

Company Registration No. 3454447

TAG Farnborough Airport Limited

Report and Financial Statements

31 December 2012



TAG Farnborough Airport Limited

Report and financial statements 2012

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditor's report	6
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

TAG Farnborough Airport Limited

Report and financial statements 2012

Officers and professional advisers

Directors

The directors of the Company, who served throughout the year unless otherwise indicated, are as follows

M A Ojeh	(French)	
A Ojeh	(French)	
R McMullin	(American)	
S Gillibrand	(British)	(Chairman)
R Bradley	(American)	
W Harris	(British)	(resigned 24 July 2012)
J Rosset	(Swiss)	
S Young	(American)	
A Subowo	(Indonesian)	

Secretary

R Hedges (British)

Registered Office

Business Aviation Centre
Farnborough Airport
Farnborough
Hampshire
GU14 6XA

Bankers

Lloyds TSB Bank Plc

Solicitors

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London
EC3N 4DX

Auditor

Deloitte LLP
Chartered Accountants
London

TAG Farnborough Airport Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Business review and principal activities

The Company is a subsidiary of Farnborough Airport Holdings Limited

The Company's principal activity is that of being involved in the commercial operating functions of Farnborough airport. The Company has developed the aerodrome into a dedicated business airport serving London and the South East of England with the construction of new modern facilities. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year. However in February 2011 the government granted TAG Farnborough Airport Limited the right to incrementally increase flight movements to 50,000 by 2019, which is an increase from the current limit of 28,000. Moreover, the construction of Hangar 2 was completed in December 2011. As shown in the Company's profit and loss account on page 7, the Company's revenue has increased by 12% over the prior year and the profit after tax has increased from £6.8 million profit to £8.0 million profit.

The balance sheet on page 8 of the financial statements shows that the Company's financial position at the year end is strong with net assets of £46.8 million.

Key Performance Indicators ("KPIs")

The most relevant KPI is the number of Air Traffic Movements ("ATMs") as it drives fuel sales and parking revenue as well. In combination with the ATMs the average landing fee per movement is also relevant as it drives the overall landing fees revenue and can be influenced through the improvement of the quality of the traffic. The operating margin is a key indicator to demonstrate the ability of the business to leverage its fixed cost base and to generate cash. The number of debtor days outstanding is a key risk factor and cash flow element. Going forward management will focus on further improving those KPIs.

KPI	2012	2011	
Air Traffic Movements	24,021	23,959	Number of take offs and landings for the period. The ATMs increased marginally in 2012 and it is expected that 2013 will see further improvements in activity.
Average landing fee per movement	£485	£432	The increase is mainly due to better quality of traffic. A higher proportion of weekend movements and larger aircraft have improved this KPI year on year.
Turnover Growth	11.9%	17.1%	The turnover growth has decreased over 2011. The turnover is a combination of Air Traffic Movements (ATMs), average landing fees per ATM, fuel sales, parking, hangarage and office rent. Despite the decrease there is still a positive double digit growth.
Operating Margin	24.7%	25.9%	Operating margin is the ratio of operating result expressed as a percentage of turnover. Operating margin has levelled in 2012.
Debtor Days	58 days	67 days	Debtor days shows the time taken to collect the money from customers. Enhanced collection procedures remain with a restrictive credit policy. As at the year end Debtor Days improved on the previous year.

TAG Farnborough Airport Limited

Directors' report (continued)

Principal risks and uncertainties

The Company is financed by a third party loan and a parent company loan. Its parent company loan is non interest bearing and it, therefore, has no interest rate exposure, and the interest rate exposure regarding the bank loan is managed by way of perfect hedging instruments. The Company refinanced with existing bankers during the year to repay part of parent company loan.

The major risks for the Company include long term economic recession which is mitigated by ensuring depth and breadth amongst the customer base and by maintaining good communication and relationships with key customers, a major aircraft incident which is managed by ensuring the highest standards of safety across the site, loss of key personnel which is managed by close team working, good communication and appropriate remuneration.

Environment

TAG Farnborough Airport Ltd continues to manage the airport in such a way as to minimise the impact of the airport to the local community. Since the development started the Company has maintained close working relationships with the Environment Agency and English Nature to ensure that all environmental legislation is adhered to and that best practice techniques are used.

The Environmental Management System requires procedures controlling Noise and Track Monitoring, Waste Management and Pollution, both ground and air, to be regularly reviewed and updated.

The Company sits on the Environment Committee of the Airport Operators Association.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

Going concern

The Company holds cash balances to meet all its day-to-day working capital requirements. The current economic conditions create uncertainty particularly over competition and consumer demand in the Aviation sector, however the Company's forecasts and projections have proved accurate in the past, and demand in 2012 was enhanced by key London events in 2012. The Company can operate comfortably within its cash balance and its agreed banking facilities.

The directors have a solid expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to several financial risks.

Cash flow risk

The Company has a comfortable level of cash reserves and there is no perceived cash flow threat for the next 18 months. No significant levels of foreign currency are held. There is some exposure to interest rate fluctuations however this is managed by hedging instruments purchased in the year.

Credit risk

The Company operates enhanced and comprehensive customer credit policies and these have proven to be effective during the year. Although these are working well there is still a small risk from historical bad debts, however the Company is of sufficient financial standing to be able to survive should some debtors go bad. The Company has good ongoing levels of activity where invoices are paid on presentation. Credit is granted to existing longstanding customers of sufficient wealth.

TAG Farnborough Airport Limited

Directors' report (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance

The Company has to meet loan covenants for the third party financing. Based on conservative financial projection, management believes that they will be met comfortably for the foreseeable future

Results and dividend

The profit for the year after taxation amounted to £7,984,234 (2011 £6,838,983). The directors do not propose the payment of a dividend (2011 £nil)

Directors

The directors who served throughout the year and to the date of this report are set out on page 1

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors at 31 December 2012 were 17 days (2011 27 days) purchases based on the average daily amount invoiced by suppliers during the year

Statement as to disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

R Hedges
Secretary

271061

2013

TAG Farnborough Airport Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of TAG Farnborough Airport Limited

We have audited the financial statements of TAG Farnborough Airport Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit 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.

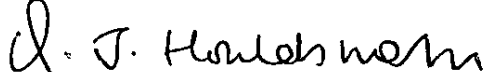
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.



Kate J Houldsworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27th June 2013

TAG Farnborough Airport Limited

Profit and loss account Year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	52,186,371	46,645,805
Cost of sales		(32,951,349)	(29,567,480)
Gross profit		19,235,022	17,078,325
Administrative expenses		(6,307,506)	(5,130,813)
Other operating (expenses)/income		(2,326)	118,237
Operating profit		12,925,190	12,065,749
Interest receivable and similar income	5	32,087	6,578
Interest payable and similar charges	6	(2,273,129)	(1,595,220)
Profit on ordinary activities before taxation for the financial year	4	10,684,147	10,477,107
Taxation	7	(2,699,913)	(3,638,124)
Retained profit on ordinary activities after taxation for the financial year	16	7,984,234	6,838,983

The results for each year are all from continuing operating activities

The Company has no recognised gains or losses other than the profit for each year as shown above. Accordingly, no statement of recognised gains and losses has been presented.


TAG Farnborough Airport Limited

Balance sheet 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	8	119,605,612	115,282,248
Current assets			
Stocks	9	351,007	192,964
Debtors	10	10,217,810	10,903,509
Cash at bank and in hand		5,024,900	1,752,744
		15,593,717	12,849,217
Creditors: amounts falling due within one year	11	(14,792,583)	(16,729,654)
Net current assets/(liabilities)		801,134	(3,880,437)
Total assets less current liabilities		120,406,746	111,401,811
Creditors: amounts falling due after more than one year	12	(72,587,824)	(71,567,123)
Provisions for liabilities and charges	14	(1,000,000)	(1,000,000)
Total net assets		46,818,922	38,834,688
Capital and reserves			
Called up share capital	15	24,500,000	24,500,000
Other reserves	16	9,517,026	9,517,026
Profit and loss account	16	12,801,896	4,817,662
Shareholders' funds	17	46,818,922	38,834,688

The financial statements on pages 7 to 18 of TAG Farnborough Airport Limited registered number 3454447 were approved by the Board of Directors on 27th June 2013

Signed on behalf of the Board of Directors


S Gillibrand
Director

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

1. Accounting policies

Accounting convention

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The Directors' Report on page 2 describes the financial position of the Company, its cash flows, liquidity position and borrowing facilities, the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

The current economic conditions continue to create some uncertainty particularly over the level of demand for the Company's products and services.

The Company meets its day to day working capital requirements through its currency cash balances and a £500,000 overdraft facility. The Company's forecasts and projections, taking into account possible changes in trading performance, show that the Company should be able to operate within the level of its current cash balances and overdraft.

The Company has three key covenants to meet in relation to the bank borrowing. The Company has met these successfully in the past and, based on management's projections, expect to be able to do so very comfortably for the foreseeable future.

After making enquiries, the directors, based on management's projections, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, except freehold land, over the estimated useful lives of the assets at the following rates:

Leasehold land and buildings	Over period of the lease
Airfields	1% to 11% reducing balance
Fixtures, fittings, tools and equipment	12% to 33% reducing balance
Motor vehicles	20% reducing balance

The company capitalises directly attributable interest and finance costs on all tangible fixed assets in the course of construction. No depreciation is provided until the asset is brought into use.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises materials. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted

Cash flow statement

Under FRS 1 (Revised), the Company is exempt from preparing a cash flow statement as it is a subsidiary of a parent company which prepares consolidated financial statements, which are available as indicated in note 20

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling at the end of the month the transactions took place. Foreign currency monetary assets and liabilities are translated into sterling at the year end rates. All foreign currency differences are dealt with through the profit and loss account

Financial instruments

The Company utilises interest rate swaps and caps as derivative instruments. The Company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policies

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time

Leases

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the lease term. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss accounts over the period of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding

Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for asset are being incurred and the activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete

TAG Farnborough Airport Limited

Notes to the accounts

Year ended 31 December 2012

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, the operation, control and management of aviation operations and the provision of associated facilities and services.

3. Information regarding directors and employees

No directors received remuneration from the Company in the year for their qualifying services as directors (2011: none). There were no pension contributions for these directors (2011: £nil). The directors of the Company have been remunerated by the ultimate parent company. Details of the directors' remuneration in the parent company are disclosed in that company's financial statements. None of these amounts related to services to the company during either period.

	2012 £	2011 £
Employee costs during the year:		
Wages and salaries	5,045,091	4,690,218
Social security costs	599,293	510,618
Other pension costs	192,841	145,464
	<u>5,837,225</u>	<u>5,346,300</u>
	2012 Number	2011 Number
Average number of persons employed by the company in the year:		
Operations	120	115
Administration	16	16
	<u>136</u>	<u>131</u>

4. Profit on ordinary activities before taxation:

	2012 £	2011 £
This is stated after charging:		
Depreciation and amortisation		
- owned assets	3,288,058	2,544,492
- finance leases	121,037	170,103
Auditor's remuneration		
- audit	38,839	35,545
- other services	2,575	1,000
- other services relating to taxation	17,100	33,020
Loss on disposal of fixed assets	14,720	4,385

The audit fee includes an amount of £ 6,535 (2011: £6,345) borne on behalf of TAG Farnborough (Holdings) Limited, and £ 4,456 (2011: £2,163) borne on behalf of TAG Farnborough Airport Freehold Limited I and II.

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

5. Interest receivable and similar income

	2012 £	2011 £
Other interest receivable and similar income	32,087	6,578

6. Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts repayable within five years	2,243,855	1,560,467
Finance leases	29,274	34,753
	2,273,129	1,595,220

7. Tax on profit on ordinary activities

The Company has a liability to UK corporation tax for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 24.5% (2011: 26.5%)

The actual tax charge for the current and the previous year is more than the standard rate for the reasons set out in the following reconciliation

	2012 £	2011 £
Current tax		
UK corporation tax	2,938,718	748,582
Prior year adjustment	(50,086)	-
Current tax charge	2,933,632	748,582
Deferred tax		
Origination and reversal of timing differences	192,657	2,585,364
Adjustment in respect of prior periods	(10,438)	659,715
Effect of changes in tax rates	(415,938)	(355,537)
Total deferred tax charge (note 18)	(233,719)	2,889,542
Total taxation charge for year	2,699,913	3,638,124

In the Finance Bill 2012, the Government has announced a reduction in the main rate of corporation tax from 26% to 24% effective from 1 April 2012. The 24% tax rate was substantively enacted on 26 March 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact further reductions in the main tax rate of 1% each year, down to 23% effective from 1 April 2013 and to 22% by 1 April 2014. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

7 Tax on profit on ordinary activities (continued)

	2012 £	2011 £
Profit on ordinary activities before tax	10,684,147	10,477,107
Current tax		
Tax on profit on ordinary activities at standard rate of 24.5 % (2011: 26.5%)	2,617,324	2,776,433
Factors affecting charge for the year:		
Permanent differences		
Expenses not deductible for tax purposes	616,426	558,494
Income not taxable for tax purposes	(245)	(265)
Timing differences		
Capital allowances in excess of depreciation	(205,886)	(498,608)
Utilisation of tax losses	(43,901)	(2,087,472)
Adjustments to tax charge in respect of previous periods	(50,086)	-
Total actual amount of current tax charge for the year	2,933,632	748,582

8. Tangible fixed assets

	Land and buildings £	Airfields £	Fixtures, fittings tools and equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2012	36,728,050	101,165,829	3,967,294	1,305,798	143,166,971
Additions	975,962	5,780,381	279,767	727,923	7,764,033
Disposals	-	-	-	(100,050)	(100,050)
At 31 December 2012	37,704,014	106,946,210	4,247,061	1,933,671	150,830,954
Accumulated depreciation					
At 1 January 2012	3,688,007	21,133,430	2,218,320	844,968	27,884,725
Charge for the year	451,350	2,619,718	284,928	53,099	3,409,095
Disposals	-	-	-	(68,478)	(68,478)
At 31 December 2012	4,139,357	23,753,138	2,503,248	829,589	31,225,342
Net book value					
At 31 December 2012	33,564,657	83,193,062	1,743,813	1,104,080	119,605,612
At 31 December 2011	33,040,045	80,032,399	1,748,974	460,830	115,282,498

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

8. Tangible fixed assets (continued)

The net book value of land and buildings comprises

	2012 £	2011 £
Freehold	25,080,513	24,563,055
Long leasehold	8,484,144	8,475,882
Short leasehold	-	-
	<u>33,564,657</u>	<u>33,038,937</u>

Included within airfields are capitalised interest and finance costs of a net book value of £307,401 (2011 £14,306) Included within assets are motor vehicles of a net book value of £303,212 subject to finance leases (2011 £859,910) The depreciation charge on these assets for the year was £95,598 (2011 £170,103)

9. Stocks

	2012 £	2011 £
Finished goods and goods for resale	<u>351,007</u>	<u>192,964</u>

There is no material difference between the balance sheet value of the stocks and their replacement cost

10. Debtors

	2012 £	2011 £
Trade debtors	7,577,909	7,533,138
Amounts owed by group undertakings	1,075,250	1,075,250
Other debtors	367,152	549,447
Prepayments and accrued income	807,297	862,806
VAT receivable	390,202	882,868
	<u>10,217,810</u>	<u>10,903,509</u>

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

11. Creditors: amounts falling due within one year

	2012 £	2011 £
Bank loan (secured)	2,600,000	5,000,000
Obligations under finance leases (see note 13)	79,299	91,080
Trade creditors	1,575,786	2,193,553
Other creditors	269,975	297,312
Accruals and deferred income	3,603,317	3,484,769
Other taxes and social security costs	199,819	230,883
Corporation tax creditor	1,635,632	369,582
Deferred tax liability	4,828,755	5,062,475
	<u>14,792,583</u>	<u>16,729,654</u>

12. Creditors: amounts falling due after more than one year

	2012 £	2011 £
Obligations under finance leases (see note 13)	237,824	317,123
Bank loan (secured)	36,100,000	25,000,000
Amount owed to group undertakings	36,250,000	46,250,000
	<u>72,587,824</u>	<u>71,567,123</u>
Creditors excluding finance leases:		
Between one and two years	4,500,000	5,000,000
Between two and five years	31,600,000	20,000,000
Over five years	36,250,000	46,250,000
	<u>72,350,000</u>	<u>71,250,000</u>

The bank loan is part of a borrowing facility. The full value of the bank loan is secured over the assets of the Company.

The bank loan bears interest at a floating rate of LIBOR plus a margin of 3.50%.

The Company's policy as regards to derivatives and financial instruments are set out in the accounting policies on page 9. The Company does not trade speculatively in financial instruments. Further details on the financial instruments held by the company at the balance sheet date can be found in note 19.

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

13. Obligations under finance leases

The future finance lease payments to which the Company was committed at 31 December 2012 are

	2012 £	2011 £
Within one year	104,852	119,581
Between one and two years	104,852	104,852
Between two and five years	219,953	235,004
Over five years	-	89,801
	<u>429,657</u>	<u>549,238</u>
Less interest charges allocated to future periods	(112,534)	(141,035)
	<u>317,123</u>	<u>408,203</u>
 Obligations included in creditors falling due within one year (note 11)	 79,299	 91,080
Obligations included in creditors falling due after one year (note 12)	237,824	317,123
	<u>317,123</u>	<u>408,203</u>

14. Provisions for liabilities and charges

	2012 £
At 1 January 2012 and 31 December 2012	<u>1,000,000</u>
The provision relates to ongoing legal issues relating to works at the Airport. Management has taken advice from retained lawyers and this represents the best estimate of the Companies liability.	

15. Share capital

	2012 £	2011 £
Authorised:		
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
Called up, allotted and fully paid:		
24,500,000 ordinary shares of £1 each	<u>24,500,000</u>	<u>24,500,000</u>

TAG Farnborough Airport Limited

Notes to the accounts Year ended 31 December 2012

16. Reserves

	Profit and loss account £	Other reserve £
At 1 January 2012	4,817,662	9,517,026
Profit for the financial year	7,984,234	-
At 31 December 2012	<u>12,801,896</u>	<u>9,517,026</u>

The other reserve balance relates to the waiver of an inter-company loan amount with the parent company TAG Farnborough (Holdings) Limited during 2004

17. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	7,984,234	6,838,983
Increase in shareholders' funds	7,984,234	6,838,983
Opening shareholders' funds	38,834,688	31,995,705
Closing shareholders' funds	<u>46,818,922</u>	<u>38,834,688</u>

18. Deferred taxation

A deferred tax liability has arisen in respect of timing differences. The amount of the liability recognised is £4,828,755 (2011 £5,062,475 liability)

The amount of a deferred tax liability in the financial statements is

	2012 £	2011 £
Capital allowances in excess of depreciation	4,886,255	5,124,975
Other short term timing differences	(57,500)	(62,500)
Deferred tax liability	<u>4,828,755</u>	<u>5,062,475</u>

TAG Farnborough Airport Limited

Notes to the accounts

Year ended 31 December 2012

19 Derivatives not included at fair value

The Company has derivatives in the period

	Effective dates	Notional	2012 £	2011 £
Interest rate swap	Until April 2017	£38.7 m	(1.1m)	(801k)
Interest rate cap	Until March 2015	£11.1m	-	(5k)

The Group uses the above derivatives to manage its exposure to interest rate movements on its bank borrowings. The fair values are based on market values at the balance sheet date.

The interest rate swap contract settles on a quarterly basis. The floating rate is three months LIBOR. The Company will settle the difference on a net basis. The swap rate is fixed at 1.585% and the cap rate 5%.

20 Ultimate parent company

In the opinion of the directors, the Company's ultimate parent company, and controlling party, at the balance sheet date is TAG Group Limited, a company incorporated in Jersey. This is also the parent undertaking of the largest group which includes the Company and for which group accounts are prepared. The immediate parent company is TAG Farnborough (Holdings) Limited, a company registered in England and Wales and incorporated in the United Kingdom. Copies of the group financial statements of TAG Farnborough (Holdings) Limited are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

21. Related party transactions

Pursuant to the exemption granted by Financial Reporting Standard 8, 'Related Party Disclosures', transactions with other undertakings within, and related parties of, the TAG Aviation Holdings SA group have not been disclosed within these financial statements.