

REGISTERED NUMBER 3609194

**AIRGARE LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2007**

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## **AIRGARE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

#### **Principal activities, review of the business and future developments**

The results for the year are shown in the profit and loss account on page 3. The company carried on its normal business of acting as an investment holding company during the year and no change is planned in its activities in the year to 31 December 2008. The financial position at the year end was considered satisfactory.

#### **Principal risks and uncertainties**

The company is a wholly owned subsidiary of Charter plc. From the perspective of the company, the principal risks and uncertainties are aligned with the principal risks and uncertainties of Charter plc and its subsidiaries. Accordingly, the principal risks and uncertainties of Charter plc and its subsidiaries, which include those of the company, are discussed in the business and financial review contained in the annual report of Charter plc which does not form part of this report.

#### **Key performance indicators (KPI's)**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of Charter plc and its subsidiaries, which includes the company, are discussed in the business and financial review contained in the annual report of Charter plc which does not form part of this report.

#### **Results and dividends**

The loss for the year, after taxation, was £3,918,000 (2006: loss £2,155,000). The retained loss for the year has been transferred to reserves. No dividends were paid or proposed in the year (2006: £nil).

#### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

R A Careless  
J R Deeley  
J L Avery

#### **Directors' indemnities**

R A Careless and J R Deeley have been granted an indemnity by the ultimate parent company, Charter plc, to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. In addition, Charter plc may pay the directors' legal costs as they are incurred, subject to reimbursement if the director is convicted, or if judgement is given against the director in an action brought against the company.

**AIRGARE LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**Disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all the steps they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Independent Auditors**

The company has passed elective resolutions so that there is no requirement either to hold annual general meetings or to appoint the auditors, PricewaterhouseCoopers LLP, on an annual basis

By order of the board



**N Giles**  
Company secretary

**Registered Office**  
52 Grosvenor Gardens  
London, SW1W 0AU  
20 March 2008

**AIRGARE LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

		<b>2007</b>	<b>2006</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>CONTINUING OPERATIONS</b>			
Administration costs	<b>2</b>	(18)	(15)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<u>(18)</u>	<u>(15)</u>
Interest payable - fellow subsidiary undertakings		(5,579)	(3,064)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(5,597)</u>	<u>(3,079)</u>
Tax credit on loss on ordinary activities	<b>3</b>	1,679	924
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>8</b>	<u><u>(3,918)</u></u>	<u><u>(2,155)</u></u>

The company has no recognised gains or losses other than those recognised or included above. As a result no separate statement of total recognised gains and losses has been presented.

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

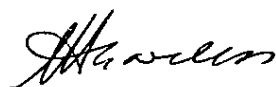
The notes on pages 6 to 9 form part of these financial statements.

**AIRGARE LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2007**

		<b>2007</b>	<b>2006</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>FIXED ASSET INVESTMENTS</b>	<b>4</b>	187,027	187,027
<b>CURRENT ASSETS</b>			
Debtors	<b>5</b>	4,650	2,970
<b>CURRENT LIABILITIES</b>			
Creditors Amounts falling due within one year	<b>6</b>	(87,526)	(81,928)
<b>NET CURRENT LIABILITIES</b>		(82,876)	(78,958)
<b>NET ASSETS</b>		<u>104,151</u>	<u>108,069</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	<b>7</b>	115	115
Share premium	<b>8</b>	114,885	114,885
Profit and loss account	<b>8</b>	(10,849)	(6,931)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>104,151</u>	<u>108,069</u>

The financial statements on pages 3 to 9 were approved by the Board on 20 March 2008 and were signed on its behalf by



**R A Careless**  
Director

**AIRGARE LIMITED**

**RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS FOR THE YEAR ENDED  
31 DECEMBER 2007**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Loss for the financial year	(3,918)	(2,155)
Opening equity shareholders' funds	108,069	110,224
Closing equity shareholders' funds	<u>104,151</u>	<u>108,069</u>

## **AIRGARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **1 Accounting policies**

##### **a) Basis of preparation**

The financial statements are prepared on the going concern basis in accordance with the Companies Act 1985 and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

##### **b) Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

##### **c) Related party transactions**

The company has taken advantage of the exemption in FRS 8 from disclosing related party transactions with members of the Charter plc group.

##### **d) Fixed asset investments**

Fixed asset investments are included at cost less provision for any impairment in value.

##### **e) Cash flow statement**

The company is a wholly owned subsidiary of Charter plc, and the cash flows of the company are included in the consolidated group cash flow statement. Consequently the company is exempt under the terms of FRS 1 (Revised 1996) from publishing a cash flow statement.

##### **f) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

# AIRGARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

### 2 Administration expenses

#### Directors emoluments

The company's directors are employed and remunerated by a fellow subsidiary undertaking and they received no emoluments in respect of their services to this company

#### Employees

The company has no employees

#### Auditors

Auditors' remuneration is borne by a fellow subsidiary undertaking

#### Management fee

Charter Central Services Limited has made a charge of £17,500 (2006 £15,000) to the company for management and other services

### 3 Tax credit on loss on ordinary activities

	2007	2007
	£000	£000
UK corporation tax @ 30% (2006 30%)	<u>1,679</u>	<u>924</u>

There is no difference between the tax assessed and the standard rate of corporation tax in the UK (30%) in either 2007 or 2006 ✓



**AIRGARE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007  
(CONTINUED)**

<b>4 Fixed asset investments</b>	<b>2007</b>	<b>2006</b>
<b>At cost</b>	<b>£000</b>	<b>£000</b>
Opening balance	187,027	122,027
Additions	-	65,000
Closing balance	<u>187,027</u>	<u>187,027</u>

**Interests in principal subsidiary undertakings**

Airgare Limited owns 100% of the issued share capital of Howden Holdings Limited, a company incorporated in England and Wales, whose principal activity is that of an investment holding company. Airgare Limited also owns 100% of the issued preference share capital of Exelvia Company II, a company incorporated in England and Wales, whose principal activity is that of an investment holding company.

During the prior year Howden Holdings Limited issued further ordinary shares which were fully subscribed for by Airgare Limited for a cash consideration of £65,000,000.

A full list of group undertakings will be annexed to the company's next annual return.

In accordance with Section 228 Companies Act 1985, consolidated accounts have not been prepared as the company is a wholly owned subsidiary of Charter plc, a company registered in England and Wales.

<b>5 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Corporation tax - group relief	<u>4,650</u>	<u>2,970</u>

<b>6 Creditors: Amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Amounts due to fellow subsidiary undertakings	<u>87,526</u>	<u>81,928</u>

Amounts due to fellow subsidiary undertakings are unsecured, have no fixed repayment date and interest is charged at LIBOR plus 1%.

# AIRGARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

<b>7 Share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Authorised 115,001 ordinary shares of £1 each	<u>115</u>	<u>115</u>
Allotted, called up and fully paid 115,001 ordinary shares of £1 each	<u>115</u>	<u>115</u>

<b>8 Reserves</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening balance	114,885	(6,931)	107,954
Retained loss for the year	-	(3,918)	(3,918)
Closing balance	<u>114,885</u>	<u>(10,849)</u>	<u>104,036</u>

### 9 Ultimate parent company

The company is a subsidiary of Charter Consolidated P L C , its immediate parent and controlling party. The company regards Charter plc as its ultimate parent company and its ultimate controlling party. The parent undertaking of the largest and smallest group of undertakings for which consolidated financial statements are prepared and of which the company is a member is Charter plc, 52 Grosvenor Gardens, London SW1W 0AU, a company incorporated in England and Wales. Copies of its consolidated financial statements are available from its registered office in England.

## **AIRGARE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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 those 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, subject to any material departures disclosed and explained in the financial statements,
- 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.

## **AIRGARE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRGARE LIMITED**

We have audited the financial statements of Airgare Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Equity Shareholders' Funds, 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 if, in our opinion, the Directors' Report is not 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.

**AIRGARE LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRGARE LIMITED (CONTINUED)**

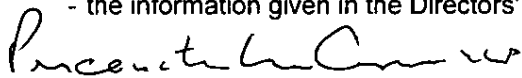
**Opinion**

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 2007 and of its loss for the year then ended, and

- the financial statements have been properly prepared in accordance with the Companies Act 1985

- the information given in the Directors' Report is consistent with the financial statements



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London  
25 March 2008