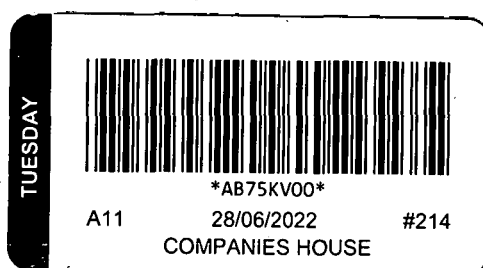


Company No: 05283026 (England and Wales)

FARNBOROUGH ENTERPRISES LIMITED
Annual Report and Financial Statements
For the financial year ended 31 December 2021



FARNBOROUGH ENTERPRISES LIMITED
Annual Report and Financial Statements
For the financial year ended 31 December 2021

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FARNBOROUGH ENTERPRISES LIMITED
COMPANY INFORMATION
For the financial year ended 31 December 2021

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
Abbots House
Abbey Street
Reading
RG1 3BD

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 2021

The Directors present their Annual Report on the affairs of Farnborough Enterprises Limited (the "Company"), together with the Financial Statements and Auditor's Report, for the financial year ended 31 December 2021.

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.

GOING CONCERN

In assessing the going concern position of the Company the Directors have considered future cashflows and liquidity of the Company. The trade for the Company is generated from intercompany rent and that this trade is not expected to change in the next twelve months. The Company has net current liabilities at the Balance Sheet date of £10,602,993 (2020: £11,173,841). As such, the intermediate parent undertaking Farnborough Airport Company Limited ("FACL") has agreed to provide financial support 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. Therefore, the Directors have considered FACL's cashflows, liquidity and banking ratios. Even under reasonably possible downside scenarios, no breach of banking covenants is forecast. For these reasons they continue to adopt a going concern basis for the preparation of the Financial Statements.

REVIEW OF THE BUSINESS

Turnover and net assets are considered key performance indicators for the Company. Turnover for the financial year amounted to £1,250,000 (2020: £1,250,000). The Company suffered loss after taxation of £362,610 (2020: loss £319,344).

The net current liability position of the Company for the financial year amounted to £10,602,993 (2020: £11,173,841).

The net asset position of the Company for the financial year amounted to £10,395,971 (2020: £10,758,581).

No dividend was paid in 2021 (2020: £nil).

The Company was largely unaffected by Covid-19. The rental income was a related party transaction with the Aviator Hotel (Farnborough) Limited, a Group Company that did suffer as a result of Covid-19 travel restrictions. However, the improvement in the second half of the year led to revenues in the Aviator Hotel (Farnborough) Limited being 32% higher in 2021 than 2020 ensuring all lease obligations were met. As the business remained unchanged year on year, turnover, assets and profitability remained consistent.

FUTURE DEVELOPMENTS

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

FARNBOROUGH ENTERPRISES LIMITED
DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2021

DIRECTORS

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

J K Bruen

S B Geere

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.

RISKS AND UNCERTAINTIES

Due to its position as a indirect subsidiary of the Farnborough Airport Company Limited (the "Group"), the major risks for the Company are directly linked to the Group's risks, details of which are listed below.

- * 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 incident onsite that could cause closure is managed by ensuring the highest standards of safety across the site; and
- * loss of key personnel which is managed by close team working, good communication and appropriate remuneration.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are directly related to the Group's and therefore are exposed to a number of financial risks including credit risk and liquidity risk. The Company's policies which are approved by the Board of Directors provide written principles on how to manage these risks.

Cash flow risk

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

FARNBOROUGH ENTERPRISES LIMITED
DIRECTORS' REPORT (continued)
For the financial year ended 31 December 2021

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 counter-parties are intercompany receivables.

Liquidity risk

In order to maintain liquidity the Company is reliant on Group funds. This risk is limited since the Company only trades within the Group.

AUDITOR


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

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves 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.

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

DocuSigned by:

F873A25B2B9E449...

J K Bruen
Director
3 Bunhill Row
London
EC1Y 8YZ
United Kingdom

Date: 17 June 2022

FARNBOROUGH ENTERPRISES LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
For the financial year ended 31 December 2021

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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 2021**

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 2021 and of its loss for the financial 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 16.

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.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH ENTERPRISES LIMITED (continued)
For the financial year ended 31 December 2021**

Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. 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 this regard.

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.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH ENTERPRISES LIMITED (continued)
For the financial year ended 31 December 2021**

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Financial Statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include: health and safety legislation, employment legislation, the Bribery Act and the General Data Protection Regulation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the Financial Statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing Financial Statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 Directors' Report has 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 Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FARNBOROUGH ENTERPRISES LIMITED (continued)
For the financial year ended 31 December 2021**

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 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.



Steven Ringham, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Reading
United Kingdom
Date: 17 June 2022

FARNBOROUGH ENTERPRISES LIMITED
PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2021

	Note	2021	2020
		£	£
Turnover	3	1,250,000	1,250,000
Administrative expenses		(780,903)	(776,767)
Operating profit		469,097	473,233
Finance costs	4	(674,788)	(699,384)
Loss before taxation	5	(205,691)	(226,151)
Tax on loss	8	(156,919)	(93,193)
Loss for the financial year attributable to the equity shareholders of the Company		(362,610)	(319,344)

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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	21,495,226	22,271,765
		<u>21,495,226</u>	<u>22,271,765</u>
Current assets			
Debtors	10	626,028	375,000
Cash at bank and in hand		298,347	2,174,459
		<u>924,375</u>	<u>2,549,459</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(11,527,368)	(13,723,300)
Net current liabilities		<u>(10,602,993)</u>	<u>(11,173,841)</u>
Total assets less current liabilities		<u>10,892,233</u>	<u>11,097,924</u>
Provision for liabilities	12	(496,262)	(339,343)
Net assets		<u>10,395,971</u>	<u>10,758,581</u>
Capital and reserves	13		
Called-up share capital		11,910,001	11,910,001
Profit and loss account		(1,514,030)	(1,151,420)
Total shareholder's funds		<u>10,395,971</u>	<u>10,758,581</u>

The financial statements of Farnborough Enterprises Limited (registered number: 05283026) were approved and authorised for issue by the Board of Directors on 17 June 2022. They were signed on its behalf by:

DocuSigned by:

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J K Bruen
 Director

FARNBOROUGH ENTERPRISES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2021

	Called-up share capital £	Profit and loss account £	Total £
At 01 January 2021	11,910,001	(1,151,420)	10,758,581
Loss for the financial year	-	(362,610)	(362,610)
Total comprehensive loss		(362,610)	(362,610)
At 31 December 2021	11,910,001	(1,514,030)	10,395,971
At 01 January 2020	11,910,001	(832,076)	11,077,925
Loss for the financial year	-	(319,344)	(319,344)
Total comprehensive loss		(319,344)	(319,344)
At 31 December 2020	11,910,001	(1,151,420)	10,758,581

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They 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 related parties and presentation of a cash flow statement. The parent undertaking of the smallest such group is Farnborough Airport Company Limited; further information can be found in note 16.

Going concern

In assessing the going concern position of the Company the Directors have considered future cashflows and liquidity of the Company. The trade for the Company is generated from intercompany rent and that this trade is not expected to change in the next twelve months. The Company has net current liabilities at the Balance Sheet date of £10,602,993 (2020: £11,173,841). As such, the intermediate parent undertaking Farnborough Airport Company Limited ("FACL") has agreed to provide financial support 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. Therefore, the Directors have considered FACL's cashflows, liquidity and banking ratios. Even under reasonably possible downside scenarios, no breach of banking covenants is forecast. 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 is recognised evenly over the period to which the income relates.

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in the Statement of Comprehensive Income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, excluding 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 straight line basis over 4 years

Buildings on a straight line basis over 30 years

Freehold land is not depreciated.

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.

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

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.

Financial assets

If at the end of the reporting period, there is objective evidence of impairment (including observable data about loss events), the Company recognises an impairment loss in the Profit and Loss Account immediately. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial 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.

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.

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

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.

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.

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.

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.

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

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. Turnover

Breakdown business class:

An analysis of the Company's turnover by class of business is set out below.

	2021	2020
	£	£
Rental income from Aviator Hotel (Farnborough) Limited	<u>1,250,000</u>	<u>1,250,000</u>

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom. The turnover relates to an intercompany rental agreement with the Aviator Hotel (Farnborough) Limited that is a rolling agreement between the two related parties.

4. Finance costs (net)

	2021	2020
	£	£
Intercompany loan interest	<u>(674,788)</u>	<u>(699,384)</u>

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

5. Loss before taxation

Loss before taxation is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets (note 9)	776,539	776,539

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual Financial Statements were £2,980 (2020: £2,840).

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.

7. Staff number and costs

	2021	2020
	Number	Number
The average monthly number of employees (including directors) was:	2	2

There were no employees other than the Directors who worked for the Company in the year. The amount relating to their services to the Company was £nil (2020: £nil). Details of Directors' remuneration paid by the ultimate parent company are disclosed in those Company's Financial Statements.

8. Tax on loss

	2021	2020
	£	£
Current tax on loss		
UK corporation tax	-	-
Adjustments in respect of prior years		
UK corporation tax	-	(31,517)
Total current tax	-	(31,517)
Deferred tax		
Origination and reversal of timing differences	37,816	158,694
Effect of changes in tax rates	119,103	19,016
Adjustments in respect of prior years	-	(53,000)
Total deferred tax	156,919	124,710
Total tax on loss	156,919	93,193

The enactment of the Finance Act 2021 on 10 June 2021 confirmed the main rate of corporation tax would increase from 19% to 25% from April 2023. Since deferred tax balances are not expected to be realised before April 2023, deferred tax balances as at 31 December 2021 have been measured at 25%.

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

8. Tax on loss (continued)

Tax reconciliation

The tax assessed for the year is the higher than (2020: higher than) the standard rate of corporation tax in the UK:

	2021 £	2020 £
Loss before taxation	(205,691)	(226,151)
Tax on loss at standard UK corporation tax rate of 19.00% (2020: 19.00%)	(39,081)	(42,969)
Effects of:		
- Expenses not deductible for tax purposes	-	85,813
- Adjustments in respect of prior years	-	(84,517)
- Effects of group relief / other reliefs	76,897	115,850
- Effect of changes in tax rates	119,103	19,016
Total tax charge for year	156,919	93,193

9. Tangible assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost/Valuation			
At 01 January 2021	23,163,505	336,495	23,500,000
At 31 December 2021	23,163,505	336,495	23,500,000
Accumulated depreciation			
At 01 January 2021	1,101,073	127,162	1,228,235
Charge for the financial year	695,415	81,124	776,539
At 31 December 2021	1,796,488	208,286	2,004,774
Net book value			
At 31 December 2021	21,367,017	128,209	21,495,226
At 31 December 2020	22,062,432	209,333	22,271,765

The value of land not depreciated is £1,200,000 (2020: £1,200,000).

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

10. Debtors

	2021 £	2020 £
Amounts owed by Group entity with common parent	625,000	375,000
Other debtors	1,028	-
	626,028	375,000

Amounts owed by Group entities are repayable on demand and non-interest bearing.

FARNBOROUGH ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 December 2021

11. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to Group entity with common parent	1,396,048	1,389,371
Amounts owed to intermediate parent	10,124,545	11,624,545
Accruals and deferred income	6,775	709,384
	<u>11,527,368</u>	<u>13,723,300</u>

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

12. Provision for liabilities

	Deferred taxation	Total
	£	£
At 01 January 2021	339,343	339,343
Charged to the Profit and Loss Account	156,919	156,919
At 31 December 2021	<u>496,262</u>	<u>496,262</u>

Deferred tax

	2021	2020
	£	£
Accelerated capital allowances	496,262	339,343
Provision for deferred tax	<u>496,262</u>	<u>339,343</u>

13. Called-up share capital and reserves

	2021	2020
	£	£
Allotted, called-up and fully-paid		
11,910,001 Ordinary shares of £1.00 each	<u>11,910,001</u>	<u>11,910,001</u>
Presented as follows:		
Called-up share capital presented as equity	<u>11,910,001</u>	<u>11,910,001</u>

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 2021

14. Related party transactions

The Company has availed of the exemption provided in FRS 102 Section 33 Related Party Disclosures not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the Company is a wholly owned member.

15. Commitments

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

16. Controlling party

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 Company 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.

The Company's immediate parent company is Farnborough Hotel Limited, a Company incorporated in the United Kingdom with registered office address of 3 Bunhill Row, London, England, EC1Y 8YZ. The immediate controlling party is also Farnborough Hotel Limited by virtue of their shareholding.