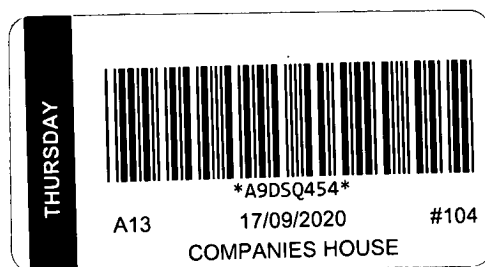


**FARNBOROUGH ENTERPRISES LIMITED (FORMERLY TAG FARNBOROUGH ENTERPRISES LIMITED)**

**Annual Report and Financial Statements**

**For the financial year ended 31 December 2019**



**FARNBOROUGH ENTERPRISES LIMITED**  
**Annual Report and Financial Statements**  
**For the financial year ended 31 December 2019**

---

**Contents**

Company Information	2
Directors' Report	3
Directors' Responsibilities Statement	7
Independent Auditor's Report	8
Profit and Loss Account	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the financial statements	15

**FARNBOROUGH ENTERPRISES LIMITED**

**COMPANY INFORMATION**

**For the financial year ended 31 December 2019**

---

**DIRECTORS**

J K Bruen

S B Geere

**SECRETARY**

T &H Secretarial Services Limited

**REGISTERED OFFICE**

3 Bunhill Row

London

EC1Y 8YZ

United Kingdom

**COMPANY NUMBER**

05283026 (England and Wales)

**AUDITOR**

Deloitte LLP

Statutory Auditor

Crawley

United Kingdom

**BANKERS**

Lloyds Bank Plc

25 Gresham Street

London

EC2N 7HN

**SOLICITORS**

Trowers & Hamlins

3 Bunhill Row

London

EC1Y 8YZ

**FARNBOROUGH ENTERPRISES LIMITED**  
**DIRECTORS' REPORT**  
**For the financial year ended 31 December 2019**

---

The directors present their annual report on the affairs of the Company, together with the financial statements and Auditor's Report, for the financial year ended 31 December 2019.

The Directors' Report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption and as such, have taken advantage of the exemption from preparing a Strategic Report.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year was that of rental of the Aviator Hotel to Aviator Hotel (Farnborough) Limited.

On 4th October 2019 the Company changed its name from TAG Farnborough Enterprises Limited to Farnborough Enterprises Limited.

**GOING CONCERN**

The Company has net current liabilities at the Balance Sheet date of £11,755,746. As such, Farnborough Airport BidCo Limited ("FABL") has agreed to provide financial support via a guarantee as required to enable the Company to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. In assessing the going concern position of the Company for the Financial Statements for the year ended 31 December 2019, the directors have considered FABL's cash flows, liquidity and banking ratios. Based on the forecasts for FABL the directors have adopted the going concern basis in preparing the Financial Statements.

In making this assessment the directors have made a current consideration of the potential impact of the Covid-19 pandemic on the cash flows, liquidity and banking ratios of FABL. FABL has material cash balances and the directors concluded that even under extreme downside Covid-19 scenarios FABL retains sufficient cash reserves. However under plausible recovery scenarios FABL could be in default on a key banking ratio covenant at December 2020. Under a scenario where the FABL is in default at December 2020 the Directors believe that there are available remedies through obtaining a waiver from the lenders or the shareholder injecting additional equity. Further details are included in note 1 of the Consolidated Financial Statements.

The directors have concluded that the potential impact of the Covid-19 pandemic and uncertainty over possible mitigating actions represents a material uncertainty that may cast significant doubt on FABL's and hence the Company's ability to continue as a going concern. Nonetheless having assessed the remedial options in response to Covid-19 resulting a default of banking covenants the directors have a reasonable expectation that FABL and hence the Company has adequate resources to continue to operate for the next 12 months. For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements.

**FARNBOROUGH ENTERPRISES LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 31 December 2019**

---

**REVIEW OF THE BUSINESS**

Turnover for the financial year amounted to £729,167 (2018: £nil). The Company suffered loss after taxation of £349,028 (2018: loss £40,731).

During the period Farnborough Hotel Limited BVI sold the Aviator Hotel to Farnborough Enterprises Limited for market value consideration of £23.5m. The consideration consisted of a netting of intercompany balances and issuing equity.

The Company earns rent on the Aviator Hotel.

The net current liability position of the Company for the financial year amounted to £11,755,746 (2018: net current liability £483,047).

The net asset position of the Company for the financial year amounted to £11,077,925 (2018: net liability £483,047).

No dividend was paid in 2019 (2018: £nil).

**FUTURE DEVELOPMENTS**

There are no plans to materially change the Company's activities in the future.

**EVENTS AFTER THE BALANCE SHEET DATE**

Since the period under review, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. Currently there is no expected impact i.e. rent is due on the hotel, however this could evolve if the hotel is not operating for extended period of time. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges, with particular focus on the potential impact on staff shortages and operating delays. At the time of signing the directors do not consider COVID-19 to impact the Company's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

**DIRECTORS**

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

R V V Bradley	(Resigned 27 September 2019)
J K Bruen	(Appointed 27 September 2019)
S B Geere	(Appointed 27 September 2019)
R Hedges	(Resigned 27 September 2019)
J C Rosset	(Resigned 27 September 2019)
S H R Young	(Resigned 27 September 2019)

**DIRECTORS' INDEMNITIES**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the financial year and remain in force at the date of this report.

**FARNBOROUGH ENTERPRISES LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 31 December 2019**

---

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The Company's policies which are approved by the board of directors provide principles on how to manage these risks.

**Cash flow risk**

The Company's activities do not expose the Company to the financial risks of changes in foreign currency exchange rates and interest rates.

**Credit risk**

The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Liquidity risk**

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

**AUDITOR**

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 they 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.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

**FARNBOROUGH ENTERPRISES LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 31 December 2019**

---

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



J K Bruen  
Director

3 Bunhill Row  
London  
EC1Y 8YZ  
United Kingdom

Date: 24/06/2020

**FARNBOROUGH ENTERPRISES LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**For the financial year ended 31 December 2019**

---

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FARNBOROUGH ENTERPRISES LIMITED**

**For the financial year ended 31 December 2019**

---

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Farnborough Enterprises Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainties related to going concern**

We draw attention to note 1 in the financial statements, which indicates that the potential impact of the Covid-19 pandemic and uncertainty over possible mitigating actions could result in the Group being in default on a key banking ratio covenant at December 2020. As stated in note 1 the Company is dependent on the Group for ongoing financial support and the assets of the Company have a charge against them in relation to the Group's loan. These events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FARNBOROUGH ENTERPRISES LIMITED (continued)  
For the financial year ended 31 December 2019**

---

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FARNBOROUGH ENTERPRISES LIMITED (continued)  
For the financial year ended 31 December 2019**

---

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

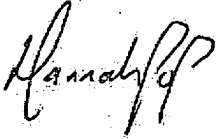
We have nothing to report in respect of these matters.

**Use of our report**

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 to them 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
FARNBOROUGH ENTERPRISES LIMITED (continued)  
For the financial year ended 31 December 2019**

---



---

Hannah Pop FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

Crawley  
United Kingdom

Date: 25 June 2020

**FARNBOROUGH ENTERPRISES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the financial year ended 31 December 2019**

	Note	2019 £	2018 £
<b>Turnover</b>		<b>729,167</b>	-
Administrative expenses		(582,831)	(40,731)
<b>Operating profit/(loss)</b>		<b>146,336</b>	<b>(40,731)</b>
Interest payable and similar expenses		(280,731)	-
<b>Loss before taxation</b>	<b>3</b>	<b>(134,395)</b>	<b>(40,731)</b>
Tax on loss	6	(214,633)	-
<b>Loss for the financial year attributable to the equity shareholders of the Company</b>		<b>(349,028)</b>	<b>(40,731)</b>

All amounts relate to continuing operations.

There are no items of other comprehensive income in the current or prior year and therefore no Statement of Comprehensive Income has been prepared.

**FARNBOROUGH ENTERPRISES LIMITED**

**BALANCE SHEET**

**As at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	7	23,048,304	-
		<b>23,048,304</b>	-
<b>Current assets</b>			
Debtors	8	300,000	426,081
Cash at bank and in hand		1,188,951	27,615
		<b>1,488,951</b>	<b>453,696</b>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	9	(13,244,697)	(936,743)
<b>Net current liabilities</b>		<b>(11,755,746)</b>	<b>(483,047)</b>
<b>Total assets less current liabilities</b>		<b>11,292,558</b>	<b>(483,047)</b>
Provision for liabilities	10	(214,633)	-
<b>Net assets/(liabilities)</b>		<b>11,077,925</b>	<b>(483,047)</b>
<b>Capital and reserves</b>			
Called-up share capital	11	11,910,001	1
Profit and loss account		(832,076)	(483,048)
<b>Total shareholders' funds/(deficit)</b>		<b>11,077,925</b>	<b>(483,047)</b>

The financial statements of Farnborough Enterprises Limited (registered number: 05283026) were approved and authorised for issue by the Board of Directors on 24/06/2020. They were signed on its behalf by:

  
 J K Bruen  
 Director

**FARNBOROUGH ENTERPRISES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the financial year ended 31 December 2019**

	Called-up share capital	Profit and loss account	Total
	£	£	£
<b>At 01 January 2019</b>	<b>1</b>	<b>(483,048)</b>	<b>(483,047)</b>
Loss for the financial year	-	(349,028)	(349,028)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(349,028)</b>	<b>(349,028)</b>
Issue of share capital	11,910,000	-	11,910,000
<b>At 31 December 2019</b>	<b>11,910,001</b>	<b>(832,076)</b>	<b>11,077,925</b>
<b>At 01 January 2018</b>	<b>1</b>	<b>(442,317)</b>	<b>(442,316)</b>
Loss for the financial year	-	(40,731)	(40,731)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(40,731)</b>	<b>(40,731)</b>
<b>At 31 December 2018</b>	<b>1</b>	<b>(483,048)</b>	<b>(483,047)</b>

**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2019**

---

**1. Accounting policies**

The principal accounting policies are summarised below. The accounting policies and measurement bases have all been applied consistently throughout the financial year and to the preceding financial year.

**General information and basis of accounting**

Farnborough Enterprises Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 3 Bunhill Row, London, EC1Y 8YZ, United Kingdom.

The principal activities are set out in the Directors' Report on page 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The functional currency of Farnborough Enterprises Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Farnborough Enterprises Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, related parties, presentation of a cash flow statement and remuneration of key management personnel. Farnborough Enterprises Limited is consolidated in the financial statements of its parent, Macquarie Infrastructure and Real Assets Investments Limited, which may be obtained from the address in note 12.



**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2019**

---

**Going concern**

The Company has net current liabilities of £11,755,746 at the Balance Sheet date. As such, Farnborough Airport BidCo Limited ("FABL") has agreed to provide financial support via a guarantee as required to enable the Company to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. The Assets of the Company have a charge against them in relation to an external loan to FABL. In assessing the going concern position of the Company for the Financial Statements for the year ended 31 December 2019, the directors have considered FABL's cash flows, liquidity and banking ratios. FABL closely monitors and manages its funding position and liquidity risk throughout the year, including monitoring forecast covenant results to ensure it does not breach debt covenants.

At 31 December 2019, the FABL had cash balances of £17.8m, an undrawn working capital financing facility of £10m and an undrawn facility in place to fund future capital expenditure of £43.4m.

Since the end of Q1 2020 as a direct result of Covid-19 there has been a material reduction in Air Traffic Movements ("ATMs") at Farnborough Airport and reduced occupancy at the Aviator Hotel. These are the two key revenue driving assets owned by FABL. The Airport remains open for standard operating hours however ATMs for the five months to May 2020 were 39% below the prior period. ATMs directly drive the FABL's key revenues through landing and handling fees, parking charges, fuel sales and ancillary income.

In response, measures have been put in place to preserve cash and reduce discretionary expenditure through the period of disruption:

- We have drawn down the £10m working capital facility in March 2020
- A number of cost saving initiatives have been implemented
- Discretionary operating costs have been reviewed and reduced accordingly where removal or deferral will not have a significant impact on operations. We have worked in partnership with key suppliers to reduce costs on material contracts in line with reduced activity
- The capital expenditure program has been significantly rephased towards the end of 2020 and into 2021. This has been conducted in a way which will not impact safety nor the harm the long-term growth of the Group

FABL consolidated EBITDA for the five months to May 2020 is 30% below the normalised prior period. At the time of signing these Accounts it is not possible to state with certainty the full impact Covid-19 will have on FABL. The directors believe that Business Aviation will see a sharp recovery ahead of the rest of the economy as travel restrictions are lifted around the world. However there remains significant uncertainty around the timing of this recovery. The level of Business Aviation activity and hence ATMs at Farnborough Airport is the key driver of FABL revenue.

FABL has material cash balances, £32,971,106 at the end of May 2020. Even under extreme downside scenarios where Covid-19 continues to significantly impact operations into 2021 FABL retains sufficient cash reserves. Under the assumption that ATMs increase significantly in July and then grow monthly until in line with pre-Covid-19 expectations by October the banking ratios would not be breached at December 2020. However under plausible scenarios where the recovery is slower than this FABL could be in default on a key banking ratio covenant at December 2020.

Under a scenario where FABL is in default at December 2020 the directors believe that there are two available remedies.

The first is to request a waiver from the lenders. FABL is in discussions with the lenders and has advised them of a potential banking covenant breach under certain scenarios at December 2020. The directors believe that now is not the appropriate time to request a waiver as it remains highly uncertain whether FABL will be in default at December 2020. Based on the fact that any potential default would directly arise as result of Covid-19 and be relatively short

**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2019**

---

term in nature the directors have a reasonable confidence that a waiver, if requested, would be granted. Covid-19 has had a significant impact across the Aviation industry resulting a number of businesses requesting and being granted waivers on debt finance. Under the terms of its Debt financing the FABL is required to submit Audited 2019 Accounts to the lenders by 30 June 2020, as a result the finalisation of the 2019 Accounts cannot be deferred beyond 30 June 2020 without obtained a waiver from the lenders.

The second remedy would be to inject additional equity into FABL which is a cure option under the terms of the loan agreement and would result in the covenants not being breached. Even under extreme scenarios where the impact of Covid-19 on Business Aviation is prolonged into 2021 the amount of equity required to be injected to avoid default would be significantly lower than one year of normalised EBITDA. Macquarie European Fund 6 ("MEIF6") holds 100% of the equity in FABL, and continues to have substantial uncommitted capital after reaching its final close in June 2019 with €6 billion committed. Bank covenant default scenarios have been discussed with the Shareholders and the directors have a reasonable confidence that if required the Shareholders would agree to inject the additional equity required.

The directors have concluded that the potential impact of the Covid-19 pandemic described above and uncertainty over possible mitigating actions represents a material uncertainty that may cast significant doubt on the FABL's and hence the Company's ability to continue as a going concern. Nonetheless having assessed the remedial options in response to Covid-19 resulting a default of banking covenants the directors have a reasonable expectation that the Company has adequate resources to continue to operate for the next 12 months. For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements.

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Rent are recognised evenly over the period to which the income relates.

#### **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 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**FARNBOROUGH ENTERPRISES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the financial year ended 31 December 2019**

---

**Tangible fixed assets**

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings 24% on a straight line basis

Buildings on a straight line basis over 30 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Leases**

***The Company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Impairment of assets**

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

***Non-financial assets***

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**FARNBOROUGH ENTERPRISES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the financial year ended 31 December 2019**

---

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and Loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**FARNBOROUGH ENTERPRISES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the financial year ended 31 December 2019**

---

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through the Profit and Loss Account.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2019**

---

### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

In the view of the directors, there are no critical accounting judgements or key sources of estimation uncertainty within the financial statements.

### **3. Loss before taxation**

The Company had no employees in the current or previous financial year.

Loss before taxation is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets (note 7)	451,696	-

### **4. Auditor's remuneration**

Auditor's remuneration for work carried out for the Company in respect of the financial year is as follows:

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £2,630 (2018:£2,250). The fee was borne by another group company.

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2019**

**5. Staff number and costs**

There were no employees other than the directors who worked for the Company in the year. None of the directors received any remuneration from the Company in the year. Details of directors' remuneration paid by the immediate parent company are disclosed in that Company's financial statements. The amount relating to their services to the Company was £nil (2018: £nil).

**6. Tax on loss**

	2019	2018
	£	£
<b>Current tax on loss</b>		
UK corporation tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	239,884	-
Effect of changes in tax rates	(25,251)	-
<b>Total deferred tax</b>	<b>214,633</b>	-
<b>Total tax on loss</b>	<b>214,633</b>	-

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the Balance Sheet date, deferred tax balances as at 31 December 2019 continue to be measured at 17%. The rate of change will affect the size of the Company's deferred tax assets and liabilities in the future.

**Tax reconciliation**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK:

	2019	2018
	£	£
<b>Loss before tax</b>	(134,395)	(40,731)
Tax on loss at standard UK corporation tax rate of 19.00% (2018: 19.00%)	(25,535)	(7,739)
Effects of:		
- Expenses not deductible for tax purposes	47,728	-
- Losses : Group relief	-	7,739
- Effects of group relief / other reliefs	217,691	-
- Tax rate changes	(25,251)	-
<b>Total tax charge for year</b>	<b>214,633</b>	-

**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2019**

**7. Tangible assets**

	Land and buildings £	Fixtures and fittings £	Total £
<b>Cost/Valuation</b>			
At 01 January 2019	-	-	-
Additions	23,163,505	336,495	23,500,000
<b>At 31 December 2019</b>	<b>23,163,505</b>	<b>336,495</b>	<b>23,500,000</b>
<b>Accumulated depreciation</b>			
At 01 January 2019	-	-	-
Charge for the financial year	405,658	46,038	451,696
<b>At 31 December 2019</b>	<b>405,658</b>	<b>46,038</b>	<b>451,696</b>
<b>Net book value</b>			
<b>At 31 December 2019</b>	<b>22,757,847</b>	<b>290,457</b>	<b>23,048,304</b>
At 31 December 2018	-	-	-

The value of land not depreciated is £1,200,000.

The lenders under the external financing with the parent company Farnborough Airport BidCo Limited have fixed and floating charges over all assets of the Company.

**8. Debtors**

	2019 £	2018 £
Amounts owed by Group undertakings	300,000	418,640
VAT recoverable	-	7,441
	<b>300,000</b>	<b>426,081</b>

Amounts owed by group undertakings are repayable on demand and non-interest bearing.



**FARNBOROUGH ENTERPRISES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the financial year ended 31 December 2019**

**9. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amounts owed to Group undertakings	12,647,446	350,000
Amounts owed to associates	-	548,926
Other taxation and social security	85,217	31,517
Accruals	199,534	6,300
Deferred income	312,500	-
	<b>13,244,697</b>	<b>936,743</b>

Amounts due to associates and group undertakings are repayable on demand and non-interest bearing.

**10. Provision for liabilities**

	<b>Deferred taxation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>At 01 January 2019</b>	-	-
Charged to profit and loss account	214,633	214,633
<b>At 31 December 2019</b>	<b>214,633</b>	<b>214,633</b>

**Deferred tax**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	214,633	-
<b>Provision for deferred tax</b>	<b>214,633</b>	<b>-</b>

**11. Called-up share capital & reserves**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called-up and fully-paid</b>		
1 ordinary share of £1.00	1	1
11,910,000 ordinary shares of £1.00 each	11,910,000	-
	<b>11,910,001</b>	<b>1</b>
<b>Presented as follows:</b>		
Called-up share capital presented as equity	11,910,001	1
	<b>11,910,001</b>	<b>1</b>

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

**FARNBOROUGH ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the financial year ended 31 December 2019**

---

**12. Events after the balance sheet date**

Covid-19 has had a significant impact on the operations of one of the Company's Parent's subsidiaries which operates the Aviator Hotel since the end of March 2020. The Aviator Hotel is operating at reduced occupancy and service levels in line with Government guidance. The duration for which the Covid-19 pandemic will continue to have a material impact on activities is highly uncertain and hence it has not been possible to estimate the financial effect.

**13. Controlling party**

In the opinion of the directors, the Company's ultimate parent company and controlling party at the Balance Sheet date is Macquarie European Infrastructure Fund 6 SCSp, a company registered at Level 4, 20 Boulevard Royal, L- 2449, Luxembourg. This is also the parent undertaking of the largest group which includes the Company for which accounts are prepared.

The parent undertaking of the smallest such group is Farnborough Airport BidCo Limited (formerly MEIF 6 Parker Limited), a company registered at 3 Bunhill Row, London, EC1Y 8YZ.

Copies of the group financial statements of Macquarie European Infrastructure Fund 6 SCSp is available from Level 4, 20 Boulevard Royal, L- 2449, Luxembourg. Copies of the group financial statements of Farnborough Airport BidCo Limited is available from Companies House, Crown Way, Cardiff CF14 3UZ. The Company's immediate controlling party is Macquarie Infrastructure And Real Assets (Europe) Limited and Farnborough Hotel Limited.