

**Company Registration No. 3454447**

**TAG Farnborough Airport Limited**

**Report and Financial Statements**

**31 December 2008**

THURSDAY



\*LZBOWEB4\*

LD2

22/10/2009

26

COMPANIES HOUSE

# **TAG Farnborough Airport Limited**

## **Report and financial statements 2008**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>6</b>
<b>Independent auditors' report</b>	<b>7</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>11</b>

# **TAG Farnborough Airport Limited**

## **Report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

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

M A Ojje	(French)	
A Ojje	(French)	
R McMullin	(American)	
S Gillibrand	(British)	(Chairman)
R Bradley	(American)	
W Harris	(British)	
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

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London  
EC4A 3BZ

# TAG Farnborough Airport Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### Business review and principal activities

The Company is a subsidiary of TAG Aviation Group (UK) Limited and operates as part of the group's UK aviation division.

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.

As shown in the Company's profit and loss account on page 9, the Company's revenue has increased by 31% over the prior year and the profit after tax has similarly improved from £2.4 million profit to £7.4 million profit.

The balance sheet on page 10 of the financial statements shows that the Company's financial position at the year end is strong with net assets of £22.5 million.

In August 2009, an additional bank loan of £12 million has been secured to further develop the Airfield to allow increased revenue streams.

There are no other significant events since the balance sheet date.

### 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 the management will focus on further improving those KPIs.

KPI	2008	2007	
Air Traffic Movements	26,288	28,408	Number of take offs and landings for the period. The ATMs decreased in the full year 2008 due to the impact of the economic recession on the flying activity during the fourth quarter of 2008. It is anticipated that the economic downturn will further affect the number of ATMs in 2009. N.B. this figure includes flights exempt from local authority imposed limit.
Average landing fee per movement	£315	£243	The increase is due mainly to better quality of traffic. A higher proportion of weekend movements and larger aircraft has improved this KPI year on year

# **TAG Farnborough Airport Limited**

## **Directors' report (continued)**

Turnover Growth	31.5%	22.6%	Increase in Turnover on the previous period. The turnover is a combination of Air Traffic Movements (ATMs), average landing fees per ATM, fuel sales, parking, Hangarage and office rent. The decrease in ATM towards the end of 2008 due to the economic downturn was more than offset through an increase in landing fees and fuel sales. The improvement of the average landing fee per movement was driven by price increase and improved quality of the traffic. The business will be affected by the economic downturn in 2009, which has started a little slower but is expected to pick up from the middle of the year.
Operating Margin	16.5%	13.3%	Operating margin is the ratio of operating result expressed as a percentage of Turnover. Operating margin has increased due to operating expenses increasing at a slower pace than turnover and the leveraging of the airport high fixed costs base.
Debtor Days	76 days	98 days	Debtor days shows the time taken to collect the money from Debtors. Due to enhanced collection procedures combined with a more restrictive credit policy, the outstanding debtors' days has improved in 2008. In 2009 a further tightening of the credit policy and more formal collection procedures will be implemented.

### *Principal risks and uncertainties*

The Company is financed by a third party loan. Its parent company loan is non interest bearing, it therefore has no interest rate exposure.

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.

# **TAG Farnborough Airport Limited**

## **Directors' report (continued)**

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 and demand in 2009 is still at a high level. The Company can operate comfortably within its cash balance.

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.

#### *Credit risk*

The Company has recently introduced 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.

#### *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, the management believes that they will be met comfortably for the foreseeable future.

### **Results and dividend**

The profit for the year after taxation amounted to £7,381,354 (2007: £2,427,364). The directors do not propose the payment of a dividend (2007: £nil).

### **Directors**

The directors who served throughout the year are set out on page 1. The directors held no beneficial interests in the ordinary shares of the Company at 31 December 2008 and at 1st January 2008 or date of appointment.

# **TAG Farnborough Airport Limited**

## **Directors' report (continued)**

### **Statement as to disclosure of information to 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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### **Auditors**

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors 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

14 October 2009

# **TAG Farnborough Airport Limited**

## **Statement of directors' responsibilities**

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). 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 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

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 auditors' 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 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 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).

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 judgements 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.

## **Independent auditors' report to the members of TAG Farnborough Airport Limited (continued)**

### **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 December 2008 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.

*Deloitte LLP.*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
*14 October* 2009

# TAG Farnborough Airport Limited

## Profit and loss account Year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2	40,033,526	30,451,800
Cost of sales		(27,923,583)	(20,904,799)
Gross profit		12,109,943	9,547,001
Administrative expenses		(5,761,050)	(5,503,094)
Other operating income		257,045	15,636
Operating profit	4	6,605,938	4,059,543
Other interest receivable and similar income	5	88,684	74,297
Interest payable and similar charges	6	(1,506,890)	(1,906,873)
Profit on ordinary activities before taxation for the financial year		5,187,732	2,226,967
Taxation	7	2,193,622	200,397
Retained profit on ordinary activities after taxation for the financial year	16	7,381,354	2,427,364
Profit and loss account brought forward		(18,893,500)	(21,320,864)
Profit and loss account carried forward		(11,512,146)	(18,893,500)

The results for the year are all from continuing operating activities.

The Company has no recognised gains or losses other than the profit as shown above. The results for the year are all from continuing operating activities.

**TAG Farnborough Airport Limited****Balance sheet****Year ended 31 December 2008**

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	8	77,736,074	77,295,689
		<u>77,736,074</u>	<u>77,295,689</u>
<b>Current assets</b>			
Stock	9	156,169	208,849
Deferred tax asset	7	2,219,356	-
Debtors	10	9,544,831	9,253,350
Cash at bank and in hand		2,803,136	2,577,725
		<u>14,723,492</u>	<u>12,039,924</u>
<b>Creditors: amounts falling due within one year</b>	11	(11,077,511)	(10,632,335)
<b>Net current assets</b>		<u>3,645,981</u>	<u>1,407,589</u>
<b>Total assets less current liabilities</b>		<u>81,382,055</u>	<u>78,703,278</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(57,876,714)	(62,579,752)
<b>Provisions for liabilities and charges</b>	14	(1,000,000)	(1,000,000)
<b>Total net assets</b>		<u>22,505,341</u>	<u>15,123,526</u>
<b>Capital and reserves</b>			
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	(11,511,685)	(18,893,500)
<b>Shareholders' funds</b>	17	<u>22,505,341</u>	<u>15,123,526</u>

These financial statements on pages 9 to 21 were approved and authorised for issue by the Board of Directors on  
*14 October* 2009.

Signed on behalf of the Board of Directors



S Gillibrand  
 Director

# **TAG Farnborough Airport Limited**

## **Notes to the accounts**

**Year ended 31 December 2008**

### **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 law and 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 4 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 create uncertainty particularly over (a) the level of demand for the Company's products and services; (b) the exchange rate between sterling and euros and US dollars, and thus the consequence of earning revenues in foreign currencies; and (c) the availability of bank finance in the foreseeable future.

The Company meets its day to day working capital requirements through its currency cash balances and a £500,000 overdraft facility shared with TAG Farnborough Engineering Limited and TAG Aviation (UK) Limited. 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 currency cash balances and overdraft.

After making enquiries, the directors 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.

#### **Stock**

Stock is 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 2008**

#### **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 an EU parent company which prepares consolidated financial statements.

##### **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 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. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

##### **Leases**

Rentals paid under operating leases are charged to the profit and loss account in equal amounts over the term of the lease. 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.

#### **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.

# TAG Farnborough Airport Limited

## Notes to the accounts

Year ended 31 December 2008

### 3. Information regarding directors and employees

No directors received remuneration from the Company in the year for their qualifying services as directors (2007: none). There were no pension contributions for these directors (2007: £nil). The other 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.

	2008 £	2007 £
<b>Employee costs during the year:</b>		
Wages and salaries	4,642,072	4,022,983
Social security costs	503,286	442,230
Other pension costs	133,594	129,736
	<u>5,278,952</u>	<u>4,594,949</u>
	<b>2008 Number</b>	<b>2007 Number</b>
<b>Average number of persons employed by the company in the year:</b>		
Operations	113	109
Administration	23	18
	<u>136</u>	<u>127</u>

### 4. Operating profit

	2008 £	2007 £
<b>Operating profit is stated after charging:</b>		
Depreciation and amortisation		
- owned assets	2,945,986	2,963,922
- finance leases	120,271	100,385
Auditors' remuneration		
- audit	36,500	28,000
- other services relating to taxation	115,850	67,895

The audit fee includes an amount of £2,000 (2007: £2,000) borne on behalf of TAG Farnborough (Holdings) Limited, £1,000 (2007: £1,000) borne on behalf of TAG Aviation (Group) UK Limited, £nil (2007: £2,000) borne on behalf of TAG Hotel Limited, £1,000 (2007: £1,000) borne on behalf of TAG Farnborough Enterprises Limited and £2,000 (2007: £nil) borne on behalf of TAG Farnborough Airport Freehold Limited.

### 5. Other interest receivable and similar income

	2008 £	2007 £
Other interest receivable and similar income	<u>88,684</u>	<u>74,297</u>

# TAG Farnborough Airport Limited

## Notes to the accounts

### Year ended 31 December 2008

#### 6. Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts repayable within five years	1,220,233	1,637,099
Other interest payable	240,000	240,000
Finance leases	46,657	29,774
	<u>1,506,890</u>	<u>1,906,873</u>

#### 7. Tax on profit on ordinary activities

The Company has a small liability to UK corporation tax for the year. Deferred tax amounts are shown in note 19 to the accounts.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2007: 30%). The actual tax charge for the current and the previous year is less than the standard rate for the reasons set out in the following reconciliation:

	2008 £	2007 £
Current tax charge/(credit)	25,734	(200,397)
Deferred tax		
Origination and reversal of timing differences	(1,938,987)	-
Adjustment in respect of previous periods	-	-
Effect of change in tax rate on opening liability	(280,369)	-
	<u>(2,219,356)</u>	<u>(0)</u>
Total deferred tax (credit)/charge		
	<u>(2,193,622)</u>	<u>(200,397)</u>



# TAG Farnborough Airport Limited

## Notes to the accounts

Year ended 31 December 2008

	2008 £	2007 £
Profit on ordinary activities before tax	<u>5,187,732</u>	<u>2,226,967</u>
<b>Current tax</b>		
Tax on profit on ordinary activities at standard rate of 28.5% (2007:30%)	1,478,503	668,090
<b>Factors affecting charge for the year:</b>		
<b>Permanent differences</b>		
Expenses not deductible for tax purposes	61,034	163,328
Permanent difference in respect of IBA's	278,745	(79,056)
<b>Timing differences</b>		
Capital allowances in excess of depreciation	(371,093)	(386,010)
Tax losses carried forward	-	-
Utilisation of tax losses	(1,433,914)	(342,563)
Movement in short-term timing differences	12,459	(1,500)
Adjustments to tax charge in respect of previous periods	0	(200,397)
Group relief		(22,289)
<b>Total actual amount of current tax charge for the year</b>	<u>25,734</u>	<u>(200,397)</u>

A number of changes to the UK corporation tax system were enacted in the 2007 Finance Act. These included the decrease in the corporation tax rate from 30% to 28% effective from 1 April 2008. Deferred tax assets and liabilities must be valued at the rate at which they are expected to reverse in future years; therefore all deferred tax closing balances have been valued at 28%.

# TAG Farnborough Airport Limited

## Notes to the accounts Year ended 31 December 2008

### 8. Tangible fixed assets

	Land and buildings £	Airfields £	Fixtures, fittings tools and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2008	19,806,120	70,424,921	2,718,241	847,048	93,796,330
Additions	2,351,565	298,585	232,643	645,412	3,528,205
Disposals	-	-	-	(37,638)	(37,638)
At 31 December 2008	22,157,685	70,723,506	2,950,884	1,454,822	97,286,897
<b>Accumulated depreciation</b>					
At 1 January 2008	2,007,611	12,797,654	1,222,455	472,921	16,500,641
Charge for the year	431,185	2,240,854	249,708	144,510	3,066,257
Disposals	-	-	-	(16,075)	(16,075)
At 31 December 2008	2,438,796	15,038,508	1,472,163	601,356	19,550,823
<b>Net book value</b>					
At 31 December 2008	19,718,889	55,684,998	1,478,721	853,466	77,736,074
At 31 December 2007	17,798,509	57,627,267	1,495,786	374,127	77,295,689

The net book value of land and buildings comprises:

	2008 £	2007 £
Freehold	444,110	473,991
Long leasehold	18,224,810	16,244,934
Short leasehold	1,049,969	1,079,584
	19,718,889	17,798,509

Included within airfields are capitalised interest and finance costs of a net book value of £355,115 (2007: £473,451). Included within assets are motor vehicles of a net book value of £804,830 subject to finance leases (2007: £317,397). The depreciation charge on these assets for the year was £120,271 (2007: £100,386).

### 9. Stock

	2008 £	2007 £
Finished goods and goods for resale	156,169	208,849

# TAG Farnborough Airport Limited

## Notes to the accounts

Year ended 31 December 2008

### 10. Debtors

	2008 £	2007 £
Trade debtors	4,909,866	4,722,544
Amounts owed by group undertakings	3,445,652	3,470,587
Other debtors	579,515	397,006
Prepayments and accrued income	609,798	663,213
	<u>9,544,831</u>	<u>9,253,350</u>

### 11. Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loan (secured)	5,000,000	5,000,000
Obligations under finance leases (see note 14)	214,559	161,711
Trade creditors	2,831,884	2,064,955
Amount owed to group undertakings	54,601	370,146
Other creditors	241,972	211,500
Accruals and deferred income	2,734,495	2,824,023
	<u>11,077,511</u>	<u>10,632,335</u>

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

	2008 £	2007 £
Obligations under finance leases (see note 14)	526,714	229,752
Bank loan (secured)	10,900,000	15,900,000
Amount owed to group undertakings	46,450,000	46,450,000
	<u>57,876,714</u>	<u>62,579,752</u>
Between one and two years	5,000,000	5,000,000
Between two and five years	5,900,000	10,900,000
Over five years	46,450,000	46,450,000
	<u>57,350,000</u>	<u>62,350,000</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 1.5%.

The Company's policy as regards to derivatives and financial instruments are set out in the accounting policies on page 10. The company does not trade in financial instruments.

# TAG Farnborough Airport Limited

## Notes to the accounts

### Year ended 31 December 2008

#### 13. Obligations under finance leases

The future finance lease payments, to which the Company was committed at 31 December 2008 are:

	2008 £	2007 £
Within one year	266,591	191,573
Between one and two years	188,191	170,666
Between two and five years	242,875	98,542
Over five years	279,841	25
	<u>977,498</u>	<u>460,806</u>
Less: interest charges allocated to future periods	(236,225)	(69,343)
	<u>741,273</u>	<u>391,463</u>
Obligations included in creditors falling due within one year	214,559	161,711
Obligations included in creditors falling due after one year	526,714	229,752
	<u>741,273</u>	<u>391,463</u>

#### 14. Provisions for liabilities and charges

	2008 £
At 1 January 2008 and 31 December 2008	<u>1,000,000</u>

The provision relates to an ongoing adjudication claim from a contractor for runway works. The provision represents management's best estimate of the Company's liability, based on advice from its retained lawyers. Adjudication was finalised in 2008 with no order for payment, however we have been advised by lawyers to retain the provision.

#### 15. Called up share capital

	2008 £	2007 £
<b>Authorised:</b>		
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Called up, allotted and fully paid:</b>		
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 2008

### 16. Reserves

	Profit and loss account £	Other reserve £	Total £
At 1 January 2008	(18,893,500)	9,517,026	(9,376,474)
Profit for the financial year	7,381,815	-	7,381,815
At 31 December 2008	<u>(11,511,685)</u>	<u>9,517,026</u>	<u>1,994,659</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 equity shareholders' funds

	2008 £	2007 £
Profit for the financial year	7,381,815	2,427,364
Increase in equity shareholders' funds	7,381,815	2,427,364
Opening equity shareholders' funds	15,123,526	12,696,162
Closing equity shareholders' funds	<u>22,505,341</u>	<u>15,123,526</u>

### 18. Deferred taxation

A deferred tax asset has been recognised in respect of timing differences relating to losses as the directors estimate that future profits will ensure that the asset will be recovered. The amount of the asset recognised is £2,219,356. The amount of deferred tax not recognised in £nil (2007: £3,202,435). The 2007 deferred tax asset was not recognised in the 2007 accounts as the Directors believed there was uncertainty over recoverability. The amount of a deferred tax asset recognised in the financial statements is:

The amount of a deferred tax asset in the financial statements is:

	2008 £	2007 £
Capital allowances in excess of depreciation	4,458,633	-
Other short term timing differences	(13,640)	-
Losses	(6,664,349)	-
Reversal of liability in respect of IBA's	-	-
	<u>(2,219,356)</u>	<u>-</u>

# **TAG Farnborough Airport Limited**

## **Notes to the accounts**

**Year ended 31 December 2008**

### **19. Capital commitments**

At 31 December 2008 the company had no future commitments (2007: £631,991) in capital costs, which are contracted but not provided for.

### **20. Ultimate parent company**

In the opinion of the directors, the company's ultimate parent company is TAG Group (Holdings) SA, a company incorporated in Luxembourg. This is also the parent undertaking of the largest group which includes the company and for which group accounts are prepared. The parent undertaking and controlling party of the smallest such group is TAG Aviation Group (UK) Limited, a company registered in England and Wales and incorporated in Great Britain. The immediate parent company and controlling party is TAG Farnborough (Holdings) Limited, a company registered in England and Wales and incorporated in Great Britain. Copies of the group financial statements of TAG Aviation Group (UK) Limited are available from Companies House, Crown Way, Maindy, 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 Group (UK) Limited group have not been disclosed within these financial statements.