

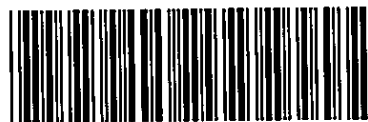
Company Registration No. 6030553

AAIM Lagonda Purchaser Limited

Report and Financial Statements

31 December 2011

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AAIM Lagonda Purchaser Limited

REPORT AND FINANCIAL STATEMENTS 2011

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AAIM Lagonda Purchaser Limited

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

Directors

M L Tagliaferri
R Taylor (resigned 5 July 2012)
G K Trott
D C Maxwell

Registered Office

78 Buckingham Gate
London
SW1E 6PE

Bankers

Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne

AAIM Lagonda Purchaser Limited

DIRECTORS' REPORT

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

Principal activity and business review

The principal activity of the company is that of a holding company of a group of companies previously engaged in property investment. The property investments of the Group were disposed of in the year to 31 December 2011.

The loss before tax for the year was £56,195,855 (2010: £246,419) and this was withdrawn from reserves. The group has net liabilities of £55,744,284 (2010: £2,421,349). However, the group has cash at bank and in hand of £1,621,069 (2010: £6,754,170) and the directors believe this will be sufficient to support the group's activities until January 2014 when a refinancing will be required.

Further to the Group having now disposed of its property investment assets, the directors are reviewing the strategic options available to the Group.

The directors do not recommend payment of a dividend (2010: nil).

Principal risks and uncertainties

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and to fund the Group whilst it seeks further investment opportunities, the company uses a mixture of long-term and short-term debt finance.

Key Performance Indicators ("KPIs")

The directors consider that there are no meaningful KPIs in respect of 2011 versus 2010 and therefore none have been presented, due to the disposal of its property assets in the year.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position and the principal risks and uncertainties are set out in this report.

The group has long-term funding in place. The company will not open renewal or extension negotiations until January 2014. In addition, unsecured subordinated loan note funding is also in place and is not repayable until 2031.

The interest payable on the loan due in 2014 is unhedged. The interest payable on the unsecured subordinated loan notes is fixed at 8% and if unpaid, is accrued through the period of the debt instrument.

The asset cover covenant is tested on an annual basis, by reference to the most recent formal valuation. As the Group has now disposed of its investment properties both the asset cover covenant and the interest cover covenant have been waived by the lender.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

AAIM Lagonda Purchaser Limited

DIRECTORS' REPORT (continued)

Auditor

Each of the persons who are directors at the date of approval of this report confirms that

- a) so far as the directors are aware, there is no relevant audit information of which the auditor is unaware, and
- b) They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's 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

Deloitte LLP have expressed their willingness to continue in office as auditor

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



GK Trott
Director
October 2012



AAIM Lagonda Purchaser Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

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 then apply them consistently,
- make judgments and accounting 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 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 AAIM Lagonda Purchaser Limited

We have audited the financial statements of AAIM Lagonda Purchaser Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 27. 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 (APB'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 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 group and the parent company's affairs as at 31 December 2011 and of the group's 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 qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. During the year the Group disposed of its income generating assets. As at 31 December 2011 the Company had net debt of £54.8m including £13.8m which is due for repayment on 10 January 2014. The directors continue to seek ways to settle this debt but the current economic environment is challenging and creates uncertainty in some elements of the Group and Company's ability to reach agreement with creditors. These conditions, along with the other matters explained in note 1 to 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.

Independent auditor's report to the members of AAIM Lagonda Purchaser Limited (continued)

Opinion on other matters 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



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom

4th October 2012

AAIM Lagonda Purchaser Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2		
Continuing operations		-	-
Discontinued operations		15,967,926	17,017,720
 Administrative expenses		(722,139)	(512,561)
Goodwill amortisation and impairment	11	(3,999,671)	-
 Operating (loss)/profit	3		
Continuing operations		(4,721,810)	(512,561)
Discontinued operations		15,967,926	17,017,720
		<u>11,246,116</u>	<u>16,505,159</u>
 Loss on disposal	1	(49,507,580)	-
 (Loss)/profit on ordinary activities before finance charges		(38,261,464)	16,505,159
Interest payable and similar charges	6	(17,947,700)	(16,763,518)
Interest receivable and similar income	7	13,309	11,940
 Loss on ordinary activities before taxation		(56,195,855)	(246,419)
 Tax credit on loss on ordinary activities	8	-	270,066
 (Loss)/profit on ordinary activities after taxation			
(withdrawn from) transferred to reserves	18	<u>(56,195,855)</u>	<u>23,647</u>

There have been no recognised gains and losses in the current financial year or the preceding financial year other than as stated above. Accordingly no separate statement of total recognised gains and losses has been prepared.


AAIM Lagonda Purchaser Limited

CONSOLIDATED BALANCE SHEET 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Investment property	10	-	270,817,878
Goodwill	11	-	3,999,671
		<u>-</u>	<u>274,817,549</u>
Current assets			
Debtors	13	261,757	273,975
Cash at bank and in hand		1,621,069	6,754,170
		<u>1,882,826</u>	<u>7,028,145</u>
Creditors: amounts falling due within one year	14	<u>(1,225,513)</u>	<u>(11,899,389)</u>
Net current assets / (liabilities)		<u>657,313</u>	<u>(4,871,244)</u>
Total assets less current liabilities		657,313	269,946,305
Creditors: amounts falling due after more than one year	15	(56,401,597)	(269,085,570)
Provision for liabilities	16	<u>-</u>	<u>(3,282,084)</u>
Net liabilities		<u>(55,744,284)</u>	<u>(2,421,349)</u>
Capital and reserves			
Called up share capital	17	1	1
Revaluation reserve	18	-	(2,872,920)
Profit and loss account	18	<u>(55,744,285)</u>	<u>451,570</u>
Shareholders' deficit	19	<u>(55,744,284)</u>	<u>(2,421,349)</u>

The financial statements of AAIM Lagonda Purchaser Limited, registered number 6030553 were approved by the Board of Directors on 14 October 2012

Signed on behalf of the Board of Directors


GK Trott
Director

AAIM Lagonda Purchaser Limited

COMPANY BALANCE SHEET 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Investment in subsidiaries	12	-	4,998,971
Current assets			
Debtors	13	23,803,673	264,369,882
Cash at bank and in hand		<u>1,621,069</u>	<u>6,662,412</u>
		25,424,742	271,032,294
Creditors: amounts falling due within one year	14	<u>(1,225,513)</u>	<u>(7,428,081)</u>
Net current assets		<u>24,199,229</u>	<u>263,604,213</u>
Total assets less current liabilities		24,199,229	268,603,184
Creditors: amounts falling due after more than one year	15	<u>(56,401,597)</u>	<u>(269,085,570)</u>
Net liabilities		<u><u>(32,202,368)</u></u>	<u><u>(482,386)</u></u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	<u>(32,202,369)</u>	<u>(482,387)</u>
Shareholders' deficit	19	<u><u>(32,202,368)</u></u>	<u><u>(482,386)</u></u>

The financial statements of AAIM Lagonda Purchaser Limited, registered number 6030553 were approved by the Board of Directors on 4th October 2012

Signed on behalf of the Board of Directors



GK Trott
Director

AAIM Lagonda Purchaser Limited

CONSOLIDATED CASH FLOW STATEMENT 31 December 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	20	12,095,755	17,251,932
Returns on investments and servicing of finance	21	(17,934,391)	(16,133,404)
Capital disposals and financial disinvestment	21	217,356,956	-
Net cash inflow before financing		211,518,320	1,118,528
Financing	21	(216,651,421)	(386,784)
(Decrease)/increase in cash		(5,133,101)	731,744

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the prior year.

Going concern

The financial statements have been prepared on a going concern basis. Information and reasoning regarding the adoption of the going concern basis can be found in the Directors' Report.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings for the financial year ended 31 December 2011. The subsidiary undertakings have been accounted for under the acquisition method of accounting.

The results of businesses sold or acquired during the year are included in the consolidated profit and loss account from the date control passes to the group or until the group ceases to have control.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of the acquisition are recorded at their fair values reflecting their condition at that date.

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date. In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investments

In the company balance sheet, investments in subsidiaries are recognised at cost less provision for impairment.

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Debt (including longer term loan notes)

All borrowings are stated at the fair value of consideration received after deduction of issue costs

Capitalisation of issue costs of finance

Issue costs of finance are netted against the loan finance to which they relate. These costs, together with the interest expense, are allocated to the profit and loss account over the term of the loan finance facility at a constant rate on the carrying amount

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time

2. Turnover

Turnover relates to rental income from investment property and arose in the United Kingdom

Rental income from operating leases is recognised in line with the terms of the relevant lease

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

3. Cost of sales, gross profit and other operating expenses (net)

	2011			2010		
	Continuing operations £	Discontinued operations £	Total £	Continuing operations £	Discontinued operations £	Total £
Gross profit	-	15,967,926	15,967,926	-	17,017,720	17,017,720
Administrative expenses	4,721,810	-	4,721,810	512,561	-	512,561

On 22 December 2011, the Group disposed of its investment properties. The results of these investments, up to the date of disposal and the comparatives for the year ended 31 December 2010 are shown under discontinued operations.

4. Employees

No director directly received any emoluments from the group during the current or prior year. Taylor Global Advisers Limited did receive fees, in both the current and prior year, for the provision of director services to the company. The company had no other employees during the current or prior year.

5. Loss on ordinary activities before taxation

	2011 £	2010 £
Goodwill amortisation and impairment	3,999,671	249,980
Auditor's remuneration for audit services		
- Fees payable to the company's auditor for the audit of the company's annual accounts	13,000	5,000
- Fees payable to the company's auditor for other services to the group	51,000	-
- The audit of the company's subsidiaries pursuant to legislation	4,000	25,000
Auditor's remuneration for non audit services		
- Taxation	16,000	46,000

6. Interest payable and similar charges

	2011 £	2010 £
Bank loans	12,792,313	13,103,846
Loan notes	3,286,538	3,036,257
Other interest	-	5,241
Debt issuance costs and amortisation	1,868,849	618,174
	<u>17,947,700</u>	<u>16,763,518</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

7. Interest receivable and similar income

	2011	2010
	£	£
Bank interest	<u>13,309</u>	<u>11,940</u>

8. Tax credit on loss on ordinary activities

	2011	2010
	£	£
United Kingdom corporation tax		
Current tax charge	-	-
Deferred taxation credit	<u>-</u>	<u>270,066</u>
	<u>-</u>	<u>270,066</u>

The tax assessed for the year is higher (2010 lower) than that resulting from applying the applicable rate of corporation tax in the UK of 26.5% (2010 28%)

The differences are explained below

Reconciliation of current tax credit:

Loss on ordinary activities before tax	(56,195,855)	(246,419)
Tax at 26.5% (2010 28%) thereon	(14,891,902)	(68,997)
Capital allowances in excess of depreciation	-	(716,798)
Tax losses arising	609,550	884,398
Expenses not deductible for tax purposes	14,282,352	81,333
Other permanent differences	<u>-</u>	<u>(179,936)</u>
Current tax credit	<u>-</u>	<u>-</u>

Finance Act 2011, which was substantively enacted in July 2011, included provisions to reduce the rate of corporation tax to 26% with effect from 1 April 2011 and 25% with effect from 1 April 2012. Deferred tax of £10,939,000 has not been recognised.

The government has announced that it intends to further reduce the rate of corporation tax to 24% with effect from 1 April 2013 and 23% from 1 April 2014. As this legislation was not substantively enacted by 31 December 2011, the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts.

9. Loss of parent company

The loss for the financial year dealt with in the accounts of the parent company is £31,719,982 (2010 loss of £46,309). The company has taken advantage of s408 of the Companies Act 2006 and consequently a profit and loss account for the parent company alone is not presented.

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

10. Investment properties

	2011 £
At 1 January 2011	270,817,878
Disposal	<u>(270,817,878)</u>
At 31 December 2011	<u>-</u>

11. Goodwill

	Cost £	Amortisation £	Net book value
At 1 January 2011	4,999,591	(999,920)	3,999,671
Amortisation	-	(249,980)	(249,980)
Impairment	-	(3,749,691)	(3,749,691)
At 31 December 2011	<u>4,999,591</u>	<u>(4,999,591)</u>	<u>-</u>

12. Investments held as fixed assets

	Cost £	Impairment £	Net book value
At 1 January 2011	4,998,971	-	4,998,971
Impairment	-	(4,998,971)	(4,998,971)
At 31 December 2011	<u>4,998,971</u>	<u>(4,998,971)</u>	<u>-</u>

The company has the following subsidiary companies, all of which are registered in England and Wales and are holding companies

	Class	Percentage
Lagonda Newco A Ltd	Ordinary	100%
Lagonda Newco B Ltd	Ordinary	100%*
Lagonda Newco C Ltd	Ordinary	100%*
Lagonda Bidco A Ltd	Ordinary	100%*

* Indirect holding

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

13 Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts owed by group undertakings	-	-	23,541,916	264,369,882
Other debtors	-	273,975	-	-
VAT	261,757	-	261,757	-
	<u>261,757</u>	<u>273,975</u>	<u>23,803,673</u>	<u>264,369,882</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	-	3,488,428	-	3,488,428
Trade creditors	227,249	431,778	227,249	68,583
Other creditors	22,707	372,705	22,707	279,505
Accruals and deferred income	975,557	7,064,186	975,557	3,049,273
VAT	-	542,292	-	542,292
	<u>1,225,513</u>	<u>11,899,389</u>	<u>1,225,513</u>	<u>7,428,081</u>

15. Creditors: amounts falling due after more than one year

	Group and Company 2011	Group and Company 2010
	£	£
Bank loan	13,815,090	229,215,836
Unsecured subordinated 8% loan notes 2031	42,586,507	39,869,734
	<u>56,401,597</u>	<u>269,085,570</u>
Loans comprise		
Amounts due within one year (note 14)	-	3,488,428
Amounts due between one and two years	-	2,967,558
Amounts due between two and five years	13,815,090	226,248,278
	<u>13,815,090</u>	<u>232,704,264</u>

The unsecured subordinated loan notes are repayable in 2031. Interest of 8% accrues on these loan notes.

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

16 Provision for liabilities

	2011 £	2010 £
Group		
Deferred taxation		
At 1 January	-	3,552,150
Current year deferred tax credit	-	(270,066)
	<u>-</u>	<u>(270,066)</u>
At 31 December	<u>-</u>	<u>3,282,084</u>
Deferred tax liability comprises:		
Capital allowances in excess of depreciation	-	6,870,796
Losses	-	(3,588,712)
	<u>-</u>	<u>(3,588,712)</u>
	<u>-</u>	<u>3,282,084</u>

17. Called up share capital

	2011 £	2010 £
Issued and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

18. Reserves

	Revaluation reserve £	Profit and loss account £
Group		
At 31 December 2010	(2,872,920)	451,570
Loss for the financial year	-	(56,195,855)
Realised revaluation deficit	2,872,920	-
	<u>-</u>	<u>(55,744,285)</u>
At 31 December 2011	<u>-</u>	<u>(55,744,285)</u>
Company		
At 31 December 2010	-	(482,387)
Loss for the financial year	-	(31,719,982)
	<u>-</u>	<u>(31,719,982)</u>
At 31 December 2011	<u>-</u>	<u>(32,202,369)</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

19. Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
Group		
(Loss)/profit for the financial year	(56,195,855)	23,647
Movement in revaluation reserve	2,872,920	-
Net (increase)/decrease to shareholders' deficit	(53,322,935)	23,647
Opening shareholders' deficit	(2,421,349)	(2,444,996)
Closing shareholders' deficit	<u>(55,744,284)</u>	<u>(2,421,349)</u>
Company		
Loss for the financial year	(31,719,982)	(46,309)
Net increase to shareholders' deficit	(31,719,982)	(46,309)
Opening shareholders' deficit	(482,386)	(436,077)
Closing shareholders' deficit	<u>(32,202,368)</u>	<u>(482,386)</u>

20. Reconciliation of operating profit to operating activities cash flows

	2011 £	2010 £
Operating profit	11,246,116	16,505,159
Prior year's reserve movement	8,285	-
Goodwill amortisation	3,999,671	249,980
Decrease/(increase) in debtors	273,975	(42,782)
(Decrease)/increase in creditors	(3,432,292)	539,575
Net cash inflow from operating activities	<u>12,095,755</u>	<u>17,251,932</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

21. Analysis of cash flows

	2011	2010
	£	£
Returns on investment and servicing of finance		
Interest paid	(17,947,700)	(16,145,344)
Interest received	13,309	11,940
	<u>(17,934,391)</u>	<u>(16,133,404)</u>
Net cash outflow for returns on investments and servicing of finance		
	<u>(17,934,391)</u>	<u>(16,133,404)</u>
Capital expenditure and financial investment		
Receipts from disposal of investments in fixed assets	217,356,956	-
	<u>217,356,956</u>	<u>-</u>
Financing		
New loans	-	3,719,818
Repayment of bank loans	(216,651,421)	(4,106,602)
	<u>(216,651,421)</u>	<u>(386,784)</u>

22. Analysis of changes in net debt

	2011	2010
	£	£
Increase in cash in the year	(5,133,101)	731,744
Cash inflow from increase in debt	216,651,421	386,784
	<u>211,518,320</u>	<u>1,118,528</u>
Increase in net debt arising from cash flows	211,518,320	1,118,528
Non cash movements	(479,020)	(618,174)
	<u>211,039,300</u>	<u>500,354</u>
Change in net debt		
Net debt at 1 January	(265,819,828)	(266,320,182)
	<u>(265,819,828)</u>	<u>(266,320,182)</u>
Net debt at 31 December	<u>(54,780,528)</u>	<u>(265,819,828)</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

23. Reconciliation of net debt

	At 31 December 2010 £	Cash flows £	Non cash movement £	At 31 December 2011
Cash at bank	6,754,170	(5,133,101)	-	1,621,069
Debt				
Due within one year	(3,488,428)	3,488,428	-	-
Due after one year	(269,085,570)	213,162,993	(479,020)	(56,401,597)
	(272,573,998)	216,651,421	(479,020)	(56,401,597)
Net debt at 31 December 2011	(265,819,828)	211,518,320	(479,020)	(54,780,528)

Non cash movements relate to the amortisation of debt issue costs

24. Derivatives not included at fair value

The group has derivatives which are not included at fair value in the accounts

	Principal £	Fair Value 2011 £	2010 £
Interest rate swap contracts	-	-	(45,468,109)
RPI swap contracts	-	-	(10,485,137)
	-	-	(55,953,246)

The group uses the derivatives to manage its exposure to interest rate movements on its bank borrowings, and to manage its exposure to RPI movements in respect of its rental leases

The fair values are based on market values of equivalent instruments at the balance sheet date

25. Related party transactions

The group has taken advantage of the exemption in FRS8 "Related party disclosures" not to disclose transactions with other members of the group

26. Ultimate controlling party

At the balance sheet date, the Company is the parent of the smallest and largest group into which the Company is consolidated. As explained in note 27, the director considers that there is no ultimate controlling party

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

27 Events after the balance sheet date

On 15 May 2012 the amounts owed to group undertakings as at the Balance Sheet date of £23,541,916 were released

On 28 June 2012 AAIM Venice Master Unit Trust sold its holding in aAIM Lagonda Purchaser Limited to DPK Lagonda Holdings LLP

On 29 June 2012 aAIM Lagonda Purchaser Limited issued 853 new shares. The first 750 shares were issued for cash. The consideration in respect of the remaining 103 shares was the release of debts in the sum of £28.8m owed by aAIM Lagonda Purchaser Limited to various parties pursuant to debt for equity swap agreements dated 2 July 2012. Subsequent to the debt for equity swap agreements, the director considers that there is no ultimate controlling party.