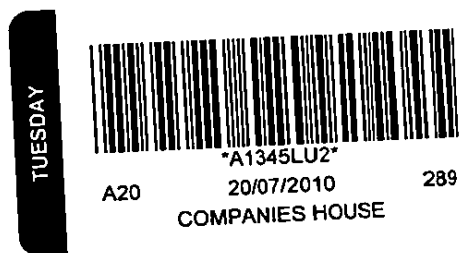


AAIM Lagonda Purchaser Limited

Report and Financial Statements

Year ended 31 December 2009



AAIM Lagonda Purchaser Limited

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS	Page
Officers and professional advisers	1
Director's report	2
Director's responsibilities statement	4
Independent auditors' report	5
Consolidated profit and loss account	6
Consolidated statement of total recognised gains and losses	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10

AAIM Lagonda Purchaser Limited

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

M L Tagliaferri

SECRETARY

AAIM Secretarial Services Limited

REGISTERED OFFICE

Updown Court
Chertsey Road
Windlesham
Surrey
GU20 6HY

BANKERS

Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds

AAIM Lagonda Purchaser Limited

DIRECTOR'S REPORT

The director presents the annual report and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES 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 £882,405 (2008 loss £836,047) and this was transferred from reserves. The group has net liabilities of £2,444,996 (2008 £1,562,591). However, the group has cash at bank and in hand of £6,022,426 (2008 £6,440,509) and the director believes this will be sufficient to support the group's activities until January 2014 when a refinancing will be required.

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

The director does not recommend payment of a dividend.

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. This is monitored quarterly.

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.

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, is not renewable 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.

The current economic conditions also create uncertainty over property valuations. The investment property valuations have been updated by the director 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 is satisfied at the balance sheet date and that it will continue to be satisfied for the foreseeable future.

After making enquiries, the director has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the annual report and accounts.

AAIM Lagonda Purchaser Limited

DIRECTOR'S REPORT (continued)

DIRECTOR

The present director was appointed on 8 December 2008

ELECTIVE RESOLUTIONS

The group has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually

AUDITORS

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

- a) so far as the director is aware, there is no relevant audit information of which the auditors are unaware, and
- b) he 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 auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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



M L Tagliaferri
Director

28 June 2010

AAIM Lagonda Purchaser Limited

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' 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 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 24. 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 13 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 auditors' 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 auditors

As explained more fully in the Director's Responsibilities Statement, the director is 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 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 2009 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 Director's 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Geoffrey Taylor (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds, United Kingdom
29 June 2010

AAIM Lagonda Purchaser Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	2	16,684,626	15,945,741
Administrative expenses		<u>(907,633)</u>	<u>(831,838)</u>
OPERATING PROFIT	4	15,776,993	15,113,903
Interest payable and similar charges	5	(17,087,921)	(16,929,034)
Interest receivable and similar income	6	<u>14,857</u>	<u>138,814</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,296,071)	(1,676,317)
Tax credit on loss on ordinary activities	7	<u>413,666</u>	<u>840,270</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED FROM RESERVES	17	<u>(882,405)</u>	<u>(836,047)</u>
All activities are derived from continuing operations			

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2009

	Note	2009 £	2008 £
LOSS FOR THE YEAR		(882,405)	(836,047)
Unrealised deficit on revaluation of investment properties	9	<u>-</u>	<u>-</u>
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		<u>(882,405)</u>	<u>(836,047)</u>

AAIM Lagonda Purchaser Limited

CONSOLIDATED BALANCE SHEET 31 December 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Investment property	9	270,817,878	270,900,061
Goodwill	10	4,249,651	4,499,631
		<u>275,067,529</u>	<u>275,399,692</u>
CURRENT ASSETS			
Debtors	12	231,193	598,410
Cash at bank and in hand		6,022,426	6,440,509
		<u>6,253,619</u>	<u>7,038,919</u>
CREDITORS, amounts falling due within one year	13	<u>(10,676,253)</u>	<u>(16,131,597)</u>
NET CURRENT LIABILITIES		<u>(4,422,634)</u>	<u>(9,092,678)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		270,644,895	266,307,014
CREDITORS: amounts falling due after more than one year	14	<u>(269,537,741)</u>	<u>(263,903,789)</u>
PROVISIONS FOR LIABILITIES	15	<u>(3,552,150)</u>	<u>(3,965,816)</u>
NET LIABILITIES		<u>(2,444,996)</u>	<u>(1,562,591)</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	427,923	1,310,328
SHAREHOLDERS' DEFICIT		<u>(2,444,996)</u>	<u>(1,562,591)</u>

These financial statements of AAIM Lagonda Purchaser Limited, company registration number 6030553, were approved by the Board of Directors on 28 June 2010

Signed on behalf of the Board of Directors



M L Tagliaferri
Director

AAIM Lagonda Purchaser Limited**COMPANY BALANCE SHEET
31 December 2009**

	Note	2009 £	2008 £
FIXED ASSETS			
Investment in subsidiary	11	4,998,971	4,998,971
CURRENT ASSETS			
Debtors	12	264,427,688	258,364,959
Cash at bank and in hand		<u>5,925,186</u>	<u>6,432,893</u>
		270,352,874	264,797,852
CREDITORS: amounts falling due within one year	13	<u>(6,250,181)</u>	<u>(6,282,076)</u>
NET CURRENT ASSETS		<u>264,102,693</u>	<u>258,515,776</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		269,101,664	263,514,747
CREDITORS amounts falling due after more than one year	14	<u>(269,537,741)</u>	<u>(263,903,789)</u>
NET LIABILITIES		<u>(436,077)</u>	<u>(389,042)</u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Profit and loss account	17	<u>(436,078)</u>	<u>(389,043)</u>
SHAREHOLDERS' DEFICIT		<u>(436,077)</u>	<u>(389,042)</u>

These financial statements AAIM Lagonda Purchaser Limited, company registration number 6030553, were approved by the Board of Directors on 28 June 2010

Signed on behalf of the Board of Directors



M L Tagliaferri

Director

AAIM Lagonda Purchaser Limited**CONSOLIDATED CASH FLOW STATEMENT**
Year ended 31 December 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	18	14 861,944	16,101,952
Returns on investments and servicing of finance	19	(12,998,063)	(16,172,048)
Capital expenditure and financial investment	19	<u>(250,860)</u>	<u>(5,660,061)</u>
Net cash outflow before financing		1,613,021	(3,166,261))
Financing	19	<u>2,560,085</u>	<u>(646,542)</u>
Increase/(decrease) in cash	20	<u><u>4,173,106</u></u>	<u><u>(3,812,803)</u></u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

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 Director's 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 2009. 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 director considers 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 2009

1. ACCOUNTING POLICIES

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

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a 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

Turnover comprises rental income recognised on a straight line basis

2. TURNOVER

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

3. EMPLOYEES

No director received any emoluments from the group during the current or prior year

The only employee of the company or the group is the director

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

4. OPERATING PROFIT		
Operating profit is after charging:	2009	2008
	£	£
Goodwill amortisation	249,980	249,980
Auditors' remuneration for audit services		
- Fees payable for the audit of the company's annual accounts	6,000	6,000
- Fees payable to the company's auditors for other services to the group		
- The audit of the company's subsidiaries	25,000	25,000
Auditors' remuneration for non audit services		
- Taxation	30,000	30,000
	<u>249,980</u>	<u>249,980</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES		
	2009	2008
	£	£
Bank loans	13,453,001	13,559,662
Loan notes	2,813,906	2,751,200
Other interest	202,840	-
Debt issuance costs and amortisation	618,174	618,172
	<u>17,087,921</u>	<u>16,929,034</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME		
	2009	2008
	£	£
Bank interest	14,857	138,814
	<u>14,857</u>	<u>138,814</u>
7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES		
	2009	2008
	£	£
United Kingdom corporation tax		
Current tax charge	-	-
Deferred taxation credit	413,666	(840,270)
	<u>413,666</u>	<u>(840,270)</u>
Reconciliation of current tax credit:		
Loss on ordinary activities before tax	(1,296,071)	(1,676,317)
Tax at 28% (2008 28.5%) thereon	(362,900)	(477,750)
Capital allowances in excess of depreciation	(717,348)	(792,046)
Tax losses arising	1,240,311	1,700,223
Expenses not deductible for tax purposes	152,436	71,261
Other permanent differences	(312,499)	(501,688)
	<u>-</u>	<u>-</u>
Current tax credit	-	-
	<u>-</u>	<u>-</u>
8. LOSS OF PARENT COMPANY		
The loss for the financial year dealt with in the accounts of the parent company is £47,035 (2008 loss of £304,985). 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 2009

9. INVESTMENT PROPERTIES

	£
At beginning of year	270,900,061
Additions	250,860
Adjustment	(333,043)
	<u>270,817,878</u>
At end of year	<u>270,817,878</u>

The director confirms the value of the properties shown in the accounts approximates to the open market value of the properties at the balance sheet date

10. GOODWILL

	Cost £	Amortisation £	Net book value £
At 1 January 2009	4,999,591	(499,960)	4,499,631
Amortisation	-	(249,980)	(249,980)
	<u>4,999,591</u>	<u>(749,940)</u>	<u>4,249,651</u>
At 31 December 2009	<u>4,999,591</u>	<u>(749,940)</u>	<u>4,249,651</u>

11. INVESTMENTS HELD AS FIXED ASSETS

	2009 £	2008 £
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

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

12. DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Amounts owed by group undertakings	-	-	264,192,794	258,247,515
Other debtors	231,193	460,045	-	-
VAT	-	138,365	234,894	117,444
	<u>231,193</u>	<u>598,410</u>	<u>264,427,688</u>	<u>258,364,959</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade creditors	161,229	680,896	72,009	40,250
Other creditors	372,705	582,889	279,505	279,505
Accruals	3,093,800	3,955,736	3,093,800	3,955,748
Bank loan and overdrafts	3,423,041	7,215,936	3,423,041	2,624,747
VAT	389,317	525,811	-	-
FRS 4 debt issue costs	(618,174)	(618,174)	(618,174)	(618,174)
Deferred income	3,854,335	3,788,503	-	-
	<u>10,676,253</u>	<u>16,131,597</u>	<u>6,250,181</u>	<u>6,282,076</u>

The bank loan and overdraft are secured over various group assets

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and Company 2009	Group and Company 2008
	£	£
Bank loans	234,573,113	232,811,320
Unsecured subordinated 8% loan notes 2031	36,833,477	33,579,492
FRS 4 debt issue costs	(1,868,849)	(2,487,023)
	<u>269,537,741</u>	<u>263,903,789</u>
Bank loans comprise		
Amounts due within one year (note 13)	3,423,041	2,624,747
Amounts due between one and two years	4,106,602	3,351,553
Amounts due between two and five years	230,466,511	226,835,020
	<u>237,996,154</u>	<u>232,811,320</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 2009**

15 PROVISION FOR LIABILITIES

Group

	2009	2008
	£	£
Deferred taxation		
At 1 January 2009	3,965,816	4,806,086
Current year deferred tax credit	(413,666)	(840,270)
At 31 December 2009	<u>3,552,150</u>	<u>3,965,816</u>
Deferred tax liability comprises		
Short term timing differences	7,538,423	7,419,224
Capital allowances in excess of depreciation	(3,986,273)	(3,453,420)
	<u>3,552,150</u>	<u>3,965,816</u>

16. CALLED UP SHARE CAPITAL

	2009	2008
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

17. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Share capital £	Revaluation reserve £	Profit and loss account £	Shareholders' funds £
Company				
At 31 December 2008	1	-	(389,043)	(389,042)
Loss retained for the year	-	-	(47,035)	(47,035)
Balance at 31 December 2009	<u>1</u>	<u>-</u>	<u>(436,078)</u>	<u>(436,077)</u>
Group				
At 31 December 2008	1	(2,872,920)	1,310,328	(1,562,591)
Loss retained for the year	-	-	(882,405)	(882,405)
Balance at 31 December 2009	<u>1</u>	<u>(2,872,920)</u>	<u>427,923</u>	<u>(2,444,996)</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating profit	15,776,993	15,113,903
Goodwill amortisation	249,980	249,980
Decrease/(increase) in debtors	367,217	(112,336)
(Decrease)/increase in creditors	<u>(1,532,246)</u>	<u>850,405</u>
Net cash inflow from operating activities	<u>14,861,944</u>	<u>16,101,952</u>

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

19 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009		2008	
	£	£	£	£
Returns on investment and servicing of finance				
Interest paid	(13,012,920)		(16,310,862)	
Interest received	14,857		138,814	
	<u> </u>		<u> </u>	
Net cash outflow for returns on investments and servicing of finance		<u>(12,998,063)</u>		<u>(16,172,048)</u>
Capital expenditure and financial investment				
Payment to acquire investment property additions		<u>(250,860)</u>		<u>(5,660,061)</u>
Financing				
New loans	5,307,384		1,835,197	
Repayment of bank loans	<u>(2,747,299)</u>		<u>(2,481,739)</u>	
		<u>2,560,085</u>		<u>(646,542)</u>

20 RECONCILIATION OF NET CASH FLOWS TO MOVEMENTS IN NET DEBT

	2009	2008
	£	£
Increase/(decrease) in cash in the year	4,173,106	(3,812,803)
Cash inflow from increase in debt	<u>(2,560,085)</u>	<u>646,542</u>
Increase in net debt arising from cash flows	1,613,021	(3,166,261)
Non cash movements	<u>(3,872,161)</u>	<u>(3,182,069)</u>
Change in net debt	<u>(2,259,140)</u>	<u>(6,348,330)</u>
Net debt at 1 January 2009	<u>(264,061,042)</u>	<u>(257,712,713)</u>
Net debt at 31 December 2009	<u>(266,320,182)</u>	<u>(264,061,042)</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2008 £	Cash flows £	Non cash movement £	At 31 December 2009 £
Cash at bank	6,440,509	(418,083)	-	6,022,426
Overdraft	<u>(4,591,189)</u>	<u>4,591,189</u>	<u>-</u>	<u>-</u>
	<u>1,849,320</u>	<u>4,173,106</u>	<u>-</u>	<u>6,022,426</u>
Debt				
Due within one year	(2,006,573)	2,602,858	(3,401,152)	(2,804,867)
Due after one year	<u>(263,903,789)</u>	<u>(5,162,943)</u>	<u>(471,009)</u>	<u>(269,537,741)</u>
	<u>(265,910,362)</u>	<u>(2,560,085)</u>	<u>(3,872,161)</u>	<u>(272,342,608)</u>
Net debt at 31 December 2009	<u>(264,061,042)</u>	<u>1,613,021</u>	<u>(3,872,160)</u>	<u>(266,320,182)</u>

Non cash movements relate to accrued interest and re-classification of loan maturity

AAIM Lagonda Purchaser Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

22 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

23. ULTIMATE CONTROLLING PARTY

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

24. 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