LR Capital
Directors' Report and Financial Statements
for the Year Ended 31 December 2011

Registered number 208760

Contents

DIRECTORS' REPORT

The dırectors submıt the annual report and audıted fınancıal statements for the year ended 31 December 2011 for LR Capıtal ("the Company")

PRINCIPAL ACTIVITIES
The prıncıpal actıvıty of the Company ıs to provıde ıntra-group fundıng

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The Company ıntends to maıntaın ınter-company lendıng for the foreseeable future

RESULTS AND DIVIDENDS
The results of the Company for the year ended 31 December 2011 are set out on page 4 A dıvıdend of £nıl has been paıd ın respect of 2011 (2010 £2m).

PRINCIPAL RISKS AND UNCERTAINTIES
The prıncıpal rısk that could potentıally affect the Company ıs Credıt rısk, whıch relates to the loss that the Company could ıncur ıf an oblıgor or counterparty defaulted on a loan The Dırectors consıder thıs rısk to be mınımal as all lendıng ıs to an affılıate company under a common ultımate parent (Ford Motor Company, Dearborn, USA)

Also, the dırectors have consıdered the fınancıal posıtıon of the Company at 31 December 2011 (net current assets and net assets of £640,858 (2010 £636,978) and consıder after makıng appropriate enquırıes that the Company has adequate resources to contınue ın operatıonal exıstence for the foreseeable future, and should therefore contınue to adopt the goıng concern basıs ın preparıng fınancıal statements

DIRECTORS
The dırectors who held office durıng the fınancıal year and up to the date of sıgnıng the fınancıal statements were as follows

Mark Turner (appoınted 1 July 2011)
Clıve Baıley
Clıve Page
Ryan Anderson (resıgned 30 June 2011)

QUALIFYING INDEMNITY PROVISIONS
Qualıfyıng thırd party ındemnıty provısıons and pensıon scheme ındemnıty provısıons are ın force for the Company's dırectors as of the date of thıs report and were ın force for the duratıon of 2011

DONATIONS
The Company made no polıtıcal or charıtable donatıons ın the year (2010 £nıl)

POST BALANCE SHEET EVENTS
There are no post balance sheet events to dısclose

DISCLOSURE OF INFORMATION TO AUDITORS
In the case of each of the persons who are dırectors at the tıme when the report ıs approved, the followıng applıes

- so far as the dırectors are aware, there ıs no relevant audıt ınformatıon of whıch the Company's audıtors are unaware, and,
- they have taken all steps that ought reasonably be expected to have been taken as dırectors ın order to make themselves aware of any relevant audıt ınformatıon and to establısh that the Company's audıtors are aware of that ınformatıon

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The dırectors are responsıble for preparıng the Dırectors' Report and Fınancıal Statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare fınancıal statements for each fınancıal year Under that law the dırectors have prepared the fınancıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the fınancıal statements unless they are satısfıed that they gıve a true and faır vıew of the state of affaırs of the Company and of the profit or loss of the Company for that perıod

DIRECTORS' REPORT (*CONTINUED*)

STATEMENT OF DIRECTORS' RESPONSIBILITIES *(CONTINUED)*

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,
- 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 26 March 2012

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 2011 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 Statement of Directors' Responsibilities set out on pages 1 and 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 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 2011 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

Christopher Hibbs (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

Date 26 March 2012

Profit and loss account for the year ended 31 December 2011

	Note	2011	2010
		£	£
Administrative expenses		**1,000**	(7,000)
Operating profit / (loss)	2	**1,000**	(7,000)
Interest receivable and similar income	4	**2,880**	10,247
Profit on ordinary activities before taxation		**3,880**	3,247
Tax on profit on ordinary activities	5	**-**	-
Profit for the financial year	9	**3,880**	3,247

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 for the financial years and their historical cost equivalent

Balance Sheet as at 31 December 2011

	Note	2011	2010
		£	£
Current assets			
Debtors	6	**647,858**	651,978
Creditors: amounts falling due within one year	7	**(7,000)**	(15,000)
Net current assets		**640,858**	636,978
Net assets		**640,858**	636,978
Capital and reserves			
Called up share capital	8	**2**	2
Profit and loss account	9	**640,856**	636,976
Total shareholders' funds	11	**640,858**	636,978

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

C Bailey
Director

Date 26 March 2012

Registered number: 208760

NOTES TO THE FINANCIAL STATEMENTS

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) 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

e) CASH FLOW STATEMENT

The Company is a wholly owned subsidiary company of a group headed by Ford Motor Company, USA, and is included in the consolidated financial statements of that company, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash Flow Statements'

f) RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures on the grounds that it is a wholly owned subsidiary of a group headed by Ford Motor Company, USA

2 OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging / (crediting)

	2011	2010
	£	£
Auditor's remuneration	(7,000)	(7,000)
Other creditors written off	8,000	-
	1,000	(7,000)

Auditors' remuneration amounted to £7,000 (2010 £7,000) and remuneration for the provision of non-audit services was £nil (2010 £nil)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. EMPLOYEES

The Company had no employees durıng the year (2010 none)

The Dırectors of the Company are remunerated by Ford Motor Company Lımıted The Dırectors dıd not receıve any emoluments ın respect of theır servıces to the Company (2010 £nıl)

The Company made no contrıbutıon towards any of the dırectors' retırement benefit schemes (2010 £nıl) There are no pensıon benefits accruıng under defined benefit or contrıbutıon pensıon schemes for dırectors (2010 £nıl)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Interest receıved from group undertakıngs	2,880	10,247

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) ANALYSIS OF CHARGE FOR THE YEAR

	2011 £	2010 £
Tax on profit on ordınary actıvıtıes	-	-

b) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

The tax assessed for the year ıs lower (2010 lower) than the standard rate of corporatıon tax ın the UK of 26 5% (2010 28%) The dıfferences are explaıned below

	2011	2011 £	2010	2010 £
Profit on ordınary actıvıtıes before tax		3,880		3,247
Profit on ordınary actıvıtıes multiplıed by standard rate of corporatıon tax of 26 5% (2010 28%) ın the UK	26.5 %	1,028	28 %	909
Current year corporatıon tax charge	0 %	-	0 %	-
Dıfference	(26.5)%	(1,028)	(28)%	(909)
Dıfference to current tax charge due to effects of				
Non-taxable ıncome	(54.6)%	(2,120)	0%	-
Free Group Relıef surrendered / (claımed)	28.1 %	1,092	(28)%	(909)
	(26 5)%	(1,028)	(28)%	(909)

The Fınance Act 2011 reduced the maın rate of Corporatıon Tax from 28% to 26% wıth effect from 1 Aprıl 2011 Therefore, the Company's profits for thıs accountıng perıod are taxed at an effectıve rate of 26 5% (2010 28%)

c) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Fınance Act 2011 also reduced the Corporatıon Tax rate from 1 Aprıl 2012 to 25%

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

TAX ON PROFIT ON ORDINARY ACTIVITIES (*CONTINUED*)

It has been announced that the UK Corporation Tax rate will be reduced by 1% per annum to 22% by 1 April 2014, with an initial reduction from 26 % to 24% from April 1 2012 As these rates have not yet been substantively enacted they are not recognised in the financial statements

6. DEBTORS

	2011	2010
	£	£
Amounts owed by group undertakings	**647,858**	651,978

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Accruals	**(7,000)**	(15,000)

8. SHARE CAPITAL

	2011	2010
	£	£
Authorised, issued and fully paid		
200 Ordinary shares of £0 01 each	**2**	2

9. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2011	636,976
Profit for the financial year	3,880
At 31 December 2011	**640,856**

10. DIVIDENDS

	2011	2010
	£	£
Final dividend paid of £nil per share (2010 £10,000 per share)	-	2,000,000

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit for the financial year	**3,880**	3,247
Dividend paid	-	(2,000,000)
Net increase / (decrease) in shareholders' funds	**3,880**	(1,996,753)
Opening shareholders' funds	**636,978**	2,633,731
Closing shareholders' funds	**640,858**	636,978

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

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 2011, 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