

PAIG Funding Limited

**Directors' report and financial
statements**

Registered number 4366523

Year ended 31 December 2011

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Independent auditor's report to the members of PAIG Funding Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and review of the business

During the year ended 31 December 2011, the company has not traded

The profit and loss account for the year is set out on page 5

Dividends

The directors do not recommend the payment of a dividend (2010 £405,946,347)

Directors

The directors of the company who held office during the year were as follows

EJ Lewis (resigned 30 June 2011)
WG Devanney
AD Stewart (appointed 30 June 2011)

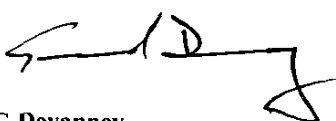
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board


WG Devanney
Director

3000 Hillswood Drive
Hillswood Business Park
Chertsey
Surrey
KT16 0RS

14 May 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of PAIG Funding Limited

We have audited the financial statements of PAIG Funding Limited for the year ended 31 December 2011 set out on pages 5 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of PAIG Funding Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



X Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

14 May 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Notes</i>	2011 £	2010 £
Profit on disposal of subsidiary undertaking		-	146,730,388
Operating profit, being profit on ordinary activities before taxation	2	-	146,730,388
Tax on profit on ordinary activities	4	-	-
Profit for the financial year	7	-	146,730,388

All amounts relate to continuing operations

There are no recognised gains or losses for the current or prior financial periods other than those presented above

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £	2010 £
Current assets			
Debtors	5	1	1
		<hr/>	<hr/>
Net assets		1	1
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	1	1
		<hr/>	<hr/>
Equity shareholders' funds	7	1	1
		<hr/>	<hr/>

These financial statements were approved by the directors and signed on their behalf on 14 May 2012 by


WG Devanney
Director

Company Registration Number 04366523

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and applicable Accounting Standards

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate, taking into account the company's net asset position at 31 December 2011 and the forecasts prepared by the group for the twelve months from the date of approval of these accounts

Related party transactions

As the company is a wholly-owned subsidiary of PAIG Investments Limited, the company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with wholly-owned subsidiaries which form part of the Group

Cash flow statement

The company is exempt under Financial Reporting Standard 1 (revised) from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Foreign currencies

All transactions denominated in foreign currencies are translated into sterling at the actual rate of exchange ruling on the date of the transaction. Assets and liabilities, including long term liabilities, in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Differences on revenue transactions are dealt with through the profit and loss account

2 Profit on ordinary activities before taxation

The auditor's remuneration for this company is borne by another group company for the current and preceding financial years

Notes (continued)

3 Directors' emoluments

No director received remuneration for services to the company during the year (2010 £Nil)

4 Tax on loss on ordinary activities

Analysis of charge in period

	2011 £	2010 £
UK corporation tax	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax charge for the period is the same as (2010 lower than) the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £	2010 £
Current tax reconciliation		
Profit on ordinary activities before taxation	-	146,730,388
Current tax at 26.5% (2010 28%)	-	41,084,509
Effects of		
Non-taxable disposals	-	(41,084,509)
Imputed interest	-	-
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

The 2012 Budget on 21 March 2012 announced a further reduction in the corporation tax rate to 24% (effective from 1 April 2012). This was substantively enacted on 26 March 2012. Further 2% rate reductions in future periods will reduce the UK corporation tax rate to 22% over the next 2 years. This will reduce the company's future current tax charge accordingly.

5 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	1	1

6 Called up share capital

	2011 £	2010 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

Notes (continued)

7 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	-	146,730,388
Dividend payable	-	(405,946,347)
	<hr/>	<hr/>
Net movement in shareholders' funds	-	(259,215,959)
Opening shareholders' funds	1	259,215,960
	<hr/>	<hr/>
Closing shareholders' funds	1	1
	<hr/>	<hr/>

8 Contingent liabilities

The company is a guarantor of term and revolving debt facilities, totalling £Nil (2010 £48 million) at 31 December 2011, which are available to Seton House Group Limited and certain of its subsidiaries

On 12 January 2012, the group terminated this facility in readiness for the impending sale of a fellow subsidiary of the PAIG Investments Limited group, Contour Aerospace Limited

The company had given an unconditional guarantee to a fellow group company in respect of amounts due to group undertakings. The balance outstanding in excess of net assets as at 31 December 2011 in respect of these amounts due was £Nil

9 Ultimate and immediate parent companies

The company's immediate parent company is PAIG Finance Limited and ultimate parent company is PAIG Investments Limited, incorporated in Great Britain. The largest group in which the results of the company are consolidated is that headed by PAIG Investments Limited. The immediate and ultimate beneficial owner of all of the share capital of PAIG Investments Limited is the RBS Special Opportunities Fund. The consolidated financial statements of PAIG Investments Limited are available to the public and may be obtained from The Secretary, 3000 Hillswood Drive, Hillswood Business Park, Chertsey, Surrey, KT16 0RS