LR Capital
Directors' Report and Financial Statements for the Year Ended 31 December 2012

Registered in England & Wales

Registered number 208760

Contents

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit the annual report and audited financial statements for the year ended 31 December 2012 for LR Capital ("the Company")

PRINCIPAL ACTIVITIES
The principal activity of the Company is to provide intra-group funding

DIRECTORS
The directors who held office during the financial year and up to the date of signing the financial statements were as follows

M Turner
C Bailey
C C Page

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The Company intends to maintain inter-company lending for the foreseeable future

During the year the immediate parent company (Progress Ford Sales Limited) made a contribution of £15,000,000, and received 4,720 ordinary shares at a par value of 1p The company utilised the funds to enter into a revolving loan agreement with Ford Motor Company of New Zealand Limited

RESULTS AND DIVIDENDS
The results of the Company for the year ended 31 December 2012 are set out on page 4 A dividend of £nil has been paid in respect of 2012 (2011 £nil).

PRINCIPAL RISKS AND UNCERTAINTIES
Excluding financial risk management (see below), at the date of signing the financial statements, the directors are not aware of any principal risks and uncertainties affecting the Company The directors have considered the financial position of the company at 31 December 2012 (net current assets and net assets of £15,719,768 (2011 £640,858)) and consider after making appropriate enquiries that the Company has adequate resources to continue in operational existence for the foreseeable future, and should therefore continue to adopt the going concern basis in preparing financial statements

FINANCIAL RISK MANAGEMENT
The Company's operations expose it to a variety of financial risks that include credit risk, foreign currency risk and interest rate risk The Company has in place a financial risk management program, which sets out specific guidelines to manage these risks and the circumstances where it would be appropriate to use financial instruments to manage these

Price Risk
The Company is not exposed to commodity price risk as a result of its operations The Company has no exposure to equity securities price risk as it holds no listed or other equity investments

Credit risk
Credit risk relates to the loss we could incur if an obligor or counterparty defaulted on a loan or derivative contract We enter into master agreements with counterparties that allow netting of certain exposures in order to manage this risk We, together with Ford Motor Company, establish limits for each counterparty to minimize risk and provide counterparty diversification In addition, the Company has implemented policies that require appropriate credit reviews on potential obligators before loans are made The amount of exposure to any individual obligator is subject to a limit, which is specified within individual agreements

Foreign Currency risk
Foreign currency risk is the possibility that our financial results could be better or worse than planned because of changes in the currency exchange rates This risk arises when the Company makes loans denominated in foreign currencies Accordingly, our normal practice is to use derivative instruments to hedge our economic exposures resulting from these loans In our hedging actions, we use primarily instruments commonly used by corporations to reduce foreign exchange risk (e g forward contracts)

QUALIFYING INDEMNITY PROVISIONS
Qualifying third party indemnity provisions and pension scheme indemnity provisions are in force for the Company's directors as of the date of this report and were in force for the duration of 2012

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (*CONTINUED*)

KEY PERFORMANCE INDICATORS ("KPIS")
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

DONATIONS
The Company made no political or charitable donations in the year (2011 £nil)

EVENTS AFTER THE BALANCE SHEET DATE
There are no post balance sheet events to disclose

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP have expressed a willingness to remain as independent auditors of the company

DISCLOSURE OF INFORMATION TO AUDITORS STATEMENT
In the case of each of the persons who are directors at the time when the report is approved, the following applies

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and,
- they have taken all steps that ought to reasonably be expected to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared 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 judgements 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

By order of the Board

C C Page
Company Secretary

Date 27 March 2013

Registered Office
Ford Motor Company Central Office
Eagle Way
Brentwood, Essex
CM13 3BW

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LR CAPITAL

We have audited the financial statements of LR Capital for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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)

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit 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

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

Greg Briggs

Gregory Briggs (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date 28 March 2013

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- 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

Gregory Briggs (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date 28 March 2013

Profit and loss account for the year ended 31 December 2012

	Note	2012	2011
		£	£
Administrative expenses		**(6,021)**	1,000
Operating (loss)/profit	2	**(6,021)**	1,000
Interest receivable and similar income	4	**91,340**	2,880
Profit on ordinary activities before taxation		**85,319**	3,880
Tax on profit on ordinary activities	5	**(6,409)**	-
Profit for the financial year		**78,910**	3,880

All activities are continuing

The profit on ordinary activities after taxation is the only recognised gain or loss for the financial years A separate statement of total recognised gains has therefore not been presented

There is no difference between the profit on ordinary activities before taxation for the financial years and their historical cost equivalent

Balance Sheet as at 31 December 2012

	Note	2012	2011
		£	£
Current Assets			
Debtors	6	15,554,045	647,858
Cash at bank and in hand		199,965	-
		15,754,010	647,858
Creditors: amounts falling due within one year	7	(34,242)	(7,000)
Net Current Assets		15,719,768	640,858
Capital and reserves			
Called up share capital	8	49	2
Share premium account	9	14,999,953	-
Profit and loss account	9	719,766	640,856
Total shareholders' funds	11	15,719,768	640,858

The financial statements on pages 4 to 9 were approved by the board of directors and were signed on its behalf by

M Turner
Director

Date 27 March 2013

Registered number 208760

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

A summary of the most important accounting policies, which have been applied consistently, is set out below

a) BASIS OF ACCOUNTING

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

b) GOING CONCERN

The directors consider, after making appropriate enquiries that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements (see the Directors' Report)

c) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated into sterling at rates ruling on the date of the transaction Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the end of the financial year All foreign exchange differences are taken to the profit and loss account

d) FORWARD EXCHANGE CONTRACTS

The Company hedges the foreign currency exchange risks by entering into the forward exchange contracts with a Ford affiliate All forward exchange contracts entered into by the Company are classified as non-trading as they are entered into for the purpose of matching or minimising risk from potential movements in foreign exchange rates inherent in the Company's financial assets and liabilities

Discounts and premiums where applicable on forward exchange contracts are amortised over the term of the contracts and recognised within interest income Gains and losses on contracts are recognised at maturity and included within net interest income

e) DEFERRED TAX

In accordance with Financial Reporting Standard No 19 ("FRS 19") "Deferred Tax", deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future

A net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of 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 assets and liabilities recognised have not been discounted

f) CASH FLOW STATEMENT

The Company has taken advantage of the exemption allowed under Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" ("FRS 1") not to prepare a cash flow statement

g) RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption allowed under Financial Reporting Standard 8 "Related Party Disclosures" ("FRS 8") not to disclose transactions with Ford Motor Company, USA and its wholly owned subsidiary undertakings

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*CONTINUED*)

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2012 £	2011 £
Auditor's remuneration	6,000	7,000
Other creditors written off	-	(8 000)

Auditors' remuneration amounted to £6,000 (2011 £7,000) and remuneration for the provision of non-audit services was £nil (2011 £nil)

3. EMPLOYEES

The Company had no employees during the year (2011 none)

The Directors of the Company are remunerated by Ford Motor Company Limited The Directors did not receive any emoluments in respect of their services to the Company (2011 £nil)

The Company made no contribution towards any of the directors' retirement benefit schemes (2011 £nil) There are no pension benefits accruing under defined benefit or contribution pension schemes for directors (2011 £nil)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Interest received from group undertakings	91,340	2,880

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) ANALYSIS OF CHARGE FOR THE YEAR

	2012 £	2011 £
Tax on profit on ordinary activities	6,409	-

b) FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 24 5% (2011 26 5%) The differences are explained below

	2012	2012 £	2011	2011 £
Profit on ordinary activities before tax		85,319		3,880
At standard rate of corporation tax in the UK	24.5 %	20,903	26 5 %	1,028
Current tax charge	7 5 %	6,409	0 %	-
Difference	(17.0%)	(14,494)	(26 5)%	(1,028)
Difference to current tax charge due to effects of				
Non-taxable income	0%	-	(54 6)%	(2,120)
UK taxable income offset by group relief not charged for	(17 0)%	(14,494)	28 1%	1 092
	(17 0)%	(14,494)	(26 5)%	(1,028)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*CONTINUED*)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

b) FACTORS AFFECTING TAX CHARGE FOR THE YEAR

In the Chancellor's budget of 21 March 2012 it was announced that the rate of Corporation tax was to be reduced from 26% to 24% on 1 April 2012 and not to 25% as previously announced This rate change was substantively enacted in March 2012 Therefore, the company's profits for the accounting year are taxed at an effective rate of 24 5% (2011 26 5)

c) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 17 July 2012, Finance Bill 2012 was given Royal Assent, which stated that the main rate of Corporation tax was to be reduced to 23% on 1 April 2013 We expect further reductions to be included in future Finance Bills

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax system were announced in the Autumn Statement 2012 and the March 2013 Budget This includes a reduction to the main rate to 21% from 1 April 2014, with a further reduction to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

6. DEBTORS

	2012	2011
	£	£
Amounts owed by group undertakings	15,554,045	647,858

Amounts owed by group undertakings are repayable on demand, and bear interest at a variable rate which is capitalised monthly

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Amount owed to group undertakings	(28,242)	-
Accruals	(6,000)	(7,000)
	(34,242)	(7,000)

8. CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Allotted and fully paid		
4,920 (2011 200) Ordinary shares of £0 01 each	49	2
	49	2

During the year the immediate parent company (Progress Ford Sales Limited) made a contribution of £15,000,000, and received 4,720 ordinary shares at a par value of 1p The company utilised the funds to enter into a revolving loan agreement with Ford Motor Company of New Zealand Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (*CONTINUED*)

9. RESERVES

	Share premium account	Profit and loss account
	£	£
Balance 1 January 2012	-	640,856
Profit for the financial year	-	78,910
Share premium paid	14,999,953	-
Balance 31 December 2012	14,999,953	719,766

10. DIVIDENDS

	2012	2011
	£	£
Final dividend paid of £nil per share (2011 £nil per share)	-	-

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	78,910	3,880
Share capital issued	47	-
Share premium paid	14,999,953	-
Net increase in shareholders' funds	15,078,910	3,880
Opening shareholders' funds	640,858	636,978
Closing shareholders' funds	15,719,768	640,858

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company of LR Capital is Progress Ford Sales Limited, a company incorporated in the province of Ontario in Canada The ultimate parent company and controlling party is Ford Motor Company, a company incorporated in Delaware, USA At 31 December 2012, the results of the Company are only consolidated into the financial statements of Ford Motor Company Copies of the ultimate parent company's financial statements may be obtained from Ford Motor Company, One American Road, Dearborn, Michigan 48126, USA