000) for the audit of the Company is borne by a fellow group subsidiary company.

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 A Steadman are disclosed in the accounts of Hogg Robinson Group plc. Mr R M Westwood received 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 one (2007: two) Director under a defined benefit scheme.

4 Interest payable and similar charges

	2008	2007
	£	£
Interest payable on bank loans:		
Repayable in less than 5 years	-	2,116,596
Amortisation of issue costs on bank loans	-	1,030,132
	<u>-</u>	<u>3,146,728</u>

5 Taxation

	2008	2007
	£	£
Current:		
UK Corporation tax at 30%	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the period

Factors affecting the tax charge were:

	2008	2007
	£	£
Factors affecting the tax charge in the period:		
Profit / (loss) on ordinary activities before tax	-	9,853,272
Profit on ordinary activities multiplied by the standard rate in the UK of 30%	-	2,955,982
Group relief not paid for	3,036,617	3,454,418
Imputed interest under UK - UK transfer pricing regulations	(3,036,617)	(2,510,400)
Non-taxable UK dividend income	-	(3,900,000)
Current tax charge for the period	<u>-</u>	<u>-</u>

The 2007 Finance Act reduced the UK rate of corporation tax from 30% to 28%, effective from 1 April 2008.

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2008 (Continued)

6 Income from fixed asset investments

	2008	2007
Dividend received		
Interim dividend received	-	13,000,000

7 Investments

	2008 £	2007 £
Cost:		
At 1 April and 31 March	<u>240,290,847</u>	<u>240,290,847</u>

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 after one year

	2008 £	2007 £
Due to parent company	69,910,744	69,910,744
Due to subsidiary company	<u>65,050,000</u>	<u>65,050,000</u>
	<u>134,960,744</u>	<u>134,960,744</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

9 Called up share capital

	2008 £	2007 £
Authorised (1,000,000 ordinary shares of £1 each)		
At 1 April and 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 and 31 March	<u>102</u>	<u>102</u>

10 Share Premium

	2008 £	2007 £
At 1 April and 31 March	<u>105,290,745</u>	<u>105,290,745</u>

11 Profit and loss account

	£
At 1 April 2007	39,256
Profit for period	-
At 31 March 2008	<u>39,256</u>

FARNBOROUGH SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2008 (Continued)

12 Reconciliation in the movement on shareholders' funds

	2008 £	2007 £
Shareholder Funds on 1 April	105,330,103	95,476,831
Profit for the period	-	9,853,272
Shareholder Funds at 31 March 2008	<u>105,330,103</u>	<u>105,330,103</u>

13 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 £179,167,000.

14 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.