

Company No 04917944

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**AALP GUERNSEY LIMITED**

**YEAR ENDED 31 DECEMBER 2012**

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**AALP GUERNSEY LIMITED**

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**AALP GUERNSEY LIMITED**

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**CORPORATE INFORMATION**

**DIRECTORS**

C Marsden  
F G Parker  
T P Walsh (Resigned 11 February 2013)

**SECRETARY**

F G Parker

**AUDITOR**

Deloitte LLP  
London

**BANKERS**

Lloyds TSB  
25 Gresham Street  
London  
EC2V 7HN

Irish Bank Resolution Corporation Limited - in special liquidation  
10 Old Jewry  
London  
EC2R 8DN

**REGISTERED OFFICE**

10 Old Jewry  
London  
EC2R 8DN

**REGISTERED NUMBER**

04917944

## **AALP GUERNSEY LIMITED**

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### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements of AALP Guernsey Limited ('the Company') for the year ended 31 December 2012

#### **1. PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The Company acts as an investment property company which has invested in a commercial property in Guernsey. The Company receives rental income on this property which continues to be actively managed. There has been no change in the business during the year.

#### **2. RESULTS FOR THE YEAR AND STATE OF AFFAIRS AS AT 31 DECEMBER 2012**

The loss for the year ended 31 December 2012 amounted to €2,124,184 (2011: €369,615 profit)

#### **3. DIVIDENDS**

The directors do not recommend payment of a final dividend (2011: £Nil)

#### **4. PARENT COMPANY**

The Company is wholly-owned by The Anglo Aggmore Limited Partnership, a Limited Partnership registered in England and Wales. The Anglo Aggmore Limited Partnership is owned 50% by IBRC Commercial Properties Limited, a wholly owned subsidiary of CDB (U.K.) Limited, both companies incorporated in the United Kingdom, which are in turn a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'), a company incorporated and registered in the Republic of Ireland.

The ultimate ownership of the Company is 50% by Irish Bank Resolution Corporation Limited - in special liquidation and 50% by Aggmore 3 Limited. The ultimate controlling undertaking of the Company is Irish Bank Resolution Corporation Limited - in special liquidation.

#### **5. EVENTS AFTER BALANCE SHEET DATE**

The Company's senior debt lender is Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'). On 7 February 2013, the Irish Minister for Finance, made an Order pursuant to Section 4 of the Irish Bank Resolution Corporation Act 2013 (the 'Act') providing for the winding up of IBRC, who is also the ultimate controlling undertaking, under the provisions of the Act. Pursuant to the same Order, Mr Kieran Wallace and Mr Eamonn Richardson (the 'Joint Special Liquidators') of KPMG, 1 Stoke Place, St. Stephen's Green, Dublin 2 were appointed Joint Special Liquidators with all the duties and powers conferred upon them by the Act.

A Transitional Services Agreement has been entered into with the Joint Special Liquidators of IBRC to permit IBRC to continue to perform services for the Company initially for a period of six months and renewable automatically on a monthly basis thereafter.

#### **6. PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks that the Company is exposed to and manages are as follows:

##### **Credit risk**

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

- Risk is managed on a periodic basis by the Board.
- The ultimate ownership of the company is 50% by IBRC, and 50% by Aggmore 3 Limited. The ultimate controlling undertaking is IBRC, by virtue of its contribution of 75% of the loan notes in The Anglo Aggmore Limited Partnership.

##### **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

- The liquidity of the Company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows can be met as they arise.

## **AALP GUERNSEY LIMITED**

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### **DIRECTORS' REPORT (Continued)**

#### **6 PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

##### **Valuation risk**

Valuation risk is the risk that the value of the Company's investment property falls and ultimately results in losses for the Company

- The directors seek to reduce this risk by maximising property values through active asset management of those properties. However, there are aspects of valuation which are not in the control of the Board, in particular the impact and view of the market as to the appropriate yield to be applied to rental income at any time which is ultimately used to value the properties

Most of the risks faced by the Company which impact the valuation of the investment property arise out of natural market volatility, relating to supply and demand imbalances in the following core areas

- demand for space from occupiers against available space (including new developments),
- differential pricing for actual locations and buildings,
- demand for returns from investors in property, compared to other asset classes;
- legislative initiatives, including planning consents and taxation,
- economic cycles, including the impact on tenant covenant quality, interest rates, property yields and inflation,
- mis-pricing of property assets by the equity markets, and
- rental levels achievable for the underlying properties

##### **Risk arising from the Company's senior debt lender entering special liquidation**

As noted in Section 5 above, IBRC entered special liquidation after the year end date. Consequently, it is currently unclear what impact this will have on the Company's funding position. Given that the investment properties have fallen further in value at 31 December 2012, it is likely to prove very difficult to arrange alternative finance if such was required. Further details on these risks are given in Section 7 of this report

#### **7 GOING CONCERN**

The Company operates in the UK property market which has experienced volatile conditions over the last number of years. Whilst there are signs of stabilisation in the UK market overall, conditions for the secondary property market remain extremely demanding, particularly in relation to the valuation levels of such property

The value of the Company's investment property as at 31 December 2012 was £6,300,000, representing a deficit of £3,088,243 against the original cost of £9,388,243. The Company is part of a sub group of entities under The Anglo Aggmore Limited Partnership ("AALP") and the AALP group's investment and trading properties are showing an overall deficit against the original cost of those properties

The AALP Group is funded by an overall senior debt loan agreement which is cross collateralised between AALP and its subsidiary entities, including the Company. This loan expired during 2012 and is currently operating on demand as the AALP Group and the Company are in breach of the Loan to Value covenant thereby placing the Company and AALP in an event of default position under the loan agreement. This senior debt loan is provided by IBRC, which as detailed in section 5 above entered special liquidation in February 2013

The above situation, regarding IBRC and the fall in the valuation of the properties, has the following key potential implications for the Company's future performance

- The Company may be required to sell its assets in the event that IBRC requires the senior debt to be repaid given that the loan facility is now on demand and they may not realise the amount determined as the current valuation. This may result in the cessation of the Company's principal activity
- It is understood that IBRC has been required to value and sell its loans during 2013 as part of its special liquidation. This will create uncertainty for the Company as it is unknown who may acquire the senior debt and their attitude to the current valuation of the properties

## **AALP GUERNSEY LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **7 GOING CONCERN (continued)**

- IBRC as an indirect 50% owner of the Company may be required to sell its share of the Company or otherwise divest from the Company. It is unclear how this might occur and whether this would be through the sale of the properties or the sale of the shares in the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company, and the AALP Group, is generating significant amounts of cash flow from the underlying properties enabling the Company to pay all its liabilities as they fall due in the normal course of business and the interest due on the senior debt loan. Any surplus funds are being paid to IBRC in reduction of the amount outstanding under the senior debt loan to the AALP Group and the Company, resulting in reductions in the senior debt loan each quarter.

On the basis of the above assessment, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements, recognising that there are significant uncertainties existing over the Company and the AALP Group.

#### **8. DIRECTORS AND THEIR INTERESTS**

The directors of the Company during the year until 31 December 2012 were as follows:

C Marsden  
F G Parker  
T P Walsh (Resigned 11 February 2013)

Mr T P Walsh resigned as a director on 11 February 2013. All other directors will continue in office in accordance with the articles of association. F G Parker served as secretary throughout the year. The directors and secretary had no interest in the shares of the Company during the year.

#### **9. DIRECTORS' INDEMNITIES**

The ultimate parent undertaking has made qualifying third party indemnity provisions for the benefit of certain of the Company's directors which were made in a previous period. As IBRC is now in special liquidation it is expected that such indemnities have ceased to have any benefit at the date of this report.

#### **10. DISCLOSURE OF INFORMATION TO THE 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 he ought to have taken as a director in order to make himself 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 section 418 of the Companies Act 2006.

#### **11 INDEPENDENT AUDITOR**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**AALP GUERNSEY LIMITED**

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**DIRECTORS' REPORT (Continued)**

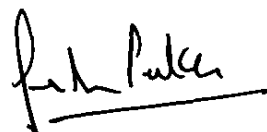
**12. SMALL COMPANY EXEMPTION**

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006

**REGISTERED OFFICE**

10 Old Jewry  
London  
EC2R 8DN

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, appearing to read 'F G Parker', with a horizontal line drawn underneath it.

F G Parker  
Director

Date 30 September 2013

## **AALP GUERNSEY LIMITED**

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

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). 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 apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 to 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.



## **AALP GUERNSEY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AALP GUERNSEY LIMITED**

We have audited the financial statements of AALP Guernsey Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1.3 to the financial statements, concerning the Company's ability to continue as a going concern. On 7 February 2013, the ultimate parent of the Company, IBRC, entered into special liquidation, which has potential implications for the Company in relation to the recovery of the balances due from IBRC and the continuation of servicing arrangements for the Company by IBRC. These conditions, along with the other matters explained in note 1.3 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**AALP GUERNSEY LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AALP GUERNSEY LIMITED**  
**(Continued)**

**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

**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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



**Caroline Britton (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

Date 30 September 2013

**AALP GUERNSEY LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2012**

	Notes	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
<b>TURNOVER</b>	2	<b>910,533</b>	<b>916,208</b>
Administrative expenses		(161,834)	(131,029)
<b>OPERATING PROFIT</b>		<b>748,699</b>	<b>785,179</b>
Interest receivable and similar income		400	284
Interest payable and similar charges	5	(289,871)	(285,902)
Permanent diminution in value of investment properties	6	(2,488,243)	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	3	<b>(2,029,015)</b>	<b>499,561</b>
Tax on (loss)/profit on ordinary activities	7	(95,169)	(129,946)
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	14	<b>(2,124,184)</b>	<b>369,615</b>

The (loss)/profit for the year was derived from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31 December 2012**

	Notes	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
(Loss)/Profit for the financial year		(2,124,184)	369,615
Unrealised deficit on revaluation of properties	13	(2,721,757)	(683,000)
<b>TOTAL LOSSES RELATING TO THE YEAR</b>		<b>(4,845,941)</b>	<b>(313,385)</b>

The notes on pages 11 to 17 form part of these financial statements

**BALANCE SHEET**

As at 31 December 2012

	Notes	31 Dec 2012 £	31 Dec 2011 £
<b>TANGIBLE FIXED ASSETS</b>	8	6,900,000	12,110,000
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	9	152,882	47,815
Cash at bank		<u>425,105</u>	<u>568,262</u>
		577,987	616,077
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(8,148,723)</u>	<u>(8,542,082)</u>
<b>NET CURRENT LIABILITIES</b>		(7,570,736)	(7,926,005)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(670,736)</u>	<u>4,183,995</u>
<b>CREDITORS: amounts falling due after one year</b>	10	-	-
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	11	<u>(202,166)</u>	<u>(210,956)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(872,902)</u>	<u>3,973,039</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	1	1
Revaluation Reserve	13	-	2,721,757
Profit and loss account	14	<u>(872,903)</u>	<u>1,251,281</u>
<b>TOTAL SHAREHOLDERS' (DEFICIT)/EQUITY</b>	15	<u>(872,902)</u>	<u>3,973,039</u>

The notes on pages 11 to 17 form part of these financial statements

These financial statements were approved by the Board of Directors. They were authorised for issue on 30 September 2013 and signed on its behalf by

  
 C Marsden  
 Director

Date 30 September 2013

## AALP GUERNSEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

#### 1 ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are set out below

##### *Accounting Convention*

The financial statements are prepared on the going concern basis under the historical cost convention except for the revaluation of investment properties in accordance with SSAP 19 and in accordance with applicable UK accounting standards except that, as explained below, investment properties are not depreciated

##### *Going Concern*

The Company operates in the UK property market which has experienced volatile conditions over the last number of years. Whilst there are signs of stabilisation in the UK market overall, conditions for the secondary property market remain extremely demanding, particularly in relation to the valuation levels of such property.

The value of the Company's investment property as at 31 December 2012 was £6,900,000, representing a deficit of £2,488,243 against the original cost of £9,388,243. The Company is part of a sub group of entities under The Anglo Aggmore Limited Partnership ('AALP') and the AALP groups investment and trading properties are showing an overall deficit against the original cost of those properties.

The AALP Group is funded by an overall senior debt loan agreement which is cross collateralised between AALP and its subsidiary entities, including the Company. This loan expired during 2012 and is currently operating on demand as the AALP Group and the Company are in breach of the Loan to Value covenant thereby placing the Company and AALP in an event of default position under the loan agreement. This senior debt loan is provided by IBRC, which as detailed in section 5 of the Directors Report, entered special liquidation in February 2013.

The above situation, regarding IBRC and the fall in the valuation of the properties, has the following key potential implications for the Company's future performance:

- The Company may be required to sell its assets in the event that IBRC requires the senior debt to be repaid given that the loan facility is now on demand and they may not realise the amount determined as the current valuation. This may result in the cessation of the Company's principal activity.
- It is understood that IBRC has been required to value and sell its loans during 2013 as part of its special liquidation. This will create uncertainty for the Company as it is unknown who may acquire the senior debt and their attitude to the current valuation of the properties.
- IBRC as an indirect 50% owner of the Company may be required to sell its share of the Company or otherwise divest from the Company. It is unclear how this might occur and whether this would be through the sale of the properties or the sale of the shares in the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company, and the AALP Group, is generating significant amounts of cash flow from the underlying properties enabling the Company to pay all its liabilities as they fall due in the normal course of business and the interest due on the senior debt loan. Any surplus funds are being paid to IBRC in reduction of the amount outstanding under the senior debt loan to the AALP Group and the Company, resulting in reductions in the senior debt loan each quarter.

On the basis of the above assessment, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements, recognising that there are significant uncertainties existing over the Company and the AALP Group.

## **AALP GUERNSEY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**

#### **1 ACCOUNTING POLICIES (Continued)**

##### ***Cash Flow Statement***

The Company is eligible to claim exemption under FRS 1 not to prepare a cash flow statement on the grounds that it is a small company. Consequently, no cash flow statement is included.

##### ***Investment Properties***

All properties are regarded as investments and thus accounted for in accordance with SSAP 19. Accordingly, the properties are valued at open market value at the balance sheet date. All investment properties are revalued annually by the directors and by external valuers at least once every five years. Any surplus or deficit on revaluation is transferred to the revaluation reserve except that deficits below original cost, which are expected to be permanent, are charged to the profit and loss account.

No depreciation is provided in respect of freehold or long leasehold investment properties. This is a departure from the requirements of the Companies Act 2006 and FRS 15 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and depreciation is only one of the many factors reflected in the annual valuation and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the Financial Statements giving a true and fair view.

##### ***Taxation (current and deferred)***

Income tax payable on profits, based on applicable tax law in each jurisdiction in which the Company operates, is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset only when, and to the extent that, it is probable that future taxable profits will be available against which these losses can be utilised in the relevant jurisdiction or where they can be offset against profits from other group entities.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## AALP GUERNSEY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2012

#### 1 ACCOUNTING POLICIES (Continued)

##### *Turnover*

Turnover represents the rents receivable on an accruals basis from investment properties held and is stated net of value added tax (VAT)

##### *Interest*

Interest income and expense are accounted for on an accruals basis

##### *Gain / (loss) on disposal of investment properties*

Profit and loss arising from the sale of investment properties are calculated by reference to the carrying value and is disclosed in the profit and loss account

#### 2 TURNOVER AND SEGMENTAL ANALYSIS

Turnover is generated from the Company's sole property which is located in Guernsey

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Rental income	<u>910,533</u>	<u>916,208</u>

#### 3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
(Loss) / profit on ordinary activities before taxation is stated after		
Auditor's remuneration - audit services	<u>4,725</u>	<u>4,500</u>

The Company had no employees during the year (2011 Nil)

#### 4 DIRECTORS' EMOLUMENTS

No director received any emoluments for their services to the Company during the year (2011 £Nil)

#### 5 INTEREST PAYABLE AND SIMILAR

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Bank loan	<u>289,871</u>	<u>285,902</u>

#### 6 PERMANENT DIMINUTION IN VALUE OF INVESTMENT PROPERTIES

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Current year deficit on investment property valuation	<u>2,488,243</u>	<u>-</u>
	<u>2,488,243</u>	<u>-</u>

# AALP GUERNSEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2012

### 7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
<b>Overseas tax:</b>		
Current year	104,141	110,578
Prior year adjustments	(182)	6,360
	<u>103,959</u>	<u>116,938</u>
<b>Deferred tax:</b>		
Current year (note 11)	(8,790)	13,008
Prior year adjustments	-	-
	<u>-</u>	<u>-</u>
Tax charge for the year	<u>95,169</u>	<u>129,946</u>

The UK has passed legislation to reduce the UK tax rate from 26% to 24% from 1st April 2012 and to further reduce it to 23% from 1 April 2013, 21% from 1 April 2014 and 20% from 1 April 2015. As detailed in note 11, the deferred tax liability has been reduced to reflect the change in the UK tax rate resulting in a credit to the profit and loss account of £8,790.

The reconciliation of current tax on (loss)/profit on ordinary activities at the average rate of corporation tax of 24% (2011 26%) in the UK to the Company's actual current tax charge is analysed as follows:

(Loss)/Profit on ordinary activities before taxation	<u>(2,029,015)</u>	<u>499,561</u>
Tax on (loss)/profit on ordinary activities at 24.5% (2011 26.5%)	(497,108)	132,349
<b>Factors affecting charge:</b>		
Capital allowances	(8,370)	(23,100)
Prior year adjustments	(182)	6,360
Disallowed expenses	-	1,329
Permanent diminution in value of investment property	<u>609,620</u>	<u>-</u>
Current tax	<u>103,959</u>	<u>116,938</u>

### 8 TANGIBLE FIXED ASSETS

Investment Properties	31 Dec 2012 £	31 Dec 2011 £
<b>Valuation</b>		
At 1 January	12,110,000	12,793,000
Current year deficit on investment property valuation recognised in profit and loss (Note 6)	(2,488,243)	-
Revaluation deficit (Note 13)	<u>(2,721,757)</u>	<u>(683,000)</u>
At 31 December	<u>6,900,000</u>	<u>12,110,000</u>

The value of the investment property as at 31 December 2012 was £6,900,000 (2011 £12,110,000). The 2012 valuation was performed as a desktop valuation basis by Jones Lang LaSalle as at 31 March 2013 which was considered by the directors to be the valuation attributable to the investment properties at 31 December 2012.

The comparable amount of the Company's investment property determined under the historical cost convention is £9,388,243 (2011 £9,388,243).



**AALP GUERNSEY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 31 December 2012****8 TANGIBLE FIXED ASSETS (Continued)****Permanent impairment review**

The directors note that the deficit arising on the revaluation of the Company's investment property has arisen as a result of volatile conditions in the UK property market and that any recovery in value of the investment property is uncertain

In assessing the investment property for permanent impairment, the directors gave consideration to the desktop valuation of Jones Lang LaSalle at 31 March 2013

Having completed their review, the directors arrived at the opinion that the value at 31 December 2012 was the long term value of the investment properties and therefore any deficit arising in the year in excess of the amount already taken from the revaluation reserve represented a permanent diminution in value. Consequently, any deficit arising was charged to the profit and loss account

**9 DEBTORS: amounts falling due within one year**

	31 Dec 2012 £	31 Dec 2011 £
Trade and other debtors	148,034	33,622
Prepayments	4,848	14,193
	<u>152,882</u>	<u>47,815</u>

**10 CREDITORS: amounts falling due within one year**

	31 Dec 2012 £	31 Dec 2011 £
Bank loan	7,445,771	7,446,010
Trade creditors	31,423	49,447
Amount due to parent undertaking	209,625	609,625
Taxation	159,248	110,578
Other creditors and accruals	302,656	326,422
	<u>8,148,723</u>	<u>8,542,082</u>

The loan is secured by means of a legal charge over the investment property and is repayable to Irish Bank Resolution Corporation Limited (in Special Liquidation) ("IBRC") with interest charged at 3% above LIBOR from 31 January 2010 onwards. The Bank loan matured on 31 October 2012. The loan is currently operating on a demand basis.

**AALP GUERNSEY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 31 December 2012****11 PROVISION FOR LIABILITIES AND CHARGES**

	31 Dec 2012 £	31 Dec 2011 £
<b>Deferred tax:</b>		
At 1 January	210,956	197,948
Charged to the profit and loss account	<u>(8,790)</u>	<u>13,008</u>
At 31 December	<u>202,166</u>	<u>210,956</u>

The provision for deferred tax comprises

	31 Dec 2012 £	31 Dec 2011 £
Accelerated capital allowances	317,337	331,135
Losses carried forward	<u>(115,171)</u>	<u>(120,179)</u>
	<u>202,166</u>	<u>210,956</u>

The UK has passed legislation to reduce the UK tax rate from 26% to 24% from 1st April 2012 and to further reduce it to 23% from 1 April 2013, 21% from 1 April 2014 and 20% from 1 April 2015. As detailed in note 7, the deferred tax liability has been reduced to reflect the change in the UK tax rate resulting in a credit to the profit and loss account of £8,790.

It is estimated that a taxation liability of £Nil (2011 £310,708) would arise if the freehold investment properties were sold at their open market value on 31 December 2012. The potential tax liability has not been recognised in the financial statements in accordance with FRS 19.

**12 SHARE CAPITAL**

	31 Dec 2012 £	31 Dec 2011 £
<i>Allotted, called and fully paid</i>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

**13 REVALUATION RESERVE**

	31 Dec 2012 £	31 Dec 2011 £
At 1 January	2,721,757	3,404,757
Revaluation of investment properties (Note 8)	<u>(2,721,757)</u>	<u>(683,000)</u>
At 31 December	<u>-</u>	<u>2,721,757</u>

## AALP GUERNSEY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2012

#### 14 PROFIT AND LOSS ACCOUNT

	31 Dec 2012 £	31 Dec 2011 £
At 1 January	1,251,281	881,666
Retained (loss)/profit for the year	(2,124,184)	369,615
At 31 December	<u>(872,903)</u>	<u>1,251,281</u>

#### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/EQUITY

	31 Dec 2012 £	31 Dec 2011 £
At 1 January	3,973,039	4,286,424
Retained (loss)/profit for the year	(2,124,184)	369,615
Reduction in revaluation of investment property	(2,721,757)	(683,000)
At 31 December	<u>(872,902)</u>	<u>3,973,039</u>

#### 16 PARENT COMPANY AND ULTIMATE CONTROLLING COMPANY

The Company is wholly-owned by The Anglo Aggmore Limited Partnership, a Limited Partnership registered in England and Wales. The Anglo Aggmore Limited Partnership is owned 50% by IBRC Commercial Properties Limited, a wholly owned subsidiary of CDB (U.K.) Limited, both companies incorporated in the United Kingdom, which are in turn a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'), a company incorporated and registered in the Republic of Ireland.

The ultimate ownership of the company is 50% by IBRC, and 50% by Aggmore 3 Limited. The ultimate controlling undertaking is IBRC, by virtue of its contribution of 75% of the loan notes in The Anglo Aggmore Limited Partnership.

The Company's financial statements will be consolidated only in the group financial statements of CDB (U.K.) Limited, a wholly owned subsidiary of IBRC. A copy of these financial statements will be available from 10 Old Jewry, London EC2R 8DN.

#### 17 RELATED PARTY TRANSACTIONS

The Company has received bank loans of £0 (2011: £7,446,010) from Irish Bank Resolution Corporation Limited - in special liquidation, the ultimate controlling undertaking, details of which are in note 10 of these financial statements. The interest charged on these loans for the year was £289,871 (2011: £285,902).

During the year management fees of £59,290 (2011: £70,469) were charged by Aggmore Properties Limited. The outstanding balance due to Aggmore Properties Limited at the balance sheet date was £20,278 (2011: £21,033).

The Company has received a loan from its immediate parent The Anglo Aggmore LP of £209,625 (2011: £609,625). The loan is interest free and has no fixed date for repayment.

Mr F G Parker and Mr T P Walsh, who were directors of the Company during 2012, are employees of IBRC. Mr C Marsden is the ultimate owner of Aggmore Properties Limited.

#### 18 EVENTS AFTER THE BALANCE SHEET DATE

The Company's senior debt lender is Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'). On 7 February 2013, the Irish Minister for Finance, made an Order pursuant to Section 4 of the Irish Bank Resolution Corporation Act 2013 (the 'Act') providing for the winding up of IBRC, who is also the ultimate controlling undertaking, under the provisions of the Act. Pursuant to the same Order, Mr Kieran Wallace and Mr Eamonn Richardson (the 'Joint Special Liquidators') of KPMG, 1 Stoke Place, St Stephen's Green, Dublin 2 were appointed Joint Special Liquidators with all the duties and powers conferred upon them by the Act.

A Transitional Services Agreement has been entered into with the Joint Special Liquidators of IBRC to permit IBRC to continue to perform services for the Company initially for a period of six months and renewable automatically on a monthly basis thereafter.