

Company Registration No. 6030553

AAIM Lagonda Purchaser Limited

Report and Financial Statements

31 December 2010

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AAIM Lagonda Purchaser Limited

REPORT AND FINANCIAL STATEMENTS 2010

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AAIM Lagonda Purchaser Limited

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

Directors

M L Tagliaferri
R Taylor (appointed 5th August 2010)
G K Trott (appointed 5th August 2010)
D C Maxwell (appointed 5th August 2010)

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 2010

Principal activity and business review

The principal activity of the company is that of a holding company for a group of companies engaged in property investment

The loss before tax for the year was £246,419 (2009 £882,405) and this was transferred from reserves. The group has net liabilities of £2,421,349 (2009 £2,444,996). However, the group has cash at bank and in hand of £6,754,170 (2009 £6,022,426) and the directors believe this will be sufficient to support the group's activities until January 2014 when a refinancing will be required.

The directors do not anticipate any material change in either the type or level of activities of the group.

The directors do not recommend payment of a dividend (2009 nil).

Key performance indicators

The main commercial factors are the financial strength of the tenant and overall property market. The business is monitored against forecast and predictions of the tenant based on the market structure at which the business plans have been drawn on a quarterly basis. The most recent review of the forecast and predictions of the tenant were found to be adequate.

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 future developments, the company uses a mixture of long-term and short-term debt finance.

The group has sought to mitigate its exposure to interest rate risk and movement in RPI by entering into a number of fixed interest rate swaps and RPI swaps. The group does not use derivative financial instruments for speculative purposes. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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 with its bankers which, subject to compliance with normal banking covenants for interest cover and asset cover ratios, the company will not open renewal negotiations until January 2014. In addition, unsecured subordinated loan note funding is also in place and is not repayable until 2031 at the earliest.

The interest payable on the bank loans has been hedged throughout the period of the loan agreement. The interest payable on the unsecured subordinated loan notes is fixed at 8% and is accrued through the period of the debt instrument.

The current economic conditions create uncertainty in the level of demand in the UK hotel market. However, current forecasts and projections, taking into account the financial strength of the tenant, show the group should be able to operate within its current facilities and meet its interest cover covenants.

AAIM Lagonda Purchaser Limited

DIRECTORS' REPORT (continued)

Going concern (continued)

The current economic conditions also create uncertainty over property valuations. The investment property valuations have been updated by the directors, to the balance sheet date, based on an assessment of the open market value of the properties at that date. This valuation has considered the future cash inflows from the rental income associated with each property.

The asset cover covenant is tested on an annual basis, by reference to the most recent formal valuation, which was completed in 2007. There is no requirement for a subsequent valuation to be completed.

The interest cover covenant is tested on an annual basis. The net rental income and the senior loan interest that are used to calculate this covenant are both fixed, due to the hedges in place.

On this basis, it is considered that each covenant has been satisfied throughout the year, is satisfied at the balance sheet date and that it will continue to be satisfied for the foreseeable future.

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 accounts.

Auditor


Each of the persons who are directors at the date of approval of this report confirm 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 been 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



D C Maxwell
Director

27 June 2011

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 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 26. 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.

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 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

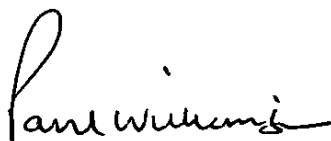
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of AAIM Lagonda Purchaser 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



Paul Williamson BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom

29 June 2011

AAIM Lagonda Purchaser Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover	2	17,017,720	16,684,626
Administrative expenses		<u>(512,561)</u>	<u>(907,633)</u>
Operating profit	4	16,505,159	15,776,993
Interest payable and similar charges	5	(16,763,518)	(17,087,921)
Interest receivable and similar income	6	<u>11,940</u>	<u>14,857</u>
Loss on ordinary activities before taxation		(246,419)	(1,296,071)
Tax credit on loss on ordinary activities	7	<u>270,066</u>	<u>413,666</u>
Loss on ordinary activities after taxation transferred from reserves	17	<u>23,647</u>	<u>(882,405)</u>

All activities relate to continuing operations

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 2010

	Notes	2010 £	2009 £
Fixed assets			
Investment property	9	270,817,878	270,817,878
Goodwill	10	3,999,671	4,249,651
		<u>274,817,549</u>	<u>275,067,529</u>
Current assets			
Debtors	12	273,975	231,193
Cash at bank and in hand		6,754,170	6,022,426
		<u>7,028,145</u>	<u>6,253,619</u>
Creditors: amounts falling due within one year	13	(11,899,389)	(10,676,253)
Net current liabilities		<u>(4,871,244)</u>	<u>(4,422,634)</u>
Total assets less current liabilities		269,946,305	270,644,895
Creditors: amounts falling due after more than one year	14	(269,085,570)	(269,537,741)
Provision for liabilities	15	(3,282,084)	(3,552,150)
Net liabilities		<u>(2,421,349)</u>	<u>(2,444,996)</u>
Capital and reserves			
Called up share capital	16	1	1
Revaluation reserve	17	(2,872,920)	(2,872,920)
Profit and loss account	17	451,570	427,923
Shareholders' deficit		<u>(2,421,349)</u>	<u>(2,444,996)</u>

The financial statements of AAIM Lagonda Purchaser Limited, registered number 6030553 were approved by the Board of Directors on 27 June 2011

Signed on behalf of the Board of Directors



D C Maxwell
Director

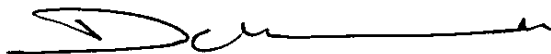
AAIM Lagonda Purchaser Limited

COMPANY BALANCE SHEET 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Investment in subsidiaries	11	4,998,971	4,998,971
Current assets			
Debtors	12	264,369,882	264,427,688
Cash at bank and in hand		6,662,412	5,925,186
		<u>271,032,294</u>	<u>270,352,874</u>
Creditors: amounts falling due within one year	13	<u>(7,428,081)</u>	<u>(6,250,181)</u>
Net current assets		<u>263,604,213</u>	<u>264,102,693</u>
Total assets less current liabilities		268,603,184	269,101,664
Creditors: amounts falling due after more than one year	14	<u>(269,085,570)</u>	<u>(269,537,741)</u>
Net liabilities		<u>(482,386)</u>	<u>(436,077)</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	<u>(482,387)</u>	<u>(436,078)</u>
Shareholders' deficit		<u>(482,386)</u>	<u>(436,077)</u>

The financial statements of AAIM Lagonda Purchaser Limited, registered number 6030553 were approved by the Board of Directors on 17 June 2011

Signed on behalf of the Board of Directors



D C Maxwell
Director

AAIM Lagonda Purchaser Limited

CONSOLIDATED CASH FLOW STATEMENT 31 December 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	19	17,251,932	14,861,944
Returns on investments and servicing of finance	20	(16,133,404)	(12,998,063)
Capital expenditure and financial investment	20	-	(250,860)
Net cash inflow before financing		1,118,528	1,613,021
Financing	20	(386,784)	2,560,085
Increase in cash	20	731,744	4,173,106

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 accounts have been prepared on a going concern basis. Further details 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 2010. 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 2010**

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

Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete

Debt

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

Revenue recognition

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

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and 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

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

3. 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.

4. Operating profit

	2010 £	2009 £
Goodwill amortisation	249,980	249,980
Auditor's remuneration for audit services		
- Fees payable to the company's auditor for the audit of the company's annual accounts	5,000	6,000
- Fees payable to the company's auditor for other services to the group		
- The audit of the company's subsidiaries pursuant to legislation	25,000	25,000
Auditor's remuneration for non audit services		
- Taxation	<u>46,000</u>	<u>30,000</u>

5. Interest payable and similar charges

	2010 £	2009 £
Bank loans	13,103,846	13,453,001
Loan notes	3,036,257	2,813,906
Other interest	5,241	202,840
Debt issuance costs and amortisation	618,174	618,174
	<u>16,763,518</u>	<u>17,087,921</u>

6. Interest receivable and similar income

	2010 £	2009 £
Bank interest	<u>11,940</u>	<u>14,857</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

7 Tax credit on loss on ordinary activities

	2010 £	2009 £
United Kingdom corporation tax		
Current tax charge	-	-
Deferred taxation credit	270,066	413,666
	<u>270,066</u>	<u>413,666</u>
Reconciliation of current tax credit:		
Loss on ordinary activities before tax	(246,419)	(1,296,071)
Tax at 28% (2009 28%) thereon	(68,997)	(362,900)
Capital allowances in excess of depreciation	(716,798)	(717,348)
Tax losses arising	884,398	1,240,311
Expenses not deductible for tax purposes	81,333	152,436
Other permanent differences	(179,936)	(312,499)
	<u>-</u>	<u>-</u>
Current tax credit	-	-

The UK Government announced in June 2010 that it intended to reduce the rate of corporation tax from 28% to 24% over four years and the Finance Act 2010, which was substantively enacted in July 2010, included provisions to reduce the rate of corporation tax to 27% with effect from 1 April 2011. Accordingly, deferred tax balances have been revalued to the lower rate of 27% in these financial statements.

On 23 March 2011, the government announced that it intends to further reduce the rate of corporation tax to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by April 2014. As this legislation was not substantively enacted by 31 December 2010, the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements.

8. Loss of parent company

The loss for the financial year dealt with in the accounts of the parent company is £46,309 (2009 loss of £47,035). 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.

9. Investment properties

	2010 £
At beginning and end of year	<u>270,817,878</u>

The directors confirm the value of the properties shown in the accounts approximates to the open market value of the properties at the balance sheet date.

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

10. Goodwill

	Cost £	Amortisation £	Net book value
At 1 January 2010	4,999,591	(749,940)	4,249,651
Amortisation	-	(249,980)	(249,980)
	<u>4,999,591</u>	<u>(999,920)</u>	<u>3,999,671</u>
At 31 December 2010	<u>4,999,591</u>	<u>(999,920)</u>	<u>3,999,671</u>

11. Investments held as fixed assets

	2010 £	2009 £
Cost and net book value		
Investment in subsidiary undertaking	<u>4,998,971</u>	<u>4,998,971</u>

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

	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%*
Lagonda Leeds Propco Ltd	Ordinary	100%*
Lagonda George Holdings Ltd	Ordinary	100%*
George Hotel Investments Ltd	Ordinary	100%*
Lagonda Palace Propco Ltd	Ordinary	100%*
Lagonda York Propco Ltd	Ordinary	100%*
Lagonda Russell Propco Ltd	Ordinary	100%*
Lagonda Selsdon Propco Ltd	Ordinary	100%*

* Indirect holding

12. Debtors

	Group 2010 £	2009 £	Company 2010 £	2009 £
Amounts owed by group undertakings	-	-	264,369,882	264,192,794
Other debtors	273,975	231,193	-	-
VAT	-	-	-	234,894
	<u>273,975</u>	<u>231,193</u>	<u>264,369,882</u>	<u>264,427,688</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

13. Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loan	3,488,428	2,804,867	3,488,428	2,804,867
Trade creditors	431,778	161,229	68,583	72,009
Other creditors	372,705	372,705	279,505	279,505
Accruals	3,049,273	3,093,800	3,049,273	3,093,800
VAT	542,292	389,317	542,292	-
Deferred income	4,014,913	3,854,335	-	-
	<u>11,899,389</u>	<u>10,676,253</u>	<u>7,428,081</u>	<u>6,250,181</u>

The bank loan is secured over various group assets

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

	Group and Company 2010	Group and Company 2009
	£	£
Bank loans	229,215,836	232,704,264
Unsecured subordinated 8% loan notes 2031	<u>39,869,734</u>	<u>36,833,477</u>
	<u>269,085,570</u>	<u>269,537,741</u>
Bank loans comprise		
Amounts due within one year (note 13)	3,488,428	2,804,867
Amounts due between one and two years	2,967,558	3,488,428
Amounts due between two and five years	<u>226,248,278</u>	<u>229,215,836</u>
	<u>232,704,264</u>	<u>235,509,131</u>

The bank loan is secured over various group assets

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 2010

15. Provision for liabilities

	2010 £	2009 £
Group		
Deferred taxation		
At 1 January 2010	3,552,150	3,965,816
Current year deferred tax credit	(270,066)	(413,666)
	<u>3,282,084</u>	<u>3,552,150</u>
At 31 December 2010	<u>3,282,084</u>	<u>3,552,150</u>
Deferred tax liability comprises:		
Capital allowances in excess of depreciation	6,870,796	7,538,423
Losses	(3,588,712)	(3,986,273)
	<u>3,282,084</u>	<u>3,552,150</u>

16. Called up share capital

	2010 £	2009 £
Authorised,		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

17. Reserves

	Revaluation reserve £	Profit and loss account £
Group		
At 31 December 2009	(2,872,920)	427,923
Retained profit	-	23,647
	<u>(2,872,920)</u>	<u>451,570</u>
At 31 December 2010	<u>(2,872,920)</u>	<u>451,570</u>
Company		
At 31 December 2009	-	(436,078)
Retained loss	-	(46,309)
	<u>-</u>	<u>(482,387)</u>
At 31 December 2010	<u>-</u>	<u>(482,387)</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

18. Reconciliation of movements in shareholders' deficit

	2010 £	2009 £
Group		
Profit/(loss) for the financial year	23,647	(882,405)
Net decrease/(increase) to shareholders' deficit	23,647	(882,405)
Opening shareholders' (deficit)	(2,444,996)	(1,562,591)
Closing shareholders' (deficit)	<u>(2,421,349)</u>	<u>(2,444,996)</u>
Company		
Loss for the financial year	(46,309)	(47,035)
Net increase to shareholders' deficit	(46,309)	(47,035)
Opening shareholders' deficit	(436,077)	(389,042)
Closing shareholders' deficit	<u>(482,386)</u>	<u>(436,077)</u>

19. Reconciliation of operating profit to operating activities cash flows

	2010 £	2009 £
Operating profit	16,505,159	15,776,993
Goodwill amortisation	249,980	249,980
(Increase)/decrease in debtors	(42,782)	367,217
Increase/(decrease) in creditors	539,575	(1,532,246)
Net cash inflow from operating activities	<u>17,251,932</u>	<u>14,861,944</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

20. Analysis of cash flows

	£	2010 £	£	2009 £
Returns on investment and servicing of finance				
Interest paid	(16,145,344)		(13,012,920)	
Interest received	<u>11,940</u>		<u>14,857</u>	
Net cash outflow for returns on investments and servicing of finance		<u>(16,133,404)</u>		<u>(12,998,063)</u>
Capital expenditure and financial investment				
Payment to acquire investment property additions		<u>-</u>		<u>(250,860)</u>
Financing				
New loans	3,719,818		5,307,384	
Repayment of bank loans	<u>(4,106,602)</u>		<u>(2,747,299)</u>	
		<u>(386,784)</u>		<u>2,560,085</u>

21. Analysis of changes in net debt

	2010 £	2009 £
Increase in cash in the year	731,744	4,173,106
Cash inflow from increase in debt	<u>386,784</u>	<u>(2,560,085)</u>
Increase in net debt arising from cash flows	1,118,528	1,613,021
Non cash movements	<u>(618,174)</u>	<u>(3,872,161)</u>
Change in net debt	500,354	(2,259,140)
Net debt at 1 January 2010	<u>(266,320,182)</u>	<u>(264,061,042)</u>
Net debt at 31 December 2010	<u>(265,819,828)</u>	<u>(266,320,182)</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

22. Reconciliation of net debt

	At 31 December 2009 £	Cash flows £	Non cash movement £	At 31 December 2010
Cash at bank	6,022,426	731,744	-	6,754,170
Debt				
Due within one year	(2,804,867)	2,804,867	(3,488,428)	(3,488,428)
Due after one year	(269,537,741)	(2,418,083)	2,870,254	(269,085,570)
	(272,342,608)	386,784	(618,174)	(272,573,998)
Net debt at 31 December 2010	(266,320,182)	1,118,528	(618,174)	(265,819,828)

Non cash movements relate to the amortisation of debt issue costs

23. Derivatives not included at fair value

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

	Principal £	Fair Value 2010 £	2009 £
Interest rate swap contracts	238,386,112	(45,468,109)	(28,976,818)
RPI swap contracts	3,789,232	(10,485,137)	(10,780,658)
	242,175,344	(55,953,246)	(39,757,476)

The company uses the derivatives to manage its exposure to 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

24. 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

25. Ultimate controlling party

The company's ultimate controlling party is AAIM Venice Trustee Master Limited, a unit trust established in Jersey

26. Events after the balance sheet date

There have been no significant events between the year end and the date of approval of the accounts which would require a change or additional disclosure in the accounts